Annual Report 2021

STRABAG
SOCIETAS EUROPAEA

KEY FIGURES

KEY FINANCIAL FIGURES

	2017	2018	2019	2020	Δ %	2021
Output volume (€ mln.)	14,620.89	16,322.88	16,617.97	15,446.61	4	16,128.92
Revenue (€ mln.)	13,508.72	15,221.83	15,668.57	14,749.74	4	15,298.54
Order backlog (€ mln.)	16,591.87	16,899.71	17,411.48	18,369.02	22	22,500.85
Employees (FTE)	72,904	75,460	76,919	74,340	-1	73,606

KEY EARNINGS FIGURES

	2017	2018	2019	2020	Δ %	2021
EBITDA (€ mln.)	834.58	952.60	1,113.30	1,174.45	23	1,445.72
EBITDA margin (% of revenue)	6.2	6.3	7.1	8.0		9.5
EBIT (€ mln.)	448.36	558.21	602.58	630.65	42	896.11
EBIT adjusted (€ mln.)[1]		502.90				
EBIT margin (% of revenue)	3.3	3.7	3.8	4.3		5.9
EBIT margin adjusted (% of revenue)[1]		3.3				
EBT (€ mln.)	421.21	530.78	577.24	610.05	45	883.54
Net income (€ mln.)	292.36	362.78	378.56	399.06	49	596.40
Net income after minorities (€ mln.)	278.91	353.53	371.70	395.22	48	585.71
Net income after minorities margin (% of revenue)	2.1	2.3	2.4	2.7		3.8
Earnings per share (€)	2.72	3.45	3.62	3.85	48	5.71
Cash flow from operating activities (€ mln.)[2]	1,345.19	788.98	1,075.94	1,279.66	-5	1,220.56
ROCE (%)	6.7	7.6	7.5	7.5		10.9
Investments in property, plant and equipment, and in intangible assets (€ mln.)	457.62	644.99	689.25	544.13	-2	532.04
Dividend absolute (€ mln.)	133.38	133.38	92.34	707.94		205.20[3]
Dividend payout ratio (%)	48	38	25	179		35[3]
S&P rating	BBB	BBB	BBB	BBB		BBB

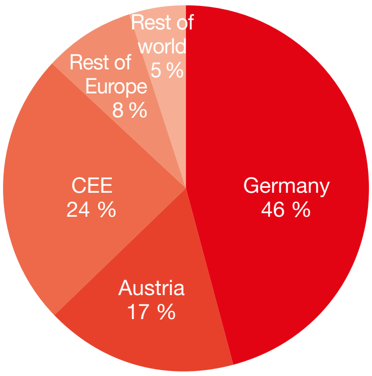
KEY BALANCE SHEET FIGURES

	2017	2018	2019	2020	Δ %	2021
Equity (€ mln.)	3,397.72	3,653.77	3,855.90	4,108.22	-1	4,071.82
Equity ratio (%)[2]	30.7	31.6	31.5	33.9		33.3
Net debt (€ mln.)	-1,335.04	-1,218.28	-1,143.53	-1,747.23	11	-1,937.18
Gearing ratio (%)	-39.3	-33.3	-29.7	-42.5		-47.6
Capital employed (€ mln.)	5,242.91	5,552.09	5,838.71	5,815.14	-1	5,750.63
Balance sheet total (€ mln.)	11,054.12	11,567.61	12,250.81	12,134.44	1	12,225.77

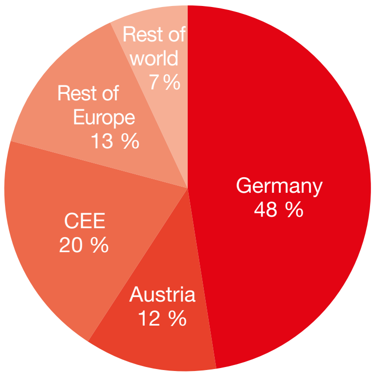
EBITDA = earnings before interest, taxes, depreciation and amortisation
EBIT = earnings before interest and taxes
EBT = earnings before taxes
ROCE = (net income + interest on debt - interest tax shield (25 %)) / (average group equity + interest-bearing debt)
Net debt = financial liabilities - non-recourse debt + provisions for severance and pension obligations - cash and cash equivalents
Gearing ratio = net debt / group equity
Capital employed = group equity + interest-bearing debt

1 2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million
2 Adjustment of the 2018 values
3 Based on the dividend proposal of the Executive Board in the amount of € 2.00

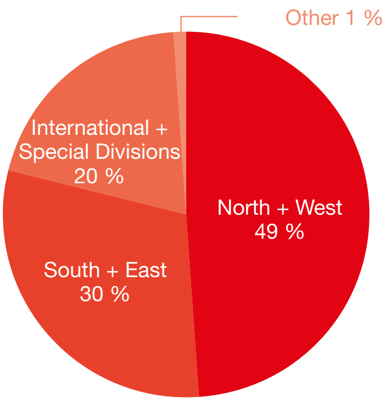
OUTPUT VOLUME BY REGION 2021



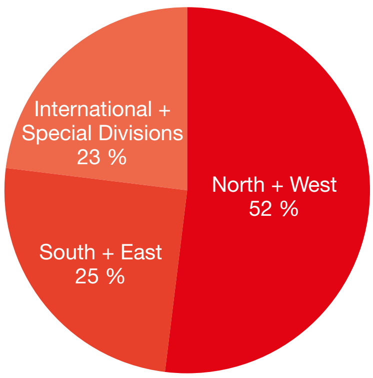
ORDER BACKLOG BY REGION 2021



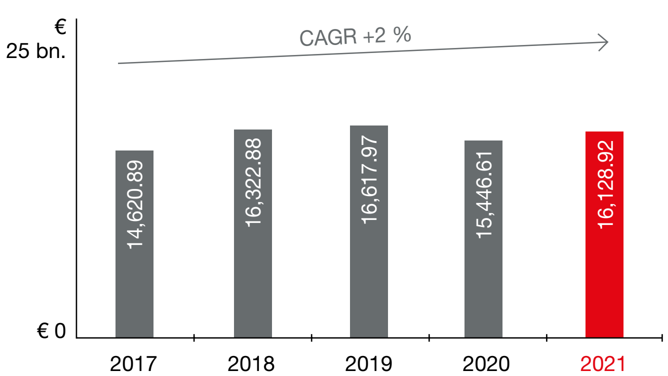
OUTPUT VOLUME BY SEGMENT 2021



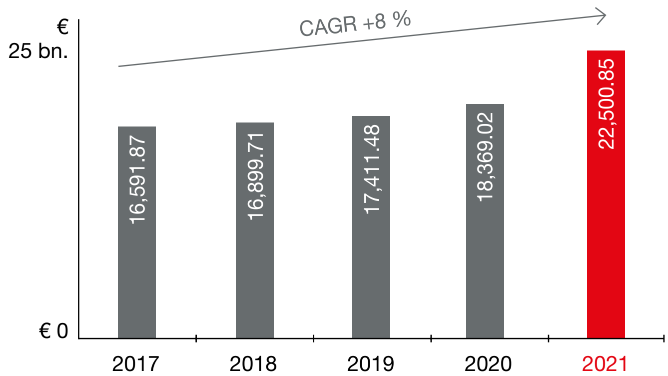
ORDER BACKLOG BY SEGMENT 2021



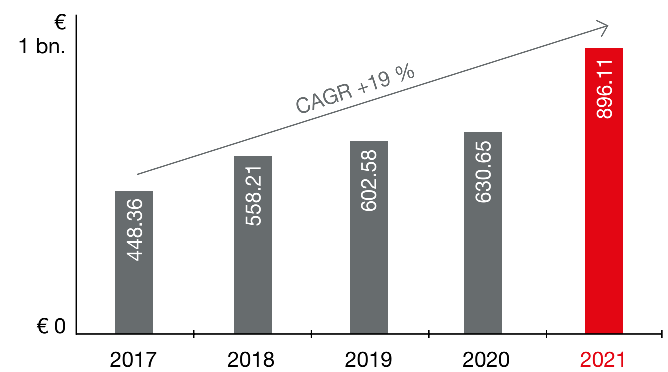
OUTPUT VOLUME



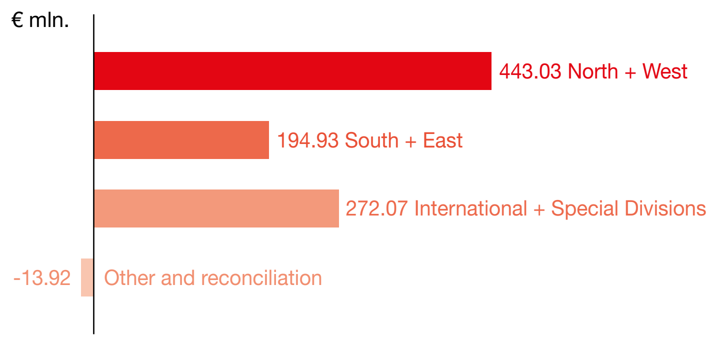
ORDER BACKLOG



EBIT



EBIT BY SEGMENT 2021



CAGR = Compound annual growth rate
CEE = Central and Eastern Europe; comprises the following countries: Bulgaria, Croatia, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Czech Republic, Hungary

CONTENT

1 This section was audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, under a limited assurance audit regime.
2 This part has been audited by the financial auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz.

STRABAG is a European-based technology group for construction services, a leader in innovation and financial strength. Our services span all areas of the construction industry and cover the entire construction value chain. We bring together people, materials and machinery at the right place and at the right time in order to realise even complex construction projects – on schedule, of the highest quality and at the best price.

ABOUT THIS REPORT

For the 2021 financial year, as in the years before, STRABAG SE has drafted a **combined Annual Report** reflecting the situation of the group and its consolidated companies as at 31 December 2021. Both financial and non-financial information provide insight into the fundamental economic, ecological, social/societal and corporate governance consequences of our business activity. Most of the non-financial information is summarised in a separate section of the report – the **Consolidated Non-Financial Report**. We do so not only in response to the transparency demands of our most important stakeholder groups, but also to comply with Sec 267a of the Austrian Commercial Code (UGB) and the Sustainability and Diversity Improvement Act (NaDiVeG), which requires mandatory annual reporting on non-financial matters from large companies. The financial year of STRABAG SE corresponds to the calendar year and therefore runs from 1 January to 31 December.

This report – together with the corresponding online information – was prepared in accordance with the **sustainability reporting standards of the Global Reporting Initiative (GRI)** in line with the Core reporting option. The Consolidated Non-Financial Report was audited by the financial auditor under a limited assurance audit regime. By deciding to conduct a voluntary audit, we aim to maintain a high level of data quality, reduce the risk of errors and demonstrate credibility and reliability to our stakeholders. The corresponding audit report can be found at the end of the Consolidated Non-Financial Report. KPMG also audits the application of the GRI reporting standards and the requirements of the EU Taxonomy Regulation.

In the 2015 financial year, we launched our multi-step materiality analysis in line with GRI G4, and in 2016 we reached a decisive milestone with the identification of the material aspects and the drafting of the first STRABAG materiality matrix. In 2021, this materiality matrix was reviewed to ensure it was up to date. Detailed information about the further development of the materiality analysis, the dialogue with stakeholders, how we steer our projects, which measures we are initiating, how we determine their effectiveness and how we organise ourselves for these tasks is available in the **Consolidated Non-Financial Report** and at www.strabag.com > Strategy. To present the many aspects of sustainability more quickly and in an up-to-date manner, we have been providing detailed online reporting on this subject for several years.

Our aim is to present all information on major topics for the entire group. A large portion of the data – especially in the area of environmental and quality management – is available via the internal data management system or the STRABAG-developed energy and CO_2 data software CarbonTracker and FuelTracker or can be taken from other sources. Nevertheless, the decentralised group structure and the country-specific conditions make it necessary for some group companies and holdings to use their own management and enterprise resource planning (ERP) systems, which means that complete, **uniform data** are not available. Data that do not comprise all group countries are pointed out at the corresponding indicator in the GRI content index.

In 2019, we also began evaluating STRABAG's business activity in terms of its contribution to the United Nations **Sustainable Development Goals (SDGs)**.

CEO'S REVIEW

Dear shareholders, associates and friends of STRABAG SE ,

24 February 2022 marks a turning point in Europe's recent history. Russia's war of aggression on Ukraine not only stands in stark contradiction to everything my Management Board colleagues and I believe in, both in terms of international law and morally, it also hurts me personally that the European peace project will be set back decades as a result.

In the face of human suffering and the humanitarian catastrophe, we too did not hesitate to take action: Through our long-standing partner organisation Concordia, we are supporting refugees in Moldova and in Romania. In Poland, the country with the strongest influx of refugees so far, we are using our company infrastructure to make vehicles, construction services and properties owned by STRABAG Real Estate available where needed.

Europe is reeling from the shock, but this shock has also led to an unprecedented level of unity within the European Union. Our common values, based on the rule of law and democracy, are again taking centre stage. I hope that this awareness will become permanently anchored in all EU member states, creating a strong consensus for the sustainable development of our region.

Because, despite the catastrophe in Ukraine, we must resolutely tackle the number one challenge of our century: climate change. As a company that wants to create sustainable values for generations to come, we must set the right course today and do everything in our power to prevent or mitigate the threat of climate change.

The construction sector in particular, with its high energy and resource use, is expected to act in a global and sustainable way. With regard to our products, STRABAG has already achieved a great deal in recent years. In building construction, for example, we can already construct buildings in such a way that they comply with the new EU Taxonomy. The challenge for us now is to make our own processes more sustainable. Our strategy therefore focuses on designing not only building projects, but also building processes and the production of building materials in a climate-neutral fashion. The basis for this is our comprehensive, long-term sustainability strategy. It is based on the three-pillar model of economic, environmental and social aspects and pursues the goal of climate neutrality throughout the group by 2040.

This will clearly require the commitment of financial resources, as incentives and substantial start-up support will be necessary. The European Union has already recognised this, for example in the form of the EU Green Deal. We are preparing ourselves for the fact that a more sustainable world will also create a different cost reality for us all. As a construction group, we will not only continue to perform successfully after several very successful years, but will also succeed in doing the right thing in a sustainable way.

In this annual report, I invite you to take a look – as always – at our financial but also our non-financial performance and achievements in the 2021 financial year.

The financial review shows that STRABAG successfully mastered the second Covid-19 year as well, despite disruptions in the supply chains for important construction materials, which occurred with a slight delay compared to other industries. The prices doubled for several important materials, such as steel or plastic. Nevertheless, we succeeded in mitigating the impact of the rising prices by working in partnership with suppliers and with our customers.

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

The **equity ratio** remained solid as usual with 33.3 % after 33.9 % in the previous year. Our **S&P investment grade rating** of BBB, outlook stable, was confirmed. And we continue to report a **net cash position**.

€ 22.5 billion

New record for order backlog

€ 16.1 billion

Output volume still just below level from 2019

€ 2.00

Stable dividend policy

In the previous year, the core shareholders proposed to the Annual General Meeting a resolution to increase the dividend to € 6.90. This was justified by the high liquidity of the company. In retrospect, it can be seen that the distribution of this dividend had no negative impact on the liquidity situation of the company. The Management Board considers it justified to return to the usual range of 30–50 % of the net income after minorities this year and therefore will propose a dividend of € 2.00 at the Annual General Meeting on 10 June 2022. This translates to a dividend yield of 5.7 % based on the average share price for 2021. Our shares have also proven to be robust: The STRABAG share recorded its high for the year of € 43.20 on 21 June 2021 and closed at € 36.65 (+29 %) on 31 December 2021.

THE MOST IMPORTANT FACTS FOR OUR SHAREHOLDERS

Share price of STRABAG SE at year-end 2021	**€ 36.65**
Proposed dividend per share	**€ 2.00**
Earnings per share	**€ 5.71**
Dividend yield[1]	**5.7 %**
Ex-dividend date	**17 June 2022**
Payment date for dividend	**21 June 2022**
Annual General Meeting	**10 June 2022**

1 Calculated on the basis of the year's average share price

In times of great uncertainty, forecasts are obviously difficult to make. Before the start of the war, we had still targeted an output of € 16.6 billion based on the recent record order backlog of around € 22.5 billion at the end of 2021, which would have corresponded to the high level of 2019, i.e. the time before the pandemic. Now we are seeing war-related material bottlenecks and price rises, and the dynamics are even stronger than in the previous year. The impact of these developments on our business cannot yet be quantified concretely. Nevertheless, we hope to be able to overcome also this crisis with our proven strategy of diversification and regionality.

Once again, I would like, also on behalf of my colleagues on the Management Board, to thank all those who form the foundation of our successful company: our approximately 74,000 employees. Of course, I would also like to thank our customers and our other partners, with whom we have gone through these difficult pandemic years side by side, and you, our shareholders, for your trust in our company!

As I will be handing over my position as CEO of STRABAG SE to younger hands at the end of 2022, this will be the last CEO's Review in a STRABAG annual report that you will be reading from me. Nevertheless, I will continue to follow with the greatest interest the effects of the current course set by this group.

Even if this chapter in my career is coming to an end, I am convinced and proud that we have made the right decisions in terms of sustainability and climate protection, from which the company, society and ultimately all of us will benefit. For me, this long-term thinking is just as much a part of prudent business management as wise investments, courageous decisions and the cautious treading of new paths.

Yours,

Thomas Birtel
CEO of STRABAG SE

Vienna, 29 April 2022

THE STRABAG GROUP AT A GLANCE

- OUR BUSINESS: INTEGRATE SERVICES ALONG THE CONSTRUCTION VALUE CHAIN AND ASSUME RESPONSIBILITY FOR THEM
- OUTPUT VOLUME OF € 16.1 BILLION IN 2021
- BUSINESS IN FOUR OPERATING SEGMENTS: NORTH + WEST (49 % OF THE GROUP OUTPUT VOLUME), SOUTH + EAST (30 %), INTERNATIONAL + SPECIAL DIVISIONS (20 %) AND OTHER (1 %)

Our mission statement and guiding principles

STRABAG is a European-based technology group for construction services, a leader in innovation and financial strength. Our services span all areas of the construction industry. We create added value for our clients by our specialised entities integrating the most diverse services and assuming responsibility for them. We bring together people, materials and machinery at the right place and at the right time in order to realise even complex construction projects – on schedule, of the highest quality and at the best price. In short: We assume a part of the risk, thus relieving our clients.

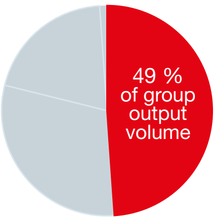
Thanks to the hard work and dedication of our around 74,000 employees, we are one of the few companies capable of offering services along the entire construction value chain – from design to planning, from construction to property and facility services, from operation all the way to demolition. In this way, we generate an annual output volume of around € 16 billion. At the same time, a dense network of numerous subsidiaries in many European countries and on other continents is helping to expand our area of operation far beyond the borders of Austria and Germany. This broad diversification puts us in a position to build cost- and resource-effectively.

We keep our mission statement in mind when planning our future and distributing our resources – such as financial means or employee capacities – within the company. Moreover, we let the following principles guide us in all of our considerations:

Commitment
Trust
Reliability
Respect
Partnership
Solidarity
Sustainability
Modesty
Innovative spirit

Four segments

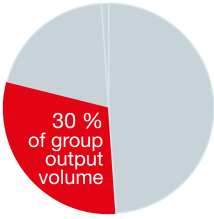
We provide our services in four operating segments:



NORTH + WEST

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.

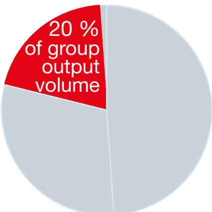
	2021	2020
Revenue (€ mln.)	7,317.95	7,461.87
EBIT (€ mln.)	443.03	406.43
EBIT margin (%)	6.1	5.4
Employees (FTE)	25,430	25,801



SOUTH + EAST

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

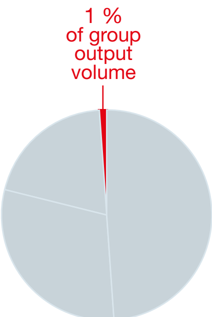
	2021	2020
Revenue (€ mln.)	4,924.6	4,602.83
EBIT (€ mln.)	194.93	176.35
EBIT margin (%)	4.0	3.8
Employees (FTE)	20,685	20,512



INTERNATIONAL + SPECIAL DIVISIONS

The segment International + Special Divisions includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where the services are rendered, the construction materials business, including the company's dense network of construction materials operations but with the exception of asphalt, also belongs to this segment. 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. Additionally, most of the services in non-European markets are also bundled in the International + Special Divisions segment.

	2021	2020
Revenue (€ mln.)	3,039.14	2,670.21
EBIT (€ mln.)	272.07	54.04
EBIT margin (%)	9.0	2.0
Employees (FTE)	20,610	21,339



OTHER

This segment contains the intra-company Central Divisions and Central Staff Divisions.

	2021	2020
Revenue (€ mln.)	16.85	14.83
EBIT (€ mln.)	0.69	0.90
EBIT margin (%)	4.1	6.1
Employees (FTE)	6,881	6,688

STRABAG
TEAMS WORK.

TEAMS WORK. reflects the essence of what matters in the construction industry: namely the work of people and their smooth cooperation with one another. In this way, we breathe life into our vision. Teamwork – on a small or large scale, internally or externally, across brands, countries and organisational boundaries – makes possible what cannot be done alone.

STRATEGY

Factors influencing the business model of construction

Investment story: four trends make the construction sector attractive

Buildings are made with the aim of being available for a very long useful life. This requires forward-looking planning, thinking and acting. It seems reasonable to conclude, therefore, that the industry would be of interest to long-term investors; after all, the fundamental demand for construction is unlikely to dry up. But you don't need to have centuries in mind for an investment in construction to pay off – the following four trends make the construction sector an attractive option for the current decade:

Trend 1 – Urbanisation/Population Growth: The United Nations (UN) estimates that 68 % of the world's population will be living in cities by the year 2050 – this represents an increase of the urban population by 2.4 billion people. Accompanying this growth is a higher demand for infrastructure. An example: The Rail Transport Master Plan provides for a total of € 86 billion for the maintenance of the German federal railways and an additional € 11 billion for the modernisation and expansion of the rail infrastructure by 2030. The coalition agreement of the new federal government envisages a 25 % increase in rail freight transport by 2030 and a doubling of passenger transport capacity. According to calculations by DIW Berlin, the annual construction volume in Germany increased by 3 % or € 13.3 billion in 2021. For 2022, an increase of 5 % or € 22.9 billion is forecast. Moreover, the coalition agreement of the new government not only speaks of building 400,000 new flats per year, but also of launching a construction and investment offensive. The Federal Association of German Housing and Real Estate Enterprise Registered Associations (GdW) also assumes a need for 320,000 additional flats per year.

Trend 2 – Climate Change/Energy Efficiency: As part of the Green Deal, the European Union wants to raise the original reduction target for greenhouse gas emissions by the year 2030 to at least 55 % below 1990 levels. In the EU, buildings are responsible for about 40 % of final energy consumption and 36 % of CO_2 emissions. Not least for this reason, clients are increasingly demanding that even existing buildings be converted to higher energy efficiency and lower-emission operation. According to the United Nations Environment Programme, the sector has so far contributed little to the agreed reduction of greenhouse gas emissions. In addition to comprehensive political measures, digitalisation as well as new, environmentally friendly technologies will also be drivers for the energy efficiency of buildings in the future.

Trend 3 – Technology/Digitalisation: In contrast to sectors like the automotive industry or consumer goods industry, the degree of digitalisation in the construction sector remains relatively low. Experience has shown, however, that the digitalisation and networking of data during the life cycle of a building holds advantages for the various project participants – be it during the design, build or operate phases of the building. The increasing digitalisation of processes, therefore, allows us to expect significant productivity growth in the construction industry.

Trend 4 – Active Risk Management: The intensifying climate change and the recent impacts of the coronavirus pandemic have tested the effectiveness of the risk management systems of construction companies. At STRABAG, too, the monitoring and analysis of risks identified as a result (including property damage to structures, plants and equipment as well as health and safety conditions for employees) are part of the risk management system. STRABAG not only addresses these environmental and social challenges through a sustainability strategy that has been in place since 2021, it has also developed a new data and digitalisation strategy to further optimise the existing risk management. In view of the enormous price increases for raw materials in the first half of 2021 – particularly for cement, wood and plastics – the management also regularly assesses the financial impact and attempts to reduce this risk through decentralised supply chains, long-term procurement of raw materials, in-house production of building materials and a proactive pricing policy.

These four major trends therefore determine the attractiveness of the sector and the institutional investment preferences. But what is decisive in determining which company is awarded a contract? What do building clients look for in this regard?

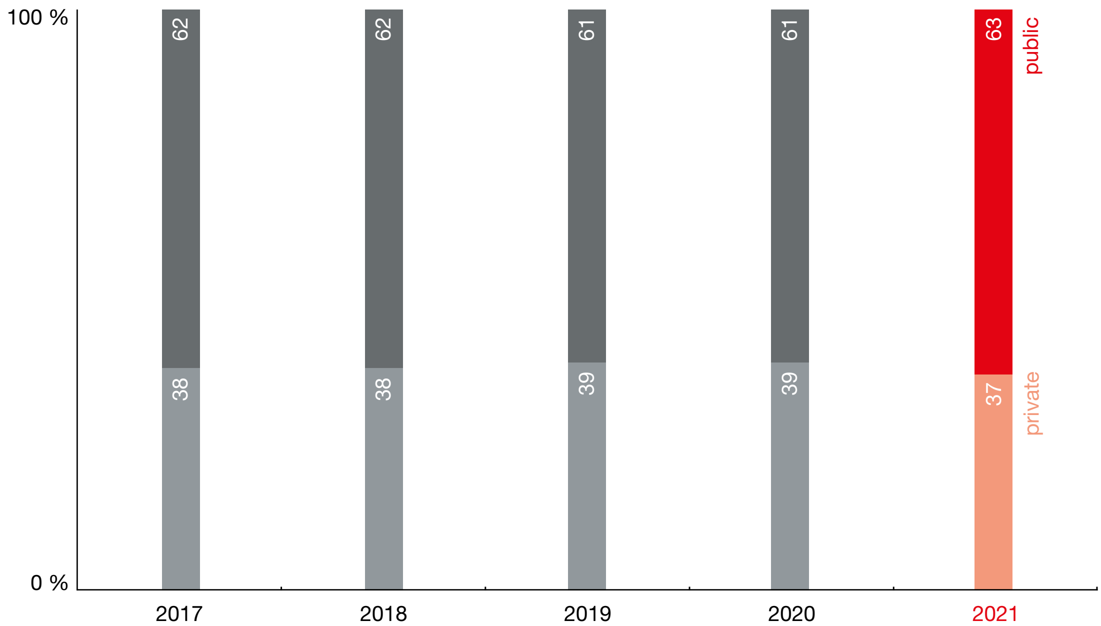
Here it is important to make a distinction between the public and the private sector: While price is still mostly the decisive criterion for public-sector clients, private clients often look for the best offer – and this need not always be the lowest bid. The costs over the entire life cycle, including the operating costs, are also taken into consideration.

Additional criteria play a role as well: As every building is unique, clients must be able to trust the abilities of the construction company. This trust is established through references, among other things. During tender processes, we are often asked about comparable projects that we have successfully completed in the past. Just as important are the experience and the know-how of the staff of the bidding construction company, the technical and long-term environmental characteristics of the bid, and the existence of innovative solutions which may save the client money and time across the entire building life cycle, as well as professional and comprehensible processes during the execution of the construction contract.

In some parts of the public sector, the **best bidder principle** is beginning to gain a foothold. This principle entails public-sector contracts not being automatically awarded to the company with the lowest monetary bid, but also taking social, environmental and sustainability criteria into account. The STRABAG Group also supports this principle, an initiative that is being driven by the trade unions, environmental organisations and, increasingly, investment companies. From an overall perspective, the best bidder principle is better for the population and for the national economy than choosing what at first glance appears to be the lowest bid. On the one hand, it is a way of securing local jobs. On the other hand, the costs of a building after the actual construction phase must also be taken into consideration – best bids include these costs in their cost estimate so as to minimise expenses over a building's full life cycle.

Every building is unique. Unlike in industries with standardised products, therefore, it is not possible in the construction sector to perform sensitivity analyses showing the influence of changes to a dominant production factor on a company's key performance indicator. Our business is not determined by just one driving factor; rather, the margins are influenced by several factors. These include certain business realities, such as the risk management system or the quality of our employees, as well as external influences such as economic growth (GDP) and demographic trends which affect the availability of qualified personnel as well as the demand for infrastructure. The level of public infrastructure spending – a euro invested in construction leads to demand in other sectors, with the result that the positive impact is multiplied in production and employment – and the financing environment for our clients constitute further factors.

OUR CLIENT STRUCTURE



In 2021, the construction industry in general – and STRABAG in particular – were able to demonstrate their resilience even in times of a global health and economic crisis. We see ourselves confirmed in the selection of our strategic priorities in view of the developments in 2021 and will continue to pursue these consistently:

Five strategic priorities

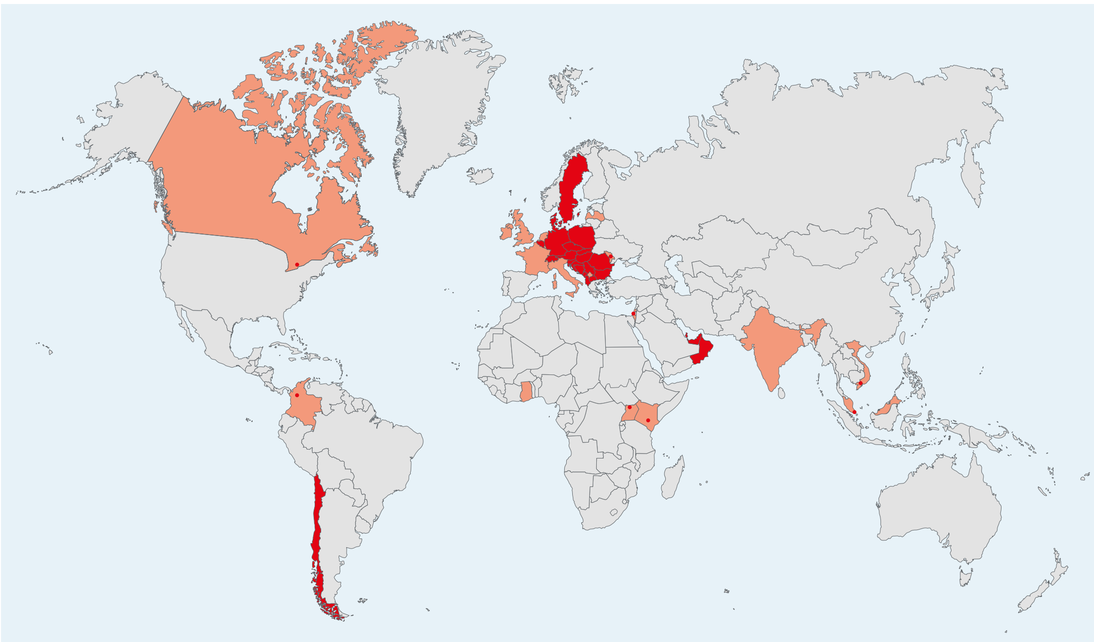
#1 – STAYING DIVERSIFIED

The various forces driving the construction industry and its subsectors advise a corporate strategy that is built on diversity. This diversity can be seen in our employees but also in the regions and construction segments in which we operate. We therefore see ourselves as a European group that offers a broad range of construction services internationally. Selective diversification brings a number of advantages. For one, it allows us to respond quickly to opportunities in different markets. Also, the existing country network helps us in our expansion, allowing us to deploy large equipment to different regions and to pass on know-how and technologies to the local management so they are of benefit there. Moreover, we spread our risk by not concentrating our business on just a few countries (see graph “Total construction output by country”).

Firmly established in our home markets of Austria and Germany, which account for 63 % of our output, we generate an additional 24 % of our business in Central and Eastern Europe and another 8 % in other European countries. We are also active outside of Europe in projects requiring a high degree of technological know-how, currently in places such as Colombia or the Middle East. We handle these international markets – they account for 5 % of our output volume – mostly as part of the direct export business.

The coronavirus crisis has had quite different impacts on our various markets. While construction activities in 2020 were temporarily suspended in Austria due to a strict lockdown, work was able to continue unhindered in many other markets, such as Germany, Poland and the Czech Republic. With the exception of the South American markets, the UK and Singapore, as well as supply chain disruptions, there were hardly any Covid-19-related constraints in 2021.

STRABAG – AN INTERNATIONALLY ACTIVE, EUROPEAN-BASED GROUP[1]



region-wide presence

project business

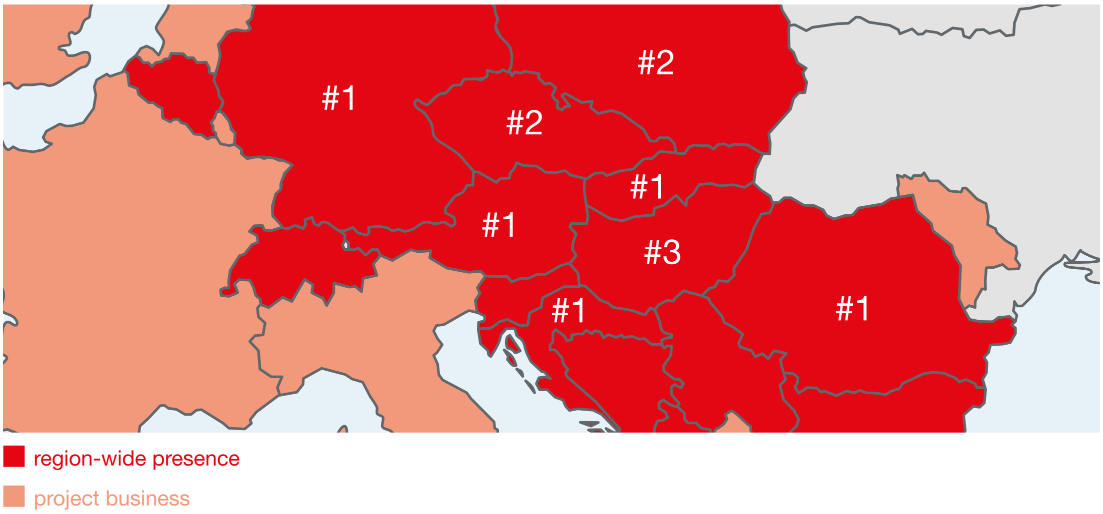
Details: see Country Report

In addition to this broad level of diversification, we also believe it is important for us to achieve a strong market position in the markets in which we operate. Construction companies need a critical mass and sufficient capital resources, especially in the more mature markets, in order to successfully bid for and pre-finance large projects. This also makes it possible to take advantage of

1 Only countries with a minimum annual output volume as well as a minimum order backlog of € 1 million are considered.

economies of scale. Size is further associated with qualities such as reliability and stability – and this, together with our references, creates trust.

STRONG MARKET POSITION

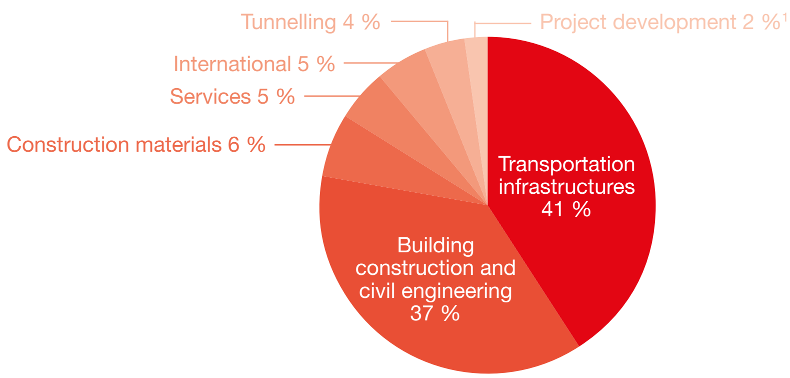


More information on our activities in the various segments is available in our Segment Report

In addition to diversifying geographically, we also try to offer services along the entire construction value chain and in different construction segments. After all, the construction industry does not follow just one cycle; each segment – differentiated in part by the type of client – follows its own. In economically difficult times, for example, the public sector invests more in infrastructure as a way of stimulating the economy, and the transportation infrastructures segment booms. Lower interest rates, on the other hand, are of benefit especially in building construction. The diversification in different construction segments thus reduces risk, and the extension of the value chain balances out cyclical and seasonal effects by trend. This is why we keep our range of services deliberately broad, so that today around 87 % of our business comes from construction, 5 % from services, 6 % from the construction materials sector and 2 % from real estate project development and concessions. The output volume from the latter segment is low by nature, however, as it refers only to the management of a project without including its actual construction.

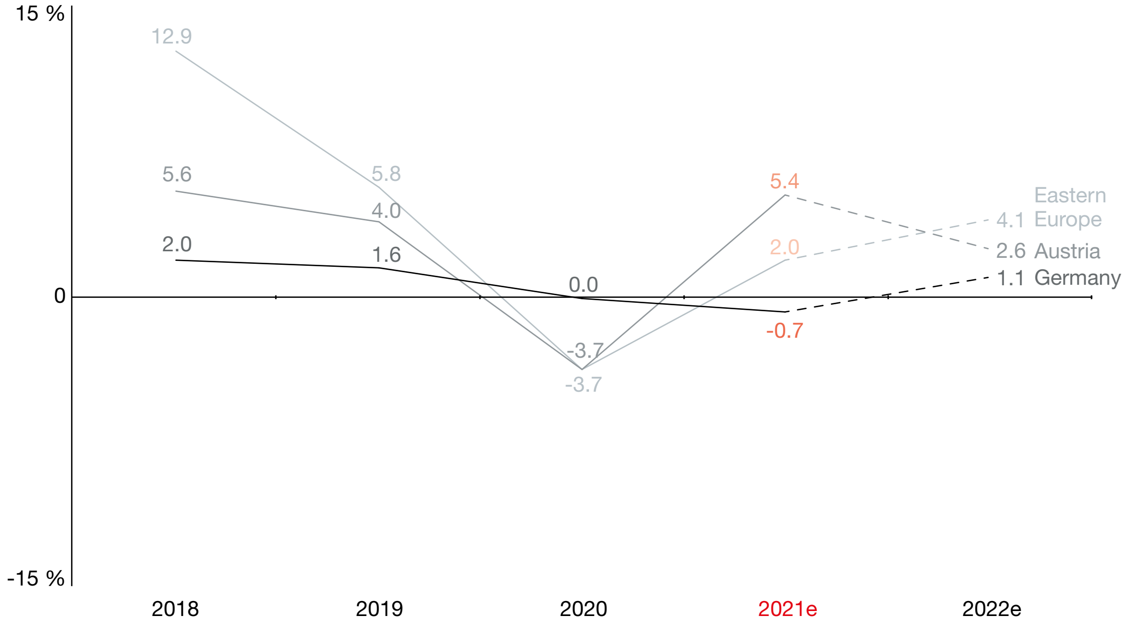
This strategy has proven its worth in the coronavirus pandemic. The order backlog as at 31 December 2021 managed to exceed the previous year's level by 22 %. Although individual market segments such as the hotel sector are still relatively hard hit, governments are increasingly investing in our core markets or preparing investments to stimulate economic growth. We benefit from these stimulus programmes due to our strong position in the public infrastructure sector.

OUTPUT VOLUME BY SEGMENT



1 Construction activities not included

TOTAL CONSTRUCTION OUTPUT BY COUNTRY[1]



See chapter
"Client Satisfaction"

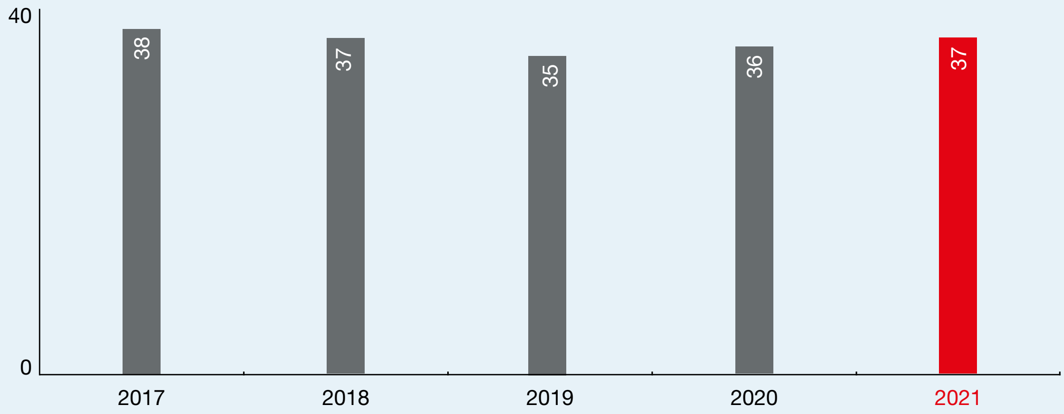
Especially in economically difficult times, it is important not to depend on just a few specific markets. We therefore began to focus on diversification at an early stage – and this strategy has paid off. Germany, for example, has proved to be a growth driver in recent years. Investors have sought refuge in real estate, as other investment options involve high risk without being very lucrative. Additionally, the noticeably increased public-sector infrastructure investments in Germany will remain stable, so that the activity in transportation infrastructures is expected to continue at a high level in the coming years. At the end of 2021, the new federal government also clearly spoke out in favour of promising investments in modern infrastructure and renewable energies.

But we are not the only ones who benefit from our broad geographic presence and diversification in different construction segments; our clients profit as well, as they can expect the same quality from STRABAG-executed works at all of their sites. Partnership arrangements such as our teamconcept and the single-source execution of all works (design-build-operate) reduce redundancies and simplify the process so that projects are completed quickly and smoothly.

1 Source: Euroconstruct, winter 2021

PUBLIC-PRIVATE PARTNERSHIPS AS PART OF A DIVERSIFIED SERVICE PORTFOLIO

NUMBER OF PPP PROJECTS IN THE GROUP



>€ 10 billion
total investment volume

€ 549 million
equity invested

We have been working successfully with operator models for more than three decades. In the areas of building construction and infrastructure, the portfolio comprises 37 public-private partnership (PPP) projects with a **total investment volume** of € 10.3 billion (2020: € 10.2 billion). Of these, 20 projects with a total investment volume of € 558.32 million are in building construction and 17 with a total investment volume of € 9.7 billion are infrastructure projects. Across all concession projects, we had a proportionate share of equity in the amount of € 548.93 million invested in 2021 and had committed a further € 31.14 million for a total of € 580.07 million.

In the 2021 financial year, the following developments are to be emphasised:

- Construction is proceeding according to plan on the **Mar 1 road construction project** in Colombia, with a degree of completion of 90 %. The first sections have already been opened to traffic. Overall completion is scheduled for the autumn of 2022.
- The PPP project involving the two **school campuses for the City of Vienna** in the 3rd and 22nd districts was completed on schedule despite the Covid-19 pandemic. The schools have been in operation since the 2021/2022 school year.
- **Two further school campuses** are being built for the City of Vienna in the 10th and 11th districts with an investment volume of almost € 90 million. Construction work has already begun. The start of regular operations is contractually planned for the 2023/2024 school year.
- In Germany, construction on the new 31 km section of the 62 km long **A49 motorway project** in Hesse is proceeding according to plan with a degree of completion of over 20 %.
- The **Bruck geothermal power plant** in Garching, Bavaria, began operations at the beginning of 2021. The plant, with a maximum output of 4.9 MWe and annual electricity production of up to 36 GWh, will benefit from the fixed electricity remuneration under the German Renewable Energy Sources Act for the next two decades.

PPP financing widens the public sector's scope of action. However, the low interest environment has led to a reduced importance of this financing alternative in several countries that had traditionally been heavily involved in PPP.

Due to the **regular cash flows** in later project phases, institutional investors in particular, such as insurance companies or pension funds, have an interest in making capital available for PPP projects in the long term. Moreover, a competitive advantage gives STRABAG good chances in the PPP business: Our strong financial position allows us to act as equity provider for concession companies more easily than other companies. Thanks to the inclusion of specialist providers from within the group, such as STRABAG Property & Facility Services, A-WAY, EFKON, STRABAG Infrastructure & Safety Solutions or STRABAG Environmental Technology, we are in a position to efficiently and completely cover all specifications from structuring to financing and planning all the way to construction and operation. This gives both the client as well as the capital providers a high degree of security regarding contract fulfilment.

Measurement principles

How the individual projects are recognised in the balance sheet depends on the legal definition. An **intangible asset** is recognised if the concession grants the company the right to charge users a usage fee or a usage-based fee. The accounts receivable approach is used if the company has an unconditional contractual right to receive a payment (see Receivables from Concession Arrangements, item 20 in the Notes). Non-recourse debt resulting from these consolidated project companies is considered in the liabilities section of the consolidated balance sheet. A large portion of the existing PPP projects within the STRABAG Group is handled by associated group companies. These are incorporated into the consolidated financial statements using, for the most part, the **equity method**. The investment in the concession company is therefore recognised with the proportional equity.

We are pleased to say that our portfolio is developing in line with the financing models underlying the projects, which form the basis for measurement according to the DCF method. This underlines the careful and conservative method of our measurement.

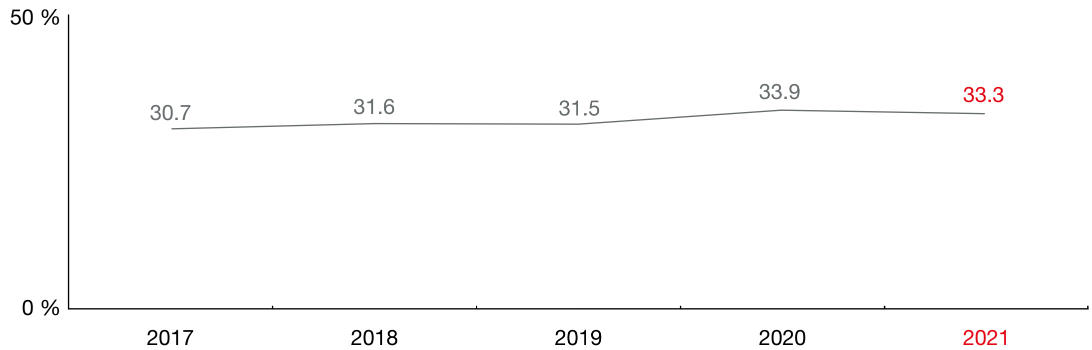
#2 – MAINTAINING FINANCIAL STRENGTH

Equity ratio: 33.3 %

Despite all differences between private and public clients, financial strength is the basic prerequisite for having our bid considered – it represents a decisive advantage in competition. We therefore see financial strength as being both the foundation as well as the framework for our business activity. Moreover, only financially strong construction companies are capable of participating in concession projects, as these must be partly co-financed with company equity. Additionally, meaningful acquisitions can be transacted more easily and quickly when there is an available budget.

This is why maintaining our financial strength is a strategic priority. We see the equity ratio as a suitable figure with which to measure STRABAG's financial stability and strength. We are satisfied with an equity ratio (group equity/total equity) above 25 %. As at 31 December 2021, this figure stood at 33.3 %.

DEVELOPMENT OF THE EQUITY RATIO



S&P rating: BBB, stable outlook

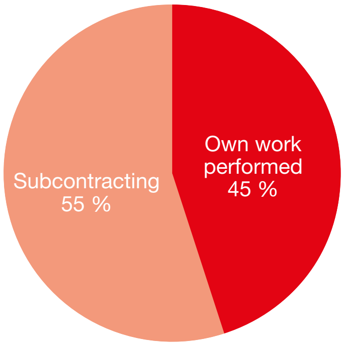
The financial strength of our company is also evaluated independently. In June 2015, the ratings agency Standard & Poor's (S&P) raised the investment grade rating for STRABAG SE by one level from BBB- to BBB. This rating was last confirmed in December 2021. S&P left the outlook at "stable". The group's financial strength – expressed in form of a high equity ratio, a net cash position of € 1,747.23 million with a balance sheet total of € 12.1 billion, and the S&P investment grade rating – allows us to ensure the long-term existence of the group and to finance at favourable conditions.

An attractive and reliable dividend is one of the cornerstones of our equity story. Since the IPO in October 2007, STRABAG has attached great value to a continuous dividend policy. The Management Board is sticking to its goal of distributing 30 % to 50 % of the net income after minorities to the shareholders in the form of an annual dividend. The exact rate depends on the general business development on the one hand and on the group's growth opportunities on the other hand. The dividend distribution has been continuously increased since 2014, reaching a new record in 2021 – even without taking into account the special dividend of € 5.00 per share.

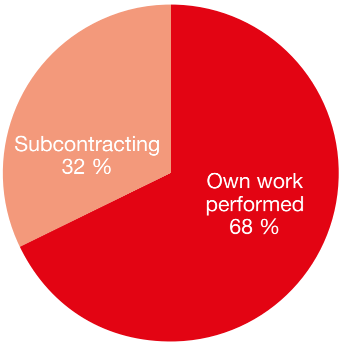
#3 – SHOWING FLEXIBILITY

Our flexibility, which helps us to respond quickly to changes on the market, is another important competitive advantage. This flexibility is nourished by our financial strength as well as by the possibility of serving markets outside of Europe and – depending on the market environment – of being able to pass on specific works to subcontractors. As one way of ensuring this flexibility, we are working on maintaining our geographic presence in non-European countries to become less dependent on individual markets.

SUBCONTRACTING BUILDING CONSTRUCTION AND CIVIL ENGINEERING



SUBCONTRACTING TRANSPORTATION INFRASTRUCTURES

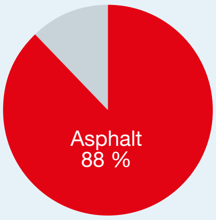


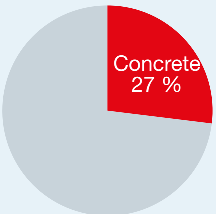
OWN CONSTRUCTION MATERIALS NETWORK TO INCREASE FLEXIBILITY

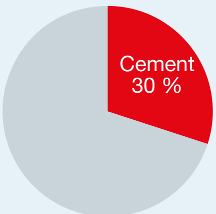
Due to our construction materials network, which helps to ensure a supply of resources from within the group, dependence on external suppliers is reduced and we are able to better plan our access to resources. Moreover, approval for new production facilities is granted only to a limited extent in regions in which such facilities already exist; this creates higher **hurdles** to market entry for newcomers.

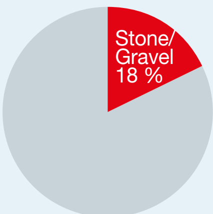
We already possess an extensive construction materials network that is especially dense in our home markets. With 272 active asphalt mixing plants[1] (2020: 273) we covered 88 % of our group asphalt needs in 2021 (2020: 83 %). In this area, we have already enjoyed an optimal degree of self-sufficiency for several years. In terms of proprietary coverage, the other construction materials also exhibited a stable trend in 2021. Proprietary coverage with concrete remained nearly unchanged at 27 %, with a total of 133 active concrete mixing plants (2020: 139). In the field of stone/gravel, coverage stood at 18 % (2020: 15 %), while the number of active production sites fell from 143 to 142. The investments in five (2020: five) cement plants covered 30 % of our cement needs (2020: 30 %). Since the 2016 financial year, Sec 267b of the Austrian Commercial Code (UGB) requires STRABAG SE to publish a consolidated report on behalf of its subsidiaries in the extractive industries concerning payments to governments. This report is available at www.strabag.com.

CONSTRUCTION MATERIAL NEEDS COVERED USING OWN RESOURCES









Asphalt

We produced 16.2 million tonnes of asphalt in the past financial year, compared to 16.3 million tonnes in 2020. Most of this amount was produced in Germany, Austria, Poland, the Czech Republic and Hungary. Of the asphalt produced, 60 % (2020: 58 %) was sold within the group at the usual market rate. The rest was sold to third parties.

Concrete

The production of concrete – more than 76 % of which takes place in Hungary, Austria, the Czech Republic and Germany – amounted to 3.4 million m^3 in 2021, compared to 3.7 million m^3 in 2020. Some 30 % of the concrete produced was sold within the group (2020: 33 %).[2]

Cement

We started operations of our first proprietary cement factory in Hungary in September 2011. These cement activities were brought into Lafarge Cement CE Holding GmbH, our joint venture with construction materials manufacturer Holcim. We hold 30 % of the joint venture, so that it is reported in the consolidated financial statements using the equity method. In addition to the Hungarian site, the company also owns two production facilities in Austria (Mannersdorf and Retznei), amongst others. Thanks to the joint procurement and administration handled by this joint venture, STRABAG benefits from economies of scale and from the know-how of global cement market leader Holcim. We also hold a minority interest in the Slovakia-based cement firm Cemmac a.s.

Stone/Gravel

The STRABAG Group produced around 34.2 million tonnes of stone and gravel in 2021 and thus just a little more than in the previous year. Some 31 % of these resources were used by group companies (2020: 29 %).[2] Being active in the production of stone and gravel, STRABAG is considered to be part of the extractive industries.

1 Own facilities and investments
2 The relatively high percentage of third-party sales and purchases is explained by the fact that the desired construction material type and quality were not available in the region where they were needed or that the projects at times lie outside of the supply radius of the production facilities. This highlights the importance of area-wide access to construction materials in a given geographic area.

With the exception of asphalt, where our coverage is already very high, our aim is to continuously cover more of our construction material needs with own resources. For us, increasing our independence from construction materials suppliers is a priority. In comparison, raising the revenues from construction materials sales to third parties is not an objective per se. Nevertheless, revenues in this area reached about € 660 million (2020: € 640 million).

#4 – DRIVING INNOVATION AND DIGITALISATION

An important step in 2021 was the definition of the **digital strategy** and the systematic roll-out, monitoring and evaluation of digital transformation projects by the central division STRABAG Innovation & Digitalisation (SID). Combining knowledge, data, technologies and innovations across the group enables SID to

- drive forward the digital transformation with strategically important flagship projects (e.g. SPS – Strategic Procurement Solution),
- utilise potential efficiency gains and cost savings (e.g. through further process standardisation and networking of IT systems),
- implement a structured innovation process,
- foster internal collaboration through the identification and application of best practice approaches,
- carry out data-based risk analyses, and
- ensure sustainable supply chains.

As part of the ongoing digitalisation initiatives, SID is also focusing on topics such as robotics and automation to continuously enhance productivity and reduce CO_2 emissions. In the course of the digital transformation, the division is also always on the lookout for start-ups that (can) complement STRABAG's core business in relevant markets or transform it in a future-oriented way. To this end, it operates a scouting function to adopt new technical solutions within the shortest possible period of time.

STRABAG sees data as a strategic resource. At the same time, it is fully aware of the risks of cyberattacks, unauthorised data access and data leaks, regulatory intervention and not least the environmental impact of large IT and server capacities. STRABAG has therefore successfully recertified its company-wide Information Security Management System in accordance with the ISO/IEC 27001 standard. During the first half of 2021, regular awareness-raising activities were carried out throughout the group to enhance digital skills and establish a security-focused data culture.

#5 REBALANCING SUSTAINABILITY AND RISK MANAGEMENT

Against the backdrop of increasingly more frequent and increasingly severe climate change related natural events (e.g. wildfires, heat, floods, storms) and the demands placed on the group by customers and employees, STRABAG adopted a new sustainability strategy in the first half of 2021. The sustainability strategy was integrated into the existing long-term group strategy and individually aligned to each of the business units.

Having set the target of climate neutrality along the entire value chain by 2040, STRABAG recognises its responsibility as one of Europe's leading technology companies for construction services. In the design and build phases of its construction projects, STRABAG places a particular focus on environmentally compatible and sustainable construction methods and on the efficient use of resources and their recyclability in order to limit as much as possible any negative impact on the environment.

The new STRABAG sustainability strategy is founded on the three pillars of economy, environment and social welfare, with a special focus on activities in the four major fields of action: CO_2 emissions, materials and waste, supply chain and construction life cycle. As the driving force behind the necessary transformation, technology is an indispensable tool for leveraging the potential in all three pillars as well as a key topic in the group strategy programme FASTER TOGETHER 2022.

Our strategic programme: FASTER TOGETHER 2022

The multitude of structures and projects that we build are only possible because we can bring together the right people, materials and equipment at the right place and at the right time. This would not be possible without teamwork – across geographic boundaries and business units. That's why we continue to work in line with our corporate motto: TEAMS WORK.

To give our employees a sense of direction, we took an important step with the launch of our group-wide strategy programme FASTER TOGETHER 2022. An important element is the STRABAG Action Plan, under which interdisciplinary teams work in close cooperation with the operating units in several individual initiatives on finding new solutions together with the innovation management.

People First: As a learning organisation, we pay attention to respectful cooperation and safe working, promote a strong team culture and create attractive and future-proof jobs.

→ Chapters "General Employment Figures", "Occupational Safety", "Health Protection", "Human Rights", "Strategic Human Resource Development"

teamconcept: Our partnering model has the added value for all project participants in mind. By jointly setting the construction target and through transparent construction, the risks for all parties to the contract are minimised.

→ Chapter "Client Satisfaction"

BIM 5D®: The digital working method makes it possible to better design, build and operate construction projects. The gain in transparency creates cost, planning and scheduling security at a higher level.

→ Chapter "Digitalisation and Innovation"

SMART.Construction: New technologies enable future-proof construction and relieve our construction teams of unproductive routine activities. This creates space for innovative solutions.

→ Chapter "Digitalisation and Innovation"

LEAN.Construction: Together with the construction teams, construction processes and site-related activities are analysed, shaped using LEAN principles and continuously improved so that projects can be realised in a more structured and efficient manner.

→ Chapter "Client Satisfaction"

Strategic Procurement Solution: In order to create a stronger presence on the market and to make purchases more strategically, we define uniform purchasing standards and are introducing a group-wide platform solution for working with our suppliers.

→ Chapter "Digitalisation and Innovation"

Project Risk Management: To reduce risks during the procurement and execution of construction projects, we analyse cause-and-effect mechanisms, draw conclusions and develop standards and systems with group-wide validity.

→ Chapter "Risk and Opportunity Management – Project Risk Management"

The **Innovation Management** and the **Sustainability Management** collect, promote and connect all the ideas and initiatives that help advance STRABAG further into the future.

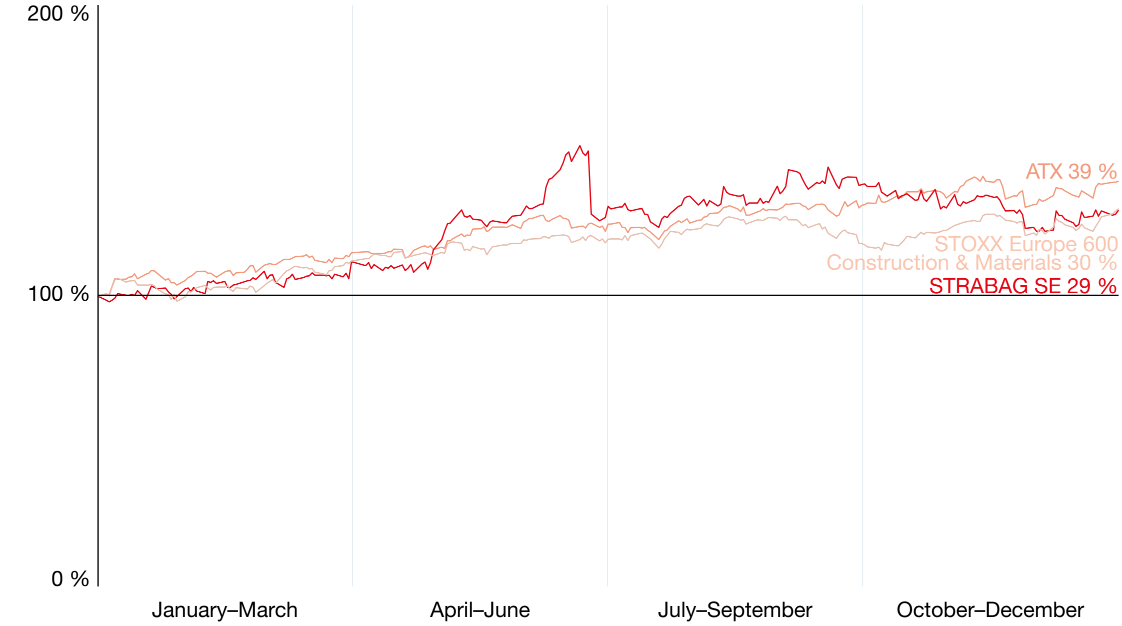
→ Chapters "Digitalisation and Innovation", "Energy and Emissions", "Materials", "Waste and Circularity"

In this way, we summarise those issues that we believe make STRABAG fit for the challenges ahead and help us to continually improve.

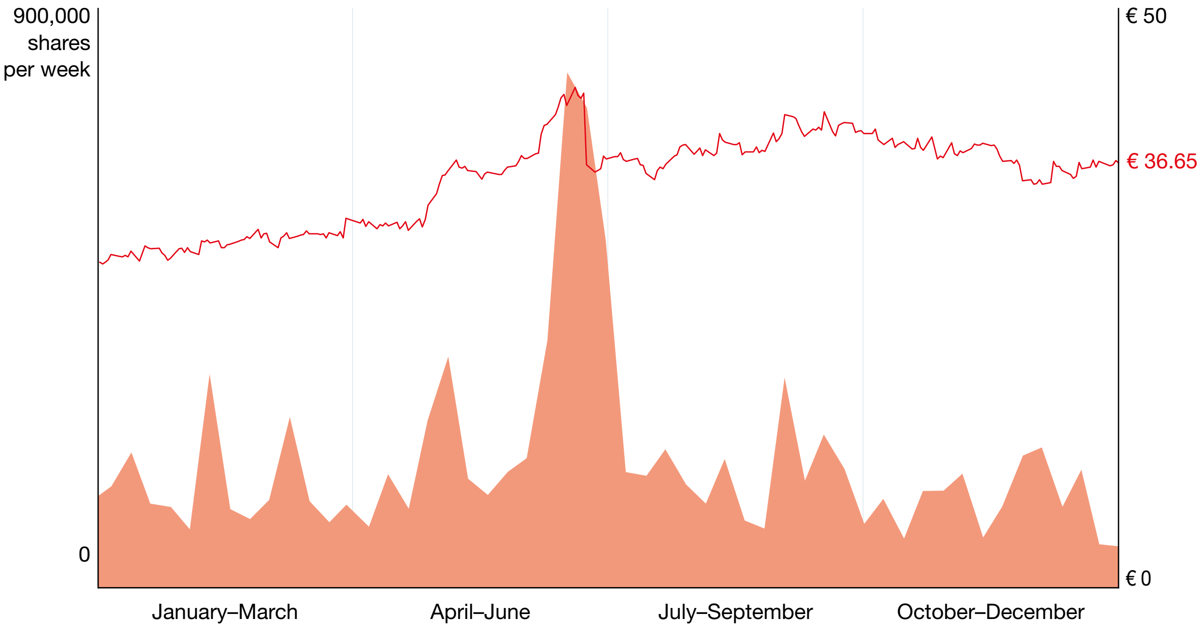
SHARES, BONDS & INVESTOR RELATIONS

The STRABAG SE share

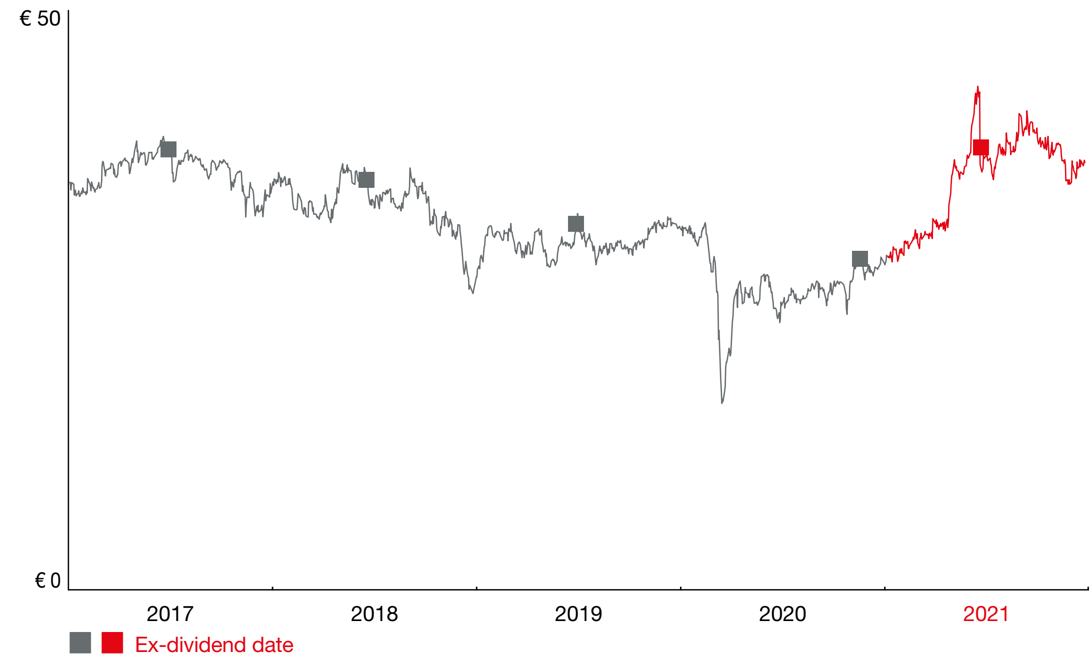
DEVELOPMENT OF THE STRABAG SE SHARE PRICE AND OF THE BENCHMARK INDEXES 2021



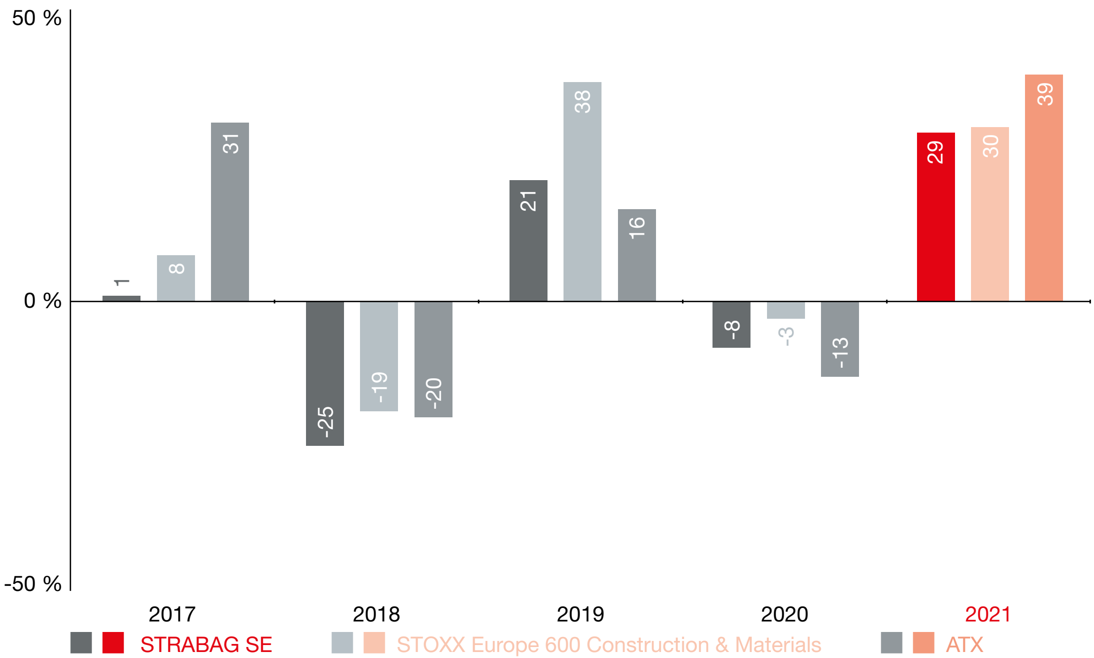
TRADE VOLUME OF STRABAG SE SHARES VERSUS SHARE PRICE 2021



LONG-TERM DEVELOPMENT OF THE STRABAG SE SHARE PRICE



MULTI-YEAR DEVELOPMENT OF THE STRABAG SE SHARE PRICE AND THE BENCHMARK INDEXES



The global stock market indexes returned to their former strength in 2021. Despite all the Covid-19 restrictions and supply chain bottlenecks, share prices experienced strong growth in Austria as well as in Europe and the United States. The generally extremely positive share price development was also reflected in the 20 % increase of the **MSCI World** stock index. The US benchmark index **Dow Jones Industrial** reached a new historic high in the past trading year with a year-on-year increase of 19 %. The pan-European share index **EURO STOXX 50** developed similarly strongly (+21 %). Analogous to the US benchmark index, the German share index **DAX** also recorded a record high. In March 2021, the DAX exceeded the 15,000-point mark for the first time and achieved an increase of 16 % over the entire year. The British benchmark index **FTSE 100**, meanwhile, was slightly behind with a plus of 14 %. Compared to the other indexes, the performance of the Japanese stock index **Nikkei 225** was rather restrained with a plus of 5 %.

STRABAG SE share price at year's end: € 36,65

Impressive share price growth was observed on the Vienna Stock Exchange, with the benchmark index **ATX** rising by a remarkable 39 % in 2021. This strong development reflected Austria's economic performance, which, unimpressed by the coronavirus pandemic, had already reached pre-crisis levels by the end of 2021.

The price of STRABAG SE shares exceeded the € 40 mark in 2021, the first time since 2008. The high of € 43.20 reached on 21 June 2021 could not be maintained, however. Driven by profit taking, which roughly corresponded to the distributed dividend of € 6.90, the share ended the year at € 36.65. The share reached its low of € 27.90 on 5 January 2021. With a plus of 29 %, the STRABAG SE share was not quite able to follow the high of the ATX but was only one percentage point below the sector index STOXX Europe 600 Construction & Materials.

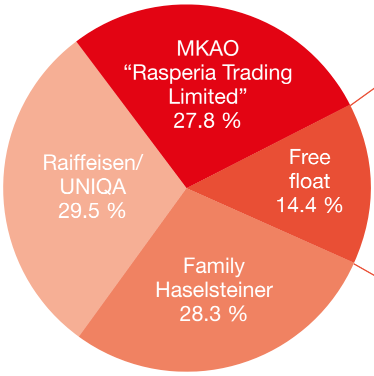
KEY SHARE INDICATORS

Share figures	2017	2018	2019	2020	2021
Closing price at year's end (€)	34.03	25.65	31.00	28.45	36.65
Year's high (€)	38.90	36.55	32.30	31.50	43.20
Year's low (€)	32.00	25.45	26.85	16.02	27.90
Year's average (€)	35.82	33.16	29.84	26.18	35.19
Number of outstanding bearer shares at year's end (shares)	102,599,997	102,599,997	102,599,997	102,599,997	102,599,997
Number of outstanding bearer shares, weighted (shares)	102,599,997	102,599,997	102,599,997	102,599,997	102,599,997
Market capitalisation at year's end (€ billion)	3.5	2.6	3.2	2.9	3.8
Average trade volume per day (€ million)[1]	0.8	0.7	0.6	0.8	1.4
Number of STRABAG SE shares traded (shares)[1]	5,538,568	5,532,640	4,774,282	8,008,702	10,162,508
Volume of STRABAG SE shares traded (€ billion)[1]	0.2	0.2	0.1	0.2	0.4
P/E ratio on 31 December	13	7	9	7	6
Earings per share (€)	2.72	3.45	3.62	3.85	5.71
Book value per share (€)	32.9	35.3	37.3	39.8	39.4
Price-to-book ratio	1.0	0.7	0.8	0.7	0.9
Cash flow from operating activities per share (€)	13.1	7.7	10.5	12.5	11.9
Dividend per share (€)	1.30	1.30	0.90	6.90	2.00[2]
Dividend payout ratio (%)	48	38	25	179	35
Dividend yield (%)[3]	3.6	3.9	3.0	26.4	5.7
Share capital (€ million)	110	110	110	110	103
Weight in ATX-Prime (%)	1.22	1.23	1.24	1.28	1.13
Weight in WBI (%)	2.99	2.83	2.92	3.03	2.73

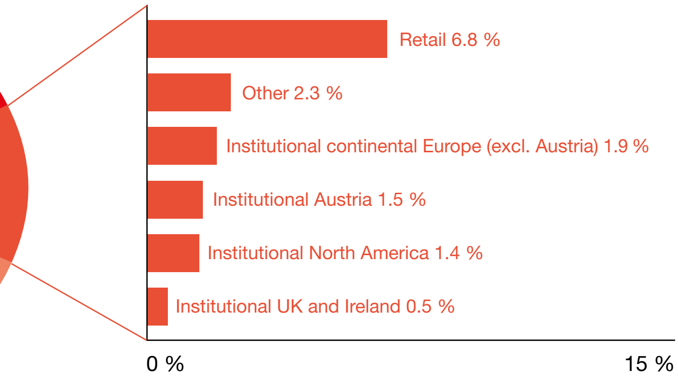
1 Double count
2 Proposed dividend
3 Calculated on the basis of the year's average share price

Shareholder structure

SHAREHOLDER STRUCTURE AS AT 1 JANUARY 2022



DISTRIBUTION OF THE FREE FLOAT BY JANUARY 2022



The **shareholder structure** of STRABAG SE changed slightly in the 2021 financial year. The Haselsteiner Family, Raiffeisen Group, UNIQA Group and MKAO "Rasperia Trading Limited" continue to hold the majority, although their shares have increased slightly due to a capital reduction of the company. The Annual General Meeting of 18 June 2021 had approved the cancellation of 7,400,000 treasury shares. Since this transaction, which was registered on 16 July 2021, the share capital amounts to € 102,600,000. To our knowledge, no investor other than the core shareholders holds more than 5 % of the company.

In January 2022, we commissioned a shareholder ID to learn more about the distribution of our **free float**. The percentage of retail investors remained stable at 6.8 %, thereby exceeding the level of institutional investors at 5.3 %. The regional focus on continental Europe (1.9 %) and especially on Austria (1.5 %) remained nearly unchanged.

Annual General Meeting

The agenda of the 17th Annual General Meeting, which was held on 18 June 2021 as a virtual meeting in keeping with the provisions of the Covid-19 Corporate Law Act ("Covid-19-GesG") and the Covid-19 Corporate Law Ordinance ("Covid-19-GesV") enacted on its basis, had nine resolution items. With 99 % of the votes cast in each case, the 2021 Annual General Meeting approved the actions of the Management Board and of the Supervisory Board, confirmed the payment of a dividend in the proposed amount of € 6.90 per no-par share for the 2020 financial year, reaffirmed the selection of the financial auditor and elected Dr. Hermann Melnikov to the Supervisory Board. Moreover, the principles for the compensation of the members of the Management Board and the Supervisory Board were presented to the Annual General Meeting and a reduction of the share capital was resolved with the necessary majority.

ANNUAL GENERAL MEETING TAKES PLACE ON 10 JUNE 2022

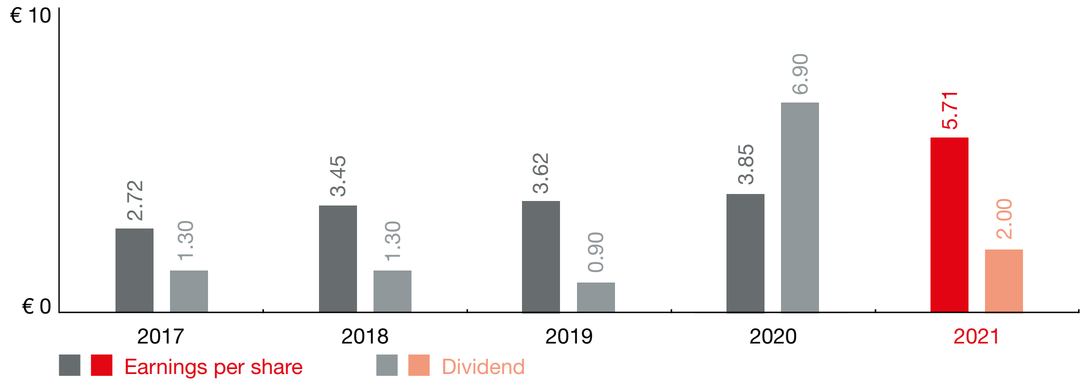
The next Annual General Meeting on 10 June 2022 will again be held as a virtual meeting in keeping with the provisions of Covid-19-GesG and the ordinance (Covid-19-GesV) enacted on its basis. Information about the organisational and technical requirements for attending the virtual general meeting and exercising the shareholder rights in accordance with Sec 2 Para 4 Covid-19-GesV can be found in the invitation to the Annual General Meeting. The record date for confirmation of shareholding is 31 May 2022. Details regarding the correct procedure can be found on our website at www.strabag.com > Investor Relations > Annual General Meeting.

Dividend

Proposed dividend:
€ 2.00 per share

STRABAG places great value on a constant dividend policy. The Management Board is keeping to its goal of paying out 30–50 % of the net income after minorities to company shareholders in the form of a dividend once a year. The exact payout ratio is determined by the general development of the business as well as by the group's opportunities for growth. Following the extraordinary increase approved by the Annual General Meeting last year, the Management Board considers it justified to return to the usual range this year and will therefore propose a dividend of € 2.00 at the Annual General Meeting on 10 June 2022. This brings the payout ratio to 35 %. The dividend yield is 5.7 % based on the average price of the STRABAG SE share. The ex-dividend day has been set for 17 June 2022, the dividend payout date for 21 June 2022.

EARNINGS PER SHARE AND DIVIDEND



Bonds and bonded loans

OVERVIEW OF THE LISTED BONDS

Term	Interest %	Volume € mln.	ISIN	Exchange
2015–2022	1.625	200	AT0000A1C741	Vienna

STRABAG SE (and its predecessor, FIMAG) has to date issued twelve corporate bonds, of which one is still listed.

S&P CONFIRMS CORPORATE CREDIT RATING OF BBB

STRABAG SE and its bonds are regularly rated by the international ratings agency Standard & Poor's (S&P). In November 2007, S&P raised the corporate credit rating for STRABAG SE from BB+ to BBB-, thus elevating STRABAG SE to “investment grade”. In June 2015, S&P raised the credit rating another level to BBB with stable outlook. The rating was last confirmed in December 2021.

The key indicators that had led to the ratings increase continued to develop well, according to S&P. STRABAG SE's strengths and opportunities are seen above all in the stable margins in an otherwise quite cyclical market environment, the strategic access to raw materials, the strong market positions and the very good reputation in the credit markets.

Investor relations

The coronavirus pandemic, as in the previous year, again led to conferences and roadshows being held virtually in 2021. In addition to the prescribed semi-annual report and the trading statements on the first and third quarters, we made use of the virtual options to inform 63 capital market participants (2020: 53) in 31 (2020: 25) one-on-ones and group talks last year. We took part in six (2020: six) **roadshows** and **investor conferences** organised by Erste Group, Kepler Cheuvreux, Baader Bank and Raiffeisen Bank International as well as by the Vienna Stock Exchange.

If you want to learn more about our future roadshow activities, please visit our website at www.strabag.com > Investor Relations. The corporate calendar is updated continuously and includes all the planned roadshow events as well as the dates for the publication of our financial results.

WE ARE IN CONSTANT CONTACT WITH OUR INVESTORS

Not only are we in constant e-mail and telephone contact with our institutional investors and analysts, we also provide extensive information to our private investors. We do so, among other things, by offering web and audio broadcasts of parts of our Annual General Meeting and investor conferences on our website, and we try to reach our private shareholders and interested parties through a variety of different channels.

Every individual investor benefits from our taking the time to communicate with the market and to strive for constant improvement in our investor relations work – because excellent investor relations have a positive effect on the share price and reduce the amount of time required to form an opinion of the company. It is our goal to maintain the strength of our investor relations efforts, to keep a steady flow of information and, in so doing, to help the analysts of banks and institutional investors make correct assessments of STRABAG SE's shares and bonds.

Unpaid share coverage

Analyst research provides current as well as potential shareholders with a first indication of the assessment of STRABAG SE. We are therefore delighted that five banks regularly analyse STRABAG SE – at no cost to the company – in order to issue target prices and recommendations for our share:

- Deutsche Bank, Vienna (Matthias Pfeifenberger)
- Erste Group, Vienna (Michael Marschallinger)
- Kepler Cheuvreux, Vienna (Torsten Sauter)
- LBBW, Stuttgart (Jens Münstermann)
- Raiffeisen Centrobank, Vienna (Markus Remis)

Additionally, a credit analyst at this bank is currently covering our bonds:

- Erste Group, Vienna (Elena Statelov)

HOW TO RECEIVE INFORMATION ABOUT STRABAG SE

STRABAG SE's Investor Relations department reports directly to the CEO and sees itself as the service department for existing and potential private shareholders, institutional investors and analysts, as well as the point of contact for capital market issues for the group's operating units. For us, quick response times, comprehensive information and a constant dialogue with the capital market and the general public are a matter of course. We place great importance on informing all shareholder groups quickly and simultaneously. To achieve this, we publish all company-relevant news on our website at the same time that we send our **Investor Relations newsletter** per e-mail. If you would also like to receive this information, please register on the Investor Relations page on our website www.strabag.com or give us a call.

Your questions and suggestions are important to us for the continued improvement of our services. We look forward to hearing from you:

STRABAG SE
Investor Relations
Marianne Jakl
Head of Corporate Communications &
Investor Relations

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At www.strabag.com > Investor Relations you will also find:

- Up-to-date roadshow documents
- Company presentations
- Analyst recommendations and bank consensus estimates
- Complete versions of the credit research reports
- Recordings of telephone and investor conferences
- Stock calculator
- Subscription to receive daily share price information
- Individual share price charts
- Download versions of the Annual Reports and Interim Reports
- Order form for the print versions of our publications
- Corporate calendar

Corporate Governance

CONSOLIDATED CORPORATE GOVERNANCE REPORT

General principles

CONSOLIDATED REPORT

The present report is a consolidated corporate governance report as defined by Sec 267b UGB (Austrian Commercial Code) which also covers the corporate governance report as defined by Sec 243c UGB.

COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

The consolidated corporate governance report explains the rules, structures and processes implemented by STRABAG SE in the interest of a well-functioning corporate governance system. We are fully and without exception committed to the Austrian Code of Corporate Governance (ÖCGK) and its aims and we see compliance with all the rules contained within the Code as a top priority. This commitment represents a self-obligation on the part of STRABAG SE with the aim to boost shareholder confidence and to constantly optimise our high internal legal, behavioural and ethical standards. We are further obligated to fulfil the standards of the Code due to the listing of our shares in the Prime Market segment of the Vienna Stock Exchange.

The Austrian Code of Corporate Governance is a set of rules for good corporate governance and control systems on the Austrian capital market. It was introduced in 2002 in line with international standards and has been revised several times since. The aim of the Code is to establish a responsible system of management and supervision of companies that is geared towards creating sustained, long-term value while ensuring a high level of transparency for all stakeholders. Investors and issuers therefore value the Code and recognise it as an indispensable part of the Austrian system of corporate governance and of Austrian business life.

The Austrian Code of Corporate Governance defines three categories of rules: L-Rules refer to legal requirements with mandatory compliance on the part of publicly listed companies in Austria. Deviation from C-Rules (comply or explain) must be explained publicly and the reasons stated. R-Rules are recommendations requiring neither disclosure nor explanation. The version of the Code that was valid for the 2021 financial year is the January 2021 version. It is available for download from the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at) and from STRABAG SE (www.strabag.com > Investor Relations > Corporate Governance > Formal Obligation and Evaluation).

The Management Board and the Supervisory Board of STRABAG SE declare that STRABAG SE fulfils all L-Rules of the Austrian Code of Corporate Governance and complies with all C-Rules with the exception of those rules stated and explained below. The company furthermore endeavours to abide not only by the minimum requirements but also by all of the Code's R-Rules without exception.

NON-COMPLIANCE WITH THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

C-Rule 2: On the basis of a resolution passed by the Annual General Meeting, the shares of STRABAG SE include two special registered shares with an associated right to nominate one member of the Supervisory Board each. The registered shares bind significant shareholder groups more strongly to the company and guarantee the availability of know-how from important stakeholders for the Supervisory Board. This is in the interest of good corporate governance and represents a long-term advantage for STRABAG SE, which further benefits especially from the commitment, expertise and experience of the respective Supervisory Board member. It also significantly improves the contact and communication between the company and its shareholders and promotes the transparency of the shareholder structure.

C-Rule 27: It is a key concern for STRABAG SE that the remuneration of the Management Board members be made according to measurable criteria in a way that is transparent and easily comprehensible. The remuneration of the Management Board is based on the specific tasks and responsibilities as well as the size and the economic situation of the company. Another factor that is considered is the competitiveness of the remuneration on the market. The variable component of the remuneration takes into account the shareholders' interest in a positive development of the company and increases the motivation of the Management Board to take measures that sustainably improve the net income in the long term. The variable remuneration is measured on the basis of the financial indicators. In contrast, general non-financial criteria do not say very much about the sustainable success and economic situation of the company. On the contrary, a differentiated definition of non-financial criteria for each business segment would be to the detriment of transparency and ease of understanding. As a result of thorough debate in the Executive Committee of the STRABAG SE Supervisory Board, the decision was made not to use non-financial criteria to calculate the remuneration of the members of the Management Board.

Boards

MANAGEMENT BOARD

Management Board composed of six members in 2021

From left to right: Klemens Haselsteiner, Alfred Watzl, Peter Krammer, Thomas Birtel, Christian Harder, Siegfried Wanker

Name	Year of birth	Citizen of	Position held	Responsible for	First appoint-ment	End of current period of office	Supervisory board mandates or similar functions in national or foreign companies not included in the consolidated financial statements	Management and supervisory tasks at important[1] subsidiaries
Dr. Thomas Birtel	1954	Germany	CEO	Central Staff Divisions and Central Divisions BMTI, CML and TPA	1 January 2006 (Member of the Management Board) 15 June 2013 (CEO)	31 December 2022	Deutsche Bank AG, Germany (Member of the Advisory Board) HDI Globale SE, Germany (Member of the Advisory Board) VHV Allgemeine Versicherung AG, Germany (Member of the Supervisory Board) VHV Vereinigte Hannoversche Versicherung a.G., Germany (Member of the Supervisory Board) VHV Holding AG, Germany (Member of the Supervisory Board)	Ed. Züblin AG, Germany (Chairman of the Supervisory Board) STRABAG AG, Germany (Chairman of the Supervisory Board) STRABAG AG, Austria (Chairman of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Chairman of the Supervisory Board) STRABAG Sp. z o.o., Poland (Chairman of the Supervisory Board)
Mag. Christian Harder	1968	Austria	CFO	Central Division BRVZ	1 January 2013	31 December 2022	Syrena Immobilien Holding AG, Austria (Vice Chairman of the Supervisory Board) Kreditschutzverband von 1870 (Member of the Executive Board)	Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG AG, Austria (Vice Chairman of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board)
Klemens Haselsteiner	1980	Austria	Member of the Management Board	Central Divisions STRABAG Innovation & Digitalisation as well as Zentrale Technik, Subdivision NN Russia	1 January 2020	31 December 2022	None	Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board)
Dipl.-Ing. Dr. Peter Krammer	1966	Austria	Member of the Management Board	Segment South + East[2]	1 January 2010	31 December 2022	None	Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG a.s., Czech Republic (Chairman of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board) STRABAG AG, Switzerland (Board of Directors)
Dipl.-Ing. Siegfried Wanker	1968	Austria	Member of the Management Board	Segment International + Special Divisions[3]	1 January 2011	31 December 2022	None	Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board) STRABAG Sp. z o.o., Poland (Member of the Supervisory Board)
Dipl.-Ing. (FH) Alfred Watzl	1970	Germany	Member of the Management Board	Segment North + West[4]	1 January 2019	31 December 2022	None	Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o., Poland (Member of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board) STRABAG Sp. z o.o., Poland (Member of the Supervisory Board)

1 € 10 million minimum average consolidated output volume over past two years
2 South + East: Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Environmental Technology
3 International + Special Divisions: Tunnelling, Construction Materials, Services, Real Estate Development, Infrastructure Development, Direct Export
4 North + West: Germany, Poland, Benelux, Scandinavia, Ground Engineering

Dr. Thomas Birtel

Thomas Birtel graduated with a doctorate degree in economics from Ruhr-University Bochum in 1982. He began his career in 1983 at the former German trading and industrial plant construction group Klöckner & Co, where he advanced to head of accounting for Klöckner Industrie-Anlagen GmbH. In 1989, he moved on to the managing director's position at Sweden's Frigoscandia Group. He joined the STRABAG Group in 1996 as a member of the Management Board of STRABAG Hoch- und Ingenieurbau AG, was appointed to the Management Board of STRABAG AG, Germany, in 2002 and to the Management Board of STRABAG SE in 2006. Thomas Birtel has held the position of CEO of STRABAG SE since 15 June 2013.

Mag. Christian Harder

Christian Harder completed a degree in applied business administration at the University of Klagenfurt before joining the STRABAG Group through its predecessor Bau Holding Group in 1994. He advanced to director of accounting, to head of financial accounting and, finally, to central division director of Bau-, Rechen- und Verwaltungszentrum Gesellschaft m.b.H. (today STRABAG BRVZ GmbH). From 2008, he held the position of chairman of the central division management of BRVZ. He was appointed CFO of STRABAG SE effective on 1 January 2013.

Klemens Haselsteiner

Klemens Haselsteiner completed a bachelor's degree in business administration from DePaul University, Chicago, before starting his career in 2004 at the auditing firm KPMG in Austria. After completing his civil service and gathering work experience at a Russian industrial group, he joined the STRABAG Group in Russia in 2011. There he was entrusted with central controlling, among other things. From 2015, he was employed at the Stuttgart subdivision of the German STRABAG Group company Ed. Züblin AG – initially as commercial business unit manager for turnkey construction, as of 2018 as commercial subdivision manager. Klemens Haselsteiner has been a member of the Management Board of STRABAG SE since 1 January 2020.

Dipl.-Ing. Dr. Peter Krammer

Peter Krammer graduated with a doctorate degree in engineering sciences from the Faculty of Civil Engineering at TU Wien in 1995. He gained his first professional experience at Porr Technobau AG, STRABAG and Swietelsky Bau GesmbH before returning to STRABAG AG, Austria, in 2005. As a member of the Management Board of STRABAG AG, he was in charge of building construction and civil engineering in Eastern Europe and of environmental engineering for the entire group. Peter Krammer has been a member of the Management Board of STRABAG SE since 1 January 2010.

Dipl.-Ing. Siegfried Wanker

Siegfried Wanker studied civil engineering at Graz University of Technology before joining the STRABAG Group as site manager in 1994. Between 2001 and 2004, he held the position of managing director at several engineering service providers before rejoining the STRABAG Group in 2005. As a member of the Management Board of STRABAG AG, Austria, he was initially in charge of the international building construction business, then for corporate development and services, and finally for infrastructure project development. Siegfried Wanker has been a member of the Management Board of STRABAG SE since 1 January 2011.

Dipl.-Ing. (FH) Alfred Watzl

Alfred Watzl studied civil engineering at the Deggendorf Institute of Technology before beginning his professional career as site manager for STRABAG Sp. z o.o., Poland, in 1999. After several different management positions at the Polish subsidiary – including technical subdivision manager for Building Construction and Civil Engineering – he was a member of the Management

Board of STRABAG Sp. z o.o. with responsibility for the group's Polish activities from 2013 to 2018. Alfred Watzl has been a member of the Management Board of STRABAG SE since 1 January 2019.

Working method of the Management Board: open exchange in meetings usually every two weeks

The Management Board of STRABAG SE – like the Supervisory Board – sees it as a priority obligation and task to comply with all the rules of the Austrian Code of Corporate Governance and to continually optimise the high internal legal, behavioural and ethical standards of STRABAG SE. Collegiality, openness, a constant exchange of experience and short decision-making chains are among the main guiding principles. In line with the rules of the Code, the Management Board of STRABAG SE works closely together with the Supervisory Board. In particular,

- the Management Board regularly and extensively informs the Supervisory Board as to all relevant matters concerning the development of the company's business, including the risk situation and risk management in the company and the important group entities;
- a regular exchange of information and opinions takes place between the CEO and the Chairman of the Supervisory Board concerning strategy, the development of the business, risk management and important business transactions, particularly acquisitions and disposals;
- the Chairman of the Supervisory Board is informed immediately of any important occurrences;
- the Management Board reports to the Supervisory Board at least once a year on the provisions taken to fight corruption.

The Management Board of STRABAG SE and its individual members conduct their business in accordance with the prevailing laws and legislation, the Articles of Association, and the Management Board's Rules of Procedure as approved by the Supervisory Board. The Rules of Procedure obligate the Management Board and its individual members to provide extensive information and reporting to the Supervisory Board. The Rules of Procedure also define an extensive catalogue of measures and legal transactions requiring approval by the Supervisory Board in addition to the legally prescribed measures. Coordination within the Management Board occurs during regular meetings held approximately every two weeks as well as in the form of the daily informal exchange of information. Matters discussed at the Management Board meetings include the current operations and the long-term company strategies. Also coordinated are any current or outstanding management measures to be implemented by the relevant Management Board members.

SUPERVISORY BOARD

Supervisory Board composed of eleven members

Name	Year of birth	Citizen of	Position held	First appointment	End of current period of office	Other supervisory board mandates or similar functions in national or foreign listed companies	Independent pursuant to Rule 53 ÖCGK
Shareholder representatives							
Dr. Alfred Gusenbauer	1960	Austria	Chairman	18 June 2010	Ends with 2023 Annual General Meeting	None	Yes
Mag. Erwin Hameseder	1956	Austria	Vice Chairman	10 September 1998	Indefinite as of 17 August 2007	AGRANA Beteiligungs-AG, Austria (Chairman of the Supervisory Board) Raiffeisen Bank International AG, Austria (Chairman of the Supervisory Board) Südzucker AG, Germany (2nd Vice Chairman of the Supervisory Board)	Yes
Dr. Andreas Brandstetter	1969	Austria	Member	15 June 2018	Ends with 2023 Annual General Meeting	None	Yes
Thomas Bull	1964	Germany	Member	9 February 2017	Indefinite as of 9 February 2017	None	Yes
Mag. Kerstin Gelbmann	1974	Austria	Member	18 June 2010	Ends with 2023 Annual General Meeting	Binder+Co AG, Austria (Chairwoman)	Yes
Dr. Hermann Melnikov (since 18 June 2021)	1961	Germany	Member	18 June 2021	Ends with 2023 Annual General Meeting	Kabel Deutschland Holding AG, Germany (Chairman of the Supervisory Board)	Yes
Ksenia Melnikova (until 18 June 2021)	1978	Russia	Member	19 June 2020	Until 18 June 2021	None	Yes
Delegated by the works council							
Dipl.-Ing. Andreas Batke	1962	Germany	Member	1 October 2009	Indefinite	None	Yes
Miroslav Červený	1959	Czech Republic	Member	1 October 2009	Indefinite	None	Yes
Magdolna P. Gyulainé	1962	Hungary	Member	1 October 2009	Indefinite	None	Yes
Georg Hinterschuster	1968	Austria	Member	13 October 2014	Indefinite	None	Yes
Wolfgang Kreis	1957	Germany	Member	1 October 2009	Indefinite	None	Yes

Shareholder representatives

Dr. Alfred Gusenbauer
Chairman of the Supervisory Board

Alfred Gusenbauer studied law, philosophy, political science and economy at the University of Vienna, completing his doctorate in 1987. In 1991, he became a member of the Austrian senate, two years later a member of parliament. From 2000 to 2008, Alfred Gusenbauer was President of the Social Democratic Party of Austria, serving as Federal Chancellor of the Republic of Austria and member of the European Council from 2007 to 2008. In addition to his current activities at Brown University and Columbia University, Alfred Gusenbauer is President of the Austrian-Spanish Chamber of Commerce.

Mag. Erwin Hameseder
Vice Chairman of the Supervisory Board

Erwin Hameseder received a master of law degree from the University of Vienna. From 1975 to 1987, he served as an officer in the Austrian Armed Forces, where he achieved the rank of colonel in the directorship services in 2002 and of brigadier in 2006. In 2017, he was promoted to major general in the militia of the Austrian Armed Forces. In 1987, he joined the legal department of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H. From 1988 to 1994, he was responsible for investment management, from 1991 as head of the department. He was managing director of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H. from 1994 to 2001 and director-general of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg. Gen.m.b.H (a spin-off from RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG) from 2001 to 2012. From 2007 to 2012, Erwin Hameseder also assumed the position of Chairman of the Management Board of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG. Since 4 May 2012, he has been chairman of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg. Gen.m.b.H. Erwin Hameseder has been a member of the Supervisory Board since 1998. In 2007, he was delegated to the Supervisory Board of STRABAG SE for an indefinite period of time by the authorised holder of registered share number 1. *According to Annex 1 of the 2021 Austrian Code of Corporate Governance, Supervisory Board members who are shareholders with a direct investment in the company or who represent the interests of such a shareholder are considered to be independent even with a period in office of more than 15 years.*

Dr. Andreas Brandstetter

Andreas Brandstetter has been CEO of UNIQA Insurance Group AG since 2011. Before entering the insurance business in 1997, where he has held various leadership positions, he was head of the EU office of Österreichischer Raiffeisenverband. From 1993 to 1995, he was active in politics. Andreas Brandstetter graduated from the University of Vienna in 1994 with a doctorate degree in political science, also holds an Executive MBA from the California State University, Hayward, and completed further courses at the Stanford Graduate School of Business and the Harvard Business School. Since 2018, he has been the president of Insurance Europe, the European insurance and reinsurance federation in Brussels.

Thomas Bull

Thomas Bull has 25 years of experience in international project management, M&A projects and corporate investment management in Russia, Central and Eastern Europe, and the United States. After graduating from Voronezh State University in Russia in 1987, he held various management positions at Hochtief, E.ON and Enel Russia, among others. From 2013 to 2014, he was Director of the Central Department for Construction Projects at OAO Sberbank. Since 2014, Thomas Bull has been a member of the Supervisory Board of engineering company NGI Group. He holds a Master of Business Administration from the University of Dresden.

Mag. Kerstin Gelbmann

Kerstin Gelbmann studied trade and commerce in Vienna. After graduating, she began her career at Auditor Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH, which was first a representative, then a full member of Arthur Andersen in Vienna. Kerstin Gelbmann has worked for E.F. Grossnigg Finanzberatung und Treuhandelsgesellschaft m.b.H. since 2002, most recently as managing director, and for grosso holding Gesellschaft mbH since 2007, currently as managing director. In January 2010, she was also appointed managing director at Austro Holding GmbH.

Dr. Hermann Melnikov (since 18 June 2021)

Dr. Hermann Melnikov was born on 15 May 1961 in Kassel. He studied law at the University of Giessen, receiving his doctorate degree in 1987. Commencing his career in 1989 as a judge in Kassel, he joined the commercial law firm Clifford Chance in 1990, where he became a partner in 1995. In 2004, he joined White & Case in the same function. He practiced law in Frankfurt, Moscow, Düsseldorf and Hamburg and, since 2021, again in Frankfurt. Since 2010 he has been a licensed solicitor in England and Wales. He represents companies in public and private transactions with a focus on corporate law and M&A. Dr. Melnikov has been a Counsel at White & Case as well as Chairman of the Supervisory Board of Kabel Deutschland Holding AG since 2019. He was elected to the Supervisory Board of STRABAG SE in 2021.

Ksenia Melnikova (until 18 June 2021)

Ksenia Melnikova completed a master's degree in economics and is a member of the Association of Chartered Certified Accountants. She began her career in 1999 with a Russian audit firm and later worked at the Moscow offices of PricewaterhouseCoopers and Ernst&Young. In 2012 she moved to Gazprom Neft Trading GmbH in Vienna as financial manager. Since 2016 she has been Director of Internal Audit at a logistics company in Moscow.

Delegated by the works council

Dipl.-Ing. Andreas Batke

Andreas Batke joined STRABAG AG, Cologne, as a land surveyor in 1991. He has been a member of the works council since May 1998 and currently serves as chairman of the general works council and chairman of the group works council of STRABAG AG, Cologne, vice chairman of the STRABAG SE works council and member of the Supervisory Board of STRABAG AG, Cologne.

Miroslav Červený

Miroslav Červený joined a predecessor company of STRABAG in the Czech Republic in 1988 as a data processing specialist, is currently chairman of the employee representative organisation of the Czech group companies and works as a work safety expert.

Magdolna P. Gyulainé

Magdolna P. Gyulainé joined a predecessor company of STRABAG in Hungary as a bookkeeper in 1981 and is currently chairwoman of the employee representative organisation of the Hungarian group companies.

Georg Hinterschuster

Georg Hinterschuster completed an apprenticeship in commercial site management at STRABAG Bau GmbH from 1984 to 1987 before starting his professional career as a group clerk in civil engineering in St. Valentin, Austria. From 1997 to 2000, he took over a commercial management task for the Transportation Infrastructures and the Building Construction & Civil Engineering segments in the Czech Republic, and from 2000 to 2008, he worked as a commercial group manager in building construction and civil engineering in Upper Austria. Hinterschuster was elected to the works council in 1991 and is currently a member of the group and central works council of STRABAG in Austria as well as a member of the STRABAG SE works council.

Wolfgang Kreis

Wolfgang Kreis joined Ed. Züblin AG as a commercial clerk in 1979. He was elected to the works council in 1987 and is currently chairman of the works council for the Karlsruhe subdivision, chairman of the general works council of Ed. Züblin AG, chairman of the STRABAG SE works council and vice chairman of the Supervisory Board of Ed. Züblin AG.

All members independent in accordance with the Austrian Code of Corporate Governance

All members of the Supervisory Board of STRABAG SE and its committees are independent in accordance with the conditions contained within the Austrian Code of Corporate Governance (see also www.strabag.com > Investor Relations > Corporate Governance > Supervisory Board > Independence of the Supervisory Board) and have declared in writing explicitly to adhere to all conditions of the Austrian Code of Corporate Governance. New members of the Supervisory Board receive detailed information regarding the avoidance of conflicts of interest upon assumption of their activities. The independence of the Supervisory Board members is defined by the following guidelines (excerpt from the Rules of Procedure for the Supervisory Board as amended on 28 April 2014):

<u>Guidelines for the independence of Supervisory Board members of STRABAG SE ("the company") in accordance with C-Rule 53 of the Austrian Code of Corporate Governance</u>

A member of the Supervisory Board of the company shall be deemed independent if he or she has no business or personal relations with the company or its Management Board which would constitute a material conflict of interest and thus could influence the member's behaviour. Moreover, the members of the Supervisory Board shall comply with the following guidelines adapted from the Austrian Code of Corporate Governance:

- The Supervisory Board member shall not have served as a member of the Management Board or as a manager of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the Supervisory Board member. This shall also apply to relationships with companies in which the Supervisory Board member has a considerable economic interest. The approval of individual transactions by the Supervisory Board according to L-Rule 48 does not automatically mean the person is qualified as not independent.
- The Supervisory Board member shall not have been auditor of the company or have owned a share in the auditing company or have worked there as an employee in the past three years.
- The Supervisory Board member shall not be a member of the Management Board of another company, in which a Management Board member of the company is a Supervisory Board member.
- The Supervisory Board member shall not be a member of the Supervisory Board for more than 15 years. This does not apply to Supervisory Board members who are shareholders with a direct investment in the company or who represent the interests of such a shareholder.
- The Supervisory Board member shall not be a close relative (direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member or of persons in one of the aforementioned positions.

It shall be the responsibility of each member of the Supervisory Board of the company elected by the Annual General Meeting or delegated by the shareholders to declare his or her independence according to the criteria defined.

In the period under report, no contracts subject to approval by the Supervisory Board were concluded by the company with members of the Supervisory Board (L-Rule 48 of the Austrian Code of Corporate Governance).

Working methods of the Supervisory Board: Seven meetings in 2021

Details > Supervisory Board Report

In the 2021 financial year, the Supervisory Board diligently performed the duties incumbent upon it under Austrian law, the Articles of Association, the Austrian Code of Corporate Governance (ÖCGK), and the Rules of Procedure. It met for a total of seven meetings last year and so complied with the Code's minimum requirement to meet at least once every three months (C-Rule 36). All members personally attended at least half of the meetings during their period in office (C- Rule 58). Furthermore, there were two meetings of the Audit Committee and one meeting of the Presidential and Nomination Committee. Besides these regular meetings, there is a constant open discourse and exchange of opinion among the individual members of the Supervisory Board as well as between the individual members of the Supervisory Board and the Management Board.

In accord with its tasks and obligations, the Audit Committee dedicated itself to monitoring the accounting procedures (including the preparation of the consolidated financial statements) and the work of the auditor (including the audit of the consolidated financial statements). During the review of the effectiveness of the internal control system and the risk management system, the Audit Committee focused on specific selected projects. Also reviewed and monitored were the function of the audit system and the qualification and independence of the auditor (group financial auditor), especially with respect to the additional services provided to the company being audited. The internal audit department informed the Audit Committee of the auditing plan and of material findings pursuant to C-Rule 18 of the Austrian Code of Corporate Governance.

The meeting of the Presidential and Nomination Committee was held to discuss and approve the transfer of registered share No. 1 from Dr. Hans Peter Haselsteiner to Klemens Peter Haselsteiner and to prepare the Supervisory Board's resolution proposal to the Annual General Meeting on elections to the Supervisory Board.

Committees: Executive Committee, Presidential and Nomination Committee, and Audit Committee

Details > Supervisory Board Report

Committee decisions are made by a simple majority. In the event of a tie, the vote of the committee chair is the deciding vote. The individual committees have the following composition and tasks:

Committee	Members	Tasks
Executive Committee	• Dr. Alfred Gusenbauer (Chairman) • Mag. Erwin Hameseder • Thomas Bull	The Executive Committee deals with all matters affecting the relations between the company and the members of the Management Board, especially matters relating to the remuneration of Management Board members but excluding decisions regarding the appointment or removal of a Management Board member or regarding the granting of stock options.
Presidential and Nomination Committee	• Dr. Alfred Gusenbauer (Chairman) • Mag. Erwin Hameseder • Thomas Bull • Georg Hinterschuster • Wolfgang Kreis	The Presidential and Nomination Committee submits proposals to the Supervisory Board for filling new mandates or ones that become free on the Management Board, deals with issues relating to successor planning and makes decisions in urgent cases. In addition, it is authorised to give its consent to the disposal of registered shares in accordance with Sec 4 Para 4 of the Articles of Association.
Audit Committee	• Dr. Alfred Gusenbauer (Chairman) • Mag. Erwin Hameseder • Dr. Andreas Brandstetter • Thomas Bull • Dipl.-Ing. Andreas Batke • Georg Hinterschuster • Wolfgang Kreis	The responsibilities of the Audit Committee include the tasks assigned to it under Sec 92 Para 4a (4) of the Austrian Stock Corporation Act (AktG) as well as by Regulation (EU) No. 537/2014, namely: 1. monitoring the accounting procedures, as well as making recommendations or proposals to ensure their reliability 2. monitoring the effectiveness of the internal control system, the internal audit system and the risk management system of the company, in particular through consideration of the report of the auditor on the efficacy of the risk management system 3. monitoring the statutory audit and the audit of the consolidated financial statements and incorporating findings and conclusions in reports to be published by the Audit Oversight Body in accordance with Sec 4 Para 2 (12) of the Austrian Audit Oversight Act (APAG) 4. assessing and monitoring the independence of the auditor (group financial auditor); in particular, the Audit Committee accepts the annual report of the Management Board on the non-audit-related services actually provided following its prior approval 5. reporting to the Supervisory Board on the audit findings with a description of how the audit has contributed to the reliability of the financial reporting and of the role of the Audit Committee 6. assessing the annual financial statements and preparing their approval, assessing the proposal for the appropriation of net income, of the management report and of the corporate governance report, as well as reporting on the audit findings to the Supervisory Board 7. assessing the consolidated financial statements and the group management report, the Consolidated Corporate Governance Report as well as reporting on the audit findings to the Supervisory Board 8. preparing the procedure to select the auditor (group financial auditor) in consideration of the adequacy of the fee as well as recommending the choice to the Supervisory Board 9. assessing the report on specific requirements regarding statutory audits under Article 11 of Regulation (EU) No. 537/2014; 10. in accordance with C-Rule 81a of the Austrian Code of Corporate Governance, defining a mode of mutual communication during a meeting with the auditor

ANNUAL GENERAL MEETING AND SHAREHOLDERS

The shareholders, as owners of the company, exercise their rights by vote at the Annual General Meeting. More information about the Annual General Meeting and the shareholder structure is available in the chapter "Shares, Bonds & Investor Relations".

Transparency through constant communication

In the interest of an open communication with shareholders, creditors, clients, analysts, employees and the interested public, transparency is of great importance to STRABAG SE. Important elements of this open communication are the quarterly reporting of STRABAG SE, ongoing direct investor and analyst contacts, the participation in roadshows and conferences, which took place virtually in 2021, as well as publications and disclosures online and especially on the company website. More details about the company's extensive information activities in this regard is available in the chapter "Shares, Bonds & Investor Relations".

CONFLICTS OF INTEREST

Conflicts of interest must be reported immediately

Both the Management Board and the Supervisory Board are required to disclose conflicts of interest. The members of the Management Board must immediately disclose to the Supervisory Board any material personal interests in transactions of the company and group companies as well as any other conflicts of interest. Furthermore, they must also inform the other members of the Management Board of this. Members of the Management Board who hold management positions at other companies must work towards a fair balance of interests of the companies involved.

Supervisory Board members who find themselves in a conflict of interest must immediately disclose this to the Chairperson of the Supervisory Board. If the Chairperson of the Supervisory Board finds himself or herself in a conflict of interest, he or she must immediately disclose this to their deputy. The conclusion of contracts with members of the Supervisory Board in which such members are committed to the performance of a service outside of their activities on the Supervisory Board for the company or a subsidiary for a remuneration not of minor value requires the consent of the Supervisory Board. This also applies to contracts with companies in which a member of the Supervisory Board holds a considerable economic interest.

DIRECTORS' DEALINGS

One transaction subject to directors' dealings disclosure in 2021

Proprietary transactions with STRABAG SE shares and/or bonds by members of the company's boards, by persons or companies who maintain a close relationship to the board members, and by other management-level employees with group-wide responsibilities are reported as required by law and continually posted on the website of STRABAG SE (www.strabag.com > Investor Relations > Corporate Governance > Directors' Dealings).

In 2021, there was one transaction with STRABAG SE shares or bonds involving members of the above-mentioned group of persons: Klemens Haselsteiner, a member of the STRABAG SE Management Board, was granted a STRABAG SE registered share as a gift. The following persons from the aforementioned group held shares and/or bonds of STRABAG SE on 31 December 2021:

Person subject to disclosure obligation	Board member	Number of shares	Number of bonds
Haselsteiner Familien-Privatstiftung	Dr. Alfred Gusenbauer Mag. Christian Harder	29,017,451	0
Mag. Erwin Hameseder		210	0
Klemens Haselsteiner		1,200 + 1 registered share/1,201	0

Diversity concept

Seeing and judging things from different perspectives helps to comprehensively identify the risks of a situation or decision. This is one reason why STRABAG is so interested in diversity with regard to **age, sex, and educational and professional background** especially – but not exclusively – among its directors and officers.

On 31 December 2021, the Supervisory Board included two women and six non-Austrian nationals. The members of the Supervisory Board were between 47 and 65 years old. With their expertise, they cover the fields of law, business management, taxes, engineering, accounting and information technology. They also have experience working in various sectors of construction, industry, banking, insurance and public administration.

At the end of 2021, the Management Board of STRABAG SE consisted of six men between 41 and 67 years of age of which two – including the CEO – are not Austrian. The members of the Management Board bring together managerial and engineering know-how and have many years of experience within the company, among the competition and in related industries.

Several mechanisms govern **appointments to the Supervisory Board**:

- The registered shares No. 1 and No. 2 are each associated with the right to nominate one person to the Supervisory Board of STRABAG SE.
- Four further members are elected per vote by the Annual General Meeting. They are usually proposed by shareholders' representatives to the Supervisory Board, which in turn passes a draft resolution to the Annual General Meeting.
- The employee representatives delegate five persons to the Supervisory Board.

The Supervisory Board is responsible for **appointments to the Management Board**. The Supervisory Board's Presidential and Nomination Committee makes proposals for filling vacant seats on the Management Board and deals with issues relating to successor planning. It submits a recommendation to the Supervisory Board after comparing the qualifications and experience of suitable candidates to a previously defined job description. The selection of a Management Board member is then made in the Supervisory Board.

Prerequisites for an appointment to the Management Board and Supervisory Board of STRABAG SE include the right expertise and personal qualifications as well as sufficient years of experience in management positions. The Management Board can best fulfil its management function and the Supervisory Board its supervisory and consulting functions with the broadest possible spectrum of skills and experience. This is achieved through diversity in terms of internationalism, educational and professional background, the representation of both sexes to an appropriate degree, and the age structure.

The job profile for a position on the Management Board calls for a minimum of ten years of experience in the construction industry or a related sector and preferably at least five years of management experience within the group. The board should consist of a good balance of members from both technical and commercial backgrounds. New appointees may be no older than 65 years of age.

The current nomination process has so far effectively addressed these requirements, with the result of a certain level of diversity on the boards. Through its draft resolutions to the Annual General Meeting, and through its decisions based on Presidential and Nomination Committee recommendations, the Supervisory Board helps to maintain the diversity of the Supervisory Board and the Management Board. This contribution to diversity is considered separately on a case-by-case basis. To allow a review of the implementation of the diversity criteria, short CVs of the current members of the Management Board and Supervisory Board are published in the Consolidated Corporate Governance Report.

The Supervisory Board supports the efforts being made by the group to raise the **percentage of women** in the company and in management and endeavours to increase the percentage of women on the Supervisory Board. With the resignation of Ksenia Melnikova from the Supervisory Board in 2021 and her replacement by Hermann Melnikov, the medium-term target of at least three women on the Supervisory Board was not achieved in 2021.

At this time, there still seems to be no point in imposing a voluntary self-obligation for a certain percentage of women on the Management Board: Management positions within the group are filled primarily internally, and currently women remain underrepresented in management. The Supervisory Board is convinced that, in the medium term, successful measures to promote women's careers will result in a higher percentage of women in management, which will end up being reflected at the higher hierarchy levels.

Measures for the advancement of women[1]

The construction industry employs predominantly men in the technical professions. Women are therefore underrepresented at all hierarchy levels. Among other things the shortage of skilled personnel, however, requires the sector to build on female labour in the future more strongly than before. STRABAG SE is also convinced that diversity sustainably increases the success of the company. STRABAG SE understands diversity to include different nationalities, cultures and educational backgrounds, a balanced age structure and men and women working together. Diversity needs fertile ground in which to grow – a working environment that is free from discrimination, harassment and retaliation. STRABAG has a system of ombudspersons in place and actively takes measures to allow diversity to thrive, for example with respect to the promotion and inclusion of women.

RULES, RESPONSIBILITIES AND DUE DILIGENCE

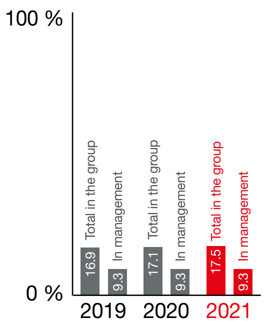
Since 2012, an internal team has been hard at work to elaborate and implement measures to promote women and their careers within the group. In 2021, this team was partially restaffed and expanded so that it now includes four women and two men. In addition, the range of topics was expanded from the “advancement of women” to the “management of diversity”. The team was renamed Gender Diversity Team (GDT) and meets more frequently than before.

The GDT held five meetings in 2021, two of which were used to gather feedback gathered by five female colleagues in so-called resonance groups on the topic of women in leadership positions and the topic of sexism. This feedback is used to

- assess the employees’ information needs with regard to existing measures,
- derive specific activities to promote gender diversity,
- incorporate the experience of female employees in the design of relevant initiatives.

These measures and activities are finally submitted to the Management Board of STRABAG SE for approval. The Management Board of STRABAG SE is aware that the company must continue existing initiatives and remain open to new ones in order to raise the percentage of women in higher qualified positions and to benefit from the different perspectives of the respective sexes.

SHARE OF WOMEN IN THE GROUP



OBJECTIVES AND INDICATORS

To maintain our competitiveness and to benefit from the diversity of different points of view, STRABAG in 2013 set itself the goal to annually increase the global percentage of women in the group – i.e. to ensure a higher level of representation of women in the group. By signing the UN Women’s Empowerment Principles, then-CEO of STRABAG SE Hans Peter Haselsteiner demonstrated the company’s commitment to this goal.

In 2021, the number of women as a percentage of employees within the entire group amounted to 17.5 % (2020: 17.1 %). Women make up 9.3 % (2020: 9.3 %) of the group management – i.e. persons with a management position as defined by Sec 80 of the Austrian Stock Corporation Act (AktG). There are still no women on the six-member Management Board of STRABAG SE. It is noteworthy, however, that two women sit on the eleven-member Supervisory Board of the company: Kerstin Gelbmann and Magdolna P. Gyulainé. Women therefore made up about 18 % of the Supervisory Board and accounted for 20 % of the members delegated by the works council. As the percentage of women both at STRABAG SE and within the group as a whole is under 20 %, a mandatory quota for the Supervisory Board as laid out in Sec 86 Para 7 of the Austrian Stock Corporation Act is not applicable.

1 This section deals with the management approach to the issue of “Equal treatment of women and men”.

PROJECTS AND INITIATIVES

Group directive on working from home

If we can interest more women in a career in construction and/or with STRABAG, then we will have laid the foundation for a higher representation of women at the management levels. The activities to date to increase the number of female employees and to promote the careers of women within the STRABAG Group focus on three areas:

- **Targeted marketing:** STRABAG consistently uses gender-appropriate wording in its texts and job announcements in order to target female students and graduates and so secure a higher percentage of female applicants especially from the technical universities. Student surveys testify to the effectiveness of these measures and that women with a technical education rank STRABAG high up in the list of attractive employers. According to the Universum Student Survey for 2021, STRABAG ranked in 7th place (2020: 6th place) among women and 15th (2020: 14th) among men studying in the engineering and IT fields in Austria. Some of our activities target potential female employees even earlier on, namely at school age: Several of the group's organisational units in Germany and Austria regularly organise events on "Töchtertag" ("Take Your Daughter to Work Day") or Girls' Day.

Approx. 24 % women in the high-potential management pool

- **Compatibility of career and family:** Especially with regard to high potentials and top performers, STRABAG is in competition with other construction companies for workers that are flexible and as mobile as possible. But if you want flexibility, you have to offer flexibility. STRABAG is therefore increasing its attractiveness as an employer through a better compatibility of family and career. Employees who are sent abroad, for example, have the possibility of taking their families with them. In 2014, a set of guidelines and a process were developed for parental leave, part-time work for parents and return management. The corresponding pilot project to put this family-friendly idea into practice was launched in Austria in 2015 and in Germany in 2016 before being rolled out across the corporate group and established in regular operations in 2020. Another way to promote the compatibility of career and family is mobile working (working from home). A framework in this regard, defined in a group directive in 2018, was revised and made more flexible in 2020.

- **Career opportunities:** There are no salary differences in the company between men and women who perform comparable work and have the same level of education. Based on the results of internal surveys, workshops and analyses, STRABAG is also working towards adequately considering women in promotion and further education by specifically focusing on qualifications and using gender-neutral job descriptions. Attention is therefore given to the adequate representation of women within the management of high potentials and in the mentoring programme that was established in 2018. Moreover, the results of all measures in this regard are constantly being evaluated. When it comes to developing management employees, STRABAG SE sees joint measures for men and women as the most promising way. In addition to the events organised for members of the high-potential management pool, which is already around 24 % female, the group supports its female employees especially in their career planning and in further education The group academy, for example, also offers seminars designed especially for women. Among the trade-specific training offers for all employees, those on technology and IT registered an above-average participation by women. Coaching also plays an important role, with women in management positions being able to choose between personal coaching and mentoring as well as so-called eBusiness coaching in order to explore career prospects. As networking helps boost career opportunities, an internal STRABAG site offers female employees the opportunity to network with each other. By the end of 2021, 518 people had communicated with each other on the new platform (2020: 330).

As the goal to annually increase the percentage of female employees is a group goal, the above-stated applies to the group as a whole.

Sustainability

High priority, long-term perspective

As a leading technology group, we take responsibility for the impact of our business activities and want to make a contribution to achieving the global climate targets. In spring 2021, a corporate-wide sustainability strategy was adopted by the Management Board for the first time. As part of this strategy, the group committed to climate neutrality along the entire value chain by 2040 and announced pathways to reduction. Starting in 2025, the goal is to achieve climate-neutral administration first, then climate-neutral construction, climate-neutral building operations and, from 2040, climate-neutral building materials and infrastructure in five-year stages.

Sustainability continues to be one of the nine central corporate values, anchored within the group through the sustainability strategy. For STRABAG, responsible, sustainable management includes living the values it has defined, such as partnership. But taking responsibility also means responding to the diverse needs and requirements of our various stakeholders and taking into account the effects of our core business on the environment and on society. This integration of sustainability aspects into the management of the corporate group promotes social acceptance and ensures future viability.

This keeps the group competitive and enables it to constantly realign its portfolio of services to the demands and developments on the market. At the same time, the company remains alert to innovative solutions outside the group that could create fresh forward momentum in the core business. The topic of sustainability and the function of Sustainability Management (formerly Corporate Responsibility Management) have been the responsibility of CDO Klemens Haselsteiner since 2020. This sends an important signal that sustainability at STRABAG has the support of senior management and is viewed from a long-term perspective. The Sustainability Management team, whose staff was further strengthened in 2021, focuses its activities on environmental aspects and has the task of developing a strategy as well as planning, organizing and implementing projects to increase sustainability performance, with priority given to the topics of energy, materials, circularity and supply chain.

Proposals for such strategic topics as well as associated indicators, targets and risks to be identified are developed by the specialist managers, with the support of Sustainability Management and in coordination with the relevant Management Board member and the CEO, and subsequently discussed by the STRABAG SE Management Board before being reworked if necessary and finally cleared for release. Strategically critical incidents are addressed ad hoc during the Management Board meetings.

Continuous development of the corporate governance system

Self-evaluation of the Supervisory Board

STRABAG strives to constantly improve its corporate governance system in the interests of the company and all stakeholders. In the year under review, the Supervisory Board again performed a self-evaluation of its activity pursuant to C-Rule 36 of the Austrian Code of Corporate Governance. At its meeting on 21 December 2021, the Supervisory Board examined in detail the efficiency of its work, especially of its organisation and working methods, which were largely evaluated as positively as in the years before. The evaluation corresponded in many areas with the one from the previous year. The board again seized the opportunity to make concrete proposals on how to raise efficiency.

Risk management and audit

RISK MANAGEMENT

The STRABAG Group is subject to a number of different risks in the course of its business activities. These risks are systematically identified and assessed using an active risk management system and dealt with using an appropriate risk policy. More information is available in the Management Report.

INTERNAL AUDIT REPORT

The STRABAG Group's internal audit department is a neutral and independent authority which again conducted approximately 170 (2020: approx. 170) internal audits in all group divisions worldwide in the 2021 financial year. In accordance with the rules of the Austrian Code of Corporate Governance, the internal audit department is set up as a staff unit of the Management Board of STRABAG SE and so enjoys the greatest possible amount of independence.

Internal audit as part of risk management

The internal audit department – after planning the audits independently and making continual adaptations to risk assessment – conducts process-independent and neutral audits across all of the group's divisions and regions both nationally and abroad. Given its technical and commercial competence, the internal audit department is an important element of the group's internal control systems. The internal audits serve to monitor the effectiveness of the risk management and control sand to evaluate the management and monitoring processes. The comprehensive approach, the use of uniform auditing standards and the neutral reporting further contribute to the standardisation of processes and structures.

The routine and special audits serve to recognise and avoid risks, to reveal opportunities, and to constantly monitor proper conduct and compliance with the group's value and business compliance system. In 2021, the internal audit department again audited both individual projects as well as entire organisational units. The audits covered the group's subdivisions as well as the most important contracts and orders of the year.

The internal audit department reported regularly to the CEO and to the Audit Committee of the Supervisory Board regarding the audit plan and significant results of its work. The audit reports were sent to the audited operating units, to the division managers, and to the Management Board, and were also made available to the financial auditors.

FINANCIAL AUDIT

The Annual General Meeting of STRABAG SE on 18 June 2021, upon proposal of the Supervisory Board, designated KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor of the financial statements and of the consolidated financial statements for the 2021 financial year. The expenses for KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in the 2021 financial year amounted to T€ 746 excl. VAT. (2020: T€ 733 excl. VAT) for the auditing of the separate and consolidated financial statements as well as T€ 629 excl. VAT (2020: T€ 591 excl. VAT) for the auditing of financial statements at subsidiaries of STRABAG SE. For additional consulting services, it received a fee of T€ 90 excl. VAT (2020: T€ 127 excl. VAT).

EXTERNAL EVALUATION

Details as to the results of the evaluation are available at www.strabag.com

In keeping with C-Rule 62 of the Austrian Code of Corporate Governance, STRABAG SE regularly subjects its compliance with the Code to an external evaluation every three years. The last evaluation, for the 2019 financial year, was performed in 2020 by Schindler Rechtsanwälte GmbH, Vienna. The evaluation revealed no indications that the declarations provided by the Management and Supervisory Board members regarding observation of and compliance with the C-Rules of the Austrian Code of Corporate Governance were untrue. The C-Rules of the Code were complied with – inasmuch as these were included in the formal obligation of STRABAG SE. Some rules did not apply to STRABAG SE during the evaluation period. The complete report including the results of the evaluation is available at www.strabag.com > Investor Relations > Corporate Governance > Formal Obligation and Evaluation. The next external evaluation will be conducted in 2023 for the 2022 financial year.

Corporate governance reports of publicly listed subsidiaries

No subsidiaries were required to prepare and issue a corporate governance report during the year under report.

Villach, 7 April 2022

The Management Board

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

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

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

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

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

SUPERVISORY BOARD REPORT

Dr. Alfred Gusenbauer

Dear shareholders, associates and friends of STRABAG SE!

The STRABAG Group successfully mastered the challenges facing it during the 2021 financial year. Despite individual restrictions as a result of the Covid-19 pandemic, as well as partially disrupted supply chains, the very volatile price development of building materials and subcontractor services, and, above all, shortages of skilled labour, the company managed to once again post record earnings.

Open exchange of information and opinion in the Supervisory Board meetings

In the 2021 financial year, the Supervisory Board duly fulfilled the responsibilities assigned to it by law, by the Articles of Association, by the Austrian Code of Corporate Governance (ÖCGK) and by the Rules of Procedure. The Supervisory Board fulfilled its supervisory duties primarily during the regular board and committee meetings, some of which were held virtually due to the Covid-19 pandemic. However, the exchange of information between the Management Board and the Supervisory Board, in particular with the Chairman of the Supervisory Board, also took place outside of the regular board and committee meetings in 2021.

During the Supervisory Board meetings, the Management Board regularly and extensively informed the Supervisory Board as to the market situation, the business development and the company's situation. Open discussions in each session further enhanced the extensive exchange of information and opinions. As a result, the Supervisory Board was constantly informed about STRABAG's strategic direction, its cash flows and financial performance, the personnel situation, the investment and project development plans, and large-scale projects, and it had a complete overview of the business development. The Supervisory Board monitored and questioned the corporate planning and its foundations and also analysed unplanned developments together with the Management Board. The Management Board always obtained consent from the Supervisory Board for important business transactions.

The members of the Supervisory Board were duly represented at the respective board and committee meetings. All members of the Supervisory Board act and make decisions independently as stipulated by the Austrian Code of Corporate Governance.

Key activities of the Supervisory Board and the committees in 2021

The following agenda items of the meetings of the Supervisory Board and its committees are particularly noteworthy:

SUPERVISORY BOARD (PLENARY MEETING)

The Supervisory Board held seven meetings in the 2021 financial year. It advised the Management Board in its management function, reviewed and monitored the management agendas and dealt with measures requiring approval.

The Supervisory Board dealt in detail with the annual financial statements, the management report, the Consolidated Corporate Governance Report, the consolidated non-financial report, the consolidated report on payments to governments, the consolidated financial statements, and the group management report of STRABAG SE for 2020.

In April 2021, the Supervisory Board acknowledged completion of the annual financial statements for 2020 and passed a resolution on the appropriation of net income. Also discussed and approved were the report of the Supervisory Board to the Annual General Meeting, the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor of the financial statements and of the consolidated financial statements for the 2021 financial year, and the agenda and proposed resolutions for the 17th Annual General Meeting. For the first time, the Supervisory Board also approved the remuneration report for the Management Board and Supervisory Board for the 2020 financial year.

In several meetings, the Supervisory Board dealt with the current financial situation, the short- and medium-term planning, and the investment plan of the company. Discussions also took place on the strategic orientation of the company, in particular with regard to the group's sustainability and digitalisation strategies.

The Supervisory Board also dealt intensively with the Austrian cartel case in the 2021 financial year and took note of the report as to the precautions to be taken to combat corruption in the company as well as on occupational safety.

The Supervisory Board approved several projects requiring approval and also dealt with selected (large-scale) projects in detail. The self-evaluation of the Supervisory Board was carried out in the last meeting of 2021 with the support of an external lawyer.

AUDIT COMMITTEE

The Audit Committee met for two sessions in 2021. In the spring of 2021, the Audit Committee performed its duties with regard to the audit of the annual financial statements, the consolidated financial statements, the management reports and the Consolidated Corporate Governance Report, each for the 2020 financial year. It also prepared the draft resolution on the appropriation of net income and on the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor of the financial statements and of the consolidated financial statements for the 2021 financial year. The Audit Committee also reported to the Supervisory Board on the results of the financial audit for the 2020 financial year in accordance with Sec 92 Para 4a (4) lit e) of the Austrian Stock Corporation Act (AktG) and presented the degree to which the financial audit contributed to the reliability of the financial reporting and the role played by the Audit Committee in the process. There were no objections to the audit by the financial auditor and all questions of the Audit Committee could be answered satisfactorily.

In another meeting, the Audit Committee dealt with the report by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, on the evaluation of the risk management system and heard the report from the internal audit department. The committee also adopted a resolution on the audit approach of the financial statements as at 31 December 2021 and took note of the IFRS Management Board reporting.

PRESIDENTIAL AND NOMINATION COMMITTEE

The Presidential and Nomination Committee held one meeting in the 2021 financial year. The agenda of this meeting included the transfer of registered share No. 1 from Dr. Hans Peter Haselsteiner to Klemens Peter Haselsteiner.

Consolidated financial statements awarded unqualified audit opinion

In accordance with C-Rule 18 of the Austrian Code of Corporate Governance, the internal audit department reported to the Audit Committee on the auditing plan and on any material findings. The Audit Committee also monitored the accounting procedures (including group accounting) and the financial audit and convinced itself of the effectiveness of the internal control system, the risk management system and the audit system. The Audit Committee also reviewed and monitored the independence of the auditor of the financial statements (and of the consolidated financial statements), especially as regards the additional services provided to the audited company.

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, audited the annual financial statements and the management report of STRABAG SE for the 2021 financial year. The findings of the audit did not give rise to any issues of concern and the financial auditor awarded an unqualified audit opinion.

The consolidated financial statements and the group management report of STRABAG SE for the 2021 financial year were prepared by the Management Board under application of Sec 245a of the Austrian Commercial Code (UGB) in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) that were applicable at the end of the reporting period. These were reviewed by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, and awarded an unqualified audit opinion.

The audit reports of the auditor of the financial statements and of the consolidated financial statements were presented to the Supervisory Board. In the presence of the financial auditor, the Audit Committee thereupon reviewed the 2021 annual financial statements and the management report including the proposal for the appropriation of net income and the Consolidated Corporate Governance Report as well as the additional report of the financial auditor to the Audit Committee as required by Article 11 of Regulation (EU) No. 537/2014, and prepared the approval of the annual financial statements as well as the acknowledgement of the 2021 consolidated financial statements and group management report by the Supervisory Board. The Audit Committee also duly performed its obligations in accordance with Sec 92 Para 4a (4) lit e) of the Austrian Stock Corporation Act (AktG) and reported to the Supervisory Board on the result of the financial audit. The report presented the degree to which the financial audit contributed to the reliability of the financial reporting and the role played by the Audit Committee in the process.

The Consolidated Corporate Governance Report was audited externally by Dr. Christian Thaler, Vienna. This audit did not give rise to any issues of concern. This was taken note of by the Audit Committee and the Supervisory Board.

The Supervisory Board reviewed all documents as well as the report by the Audit Committee. In its meeting of 5 May 2022, the board declared its agreement with the 2021 annual financial statements and consolidated financial statements and approved – and so adopted – the 2021 annual financial statements. The Management Board and the Supervisory Board have agreed on an identical proposal for appropriation of net income.

The Supervisory Board proposed appointing KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor of the financial statements and of the consolidated financial statements for the 2022 financial year, in accordance with the proposal of the Audit Committee. Also presented at the meeting of 5 May 2022 were the consolidated report on payments to governments pursuant to Sec 267c of the Austrian Commercial Code (UGB) in connection with Sec 243d UGB, the consolidated non-financial report pursuant to Sec 267a UGB in connection with Sec 243b UGB and the report on the non-audit-related services provided by the financial auditor. The reports were reviewed by the Supervisory Board and taken note of without cause for complaint.

Composition of the Supervisory Board

Several changes took place in the Supervisory Board during the 2021 financial year. Ksenia Melnikova resigned from the Supervisory Board at the end of the Annual General Meeting on 18 June 2021. The Supervisory Board would like to thank Ms. Melnikova for her work on the board. The Annual General Meeting then appointed Dr. Hermann Melnikov as a new member of the Supervisory Board on 18 June 2021. (There is no family relationship between Ksenia Melnikova and Dr. Hermann Melnikov.)

Word of thanks to Management Board and all employees

The Supervisory Board thanks the entire Management Board of STRABAG SE and all employees for their valuable contribution in the past financial year.

The Chairman of the Supervisory Board of STRABAG SE,

Dr. Alfred Gusenbauer

Vienna, 5 May 2022

Consolidated Non-Financial Report

OUR PATH TO BECOMING CLIMATE NEUTRAL

STRABAG SE operates primarily in Europe, but also on the other continents, and offers services along the entire construction value chain. The impacts of our business activities are therefore many. But we are committed to taking responsibility for these impacts. By taking into account the needs of people, the environment and society in our strategic decisions, we also ensure the long-term continuity of our company.

The climate crisis is one of the most pressing challenges of our time. Not only does the construction industry contribute significantly to global greenhouse gas emissions, it is also responsible for a high volume of waste and has high energy and material requirements. As a leading construction technology group, we take responsibility and create awareness by making an effective contribution to climate protection and combating climate change. In 2021, STRABAG for the first time adopted a sustainability strategy that sets out the goal of climate neutrality for the entire group by 2040. Our own processes will be designed in such a way that they no longer have a negative impact on the climate in their entirety. Our goal is to become climate neutral by 2040 – just like our home market of Austria.

In recent years, we have developed a robust data basis to measure our carbon emissions – Initial Scope 1 and Scope 2. This is a major challenge for a group of our size with a high degree of diversification, as it requires compiling, consolidating, evaluating and verifying an immense amount of data from different countries, different production facilities and individual construction sites. This database is necessary to develop pathways for reducing our emissions and to design our own processes in such a way that they do not have a negative impact on the climate in their entirety. We have divided our path to zero emissions into five sub-goals:

2025 – Climate-neutral administration
This sub-goal covers all our stationary administrative locations. Main sources of emissions here include working electricity, energy for heating and cooling as well as fuel for the vehicle fleet.

2030 – Climate-neutral construction project
The climate-neutral construction project refers to the construction process of structures, i.e. of buildings as well as infrastructure projects. The calculation also includes services provided by us in relation to the construction process. In addition to fuels and electrical energy for the construction site vehicle fleet, construction machinery and equipment, the operating energy consumption of portable container offices is also included. The transport to and from our suppliers and subcontractors forms part of the analysis as well.

2035 – Climate-neutral building operation
The high importance of this sub-goal is reflected in the fact that building operation is responsible for around 28 % of all carbon emissions in the world. We assume responsibility for the buildings we construct and for the emissions they cause during their use. In the future, we resolve as much as possible to hand over buildings to our customers with the option of climate-neutral operation.

2040 – Climate-neutral construction materials
This sub-goal encompasses all sourced materials for the construction of buildings – materials from our own production facilities as well as those from subcontractors and suppliers. This means that all building materials sourced by us will become climate neutral.

2040 – Climate-neutral infrastructure
Analogous to the sub-goal of climate-neutral building operation by 2035, we have set the same goal for infrastructure for 2040. We want to hand over the infrastructure we have built to our customers in such a way that they can operate it in a climate-neutral manner.

Our sustainability management entity, assigned to the central division STRABAG Innovation & Digitalisation (SID) under the responsibility of CDO Klemens Haselsteiner, is responsible for corporate-wide sustainability management. Its tasks include the creation and updating of the sustainability strategy as well as the governance of sustainability and the legally required non-financial reporting. One of the core tasks is data collection and reporting as well as its evaluation and monitoring. The unit is responsible for initiating and implementing sustainability projects throughout the group, e.g. in the areas of circular economy, decarbonisation of building materials or sustainability in the supply chain.

STRABAG SE's sustainability management is based on globally recognised rules and frameworks, such as the Global Reporting Initiative, the Sustainable Development Goals (SDGs) and the principles of the UN Global Compact. It is based on a three-pillar model consisting of economic, environmental and social aspects. At the heart of our sustainability management is a materiality analysis. It includes the impacts of our business activities on the environment and on society as well as the demands of different stakeholder groups on STRABAG. The materiality analysis is used to identify the greatest levers for targeted sustainability performance. The central instrument for raising potential in all three pillars and enabling a sustainable transformation is technology.

STRABAG's vision for sustainability as a leading construction technology group requires targeted action. Business activities must be controlled according to environmentally relevant aspects, competitiveness must be achieved, and negative environmental impacts must be sustainably reduced. This requires the support of all corporate and central divisions as well as every single employee. In addition to numerous successfully implemented projects, we developed further action plans and procedures for different areas in 2021 that will help pave the way to becoming climate neutral.

Although we have already reached many milestones with regard to our climate neutrality target, we still have a long way to go. STRABAG will pursue this path with determination and regularly inform its stakeholders about its progress and achieved goals.

MATERIALITY ANALYSIS

This Consolidated Non-Financial Report – together with the corresponding online information – was prepared in accordance with the sustainability reporting standards of the **Global Reporting Initiative** (GRI) in line with the Core reporting option.

We use the materiality analysis to systematically identify the most important sustainability issues and present these issues in our reporting. It forms the basis of sound sustainability management.

The methodology of the materiality analysis is based on the principles of the GRI standards. The sustainability issues along the value chain are assessed on the basis of their economic, environmental and social impact as well as their influence on stakeholder assessments and decisions (see figure STRABAG Materiality Matrix). The assessment is carried out by both internal and external stakeholders.

For the 2021 financial year, the results of the comprehensive materiality analysis from 2020 were reviewed by internal experts in terms of completeness and issue assessment and validated by the Management Board. Changes in stakeholder expectations as well as current external and internal developments, e.g. the Covid-19 pandemic, extreme weather events in Europe or the increased supply chain due diligence requirements, were taken into account.

Due to the pandemic, the in-person event in 2020 on internal and external stakeholder involvement had to be postponed to September 2021. Information on the event can be found below in the section "Stakeholder involvement".

For each material topic, this non-financial report sets out a management approach in accordance with the GRI standards. Information on the subject of gender equality ("Equal treatment of women and men") can be found in the Consolidated Corporate Governance Report.

Stakeholder involvement

Partnership and trust are central values of STRABAG. In keeping with these guiding principles, we constantly, and with transparent communication, attend to the concerns, wishes and needs of our stakeholders. With stakeholders, we mean those groups who are influenced by our services or who, for their part, influence the business activity of our company.

Dialogue formats used by us include online and print media, face-to-face events in the form of workshops, and written surveys. We also hold a regular stakeholder dialogue event. The aim of this event is to bring together external representatives from our most important stakeholder groups to meet with our CEO in order to discuss and prioritise the issues of strategic relevance for STRABAG.

The dialogue is founded on a **stakeholder analysis** that helps us to identify the most important stakeholder groups with regard to their level of influence by and on our organisation. These include our employees, clients, investors and suppliers. Furthermore, we maintain contacts to universities, the media, non-governmental organisations and political institutions as well as the people living in direct proximity to our projects.

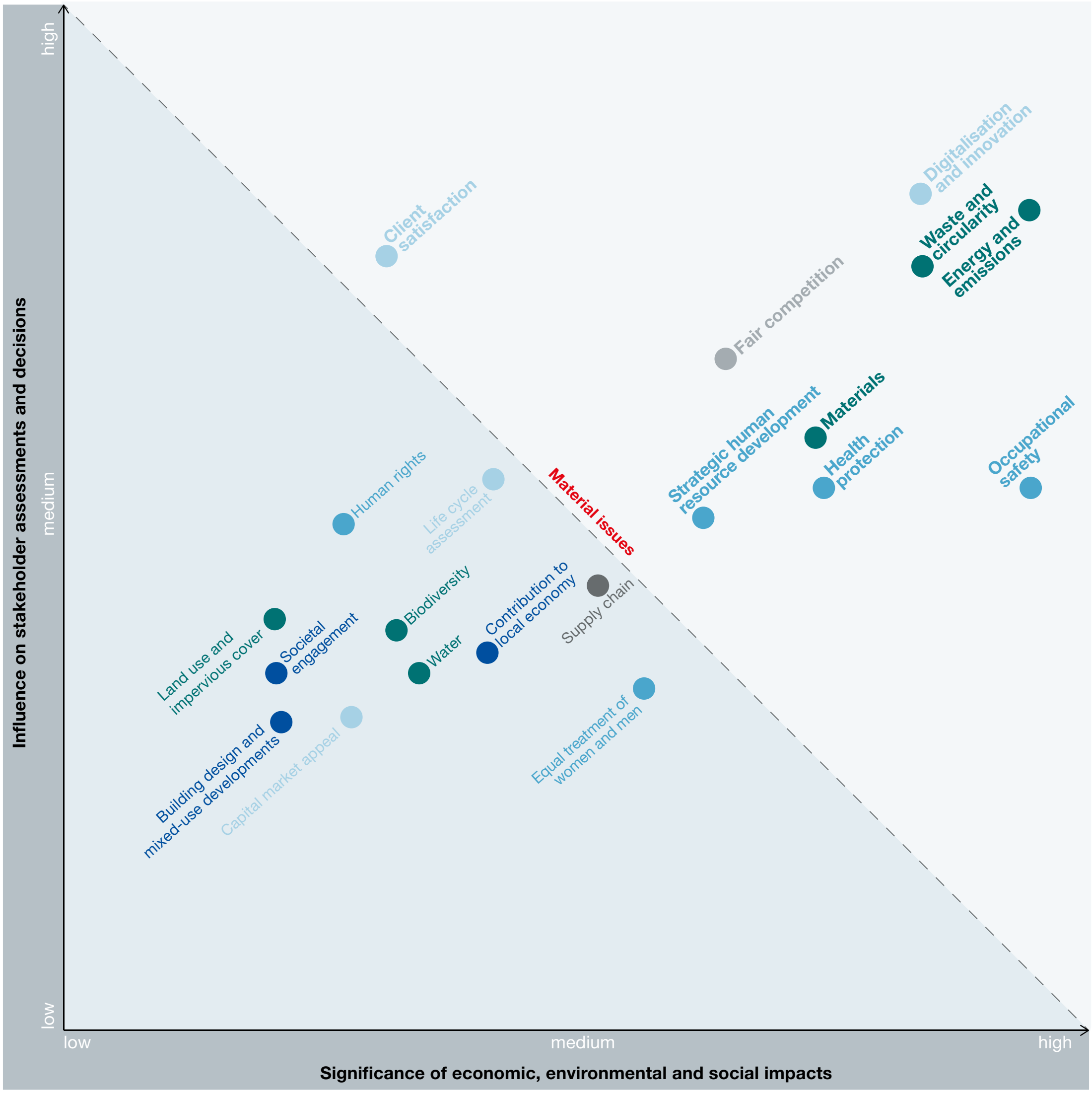
The **stakeholder dialogues** allow us to include new points of view in our strategic considerations and to incorporate additional aspects into the catalogue of the most urgent topics for the future. In order to emphasise the importance of the material issue of "waste and circularity", we focused the 2021 stakeholder dialogue on a resource-efficient circular economy. To this end, representatives of private and public clients, suppliers, environmental organisations and research institutions were identified who are intensively involved in this topic.

The event had to be postponed several times due to the pandemic. In September 2021, it finally took place in Cologne in the presence of CEO Thomas Birtel and STRABAG SE member of the Management Board Klemens Haselsteiner with external stakeholder representatives and selected STRABAG Group subdivision heads from building construction, civil engineering and transportation infrastructures. The event focused on concrete solutions for the transformation to a circular construction industry, which is becoming increasingly more important given the great demand for raw materials and scarce natural resources. An alternation of different dialogue formats such as lectures, workshops, personal exchange of ideas and Q&A sessions created the

More detailed information on the stakeholder dialogue can be found at www.strabag.com

basis for an open and trusting discussion in which many problems and hurdles were addressed. The positive feedback and the intense exchange of knowledge at eye level encourage us to continue this format in the future.

STRABAG MATERIALITY MATRIX



For the nine issues that are of material importance for our competitiveness and long-term existence, a management approach was developed by the person responsible within the group. The management approach makes clear how we ensure priority treatment within the group ("Rules, responsibilities and due diligence"), which figures we develop as key performance indicators ("Objectives and indicators") and what sorts of measures we set to reach our targets ("Projects and initiatives").

The material issues are:

- Client satisfaction
- Digitalisation and innovation
- Occupational safety
- Health protection
- Strategic human resource development
- Fair competition
- Materials
- Waste and circularity
- Energy and emissions

We also report on the following topics:

- Project risk management
- Human rights
- Societal engagement

We are also complying with the reporting requirements as outlined in the EU Taxonomy Regulation. The required information is published in a separate chapter.

Our material issues and the issues stipulated by the Sustainability and Diversity Improvement Act (NaDiVeG) are related as follows:

Environmental concerns	Fight against corruption and bribery
• Materials • Energy and emissions • Waste and circularity	• Fair competition
Respect for human rights	**Social and employment concerns**
• Human rights	• Strategic human resource development • Occupational safety • Health protection
Additional material issues	**Voluntary information**
• Client satisfaction • Digitalisation and innovation	• Project risk management • Societal engagement

GENERAL EMPLOYMENT FIGURES

Around the world, approximately 74,000 people are putting their expertise and skill into practice at our more than 700 workplaces and construction sites. Our employees work with combined effort and commitment to complete their projects on time and in the desired quality. For this task to succeed day after day, STRABAG, in its function as employer, must ensure fair and equitable employment conditions by guaranteeing occupational safety and health, promoting the equal treatment of women and men, and observing human rights at all location.

In 2021, the number of employees decreased slightly by 1 % to 73,606, due mainly to the completion of tunnelling work for the Alto Maipo hydropower megaproject in Chile. This was contrasted by increases in the UK and Croatia, among other places. The remaining markets showed very mixed trends.

Thanks to comprehensive safety concepts, the number of Covid-19 cases on construction sites and in our offices was kept at a very low level throughout the year in the majority of countries where our group operates. More on this can be found in the chapter “Occupational Safety”.

Figures[1]

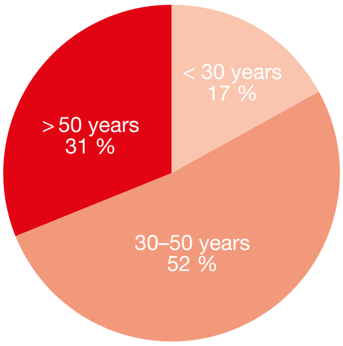
NUMBER OF EMPLOYEES IN 2021 BY SEGMENT AND COUNTRY[2]

	North + West	South + East	International + Special Divisions	Other	Group
Germany	19,463	510	5,316	2,842	**28,131**
Austria	94	7,980	2,108	1,333	**11,515**
Poland	4,780	8	828	724	**6,340**
Americas	0	1	5,782	3	**5,786**
Czech Republic	2	3,037	718	430	**4,187**
Hungary	9	2,040	503	369	**2,921**
Romania	136	1,179	232	196	**1,743**
Slovakia	0	1,109	350	212	**1,671**
Middle East	1	8	1,605	7	**1,621**
Croatia	0	1,232	72	173	**1,477**
Serbia	0	1,119	42	185	**1,346**
Africa	2	9	1,011	0	**1,022**
Rest of Europe	136	755	77	19	**987**
United Kingdom	62	0	852	18	**932**
Asia	1	3	792	0	**796**
Switzerland	4	653	4	88	**749**
Bulgaria	0	479	45	72	**596**
Russia	1	440	31	97	**569**
Benelux	299	1	33	48	**381**
Sweden	265	0	46	8	**319**
Denmark	171	0	12	16	**199**
Italy	4	16	135	21	**176**
Slovenia	0	106	16	20	**142**
Total	**25,430**	**20,685**	**20,610**	**6,881**	**73,606**

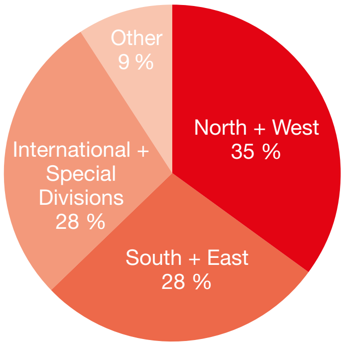
1 The employee numbers shown in this chapter were determined by including all associated group companies and represent annual average values.
2 Employee numbers expressed as FTE

Balanced age structure

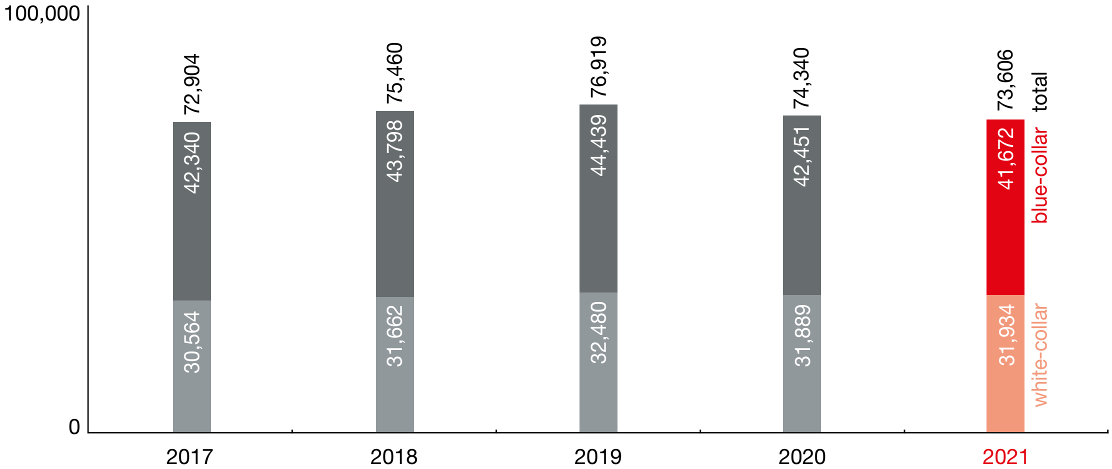
EMPLOYEE AGE STRUCTURE 2021[1]



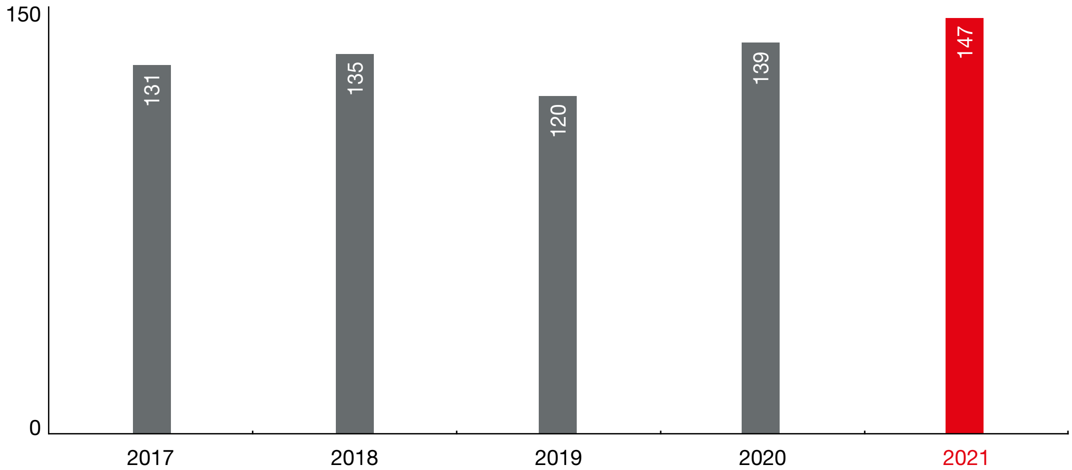
EMPLOYEES BY SEGMENT 2021[2]



DEVELOPMENT OF EMPLOYEE NUMBERS[2]

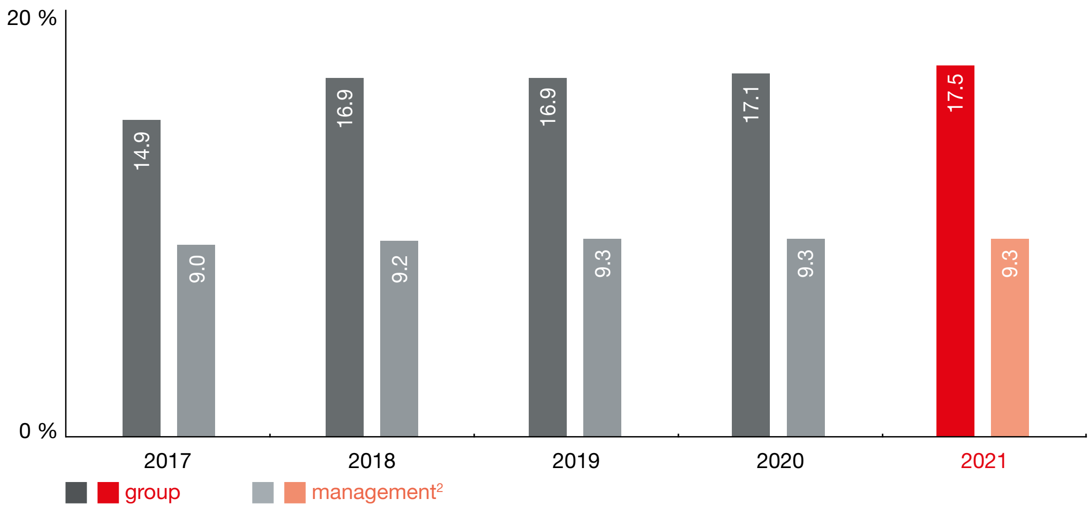


NUMBER OF NATIONALITIES WITHIN THE GROUP



1 Employee numbers expressed as head count
2 Employee numbers expressed as FTE

PERCENTAGE OF WOMEN IN THE GROUP AND IN MANAGEMENT[1]



STRABAG Employment and Social Fund Private Foundation

Around 20 years ago, the STRABAG Group set up the Employment and Social Fund Private Foundation to support employees experiencing **financial hardship through no fault of their own**, e.g. as a result of accidents, illness, natural disasters, flood, etc. As at 31 December 2021, the foundation's equity capital amounted to approx. € 11.50 million (31 December 2020: € 11.04 million). The foundation board is composed of four employer and four employee representatives under the chairmanship of an employee representative.

The application for financial assistance can be submitted by the affected employees, by their supervisors or by an employee representative.

These applications are reviewed by the foundation's board on the basis of the facts presented, whereby the board is guided in its decision-making by the respective social context. Financial assistance is primarily provided in the form of monthly payments to employees or their dependants, but it may also take the form of one-off payments earmarked for a specific purpose.

1 As of 2018, the employee numbers are expressed as head count; previously as FTE
2 Definition management: hierarchy levels from business unit management up

CLIENT SATISFACTION

Long-term, sustainable success is our goal. This is why the demands and **expectations** of our **clients** are at the heart of each and every project. We create added value for our clients by our specialised entities integrating the most diverse services and assuming responsibility for them. Our intention is to bring together people, materials and machinery at the right place and at the right time in order to realise even complex construction projects – on schedule, of the highest quality and at the best price. Under our strategy, we assign client satisfaction to the strategic field of "Economic Responsibility". Because **on-time delivery, quality and cost** are all decisive factors for the economic success of each individual project and of the entire company. There is good reason why reliability and partnership form part of our guiding principles – and why the latter is a central value of our current strategic programme FASTER TOGETHER 2022.

From the prequalification and bidding process to contract awarding and repeat orders to **permanent client relationships**, the satisfaction of our clients always drives our image – which substantially increases our opportunities and is ultimately reflected in our order backlog. We systematically counter risks – such as those arising from non-fulfilment of client expectations in terms of quality or legal and normative requirements – through the STRABAG management system with measures for **quality assurance**, **environmental protection** and **project risk management**. In this way, we aim to prevent the negative impacts our business activities may have on the safety of users, on the environment and, consequently, on our reputation.

Rules, responsibilities and due diligence

As part of our efforts to increase client satisfaction, the management in the group entities, during the operational corporate planning and assessment, establishes, implements and evaluates specific targets, structures, tools and measures under consideration of the relevant markets and business fields. The systematic measurement and evaluation of client satisfaction is laid out in the STRABAG Management Manual. The **central division TPA** oversees all coordination, reporting, and monitoring through the use of internal audits.

Objectives and indicators

The overarching objective defined by the Management Board is to increase client satisfaction in order to win and maintain the highest possible share of regular customers. Specifically, the FASTER TOGETHER 2022 strategy programme stipulates that 10 % of the group's output volume is to be generated in projects performed under partnering models.

The measurement of client satisfaction via a **client survey** has been carried out for construction projects using a uniform group standard since 2005. This standard was amended in 2021 and again rolled out across the group. An online questionnaire is sent to clients in all group countries, asking for their project-specific or contract-related evaluation of the following aspects: organisational efficiency and technical realisation, responsible and sustainable handling of people and resources, professional competence as well as communication and cooperation in and with our team.

The operating units can implement additional procedures for measuring client satisfaction. Reporting at the corporate level is performed by the central division TPA. The assessment of the results and the extrapolation of objectives and measures is the responsibility of the operating units during their annual planning and assessment process.

As the new system could not yet be applied to all relevant construction projects in the year under review, the necessary information to enable a representative account of client satisfaction is not yet available. Meaningful data can be expected for the 2022 reporting year.

The Covid-19 pandemic did not result in any significant changes regarding customer contact or client satisfaction measures.

Projects and initiatives

The adaptation of the system for measuring the level of client satisfaction with construction projects was started on schedule at the beginning of 2021. Several hundred surveys have already been conducted online using the adapted feedback questionnaire.

The app-based support of the survey process using the company's in-house STRAthek application not only enables surveys on completed projects to be conducted on the basis of predefined threshold values, such as a project size of € 500 million, but also allows the entire process to be monitored with customer feedback and other process data made available for evaluation at all organisational levels. The corporate-wide specification of the project size from which surveys are to be carried out, along with the option to lower the threshold value by an organisational unit, enables a meaningful picture of the current level of client satisfaction and of the existing potential for improvement. At the same time, it is important to organise the partnering relationship with the clients already during project preparation and project implementation in such a way that corresponding positive assessments can be expected after project completion. Two important levers here are partnering models in the design of the working relationship as well as LEAN.Construction methods in the implementation.

teamconcept is our partnering scheme with a clear goal: realising complex construction projects without stress, with commitment and in partnership. For this purpose, client and contractor form a team already during the design and planning phase, i.e. much earlier than in a classic construction project. Together they include the interests of all project participants even before the start, creating a clear framework, establishing binding rules and defining common goals. This creates security and helps to jointly keep the costs under control. teamconcept is all about transparency and open communication as a way to create trust, minimise risk, and generate cost, scheduling and quality advantages for our customers. In the 2021 financial year, teamconcept projects accounted for 9.3 % of STRABAG's output.

LEAN.Construction methods make construction processes more effective and more efficient, ultimately contributing to client satisfaction. Our highly qualified experts support the construction site teams from design and planning through to execution. Several different methods are used to optimise the processes: Takt time planning and control, together with a last-planner system and shopfloor management, enable the team to coordinate all design and construction activities up to the completion date in the best possible way. Using multi-moment analysis, the as-is state of a process can be precisely analysed to create a solid foundation for subsequent optimisations. In order to familiarise as many employees as possible with LEAN.Construction, a corporate-wide basic online training course was rolled out in 2019. By the end of 2021, more than 30,000 employees had already completed the course. Today, we have around 350 LEAN experts who have been trained in a self-developed qualification programme. The STRABAG Group sees LEAN. Construction as a leadership topic: In order to be able to exploit further potential in the future and sustainably anchor the LEAN culture within the corporate group among managers as well, numerous modules containing the LEAN.Construction leadership principles have already been built into the new Leadership@STRABAG training programme.

DIGITALISATION AND INNOVATION

STRABAG wants to be the leading technology partner for the construction of tomorrow. Digitalisation is changing our world to an unprecedented extent, and STRABAG wants to move things along instead of being moved along by them. This can be achieved by pursuing concrete digitalisation goals and includes the removal of information silos, standardising and promoting digital business processes, and systematically automating and ensuring suitable digital equipment for all group employees. At the same time, the sorts of societal challenges that the EU is addressing with the Green Deal require innovative responses from companies as well.

The ongoing pandemic has led to the digital transformation in the company being driven forward even more decisively. Examples include the increased use of digital meetings and the further digitalisation of workplaces.

To live up to our vision, the IT development work in the STRABAG Group, currently still decentralised, must be organised systematically. By actively shaping this process, the entire group will benefit from innovations even more quickly than before.

STRABAG plays a major role in the digital transformation of the construction industry. This enables us to create comfortable living space at low cost, manage infrastructure intelligently, use resources effectively and reduce emissions. We are open to new forms of cooperation between external teams and internal divisions.

Rules, responsibilities and due diligence

Since 1 January 2020, the topics of digitalisation, innovation and business development have been concentrated at the Management Board level under the responsibility of the Chief Digital Officer (CDO). This involved increasing the size of the STRABAG SE Management Board from five to six members and creating the new central division STRABAG Innovation & Digitalisation (SID) as part of the portfolio of the new Management Board position, which was also conferred responsibility for the already established central division Zentrale Technik.

SID will take the lead in initiating developments and will provide expert support while establishing a comprehensive overview of the corporate-wide innovation activities. Because digitalisation must not be an end in itself, operating needs have priority and digital tools should be made available without delay. We are also working on robotic and automated applications to increase our productivity.

Two typical characteristics of our business activity – the project focus and our decentralised organisation – are to our advantage. By involving as many stakeholders as possible in our future projects, we create new agile structures and methods. In this way, we not only promote knowledge and a wealth of ideas within the group, but also strengthen the sense of personal responsibility and creativity of our employees. At the same time, we are intensifying our networking activities to bring innovations and know-how to the entire group with the aim of creating added value.

We create structures, spaces and possibilities that enable agile work based on rapid iteration steps. With this in mind, we have established cross-functional departments, so-called functions, which are bundled in the following three subdivisions:

- **Transformation & Innovation (T&I)** supports the digital transformation process from idea generation to further development on different channels. The T&I functions reflect all services that are necessary for close cooperation between the units of the STRABAG Group

- **Application Services & Data Science** covers the entire process chain for the implementation of software: from the collection of operational requirements to the identification, development and roll-out of applications. Another task is to identify information silos across the group and break them down – among other things through the use of artificial intelligence (AI).

- **BIM 5D®** uses a group-wide BIM strategy to bring together the activities of model-based work and develops them further in coordination with the operating needs.

Together with the Chief Digital Officer, the SID management team aims to ensure intense internal communication within the group, with strategically important topics also brought directly to the Management Board. Fundamental strategies, as well as the main pillars, processes and objectives, are jointly defined and continuously developed. These include the overarching strategies on digitalisation and sustainability, as well as topics such as data, robotics, BIM and geographic information systems (GIS).

In 2021, we reorganised the rules and responsibilities as well as the organisational structure and workflow management. This created the foundation for the necessary innovation and digitalisation initiatives of STRABAG. At the same time, specifications were defined for the systematic evaluation, prioritisation, coordination and processing of ideas and projects.

GROUP STRATEGIES IN THE CONTEXT OF DIGITALISATION AND INNOVATION

Digital strategy

Together with the sustainability strategy, the (digital) strategy adopted in April 2021 forms one of two strategic pillars for being the leading technology partner for the construction of tomorrow. The implementation of the strategy is based on five specific cornerstones:

- removal of information silos
- standardisation of business processes and applied technologies
- further advancement of digital business processes
- consistent automation through new technologies
- ensuring the availability of suitable digital equipment

Important elements of the digital strategy are:

- understanding the needs of internal customers
- a stable traditional IT area combined with a new, flexible digital area for new processes and projects
- transformation of processes and innovations into business models and services
- targeted utilisation of the data available in the group
- an agile organisation with low response times and high adaptability

Sustainability strategy

See chapter “Our path to becoming climate neutral”

STRABAG aims to become climate neutral along the value chain by 2040.

Robotics strategy

The robotics strategy sets clear goals as well as measures for implementation to ensure a technological lead in the core markets. The focus is on applications for the operating units in construction site operations. This includes both semi-autonomous machines as well as the complete automation of individual tasks along the entire value chain.

Geoinformation Systems (GIS) Strategy

Geodata are playing an increasingly important role in all business areas of the STRABAG Group. The aim of the new GIS strategy is to make this data reliable and widely usable within the group. At the same time, the analysability of the data is to be increased by defining data correlations.

NEW GROUP DIRECTIVE DEFINES NEW TASKS AND RESPONSIBILITIES

The redesign of group directive 17 "STRABAG Innovation and Digitalisation" helps STRABAG to better control and implement the realisation of the many digitalisation and innovation projects as well as their requirements and interfaces through standardised processes. Based on the defined corporate goals, the needs of the divisions, central divisions and central staff divisions are always taken into account.

The main objective of the group directive and the associated considerations on digital transformation is to simplify processes and systems through standardisation and optimisation. The innovation phases, roles and tasks defined therein ensure that innovation and digitalisation projects are efficiently managed and implemented across the organisation from the idea to the roll-out.

The group directive provides a better overview of current digitalisation and innovation projects. The existing know-how of the entities that initiate these projects and are involved in the innovation processes is bundled and integrated more strongly. This makes the competence centres more visible for all stakeholders in the group.

Project Management Office

With the establishment of the Project Management Office (PMO), we have created a service provider within SID that acts as an advisor and point of contact from the project application stage to project management and completion. As a sparring partner with authority over project management standards and methods, PMO can provide effective and personal support to all project staff, including management. This guarantees that uniform standards are used and that jointly usable planning instruments are provided for control purposes, as well as standardised measurement criteria for target measurement. Since February 2021, a newly introduced project management tool has also contributed to PMO's success.

Key account management ensures coordination with operating units

A key account management system was introduced to ensure that the divisions and central divisions of the group receive comprehensive support in the context of digitalisation and innovation. The overarching goal is to align, coordinate and prioritise all SID activities with the strategic needs of the divisions and central divisions. These entities, as well as some of their subordinate organisational units, are defined as key customers. Outside the group, selected, strategically relevant software suppliers are also managed as key accounts.

Objectives and indicators

STRABAG is actively driving forward the digital transformation of construction site processes and is also working on the resulting new (digital) business models. The company is convinced that the focus here must be on the expectations of the customers and the more efficient design of existing processes.

One focus of this process optimisation is a higher penetration of digital methods. Another is on the further development of efficient and collaborative, digitally supported working methods with customers and partner companies. To this end, we invest in the **continuous qualification** of our employees and are strengthening our teams with the right specialists. The indicators therefore refer to the digital penetration on the construction site and at the workplace. Digital transformation not only influences the construction project and everyone involved, it also changes the processes within the group organisation:

- **Collection and analysis of machine data starting with 2019:** Increasingly higher expectations are being placed on quality and performance documentation and on a more sustainable use of environmental resources. For this reason, we increased our use of telematics systems with key equipment in 2019 to record and analyse their movement and operation. In 2021, we already achieved a rate of 44 % (2020: 37 %). In addition, telematics systems were installed in about 1,100 commercial vehicles and approximately 8,250 other devices were equipped with position recognition.

  Objective: continued annual increase of this rate

- The share of pre-fitting of **machine control systems** in key equipment used for power control and recording (with a simultaneous increase of approx. 17 % in the number of key equipment) remained at 15 % in 2021, while the share of machine control systems stayed constant versus the previous year at 11 %.

- **BIM 5D® workstations:** STRABAG is gradually upgrading its CAD workstations for use with BIM 5D® technology in building construction and civil engineering, transportation and infrastructure projects. The number of BIM-capable workstations has been growing continually and in 2021 reached 2,165 across the entire group. That corresponds to a year-on-year increase of 13 %.

  Objective: double-digit growth in 2022

- **Mobile end devices for a more flexible work design:** Digitalisation is changing the work routine – for example, with a shift towards mobile working. Provided with end devices such as tablets, employees can benefit from the more flexible work design that digitalisation makes possible. The percentage of employees using tablets for work purposes in 2021 stood at 25 % (2020: 23 %).

The following further indicators help STRABAG to measure its innovation activities and were defined during the establishment of SID:

- Expenditure on research, development and innovation activities in the group: approx. € 16 million (2020: approx. € 17 million)

  Objective: maintain at least the previous year's level

- Number of development projects with funding: 24

  Objective: maintain at least the previous year's level

- Ideas submitted to the ideas@strabag idea management system: 153

  Objective: increase the number of ideas submitted

- Implementation rate of ideas submitted to the ideas@strabag idea management system: 29.4%

  Objective: increase the rate over the previous year

Projects and initiatives

On average, more than 100 development projects are carried out in the group each year. They cover the entire value chain of the construction industry. In general, the trend towards data-based design, construction and operation is increasing. The following sections present an excerpt of individual innovative projects. Further current projects can be viewed at any time on the STRABAG innovation website innovation.strabag.com.

INTRODUCTION OF THE SCHÜTTFLIX PLATFORM

Schüttflix is a digital logistics platform for bulk goods and soils of all kinds that connects construction companies with its service and transport providers. Since 2021, the platform has made it possible to digitally process the procurement and transport of bulk goods in Germany's road construction sector. The platform accompanies the entire process from the creation of construction projects to a real-time price comparison and live tracking of the delivery. All documents such as delivery notes and invoices are created digitally so they are paperless.

ROBOT ROAD CONSTRUCTION 4.0

The aim of this research project, funded by the German Federal Ministry of Transport and carried out in 2021, is to develop an autonomously operating road paver. The high-risk and psychologically stressful job of working along motorways has so far been carried out by people using manually controlled machines.

The successful field test of the new technology for the partial automation of asphalt paving was implemented by the STRABAG competence centre TPA, with the process applied under real conditions for the first time. The following components from the project funded by the Federal Ministry of Transport and Digital Infrastructure were tested:

- arrival monitoring: feeders and trucks networked by sensors and displays
- material management system: automatic calculation and display of paving widths and lengths
- paving thickness measurement: testing of different sensor types
- temperature management: throughout the installation process (via sensors and scanners)

The sensor, camera and measurement technology used in the test will form the basis for a networked system for the autonomous paving of asphalt surfaces. In the future, these systems will be supplemented with control technology and further developed until they are market-ready.

DIGITAL TAKT TIME CONTROL IN BUILDING CONSTRUCTION

Digital takt time planning and control is used to monitor the progress and quality as well as orderliness and cleanliness of various activities on the construction site. This solution makes it possible to view the progress of construction at a glance and, in the event that there are deviations from the plans, to respond with the right countermeasures or by adjusting the scheduled timing. The data from the BIM 5D® models, the daily status updates from the site management, and the scheduled deadlines and construction site tasks are linked in relation to each other. The result is a complete overview of the construction progress, along with the next scheduled work steps and any open deadlines.

TAKT TIME PLANNING AND CONTROL IN ASPHALT PAVING

In 2021, the Management Board of STRABAG SE commissioned an evaluation of software products, under the direction of SID, for the planning, timing and control of the asphalt paving process. The aim of the project was to create a decision-making basis for the selection of the best product. The evaluation is based on functional, non-functional (usability and IT criteria) and economic criteria according to recognised standards and extensive field tests.

Based on the decision-making process, the Management Board decided on a product in December 2021. The software will be further developed in parallel to the nationwide roll-out planned for 2022. In addition, the evaluation project confirmed the need for digital resource planning and scheduling on the construction sites. A process-driven approach to assessing demand with a subsequent product decision will be launched in 2022.

MACHINE- AND ROBOT-ASSISTED MEASUREMENT AND QUALITY MANAGEMENT

Robotics can be used in construction in all life cycle phases as well as in all trades. To ensure fast, precise, safe, material-saving, efficient and constant work on the construction site, robotics can handle activities ranging from measuring, assembly, finishing, connections and transport to the erection of robotic-supported machines. A wide variety of robots have already been tested in the group, including the four-legged Spot® from Boston Dynamics, which can manoeuvre autonomously through rough terrain. The unit is used to provide continuous automated construction site documentation for quality assurance purposes. A painting and plastering robot is also being tested together with an Israeli start-up. The goal is to increase both productivity and the quality of finishing walls of different textures.

Another project is the AI-based assessment of surfaces with the help of drone images. The aim is to use AI algorithms to distinguish, identify and precisely calculate ground surfaces such as asphalt, gravel, etc.

In total, the STRABAG Group is currently (as of December 2021) involved in 50 different activities and initiatives relating to the topics of automation, robotics and digital fabrication in construction.

SPS – THE DIGITALISATION OF PURCHASING IN THE STRABAG GROUP

For STRABAG, close cooperation with suppliers, subcontractors and service providers is of crucial importance. The supplier processes in purchasing are digitally mapped using platform functionalities in the group project **Strategic Procurement Solution (SPS)**. The aim is to simplify the process for everyone involved in purchasing and to provide a transparent view of the respective cooperation with STRABAG. The supplier and purchasing portal is already available today as the **STRABAG Portal for Suppliers** in Austria and Germany with portal functions up to the submission of offers and will gradually be completed into a digitally integrated source-to-pay process and introduced in the group regions.

IDEA MANAGEMENT

In 2021, a cross-organisational idea management system was tested in nine subdivisions of the STRABAG Group using the SPIGIT software. The project was initiated and controlled by SID, with support from the divisions, subdivisions and operating units involved. Following implementation of the pilot project, the roll-out within the STRABAG Group is planned for 2022.

adASTRA – INTRAPRENEURSHIP PROGRAMME

The aim of adAstra is to enable entrepreneurial-minded employees to actively shape the future of the construction industry. The teams act like start-ups within the group. In a three-month prototyping phase, they validate hypotheses, develop business models and analyse the financial attractiveness of their ideas. They are also coached in start-up methodology and are exposed to agile working methods in corporate-wide networking.

OUTLOOK

The focus in 2022 is on establishing the central SID department and the Project Management Office (PMO). Introduction of digital tools and agile working methods will be a key priority. Implementation of the innovation and digitalisation processes that have been initiated will also be further accelerated.

An important milestone on the way to becoming a technology leader in the construction industry is the development of external networks and partnerships with universities, think tanks and research institutes in the construction industry.

Through the integration of LEAN.Construction into SID, the operating units should receive even greater support in the use of new tools and methods. The integration of completed products and mature processes into existing processes of the STRABAG Group also plays an essential role.

OCCUPATIONAL SAFETY

Health and safety are a key concern for the company and an integral part of the corporate culture at STRABAG. The most important prerequisite for a satisfying working day – either on the construction site or at the office – is staying healthy and safe. For this reason, STRABAG took up the challenge of "Vision Zero – Zero Accidents" by launching the corporate initiative "1>2>3 Choose Safety". "1>2>3 Choose Safety" sounds simple enough, but it is not always easy to put into practice in our day-to-day working routine. Due to constant changes in the working environment, high levels of physical stress and unpredictable weather conditions, workers in the construction sector are exposed to a particularly high risk of accidents and health hazards compared to other sectors of the economy.

The **Covid-19 pandemic** continued to present the company with enormous challenges in 2021. Safety and health protection standards had to be adapted to meet the new infection prevention guidelines. The dynamic character of the pandemic and the regulatory requirements in all countries required flexibility and creativity in order to work around bottlenecks and find quick, pragmatic and effective solutions.

Rules, responsibilities and due diligence

The STRABAG Group is certified to ISO 45001 (occupational health and safety management systems) and is regularly audited internally and externally in this regard. An obligation to comply with these standards is laid down in a group directive that applies to all employees within the group as well as to external contractors.

The necessary protective measures and training needs in HSE (health, safety, environment) are derived from the risk assessment. HSE information and training is carried out at all levels and for all employees. In addition to the company's own employees, all external contractors and their employees are also required to ensure a safe working environment. Everyone is obliged to help implement the measures responsibly. Additional activities as part of the 1>2>3 campaign include the regular setting of safety priorities as well as safety discussions held on the basis of the HSE calendar.

The HSE group directive KRL 30 that was rolled out in all group countries in 2020 defines corporate-wide minimum standards for occupational safety. This includes the standardisation, among other things, of organisational structures, accident reporting processes, accident investigations and personal protective equipment. After the successful introduction of the group directive, it was necessary to review its effectiveness in 2021.

The HSE group directive KRL 30 stipulates that the following bodies must be set up to advise on the issues of safety, health protection, health promotion and human-centred work design:

- HSE Group Committee (once a year)
- State Labour Protection Committee (LASA) (once a year)
- Occupational Health and Safety Committee (at least once a year)

The composition of the committees complies with the respective national legal requirements and is subject to management guidance.

Occupational health services are ensured in accordance with the respective legal requirements in the EU group countries. Compliance with the EU's OSH Framework Directive 89/391/EEC is precisely defined, as are the requirements and basic principles for prevention measures and risk assessment and the occupational safety and health obligations of employers and employees. To ensure and continuously improve the quality and effectiveness of the occupational protection management system, certified occupational safety and health management systems (ISO 45001, SCC) are implemented and certified throughout the group.

Objectives and indicators

STF hazards (slips, trips and falls) are the most common cause of accidents at work, responsible for around 25 % of all incidents. Our primary goal is therefore the continuous reduction of STF accidents on construction sites. To help us measure the effectiveness of our safety efforts, we attach great importance to the exact determination of the lost-time accident rate and the accident incident rate (= lost time injury frequency).

The **lost-time accident rate** – calculated as the number of working hours lost to accidents versus productive working hours – decreased to 0.26 % in 2021 compared to the previous year, with 0.40 % among blue-collar and 0.07 % among white-collar workers (2020: 0.27 % in the group, 0.41 % blue-collar, 0.07 % white-collar). The **accident incident rate** – calculated as the number of accidents at work per 1 million productive working hours – decreased as well, falling to 15.6 accidents per 1 million working hours (2020: 15.9 in the group, 24.1 blue-collar and 4.9 white-collar). Fortunately, as in 2020, there was not a single fatality through workplace accidents among STRABAG's employees in 2021.

LOST-TIME ACCIDENT RATE[1]

	2017	2018	2019	2020	2021
Blue-collar	0.36	0.33	0.37	0.41	0.40
White-collar	0.07	0.05	0.05	0.07	0.07
Total	**0.24**	**0.22**	**0.24**	**0.27**	**0.26**

ACCIDENT INCIDENT RATE[2]

	2017	2018	2019	2020	2021
Blue-collar	25.5	22.5	23.9	24.1	23.9
White-collar	4.8	5.8	4.3	4.9	4.4
Total	**17.4**	**15.9**	**15.9**	**15.9**	**15.6**

Projects and initiatives

The focus of the occupational safety activities in 2021 was on working in hot conditions. High temperatures not only have a negative effect on productivity, they can also significantly impact health and increase physical stress. To raise awareness of the issue while providing some cooling relief, a highly efficient cooling towel in the "1>2>3 Choose Safety" design was distributed to all employees withing the corporate group.

To minimise the risk of infection from Covid-19, distancing guidelines and contact regulations were implemented quickly and efficiently throughout the group at the start of the pandemic along with the requirement to wear a mask covering the nose and mouth. Precautions were taken not to staff key functions on the construction sites at the same time, and a more flexible working time arrangement was also introduced. Regular crisis meetings were held to continuously adapt the protective strategies to the changing situation.

Due to the exemplary implementation of the necessary protective measures, work on the construction sites and at the workplaces could continue almost undiminished. The measures were regularly adapted or redefined on the basis of specific national rules and regulations and in line with the requirements of the national health authorities.

These include, for example:

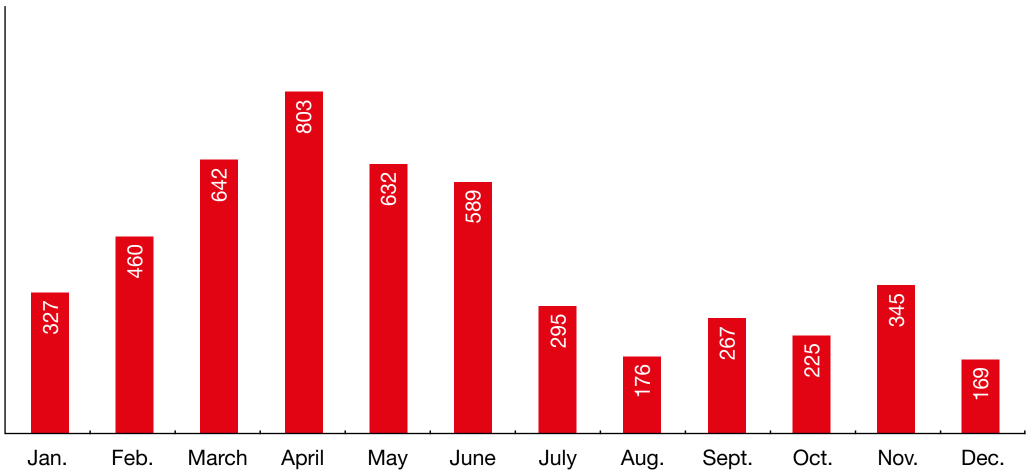
- Adaptation of the Covid-19 risk assessment for construction sites and office workplaces
- Adaptation of the guidelines for office locations and offices on construction sites

1 Productive working hours 2021: blue-collar (80,198,729), white-collar (59,516,658)
2 The figures include accidents at work (excluding accidents occurring on the way to or from work as well as occupational illness) with lost time of at least one calendar day, counted from the day after the accident incident.

- Revision of the information on infection control and hygiene measures
- Implementation of opportunities for working from home
- Initiation of vaccination offerings

Several group countries additionally used a specially created Covid-19 app to monitor the effectiveness of the implemented measures. The following graph shows the number of Covid-19 inspections documented via the app per month (as of 31 December 2021).

NUMBER OF COVID-19 INSPECTIONS IN 2021



Another focus in 2021 was the development of a digital "1>2>3 platform". The aim of the software-based tool is to standardise legally required and important occupational safety tasks across the corporate group in order to keep the relevant construction site processes simple and transparent.

The contents of the platform are divided into three work packages:

1. Risk assessment
2. Instruction and HSE training
3. Accident and incident management

In order to also increase the occupational safety quality of the subcontractors, these are to be digitally prequalified in the future using the Strategic Procurement Solution (SPS). SPS is a tool developed by the STRABAG Group with which to query key data of commercial and management relevance from potential subcontractors. The aim is to also use the solution to collect defined key data on HSE performance, gather information on occupational safety and environmental certifications, and stay informed about responsible HSE persons and accident figures.

With the introduction of the corporate-wide initiative "1>2>3 Choose Safety", we have set ourselves the goal of raising awareness for occupational safety and health protection among all stakeholders. We also launched the message of "Vision Zero – Zero Accidents" with the stated goal for everyone involved to make a personal contribution to occupational safety. The fact that HSE is becoming increasingly important within the group is clear to see. Safety and health at work, as well as a safe working environment that helps to prevent accidents and work-related illnesses, are important prerequisites for the performance of committed employees who can significantly contribute to both productivity and quality.

Many more occupational safety projects were carried out across the group in 2021:

- The smartphone app for site inspections that was introduced in 2018 was rolled out in additional group countries and was used more than 64,000 times (as of 31 December 2021). In addition, the apps for the inspection of stationary plants and facilities such as mixing plants, quarries, etc. were rolled out for the construction site teams in all group countries.
- A new edition of the occupational safety instruction calendar was designed for 2022. The selection of the topics to be presented in each month was made in a working group of representatives from different group countries. For the first time, the calendar was also translated into all 18 group languages.
- In the year under review, the topics of occupational safety, health protection and the environment, among others, were integrated as reporting categories in the anonymous whistleblower system.

- Redesigned safety workwear offering a high degree of wearer comfort and excellent fabric quality was tested throughout the group. The new design is scheduled to be launched in 2022. The aspect of sustainability was important in the design and is even reflected in the packaging, as the protective clothing will not be shrink-wrapped in plastic film but wrapped in a paper band.
- The emergency call watch – the Safe Motion alarm watch for lone workers – is now in planning for Hungary, Serbia and Poland. The watch was already introduced in Germany, Austria and Switzerland in 2020.

HEALTH PROTECTION

Maintaining the health and productivity of our employees is a central concern for us and inevitable for the long-term success of the company. Health is a state of individual well-being and subjectively felt productivity.

The general public usually associates construction sector work with hard physical labour. But psychological stress can also be an issue. In the construction sector, the main documented stress factors are time and price pressure, unwanted interruptions during work, and long working hours. Strengthening psychosocial health through stress prevention and stress management is an important field of action in **workplace health management (WHM)**. Our measures, initiatives and projects always aim to prevent negative and promote positive health outcomes among all employees – both on the construction site and in the office.

Analytical approaches such as the stress-strain model are used to assess workloads and their health outcomes. Health models that take into account the interaction of health resources and factors of working conditions (biopsychosocial model, salutogenesis/resilience model) form the essential theoretical basis of workplace health management (WHM) and workplace health promotion (WHP). STRABAG's holistic, sustainable approach to health management is based on the equal consideration given to both behavioural and situational prevention.

Rules, responsibilities and due diligence

Our task is to systematically, specifically and sustainably promote the health of our employees and to firmly anchor WHM within the group. Through management at the group level, the matter can be coordinated and systematically disseminated in the individual countries by national WHM coordinators and a national WHM committee in each country consisting of management, occupational safety, HR consultants and employee representatives (Germany/Austria). WHM is already established in the following countries: Germany, Austria, Switzerland, Poland, Czech Republic, Slovakia, Croatia, Hungary, Serbia and Slovenia. Romania and Bulgaria are currently in the process of being added; the first activities in this regard began in autumn 2021. A further roll-out is planned. The measures at the individual business locations are implemented by the WHM coordinators with the help of dedicated colleagues.

Objectives and indicators

As already described, our overriding objective is to maintain the health and productivity of our employees. The aim of the measures is to improve the working conditions and strengthen the personal workplace resources of all employees and members of the management. We use the **lost-time illness rate**[1] among other things, to observe our progress in reaching this goal. In 2021, it stood at 5.8 % in the group, with 7.5 % among blue-collar and 3.5 % among white-collar workers (2020[2]: 5.3 % in the group, 6.7 % blue-collar, 3.4 % white collar).

1 Ratio of sick leave days to working days
2 Values were adjusted retroactively due to a change in the calculation method.

LOST-TIME ILLNESS RATE

	2017	2018	2019	2020[1]	2021
Blue-collar	6.6	6.8	5.8	6.7	7.5
White-collar	3.6	3.7	3.6	3.4	3.5
Total	**5.1**	**5.2**	**4.9**	**5.3**	**5.8**

Projects and initiatives

The cooperation between WHM, occupational safety and the occupational health services foresees, among other things, the organisation and expansion of health campaigns at business locations and construction sites. Prevention measures, including hearing and vision exams, pulmonary function tests, and spinal, heart and mobility screenings, as well as custom health campaigns, expand the offer for our blue-collar workers. WHM also offers a broad range of targeted measures for our office locations. Besides eye, stress and preventive examinations, the offer also includes different health courses such as back training or yoga as well as lectures and workshops related to the main issues of exercise, nutrition and stress prevention.

Due to the persistently difficult Covid-19 situation in 2021, the activities were carried out with varying intensity and frequency in the individual countries. Face-to-face activities were adapted to the local hygiene and distancing regulations and the existing offer was digitalised as far as possible.

In Germany, for example, the traditional Health Weeks were held online in 2021. The initiative took place in June and September, with online workouts (e.g. yoga, meditation and fascia fitness exercises) and webinars (e.g. on nutrition, mindfulness, resilience, healthy sleep and eye health), each time with a duration of three weeks. Already existing e-learning courses, such as “Ergonomics at the Workplace”, continued to be offered as well.

Another preventive measure in Germany that was easy to implement despite the pandemic by keeping the hygiene and distancing regulations was the health mobile. The idea behind this service is to offer the health check-ups provided at the office locations also at the construction sites. The programme involved more than 1,340 participants at almost 300 construction sites, with more than 2,600 measurements taken on back health, core stability, cardiovascular health, stress and fitness levels. Enquiries from neighbouring countries have already been received as well, with roll-out planned in 2022.

Use of the STRABAG Employee Assistance Programme (EAP) in Germany remained consistently high in the second year of the Covid-19 pandemic. The focus once again was on coronavirus-associated counselling for issues such as anxiety, psychological strain, alcohol and addiction or stress. In 2021, first concrete steps were also taken to introduce an EAP system in Hungary and Poland.

Due to the Covid-19 pandemic, the online offerings will be continued as long as there is demand. As certain activities only make sense in person, however, these will remain suspended until after the pandemic has passed.

1 Values were adjusted retroactively due to a change in the calculation method.

STRATEGIC HUMAN RESOURCE DEVELOPMENT

The construction sector is a human-resource-intensive industry in which the commitment shown by our workers has a significant influence on business success – not least because, in light of shortages of skilled personnel and seasonal bottlenecks, they represent a critical factor.

The STRABAG Group's response is consistent strategic human resource planning and the continuous training and development of its employees.

Rules, responsibilities and due diligence

Human Resource Development (HRD) is a group-wide organisational unit tasked with providing the best possible support to all parts of the STRABAG SE Group in all matters of human resource development. For a successful human resource development strategy, HRD elaborates and implements guidelines and standards for the search, selection, qualification, promotion and development of leadership and employees.

The responsibilities and tasks are governed by a group directive for the HRD employees. Their tasks include:

- HR marketing and recruiting
- HR consulting
- Training
- Talent management

A dialogue on development measures takes place between employees and managers in a regular exchange: at least once a year in the appraisal interview. In addition, employees can always address their concerns to the higher-level manager, the responsible HR consultants or the ombudsperson's office.

Objectives and indicators

To counter the lack of skilled labour, we aim to promote and optimise the needs-oriented professional and personal development and qualification of our employees. In this way, we can guarantee our clients the on-time, professional realisation of their projects.

Training needs are to be ascertained mainly during the appraisal interviews. This essential employee management tool, which is to be conducted by supervisors at least once annually, is an opportunity for mutual feedback. It supports leadership and employees in

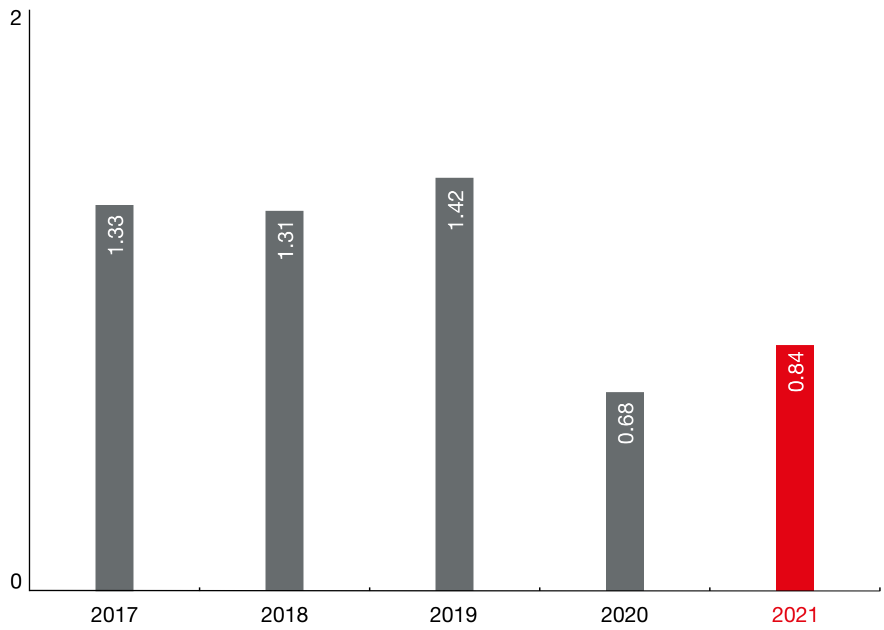
- strengthening their personal identification with the tasks and with the company,
- intensifying cooperation through a culture of open dialogue,
- discussing and recognising the performance of the past period, and
- defining future tasks and goals as well as development steps together.

The preparation and documentation of the interviews were digitised in 2019. The group also offers leadership employees the possibility of a skills assessment as well as the creation of an individual development plan. In 2021, structured employee appraisal interviews were held with 56.19 % of all employees (2020: 51.10 %) including 55.13 % of the men and 58.74 % of the women. We are aiming for 80 % by the year 2022. The training needs identified in the interviews are worked on individually in the form of seminars.

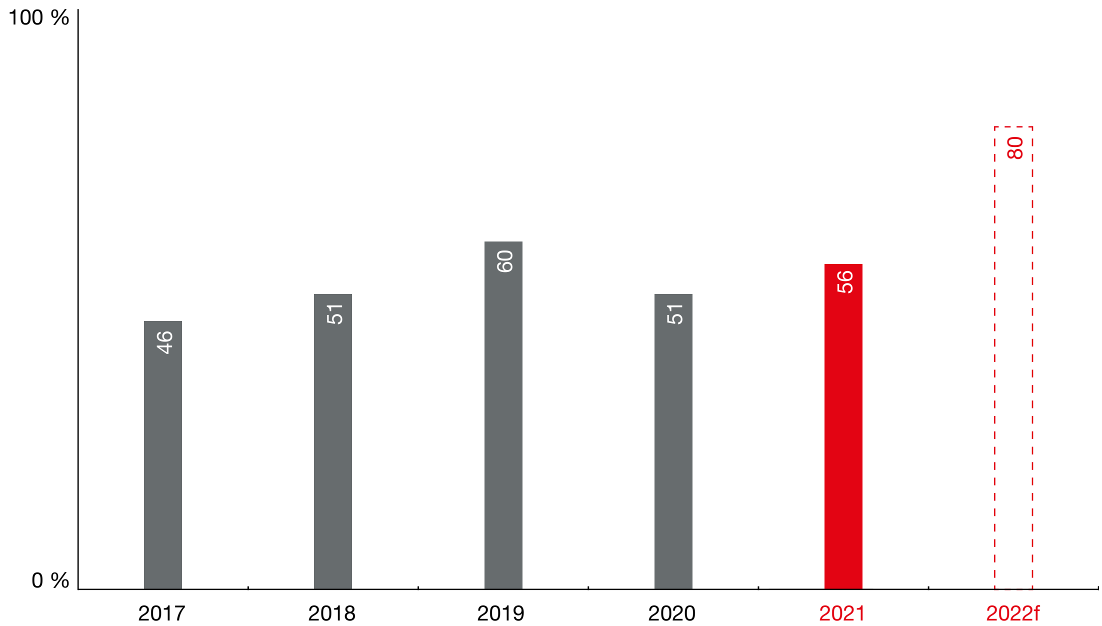
In the reporting period, there were 0.84 training days per employee (2020: 0.68). Separated by gender, the number of training days amounted to 0.91 for women and 0.81 for men.

Due to the pandemic, in-person training was only held for a short period in 2021 (from September to November). The successful switch to digital formats led to a significant increase in training days per employee compared to the first year of the pandemic.

TRAINING DAYS PER EMPLOYEE



NUMBER OF APPRAISAL INTERVIEWS HELD AND RECORDED VERSUS NUMBER OF EMPLOYEES



Projects and initiatives

Measures and projects relating to the above-mentioned tasks are implemented on a continuous basis:

HR MARKETING

We are constantly working to position the group as an attractive employer on the labour market to make a sustained contribution to covering the future demand for skilled experts and leadership employees. 2021 saw the roll-out of a new employer branding strategy that underlines STRABAG's attractiveness as an employer. The first milestone in this process was the broad-based human resource campaign of the transportation infrastructures and building construction and civil engineering segments in Austria. In Germany, too, the new employer branding ambassadors and advertising campaigns are already present in the public space, for example on buses and trains, in football stadiums or at our own high-profile construction sites.

In order to reach prospective employees, our human resource marketing activities include participating in job fairs, presenting our company at educational institutions, organising company tours, offering internships and work placement, and sponsoring bachelor and master theses. We are proud of our successful partnerships with more than 175 educational institutions in 2021. Due to the assembly restrictions caused by the Covid-19 pandemic, trade fair appearances and other events could not take place in the planned form. Our university mentors used the occasion and developed strategies to conduct construction site excursions online. At the same time, we improved our reachability on the STRABAG social media platforms such as Facebook, Instagram, LinkedIn, Xing and YouTube. In Poland, the STRABAG Day on entry-level and career opportunities for students, held online for the second year in a row, once again met with great interest.

We also actively participate in **employer certification** programmes aimed at graduates, trainees and apprentices to help us ascertain possibilities for improvement. In 2021, we were awarded the Fair Training and Fair Trainee Programme certification from the HR consultancy Trendence, while the employer branding service provider Universum voted us one of the “Most Attractive Employers for Students in 2021”. The certification is awarded on the basis of employee or student surveys regarding specific factors of workplace quality. The company must then fulfil certain criteria to receive the recognition.

RECRUITING

The recruiting and subsequent integration of human resources is designed to systematically, professionally and quickly cover the human resource demand at the individual organisational units with qualified new employees. In addition to filling key positions in the group, the establishment of a central active sourcing team was started in 2021. The goal is to directly address potential candidates in the largest career networks and to draw their attention to interesting positions.

HR CONSULTING

HR consultants are the first points of contact for all human resource development and certain decentral human resource administration tasks at the divisions. They advise employees about career opportunities within the group or coordinate with the employee supervisors to recommend training for their further development. For management, we have offered the Leadership@STRABAG training programme since 2021. The programme consists of four modules and has a duration of approximately twelve months. Participants learn in a mix of classroom and online events and also work in peer groups. The content of the programme is derived from the current corporate strategy and provides participants with in-depth and practice-oriented knowledge on the topics of change management, cross-silo cooperation, process optimisation and agile leadership. The programme is available in German and English as well as in eight other group languages.

In the course of a possible termination of employment, the HR consultants offer outplacement counselling with external support in order to assist employees in their reorientation on the labour market.

TRAINING

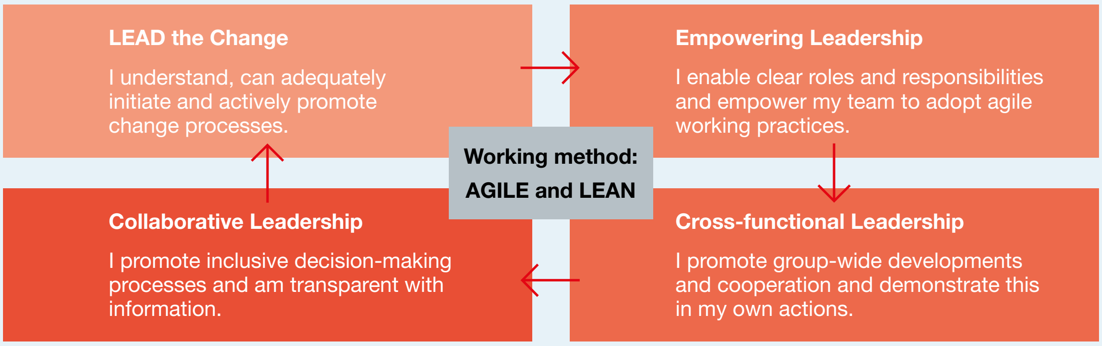
The STRABAG Group Academy offers internal further education options for all blue-collar and white-collar workers in the group. The planning and systematic use of training and educational measures is the responsibility of the respective organisational unit. Together with their supervisors, employees can choose from among the various qualification offerings.

At the Group Academy, employees can find **specially developed training** offers in the categories of technology, law, business management, IT, personality and leadership. The trainers are internal and external experts who pass on their expertise to the participants. In 2021, we offered 2,956 training and further education sessions (2020: 2,186) with 33,961 participants (2020: 25,347). More than 66,200 (2020: >71,300) successfully completed a mandatory e-learning course, for example on the subjects of compliance, occupational safety, IT security and data protection. Since autumn 2019, we have also offered our employees access to over 11,000 German or English language courses from external content provider LinkedIn Learning. The goal is to provide a varied, web-based and easily accessible learning offer to support the motivation for further training. The combination of existing training programmes and mobile extras promotes a dynamic learning culture and enables new formats such as **blended learning** – an integrated form of learning that combines traditional face-to-face training and modern e-learning. Additionally, all employees have the possibility to make proposals for new training offers using the internal knowledge management tool. Beyond the appraisal interview, they and their managers, depending on their position, also receive recommendations for a selection of seminar options. The Group Academy offers regular modular **qualifications** to reinforce and deepen the training of people in key positions.

Due to the Covid-19 pandemic, classroom training was again severely restricted in 2021, with exceptions only possible for legally required measures held in compliance with country-specific Covid-19 regulations. To be able to continue our training offer, courses were gradually switched to online formats where this made sense and was technically possible. This offering is to be further expanded and will remain in place in the future.

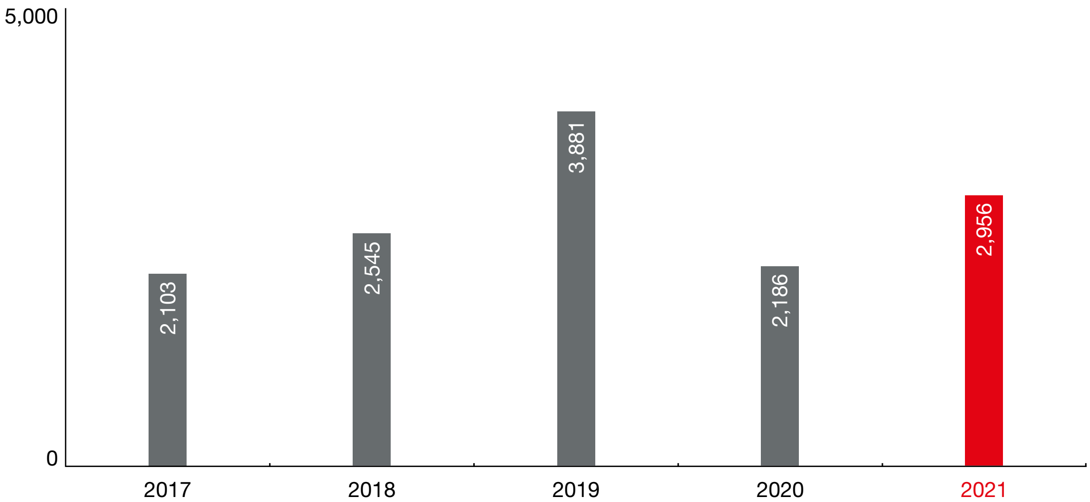
In its FASTER TOGETHER 2022 strategy, STRABAG has set itself the clear goal of being a top employer. This means that we must support our existing staff during the process of digitalisation currently underway in the construction industry. Also, the current employee demographics in the company indicate a need for increased recruiting in the coming years, and we must therefore position ourselves on the labour market as an attractive employer for young talent. Both goals can only be achieved with appropriately trained leaders.

These considerations led to the creation of the comprehensive, group-wide training programme Leadership@STRABAG – Leading in Dynamic Times, which aims to promote and further develop the following core competencies:

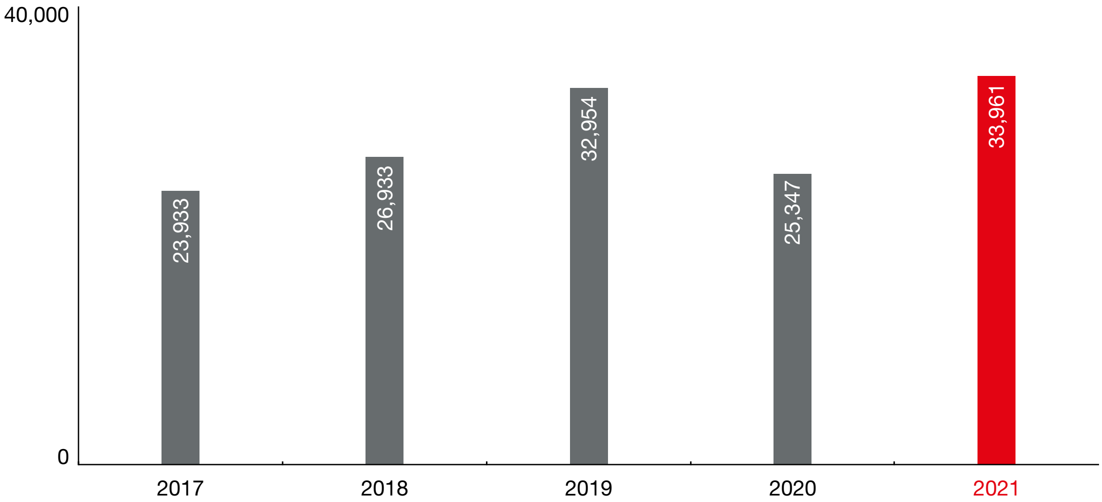


These competencies are developed in a hybrid training concept of digital and in-person formats. Important aspects include the exchange with other leadership employees and the opportunity to provide feedback. Both the subject matter of the programme as well as its organisation are informed by the agile working method. The first two prototypes were launched in 2020; the international roll-out took place in the spring of 2021. As of 31 December 2021, there were a total of 412 managers in the Leadership@STRABAG programme. Feedback from participants is recorded on an ongoing basis and the programme is continuously improved accordingly.

NUMBER OF TRAININGS



NUMBER OF PARTICIPANTS



To counter the shortage of skilled labour, STRABAG invests in the training and education of its **apprentices and trainees**[1]. For dedicated young people who have completed an apprenticeship, the door to a career at STRABAG is wide open.

Our main apprenticeship careers in **Austria** are bricklayer, ground engineering specialist, formwork carpenter and paver. But we also offer training as construction plant mechanic, electrical engineering technician, facilities and building technician, mechatronics technician, metal technician, sheet metal worker as well as plasterer and drywall finisher to complement our team. In Austria, STRABAG continually offers apprenticeship placements at around 50 locations nationwide. A special feature of STRABAG's offer is the possibility for apprentices of the main trades to attend the group's own apprentice academy BASIC-ADVANCED during the winter months. At two locations in Austria, specially trained STRABAG forepersons and site managers work with our apprentices to reinforce their practical and theoretical knowledge. In October 2021, STRABAG opened its apprentice workshop Camp[us] Ybbs in Lower Austria. In the future, around 250 apprentices will be trained here every year. The Camp[us] offers our junior staff future-oriented training with a focus on new working methods and modern construction technology.

In **Germany**, STRABAG and its construction equipment subsidiary STRABAG BMTI are pursuing the selective training of young talents at the group training workshop in Bebra, where the focus is on the commercial and technical fields. In Bebra, our apprentices for the professions of road worker, ground engineering worker and construction equipment operator receive top-quality vocational training and individual attention. The aim is to secure an efficient knowledge transfer under aspects of quality and time away from the daily working routine.

Increase of apprentice and trainee numbers planned

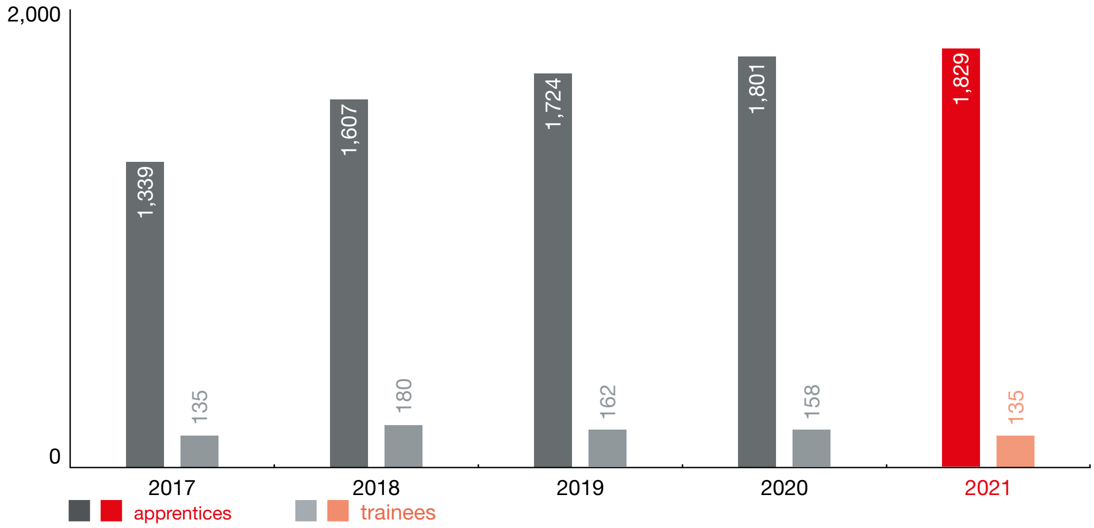
In Germany, Austria and Switzerland, a total of 505 (2020: 507) blue-collar apprentices were taken on in 2021. A significant increase of the apprentice and trainee numbers is planned in Germany and in Austria in the years to come. More information about the apprentice professions and work placement positions is available at karriere.strabag.com.

135 trainees at work for us

It is our aim to recognise, promote and develop young talents. In the competition for the best employees, STRABAG therefore offers a practical familiarisation programme for graduates with little professional experience holding selected bachelor and/or master degrees from academic universities as well as from universities of applied sciences. The aim of our trainee programmes is to best prepare the graduates for the requirements of their future position in the group. In 2021, the STRABAG Group had 103 technical and 32 technical trainees, of which 83 were men and 52 women.

1 Due to the differences in training systems from country to country, only the situation in the core markets of Austria and Germany can be presented here.

NUMBER OF APPRENTICES AND TRAINEES (FTE)

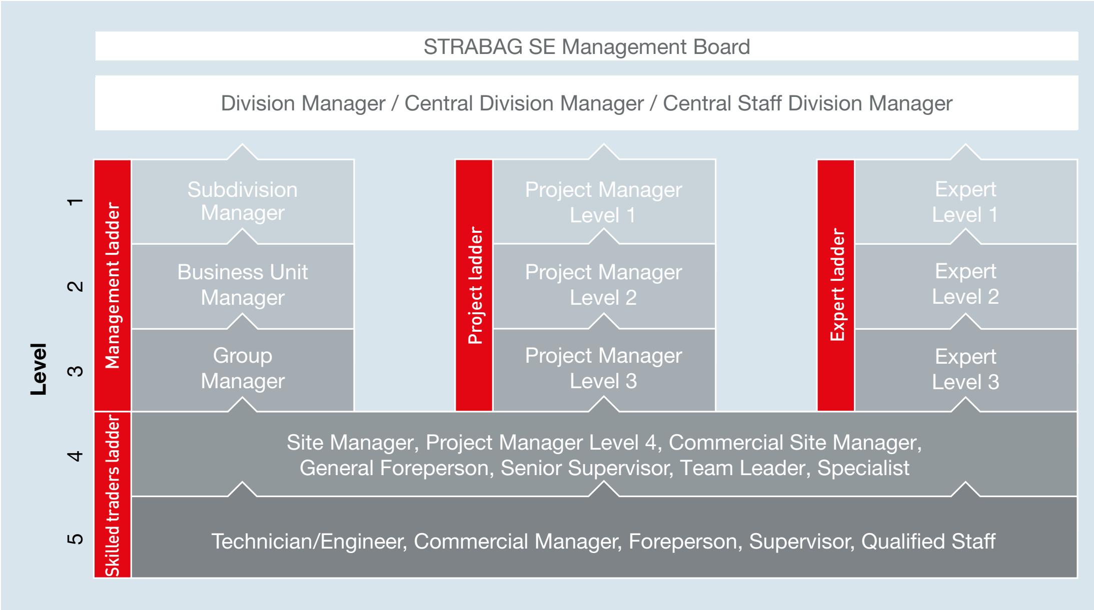


Trainees have their own personal schedule as a way of addressing individual wishes and needs and to offer flexible entry times. The commercial trainee programme lasts between eleven and 13 months, the technical programme varies between twelve and 15 months and both programmes include a period of three months abroad. At the beginning of the programme, trainees meet with a mentor to design the trainee schedule according to the specific professional and personal requirements of the target position. This experienced mentor is available to the trainee throughout the entire training period. Regular feedback interviews help focus on the trainee's individual development. With instruction from experienced specialists and management employees, the trainees pass through different organisational divisions and are introduced to various areas of business and responsibility. Both the commercial as well as the technical programme include mandatory sessions, for example on the construction site. Specific training activities are used to develop the applicant's personal and professional skills. An individual training schedule is developed for each trainee.

TALENT MANAGEMENT

The purpose of talent management is to recognise, develop and bind high-performers and high-potential employees in the interest of filling (key) positions with young talent possessing the best possible qualifications from within our own ranks. Based on our career model, internal parameters are applied to identify high-potential employees, provide them with individual support, and deploy them in the right positions. Besides the management ladder, which focuses on general management tasks, two other career paths are available: The expert careers are characterised by a high degree of technical expertise in a specialty field. Project managers can fall back on their years of experience in the field of project management and are responsible for complex construction projects. Individual activities such as a development centre, special training programmes or job rotation schemes are offered to help develop the recognised potential. Coaching – support from external professional consultants to successfully master professional challenges – and mentoring – the professional partnership between an experienced manager and a specialist or manager in training, characterised by the communication of experience and active feedback – are increasingly included in the individual development plans of the talents. The goal-oriented recognition and promotion of high potential employees should ultimately create a stronger bond to the company, which in the long term serves to ensure quality, continuity and performance within the group.

CAREER MODELS



FAIR COMPETITION

The avoidance of corruption and anti-competitive behaviour has become an important management responsibility in recent years. The potential damage that a company may incur because of corrupt or anti-competitive behaviour on the part of individual employees can at times reach drastic proportions.

The construction sector is not immune to corrupt or anti-competitive behaviour by individual persons. Complex accounting processes and the necessity for a great number of contractual relationships during a construction project often make it difficult to fully resolve non-compliant behaviour.

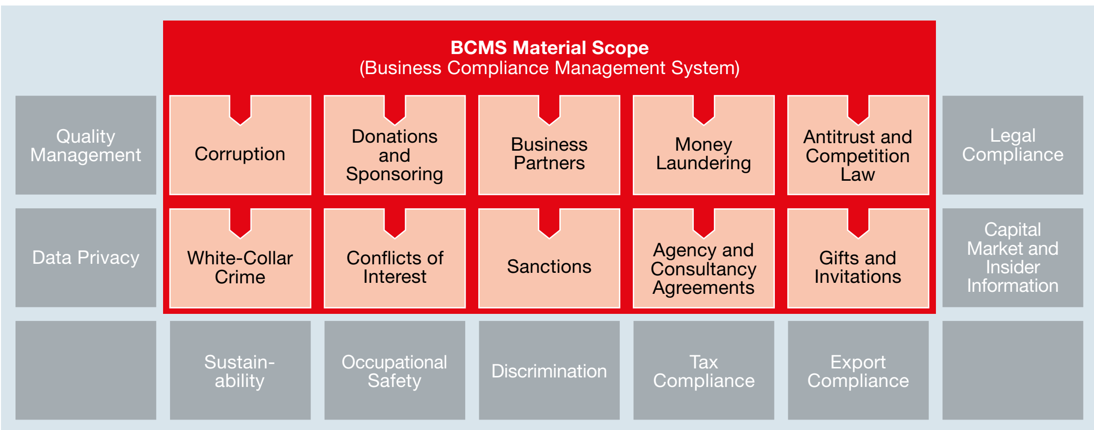
Even if STRABAG generates much of its revenue in countries with a low risk of corruption, the international nature of its business means that some activities are also performed in countries with a higher corruption risk, as measured, for example, by the Corruption Perceptions Index.[1] Transparent procedures to minimise risk are required in all regions, especially during contract award or in negotiations with partner companies and subcontractors.

STRABAG acted by implementing an ethics business compliance system in 2008 to avoid violations of the law and any resulting material and immaterial damage and to maintain the company's good reputation as a business partner, contractor and employer. The company has been continuously developing the system ever since. With extensive measures for employees and leadership, STRABAG is working to promote compliant and ethical behaviour and to create a strong corporate culture based on partnership and trust.

Rules, responsibilities and due diligence

The new STRABAG Business Compliance Management System (BCMS) came into force in 2020 as part of the STRABAG Ethics Business Compliance System, replacing the Business Compliance Guidelines and the Business Compliance Guidelines for Business Partners that were valid until that time.

As part of the new STRABAG BCMS, the topics shown in the following diagram are dealt with extensively in order to ensure fair competition.



1 Transparency International, Corruption Perceptions Index 2021, https://www.transparency.org/en/cpi/2021 (retrieved on 25 January 2022)

The STRABAG BCMS and the Code of Conduct, which lays out the basic ethical values of the group, together form the STRABAG Ethics Business Compliance System.

The new STRABAG BCMS is based on the Compliance Readiness Check performed together with an external consulting firm throughout the group in 2017 and 2018 and meets the requirements of ISO 19600 (Compliance Management Systems) and ISO 37001 (Anti-Bribery Management Systems).

In addition to the BCMS description, clear rules of conduct for the entire management and all employees of the group are defined in four management directives with the aim of ensuring fair competition. These management directives are accompanied by a Supplier Code of Conduct that summarises those principles of business conduct that STRABAG also expects its suppliers and subcontractors to adhere to.

The **risk assessment** procedure is described in the Business Compliance Risk Analysis. The definition of the risk areas is based on the business activities of STRABAG as an internationally active construction group and is confirmed by many years of experience and knowledge of the industry. In this way, specific situations that could represent a risk for STRABAG were determined with the support of the central staff division Internal Audit. The Compliance Readiness Check carried out in 2017 and 2018 was also taken into account. In line with STRABAG's international orientation and its organisation in operating segments, the risk analysis is not based on the location of operations or branch offices, but on organisational entities.

The process of risk analysis is divided into the identification of risks (risk inventory), the analysis in the narrower sense based on potential damage and the probability of occurrence, and the final risk assessment. This is used to derive measures to reduce or avoid risks. To identify risks, STRABAG uses the deductive method. In this process, relevant information within the scope of STRABAG's activities are assigned to individual risks. Circumstances that increase risk are also taken into account. Based on an assessment of both the possible damage and the probability of occurrence, the identified risks are subsequently classified into the categories "low", "medium" and "high".

The risk analysis is reviewed annually at a previously determined point in time and adapted or broadened if necessary. The business compliance organisation obtains information from the operating units for this purpose. To date, this has been done using risk workshops and, since 2021, on the basis of a newly established annual management business compliance reporting system.

In addition, experience and knowledge from employee questions to the BC organisation, reports from the whistleblower system, findings from violations as well as information from the group's internal audit department are included in the annual evaluation. In 2021, the risk workshops helped to better assess the risk of the corporate subsidiary STRABAG Real Estate. Furthermore, a special model contract was developed for brokers in this area.

The avoidance and handling of conflicts of interest are laid out in a separate management directive as an annex to the STRABAG BCMS. The directive places the focus not only on avoidance but also on the transparent management of often unavoidable conflicts of interest in order to ensure, among other things, fair competition through appropriate measures. All STRABAG employees are obliged to disclose potential conflicts of interest; another essential instrument for identifying potential conflicts of interest is the STRABAG whistleblower system. Taking into account the increased risk in connection with donations and sponsoring, the STRABAG BCMS establishes clear rules and processes to prevent the misuse of donations and sponsoring.

Immediately after joining the group, all STRABAG employees receive instruction in the rules for ensuring fair competition in the form of **mandatory e-learning training sessions** that must be repeated once every two years. As the management of STRABAG is exposed to a greater risk of corruption, the members of this group of employees are obliged to participate in special training courses on the avoidance of corruption and anti-competitive behaviour in addition to completing the regular e-learning training. These training sessions, which are usually held in the form of face-to-face events, must also be completed every two years.

The **Chief Business Compliance Officer**, as the central contact person for all business compliance matters, reports directly to the responsible member of the Management Board, the CEO. In line with the international orientation of the group, the Chief Business Compliance Officer is supported by Regional Business Compliance Officers.

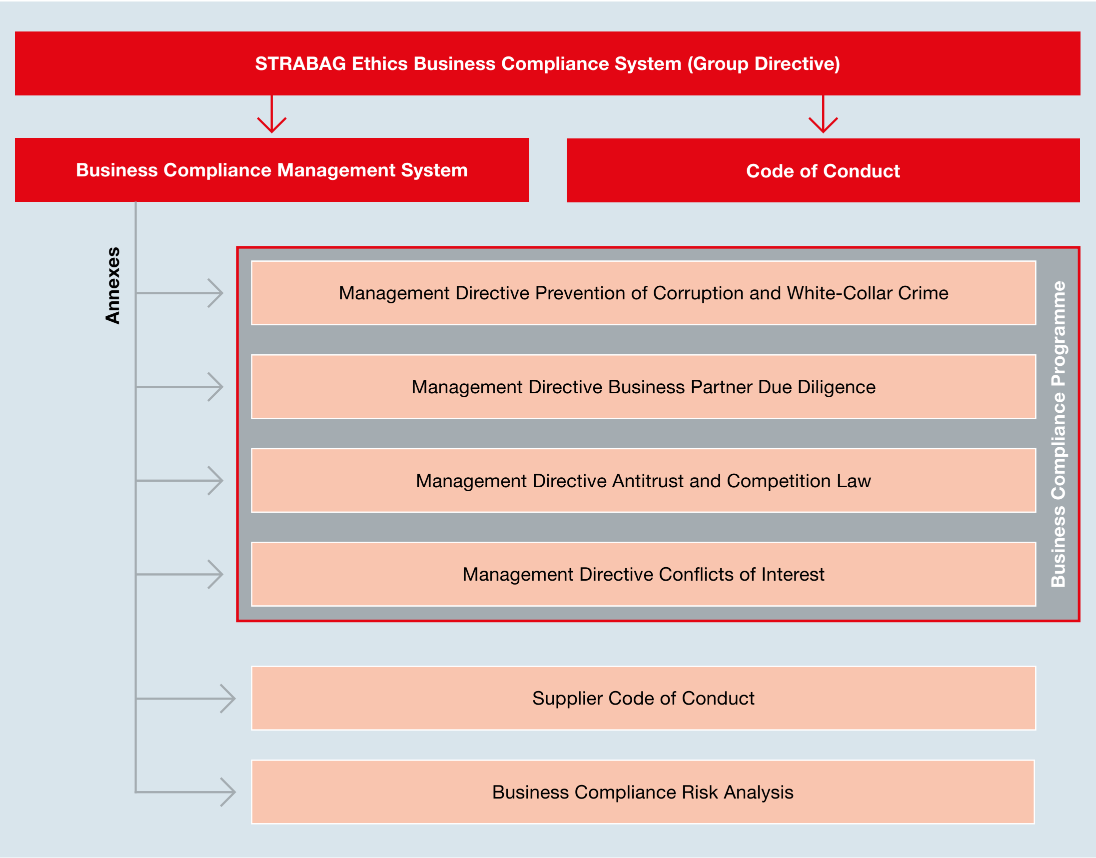
Due to the continually increasing importance of this topic, the personnel structure of the STRABAG Ethics Business Compliance System has been expanded through the introduction of

- Corporate Business Compliance Officers, who support the Chief Business Compliance Officer in his or her central tasks,
- Business Compliance Partners, who are nominated by the operating units and support these in fulfilling the processes defined in the new BCMS, as well as

Online whistleblower platform: strabag.integrityplatform.org

- a Business Compliance Committee, consisting of the heads of the central division CML, the group's internal audit department and the Chief Business Compliance Officer. The committee deals with proposals developed by the business compliance organisation to improve the BCMS as well as suspected cases of serious business compliance violations.

Potential compliance violations, such as bribery, fraud or corruption, can be reported to specially appointed contact persons (Regional Business Compliance Officers) via STRABAG's **group-wide whistleblowing system**. Employees, as well as subcontractors and other third parties, have the possibility to anonymously pass on relevant information via the online whistleblowing platform strabag.integrityplatform.org as well as by phone or by e-mail. STRABAG actively calls upon anyone with relevant information to come forward so we can quickly identify misconduct, respond appropriately and avoid any possible damage. In the event of violations of the legal regulations or of the conduct guidelines applicable within the company, the company will take the requisite disciplinary and legal (labour law) measures.



The management directive on Prevention of Corruption and White-Collar Crime forms part of the STRABAG BCMS and was updated in the 2021 reporting year in the item "Donations and Sponsoring". The definition of donations and sponsoring was made more precise and the conditions for their admissibility were specified. Approval requirements involving the Business Compliance organisation and the Corporate Communications central staff division have been added in specific cases. The new regulations have been supplemented by a clear factsheet designed to make them easier to handle.

A change in the definition of agencies and consultancies resulted in an extension of the approval requirement for agency and consultancy agreements by the Business Compliance organisation as laid down in the management directive on Business Partner Due Diligence. In the future, donations and sponsoring activities will be reported to the Business Compliance organisation as part of the management business compliance reporting introduced with the STRABAG BCMS. This will be carried out for the first time at the beginning of 2022 with the reporting for the year 2021.

Objectives and indicators

IDENTIFICATION OF CORRUPTION RISKS

In accordance with STRABAG's business activities and organisational structure, locations of operation are generally not an adequate starting point for assessing corruption risks. STRABAG's business activities are mapped in organisational units that can be structured geographically or according to business areas. The identification and assessment of corruption risks is therefore consistently based on organisational units, whereby the extent of corruption risks can vary greatly from one organisational unit to the other.

The "Compliance Readiness Check" conducted in 2017 and 2018 included a review of the corruption risk in all divisions, central divisions and central staff divisions. As a result of the Management Business Compliance Reporting, which became mandatory for all divisions, central divisions and central staff divisions for the first time in 2021 and must subsequently be carried out annually, the assessment of corruption risks is to be updated annually and continuously improved. The risks identified in the course of the investigation were taken into account accordingly in the design of the new STRABAG BCMS.

COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

A key factor for ensuring fair competition is to provide employees with the most comprehensive knowledge possible about correct behaviour in their day-to-day business dealings, but also about the negative consequences of non-compliant behaviour. For this reason, STRABAG in 2013 implemented a comprehensive training concept to communicate to employees the guidelines and procedures for combating corruption and anti-competitive behaviour. Starting in 2020, the deadlines valid until 2019 for refresher trainings were shortened to two years for all mandatory training courses.

The training concept for the avoidance of corruption and anti-competitive behaviour, which has been valid since 2020, is shown in the following table:

Title	Target group	Content	Type of training	Duration	Frequency
Business Compliance Training	all employees	STRABAG Ethics and Business Compliance Management System	e-learning course	approx. 40 min.	immediately after entry and every two years thereafter
Anti-Corruption and BCMS	entire management	Anti-corruption and the STRABAG Business Compliance Management System	classroom training	½ day	upon attainment of a management function
Cartel Law	entire management	Anti-competitive practices, abuse of dominant market position and merger control	classroom training	approx. 3 h	upon attainment of a management function
Business Compliance Refresher Course	entire management	Review and consolidation of the content from the Anti-Corruption and BCMS and the Cartel Law training courses	classroom training	½ day	every two years

The e-learning course “The Right Behaviour in Day-to-Day Business”, which was based on the set of rules valid until 31 December 2019 and had been completed by 98 % of employees by this date, was discontinued due to the new STRABAG BCMS coming into force in 2020. The new e-learning course “Business Compliance Training”, developed on the basis of the STRABAG BCMS valid since 2020, was rolled out across the group in February and March of 2021 and has already achieved a course completion rate of 92 % (as of 31 December 2021).

No physical classroom training took place due to the Covid-19 crisis in the 2020 reporting year. Combined with the shortening of the deadline for mandatory refresher trainings, this led to a sharp drop in completion rates. In 2021, the training courses were revised and for the first time held via Microsoft Teams in Austria and Germany. This made it possible to slightly increase the training rate:

- Training course “Anti-Corruption and BCMS”: 81 %
- Training course “Cartel Law”: 90 %
- Refresher course “Business Compliance”: 19 %

The target value is 95 %.

CONFIRMED INCIDENTS OF CORRUPTION AND ACTION TAKEN

- **Total number and nature of confirmed incidents of corruption[1]:**
  In the 2021 reporting year, there was one confirmed incident of corruption. The incident is related to business relationships with subcontractors or suppliers and is classified as embezzlement. There were no incidents of corruption in relation to clients in the reporting period.

- **Total number of confirmed incidents in which employees were dismissed or disciplined for corruption:**
  The above-stated incident led to three terminations.

- **Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption:**
  There were no terminations of contracts with business partners in connection with the confirmed incidents.

- **Public legal cases regarding corruption brought against STRABAG or its employees during the reporting period:**
  There is no information of public legal cases having been initiated against STRABAG or its employees regarding corruption in the reporting period.

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOUR, ANTITRUST, AND MONOPOLY PRACTICES

The antitrust proceedings against STRABAG AG Austria and F. Lang und K. Menhofer Baugesellschaft m.b.H & Co. KG were concluded in the reporting period. The fine amounts to € 45.37 million. STRABAG‘s extraordinarily extensive cooperation and its voluntary corrective measures, which include the certification of the STRABAG BCMS as well as the implementation of a new type of monitoring system, had a positive effect on the amount of the fine. This concludes the antitrust investigations, which were initiated in spring 2017 and had covered the period from 2002 to 2017. The monitoring system is described in more detail under “Voluntary monitoring” in the final section.

1 Corruption as defined by GRI 205 includes practices such as bribery, facilitation payments, fraud, extortion, collusion and money laundering. It also includes the offer or receipt of gifts, loans, fees, rewards or other advantages as an inducement to do something that is dishonest or illegal or represents a breach of trust. Corruption may also include embezzlement, trading in influence, abuse of function, illicit enrichment, concealment and obstructing justice.

Projects and initiatives

A broad **compliance awareness campaign** was implemented at the beginning of 2021 in preparation for and in support of the rollout of the new business compliance training. As part of the so-called mirror campaign, several short statements designed to encourage people to reflect on the topic of compliance were sent to around 450 corporate locations and applied to the mirrors in the washrooms. An online feedback round conducted through the intranet confirmed the success of the campaign.

The **certification** by **Austrian Standards** in July 2019 confirmed that STRABAG AG Austria has implemented an effective compliance management system to prevent antitrust and competition violations. The mandatory, annual monitoring audit that was carried out in the summer of 2021 was concluded with a positive result. The scope of the certificate was extended with the 2021 monitoring audit and now also covers STRABAG Infrastructure & Safety Solutions GmbH as well as the Italian entities STRABAG AG Sede Secondaria Italiana and STRABAG S.p.A.

In August 2020, STRABAG AG Austria was awarded **ISO 37001 certification** for the first time, confirming the implementation of an effective anti-corruption management system. An annual monitoring audit carried out in the summer of 2021 was concluded with a positive result. The scope of this certificate was also extended in 2021 to cover STRABAG Infrastructure & Safety Solutions GmbH as well as the Italian entities STRABAG AG Sede Secondaria Italiana and STRABAG S.p.A.

In April 2021, STRABAG a.s. and its subsidiaries in the Czech Republic were certified for the first time by **Quality Austria** in accordance with the **ISO 19600 and ISO 37001** standards. The overall goal continues to be corporate-wide certification of the STRABAG BCMS. To this end, talks were held with Austrian Standards for the first time in the reporting period.

STRABAG is a member of the **compliance working group of the Association of Industrial Construction Companies in Austria (VIBÖ)**, which was constituted on the occasion of the general meeting in June of the reporting year. Within the framework of the VIBÖ Collective Action Pact for fair competition and good conduct in the construction industry, a collegial exchange of experience on compliance processes in the member companies is planned to take place.

The **voluntary external monitoring** that was introduced in 2021 is aimed at documenting the sustainable and continuous improvement of the STRABAG BCMS. A team has been established for a period of two years under the leadership of former Austrian State Secretary Brigitte Ederer and supported by recognised experts from certifier Austrian Standards. The aim is to ensure that the STRABAG BCMS is appropriately developed, effectively implemented and complied with in practice.

For this purpose, the monitoring team has access to all relevant documents and conducts a dialogue with employees and managers throughout Austria. The training and communication measures of the STRABAG BCMS are validated, as are the business processes and compliance with internal group rules and internal control and steering measures. The monitoring team reports on its work and the findings to the Management Board on a quarterly basis.

MATERIALS

Economic growth, the global population increase and the necessary adaptations to climate change are stimulating the construction and maintenance of buildings and infrastructure. This requires considerable volumes of raw materials, such as **sand**, **gravel** and **quarry stone**. The annual demand for these natural aggregates in the construction industry amounts to approximately 2,105 million tonnes[1] in the EU alone and represents the largest flow of raw materials in the European Union.

Although intra-European production of mineral building materials almost completely covers the demand, an expansion of raw material extraction could soon come up against environmental, social and economic limits: Land competition, social conflicts and the potential for sand and gravel shortages in some parts of the world could lead to economic bottlenecks in supply.[1] Increasing resource efficiency and exploiting the recycling potential of the building materials used will counteract the predicted increased demand for raw materials in the coming years.

Our Architecture and Turnkey Construction business unit, our strategic focus and our innovative strength prepare us for the growing demand for resource-saving services and products. As a general contractor, one of our core competencies is to integrate various trades across different stages of the life cycle. As such, we are familiar with the entire value creation process of a construction project and can plan and execute across the life cycle. This allows us to promote the idea of sustainability with the best possible technical solutions and the early interconnection of all involved.

As part of a four-stage development goal, STRABAG has set itself the target in its sustainability strategy of achieving climate neutrality along the entire value chain by 2040. Responsible handling and the use of innovative carbon-optimised materials play a central role in achieving this aim.

Rules, responsibilities and due diligence

The group-wide environmental and energy policy, updated in 2020, lays the foundation for resource-efficient action. Integrated due diligence processes help to identify opportunities and risks at an early stage and ensure compliance with legal requirements.

Within the group, the subject of the environment is handled by the **Integrated Quality Management** (IQM) team. To properly address matters of the environment, an environmental management system certified to ISO 14001 has been introduced in nearly all group countries. These group countries cover 88 % of STRABAG's output volume. Regional experts monitor compliance with environmental protection requirements through on-site inspections and report to the responsible management level on environmentally relevant factors such as the use of materials and products with regard to orders and investments. The limited availability of selected materials and the associated potential price risks are evaluated and addressed on an ongoing basis as part of the project risk management.

Objectives and indicators

It is our declared goal to keep the negative impact that our business activity has on the environment as low as possible. To do so, we give priority to those issues that promise the greatest potential for improvement and which we can directly influence through our own actions, such as the continued development of processes and technologies for resource- and energy-efficient structures.

1 European Commission – Study on the EU's List of Critical Raw Materials (2020); Non-Critical Raw Materials Factsheets, https://rmis.jrc.ec.europa.eu/uploads/CRM_2020_Factsheets_non-critical_Final.pdf (retrieved on 18 January 2022)

Indicator

Percentage of recycled asphalt used in the production of asphalt mixture in Germany, Austria and Poland (combined share of group output: approx. 70 %)

- Germany: 34 % of total asphalt mixture production of 3,076 thousand tonnes (2020: 33 % of 3,303 thousand tonnes)
- Poland: 36 % of total asphalt mixture production of 2,513 thousand tonnes (2020: 40 % of 2,391 thousand tonnes)
- Austria: 19 % of total asphalt mixture production of 1,360 thousand tonnes (2020: 18 % of 1,287 thousand tonnes)

Objective: We aim to increase the recycling share and also follow client demands in the process.

Projects and initiatives

The construction sector plays a key role in the future development of efficient ways to use primary raw materials. STRABAG recognised this development years ago and is making contributions in this regard, among other things, by processing and recycling construction materials such as asphalt. Technological advances and stricter legislation help to promote this positive development. The transportation infrastructures segment holds especially high potential. By recycling used materials, we reduce greenhouse gas emissions and save valuable primary raw materials. Throughout the group, we cover 88 % of our asphalt needs ourselves, which puts us in a position to optimise the production process as needed.

MATERIALS USED[1]

Material	Unit	2017	2018	2019	2020	2021
Stone/Gravel	thousands of tonnes	62,420	68,650	70,410	69,960	64,790
Asphalt	thousands of tonnes	14,000	13,985	13,270	12,745	12,715
Concrete	thousands of m³	4,589	5,746	5,519	5,089	4,775
Cement	thousands of tonnes	1,163	1,669	1,642	1,739	1,555
Structural steel	tonnes	417,381	478,290	476,901	447,213	444,698

In order to assume even greater responsibility for the materials we source externally, our IT processes in purchasing were adapted in 2021 to specifically collect information on the sustainability performance of our suppliers and to incorporate this information into decision-making processes.

In October 2021, STRABAG and its subsidiary Ed. Züblin AG reached a milestone in sustainability with the resource-saving and energy-efficient construction of an office building in Stuttgart. The construction site was the first construction site in Germany to be awarded the Gold Sustainability Certificate by the German Sustainable Building Council (DNGB). This pilot project aimed at significant CO_2 savings in the materials used and highly efficient building operations from the very beginning. The entire building structure – from the floor slab to the roof – was built in a climate-friendly way using low-carbon concrete and reinforcing steel. Integral planning and construction using BIM 5D® in combination with LEAN principles and the teamconcept® partnering method ensured a sustainable, efficient process.

1 The volumes were derived from the average prices from the price data.

GOLD CERTIFICATION FROM THE CONCRETE SUSTAINABILITY COUNCIL FOR ROBA TRANSPORTBETON

In 2021, two plants in the German concrete business unit (ROBA Transportbeton GmbH) were certified according to the Concrete Sustainability Council's certification system. The ready-mix concrete plants in Neukölln and in Schönefeld were each awarded the gold certificate. In addition to the key issue of the environment (CO_2, energy, air, water), the assessment also covered the company's social aspects, ethical management and economic responsibility towards society, with assessment criteria relating both to the production site audited and to the company as a whole.

Gold certificate for ROBA Transportbeton GmbH

WASTE AND CIRCULARITY

The construction industry is one of the most resource-intensive sectors in the world: Raw materials are mined, used in construction and, after their usage phase, largely end up in landfills. In terms of volume, the largest proportion of construction waste is made up of debris, road rubble, soil, stones and construction site waste. This "mineral construction waste" also accounts for the largest proportion of waste generated within the EU – with landfill space becoming increasingly scarce.[1]

We see enormous potential in this problem for the recycling and reuse of building materials, which can increasingly be exploited through innovative technologies, new recycled building materials and efficient waste management in the construction process. STRABAG wants to leverage this potential: Our range of activities enables us to keep waste in the cycle in a way that continues to create value. Alternatively, high-quality processing allows us to put this waste to new use as a secondary raw material. In this way, we help support the EU's Circular Economy Action Plan, which aims to promote the principle of circularity, along with waste avoidance and the development of markets for secondary raw materials.

Rules, responsibilities and due diligence

STRABAG's business activities are highly varied, and the standards for handling waste and secondary raw materials are equally diverse. In general, the waste flows can be divided into the following categories: construction sites, production facilities, administrative buildings and specialised waste management operations. In terms of volume, construction sites rank well ahead of production facilities and administrative buildings. Since the latter have very little potential for waste management, we are focusing on construction sites and specialised waste management operations for the acceptance and treatment of mineral waste.

In each individual category of waste flows, we comply with the respective national environmental regulations and implement internal group waste guidelines specific to each country in which we operate. In addition, STRABAG is pursuing a corporate-wide environmental and energy policy based on the issues of minimising raw material use, avoiding waste and recycling.

The issue of waste is an integral part of STRABAG's environmental management system. This system is regularly reviewed and audited both internally and externally. Around 90 %[2] of STRABAG's entities are certified to ISO 14001 or EMAS.

In accordance with the respective regulatory requirements, waste management officers have been appointed at our facilities and specialised waste management operations. These officers are responsible for the implementation of the national laws and regulations regarding the handling of waste and hazardous substances and the use of recycled and secondary raw materials. Here, too, compliance with the regulations and legal conformity is regularly reviewed both internally and externally through audits in accordance with the applicable management systems.

Objectives and indicators

The largest waste flows in the group result from mineral construction and demolition waste. Other production- and site-related waste as well as non-mineral waste passed on to certified waste management companies play a subordinate role. This is due to the individual production that is typical in the construction sector, which distinguishes the sector from other branches of industry.

1 European Commission: Construction and demolition waste, https://ec.europa.eu/environment/topics/waste-and-recycling/construction-and-demolition-waste_en (retrieved on 22 February 2022)
2 The percentage refers to the entities' output volume.

The total amount of waste depends on the size and type of the construction project (e.g. buildings, transportation infrastructure, dismantling work, excavations, recycling activities) and on quality specifications. Since these specifications are determined by third parties, STRABAG has only limited influence on them. In this management approach, the total quantity is therefore not defined as a controllable variable.

Against this background, we see directing the main waste flows towards avoidance or transitioning to a circular economy as an enormous opportunity for the future. STRABAG's goal is to reduce the impact on the environment associated with resource consumption and waste flows and to promote resource-efficient recycling management. In the future, we would like to measure these aspects with the indicators listed in the table below.

MAIN WASTE FLOWS IN 2021 (IN T)[1]

Handled waste (input)	Disposal	Diverted waste	
		Recycling	**Recovery**
10,286,729	777,742	345,276	8,078,469

Handled waste (input) includes waste that STRABAG accepts/processes in the course of its project business and feeds into the various streams of recycling, recovery and disposal. Disposal refers to waste that is fed to disposal facilities without specific use. Diverted waste includes recycling and recovery. The term recycling is used when the waste material has reached the end of its waste property and is returned to the economic cycle. The term recovery is applied to waste that is used to substitute primary raw materials (e.g. as a substitute construction material for landfills).

The data in the table comprise the values of the corporate entities in Austria and of projects and orders for which the Environmental Technology and Recycling subdivisions were responsible in the reporting year. Local legislation requires these units to report their waste flows. The collection and recording of data will be extended to other entities in the future.

Projects and initiatives

In order to promote the further exchange within the group, a GIS application was developed on the basis of STRAmaps to improve the coordination between the construction sites and the various recycling and disposal points. The aim is to find a way for the quality reuse or recycling of construction waste with the best possible disposal routes.

As part of the STRABAG intrapreneurship programme adAstra, a way was sought to make use of surplus construction resources. One of the solutions was to create a central, third-party marketplace in the form of an app that would connect construction sites with potential customers. The idea prevailed over other promising proposals and will therefore receive further internal financial support.

In order to avoid waste and to recycle used materials, we launched an initiative in the 2021 financial year to improve and continuously expand the database and to integrate additional group countries into the evaluation. One of the goals is to allocate waste by waste code number in order to identify further potential for circularity. Networking construction sites and material flows, including locations for quality recycling, should help minimise resource consumption while increasing the use of secondary raw materials.

1 Differences between the sum of disposal and diverted waste on the one hand and total handled waste on the other result from stockpiles and material losses.

ENERGY AND EMISSIONS

The growth of renewable energies and the reduction of energy consumption are the two most important building blocks of the energy transition.[1] Buildings account for about **40 % of the overall energy consumption** and produce around **36 % of the associated greenhouse gas emissions** in the European Union – in both the construction phase as well as during use.[2]

In order to achieve climate neutrality in the EU by 2050, the Green Deal provides for a comprehensive improvement in the energy performance of buildings.[3] Tighter regulations for the building sector can therefore be expected with regard to Europe's climate and energy policy in the next few years.

Continuously rising carbon pricing, as an economic incentive to become more energy efficient and substitute fossil fuels with renewable energy sources, was already implemented by law in Germany in 2021. In Austria, this is scheduled to take place in 2022.

Against this background, STRABAG has set itself the goal of systematically measuring the continuous reduction of CO_2 emissions as part of the FASTER TOGETHER 2022 strategy (see "Our path to becoming climate neutral"). On this basis, we developed an initial corporate-wide sustainability strategy in which we commit to achieving climate neutrality for the entire group by 2040. This goal is to be achieved as part of a four-stage process, with energy-related emissions playing a central role.

Rules, responsibilities and due diligence

The corporate-wide environmental and energy policy, updated in 2020, lays the foundation for low-emission action. Due diligence processes help to identify opportunities and risks at an early stage and fulfil the legal provisions of the climate and energy policy.

STRABAG's energy management is based on a set of tools to determine energy consumption and greenhouse gas emissions, on the one hand, while also developing and managing measures to increase energy efficiency and decrease greenhouse gas emissions, on the other. The group-wide energy and emissions management system is coordinated by the **Energy Steering Committee**, which determines the strategic orientation of the energy management. The steering committee reports annually to the CEO. On the basis of the corporate-wide energy data, energy experts at individual corporate entities formulate recommendations to the steering committee. Accordingly, operational targets for energy consumption and CO_2 emissions are defined and relevant measures are set throughout the group. In 2013, an energy management system certified to the international standard ISO 50001 was rolled out at group entities responsible for around 69 % of the output volume. Additional local measures and audits for energy management cover a further approximately 9 % of the output volume in the group countries. As a result of the Energy Efficiency Act, this enables a reduction in energy consumption along with associated cost savings.

1 Federal Statistical Office (Destatis), Sustainable Development in Germany. Indicator Report 2021, https://www.destatis.de/EN/Themes/Society-Environment/Sustainable-Development-Indicators/Publications/Downloads/indicator-report-0230002219004.html (retrieved on 18 January 2022)
2 European Commission: In focus: Energy efficiency in buildings, https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-lut-17_en (retrieved on 18 January 2022)
3 European Commission: A European Green Deal, https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en#actionsIn (retrieved on 18 January 2022)

Objectives and indicators

It is our explicit goal to reduce the negative impact of our business activity on the environment and so contribute to the transition towards a sustainable economy. To achieve this goal, we give priority to those issues that either promise the greatest potential for improvement or that we can influence most directly through our own actions. We help to reduce fossil fuel consumption through the use of the best available technology. Production processes are planned, implemented and controlled in an energy-efficient manner.

The energy and CO_2 data for the group are systematically captured and analysed using **CarbonTracker**. The software was developed in-house and has been in use since 2012. On this basis, we are developing concepts to reduce the use of fossil energy sources and lower the resulting greenhouse gas emissions in the long term through more efficient conventional or innovative machines.

The group's most important energy source is fuel, which accounts for about 64 % of the total energy costs and therefore holds the greatest potential for savings for the group. **FuelTracker**, which was developed analogously to the CarbonTracker software, allows us to analyse the fuel use of the STRABAG passenger car and commercial vehicles fleet.

ENERGY USE WITHIN THE GROUP[1]

Form of energy	Unit	2017	2018	2019	2020	2021
Fuel	MWh	2,108,339	1,976,423	1,986,883	1,732,783	1,754,901
Gas	MWh	449,372	497,899	430,143	332,625	428,683
Heating oil	MWh	169,257	172,550	165,764	142,857	151,406
Pulverised lignite	MWh	504,503	481,787	481,235	500,732	503,083
Total fuel consumption from non-renewable sources	**MWh**	**3,231,471**	**3,128,659**	**3,064,026**	**2,708,997**	**2,838,073**
Electricity	MWh	488,241	477,286	432,755	411,441	394,859
thereof green electricity[2]	MWh (%)	n. a.	n. a.	n. a.	26,700 (6)	100,837 (26)
District heating	MWh	48,773	44,802	48,826	42,665	41,645
Total	**MWh**	**3,768,485**	**3,650,747**	**3,545,607**	**3,163,103**	**3,274,577**

THE CARBON FOOTPRINT IN THE GROUP[3]

The carbon footprint for the 2021 financial year refers to the group's full scope of consolidation and includes the emissions caused in 68 countries. Within the group, a total of 768,433 t CO_2 (771,799 t CO_2e) were emitted directly by the company in the year under report (Scope 1), with an additional 164,315 t CO_2 (165,711 t CO_2e) attributable to electricity and district heating use (Scope 2)[4]. The increase in CO_2 emissions results, on the one hand, from the increase in output of around 3 % and, on the other hand, from the sharp rise in energy prices in the second half of 2021. Slightly more than half of the CO_2 emissions in the group result from the use of fuels, mainly diesel. This is followed by pulverised lignite and electricity with 18 % and 17 %, respectively. Germany, Poland, Austria and the Czech Republic together are responsible for the greatest share of these emissions (70 %). With 76 %, these countries also accounted for the greatest share of the group's output volume in 2021.

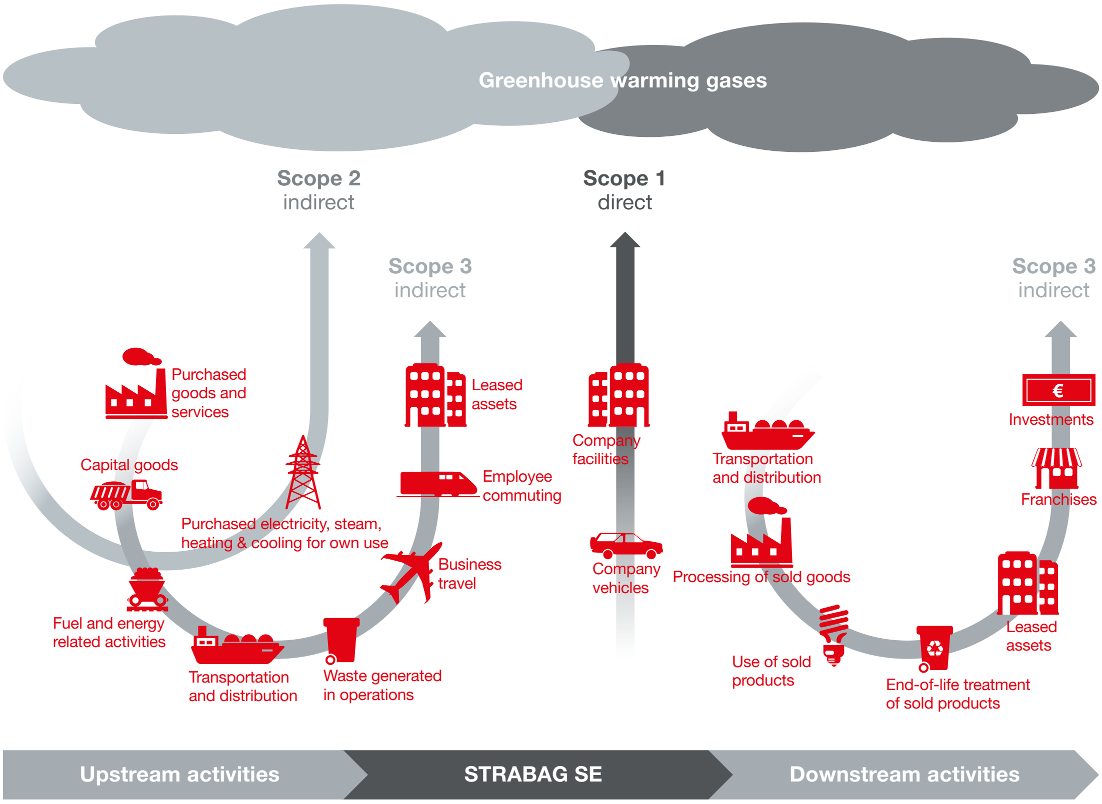
1 Currently, the energy data is derived from the prices taken from our internal accounting. Only the data for pulverised lignite is acquired on a volume basis. Energy costs are converted into quantities using the average prices from the following sources: Eurostat for electricity and natural gas; the European Commission's Weekly Oil Bulletin for diesel, petrol, heating oil/fuel oil and LPG. Prices are also taken directly from invoices. The energy units are converted to MWh (analogue to calorific value) using conversion factors from the following sources: German Federal Ministry for Economic Affairs and Energy (BMWi) for fuels and heating oil; supplier data for pulverised lignite. The category of "green electricity" is being reported for the first time in 2021. The information relates to the points of consumption in Germany and Austria that are supplied with green electricity via the national framework agreements.

2 This concerns the purchase of green electricity in Austria and Germany within the framework agreements (approx. 80 % of the total electricity consumption in the respective countries).

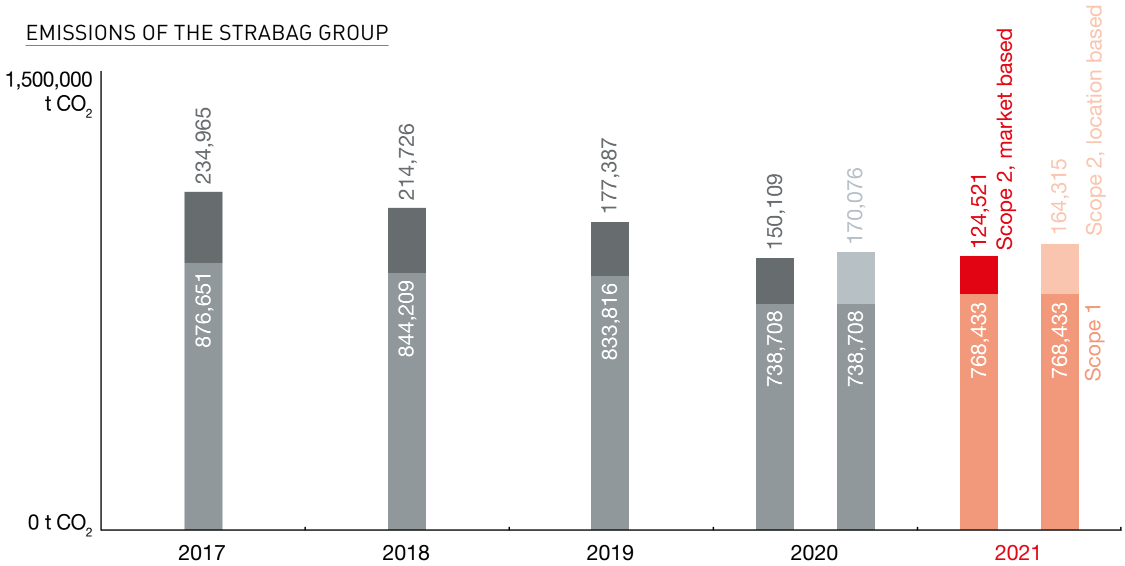
3 The emissions are reported in Scope 1 and Scope 2 in accordance with the definition of the Greenhouse Gas Protocol. Since 2020, emissions have been reported in the units CO_2 and CO_2 equivalent (CO_2e, includes CO_2, CH_4 and N_2O). Scope 1 emissions are calculated based on the standard unit of calorific value (kWh) using the conversion factors from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories. For pulverised lignite, factors from the local suppliers were additionally used. Scope 2 emissions for electricity and district heating have been reported separately since 2020 using market-based and location-based methods. Where district heating data was not available for a certain country, the group average value derived from the available data was used. For the market-based calculation, CO_2 emission factors from our local electricity tariffs are used. If market-based factors are not available, location-based factors are used.

4 The calculation is made using the location-based method. The Scope 2 emissions according to the market-based method amount to 124,521 t CO_2 (125,723 t CO_2e).

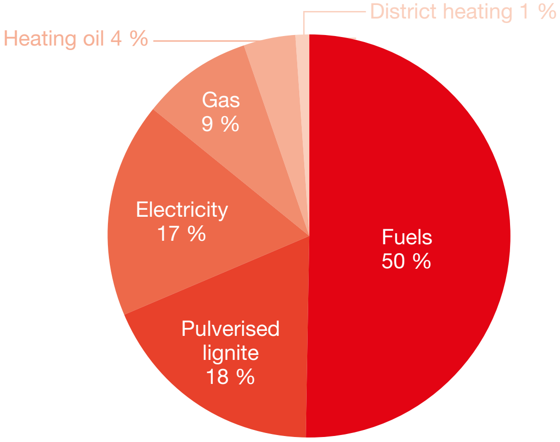
THREE SCOPES



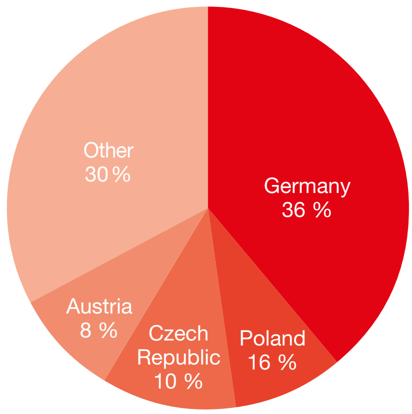
EMISSIONS OF THE STRABAG GROUP



CO_2 EMISSIONS BY ENERGY SOURCE 2021[1]



CO_2 EMISSIONS BY COUNTRY 2021[1]



Indicators

Energy consumption and CO_2 intensity in the relevant energy consumption categories

- Vehicle fleet[2]:
  - All diesel-powered passenger vehicles in Germany and Austria: 5.90 l/100 km (-1.1 %) and 158 g CO_2/km (-1.1 %)
  - All diesel-powered commercial vehicles in Germany and Austria: 9.28 l/100 km (-0.6 %) and 248 g CO_2/km (-0.6 %)

  Objective: energy efficiency increase of at least 1 % over the previous year

  Note: The decrease in consumption was lower this year due to improved user behaviour and the Covid-19 pandemic. The replacement interval of the fleet vehicles, which is otherwise effective every year, was relaxed because the vehicles are now kept longer (five years instead of four years). This circumstance means that the technical rejuvenation of the fleet, which would otherwise have a positive effect on consumption, has not taken place. Another point are the currently long delivery times for new vehicles. This also leads to a longer holding period in the fleet.

- Asphalt mixing plants in Germany: 97.60 kWh per tonne of asphalt mixture produced (4.9 % year-on-year) and 31.20 kg CO_2 per tonne of asphalt mixture produced (0.6 % year-on-year)

  Objective: energy efficiency increase of at least 1.3 % over the previous year

  Note: The increased energy consumption is due to the procurement of smaller production lots, especially in the asphalt mixing plants in eastern Germany. The increased consumption could not be fully offset by the technical improvements of recent years. The switch to hydroelectric power significantly reduced the increase in CO_2 emissions compared to the previous year.

Projects and initiatives

For economic and environmental reasons, the topic of energy and the resulting greenhouse gas emissions are of great importance to STRABAG. In the 2021 financial year, the energy costs for the companies within STRABAG SE's scope of consolidation amounted to € 282.86 million (2020: € 242.24 million). The increase in energy costs compared to the previous year results, among other things, from a not insignificant increase in output. The changed working conditions due to the Covid-19 pandemic continue to be noticeable. Digital meetings as well as the increased instances of employees working from home are reflected in the results.

1 The graph was created using the location-based calculation method. Up to and including 2019, market-based emissions were used.
2 Only diesel is taken into account, as petrol is used mostly to operate small equipment.

Energy savings and emission reductions are achieved by increasing energy efficiency and using renewable energy sources. This includes, among other things, measures to optimise the electricity consumption of buildings, construction sites and production plants as well as the evaluation of alternative fuel use in asphalt production. As of 1 January 2021, STRABAG AG Germany and all its affiliated companies purchase their electricity exclusively carbon-neutral from hydropower under a framework agreement. This increases the proportion of green electricity purchased in Germany and Austria in STRABAG's total electricity consumption to 26 %.

An e-learning tool was developed to reduce fuel consumption through the use of the vehicle fleet. In the medium term, every employee who is in possession of a company car can use the FuelTracker to track the extent to which the fuel-saving measures have a positive influence on fuel consumption.

In 2021, the Scope 1 and Scope 2 emissions collected in the CarbonTracker were supplemented for the first time by the energy-related and material-related emissions from STRABAG's upstream value chain (part of the Scope 3 emissions). Building on the current validation of this complex data, the group plans to create a sound data basis for the decarbonisation of the entire value chain and to successively build up reporting on Scope 3 emissions in the coming years.

SUSTAINABLE BUILDING IN ACCORDANCE WITH ESTABLISHED CERTIFICATION SYSTEMS

Rising energy prices, the increasingly noticeable impact of climate change, and rapid urban growth present the construction industry with new challenges. Buildings are no longer optimised only according to investment criteria. Instead, life cycle costs, quality and resource efficiency are becoming more important as well.

Taking a building's entire life cycle into account, the proportion of **energy-related greenhouse gas emissions is currently still highest in the operating phase**.[1] An important and growing business field for STRABAG therefore is to optimise buildings so they consume little or no energy, or even generate their own, during their period of use. Our focus is therefore on the development of sustainable and market-oriented solutions for the implementation of resource-reduced CO_2-neutral buildings in design, construction and operation.

We have the technical know-how and the necessary experience to design and construct sustainable buildings. In addition to consultation and execution, we also conduct audits of new and existing buildings in accordance with the established certification systems of the **German Sustainable Building Council (DGNB)** or **the Austrian Society for Sustainable Real Estate (ÖGNI)**.

1 World Green Building Council: Bringing Embodied Carbon Upfront, https://www.worldgbc.org/embodied-carbon (retrieved on 11 January 2022)

RISK AND OPPORTUNITY MANAGEMENT – PROJECT RISK MANAGEMENT

Why manage risks and opportunities?

Don't focus only on the macroeconomic development, but also – and above all – scrutinise a construction company's risk management system!

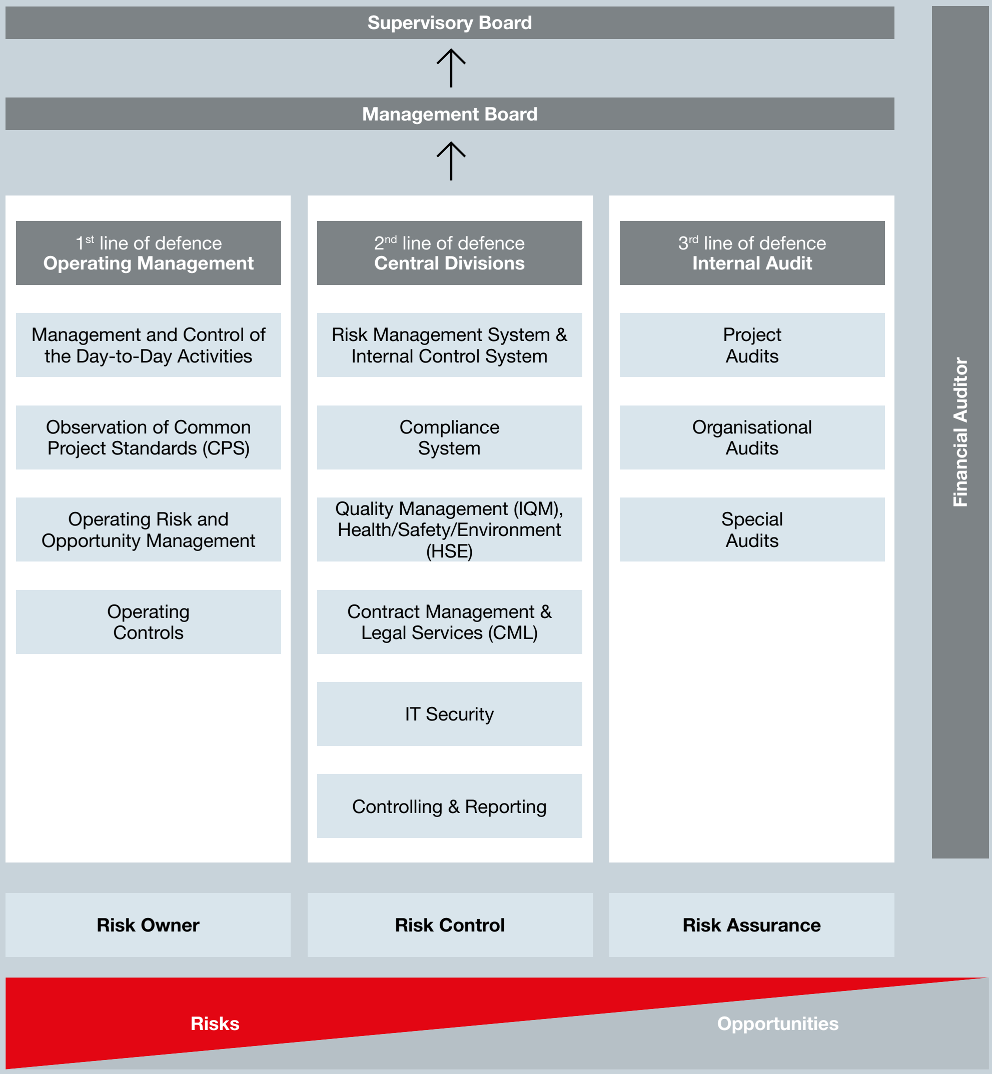
The STRABAG Group encounters many different risks and opportunities in the course of its business activities. These risks are systematically identified and assessed using a proactive risk management system and managed in a consistent and goal-oriented manner through an appropriate risk management policy. 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.

When capital market participants or suppliers scrutinise a company in the construction sector, the forecasts for the macroeconomic development of the individual markets are usually of great importance to them. Of course, our business is influenced by economic growth and public spending; at least as important, however, is a construction company's risk management. After all, the large number of unique projects translates into an increased risk potential. Keeping this under control requires a focused organisational structure with clearly defined responsibilities and effective instruments for an active risk and opportunity management. An end-to-end risk and opportunity management system also is a competitive advantage that is difficult for the competition to copy – it can only be established over the long term.

Managing risks and opportunities is part of the daily work at STRABAG. Additional information can therefore be found in the Management Report under "Risk Management", "Financing/Treasury" and "Order Backlog" or in the Consolidated Corporate Governance Report.

Rules, responsibilities and due diligence

To ensure a responsible and proactive approach to risks and opportunities, we have integrated a comprehensive **risk management system** (RMS) with an **internal control system** (ICS) in our management system on the basis of the internationally recognised COSO Enterprise Risk Management Framework (COSO: Committee of Sponsoring Organisations of the Treadway Commission). Risk management is a **core task of the management** with responsibility at the respective management level. The organisation and responsibilities for the risk management are determined according to the three lines of defence approach supported by the European Confederation of Institutes of Internal Auditing (ECIIA). This end-to-end corporate governance model applies to all disciplines of risk management and establishes clear roles and responsibilities for risk management to ensure a functioning and efficient control and monitoring framework.



Organisation of risk management following ECIIA: Guidance on the 8th EU Company Law Directive, Article 41

The **first line of defence** is the operating management, which has responsibility for identifying, analysing, assessing, managing and monitoring risks and opportunities. As **risk owner**, the operating management is responsible for establishing preventive measures to avoid or mitigate risks, for taking advantage of opportunities that arise in the day-to-day business and for ensuring that all activities coincide with the company objectives.

The **second line of defence** supports the operating management in **risk control** as well as in further developing the risk management system and the internal control system. This includes the central functions for risk management, compliance, quality management, health/safety/environment (HSE), IT security, and controlling and reporting. The central divisions establish standards, methods and processes for the risk management along with related standards and guidelines, manage and monitor their implementation in the operating areas, report periodically to the company management and review the level of sophistication and further development of the management system.

The **third line of defence** comprises the internal audit department as an objective and independent audit and consulting entity for **risk assurance**. The internal audit department supports the company management, the operating management and the monitoring entities in early risk recognition and reviews the effectiveness of the measures established to minimise or avoid risk.

Complementing the above, the **financial auditor**, as part of its annual audit activities, assesses the effectiveness and efficacy of the risk management system and the internal control system and so supports the ongoing monitoring of the efficiency of the three lines of defence. The essential success factors of our integrated governance system are explained below:

#1 – MANAGEMENT SYSTEM WITH ASSOCIATED POLICIES AND RULES

The management system of the STRABAG Group is described with the associated policies in the Management Manual and is documented with superordinate and subordinate rules. The rules apply across the group and have been translated and communicated in all relevant group languages.

#2 – ORGANISATIONAL STRUCTURE WITH CENTRAL ENTITIES

The management of the risks and opportunities receives significant support from the group's organisational structure. The uniformity of the organisation creates economies of scale and results in efficient controlling and reporting. Under the roof of the parent company STRABAG SE, a number of legally independent subsidiaries are active in their respective national markets. The top level of organisation are the segments North + West, South + East, International + Special Divisions and Other (this segment comprises the central divisions and the central staff divisions), each of which is headed by at least one member of the Management Board.

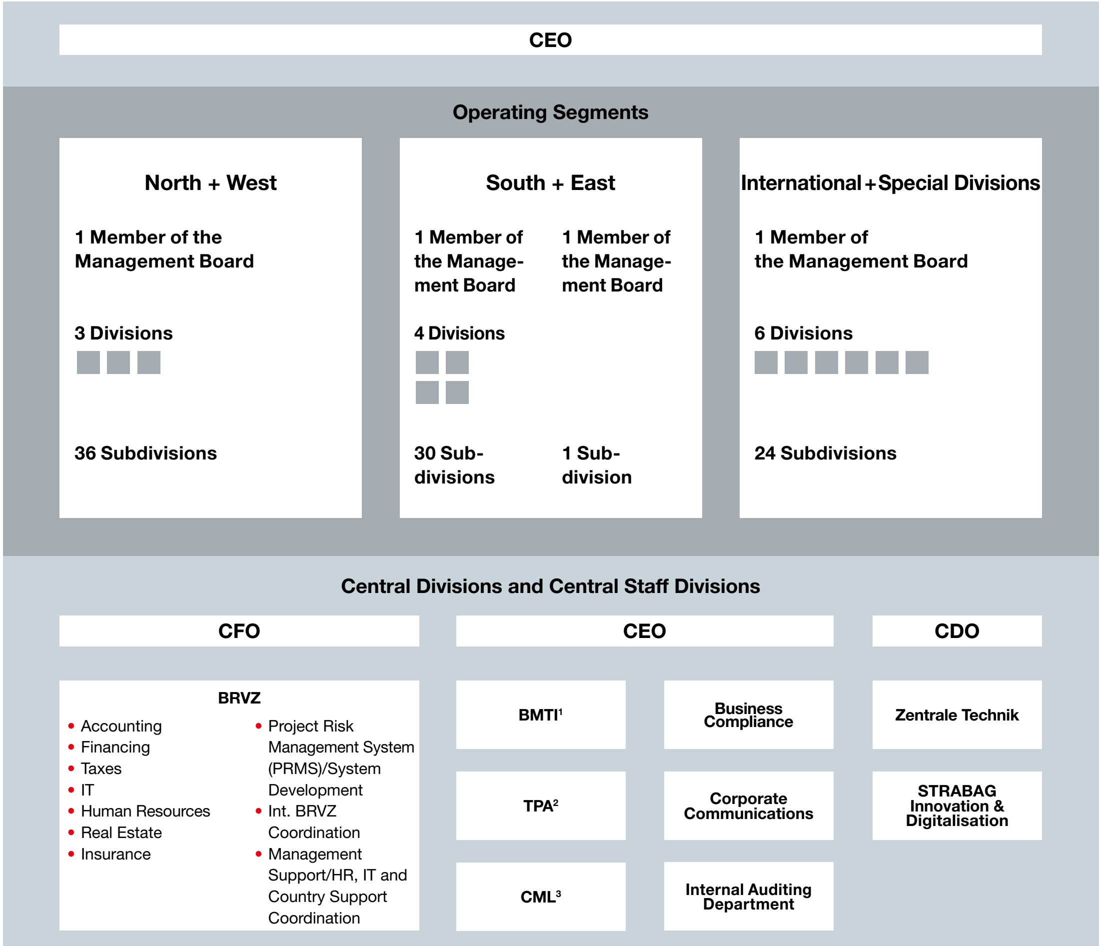
The STRABAG SE **Management Board** is the group's top management body. It is responsible for maintaining the group's financial balance and determines its strategic goals. The Management Board regularly discusses matters of corporate responsibility and sustainability. During the execution of these tasks, the Management Board is supported by the **divisions** as well as by the central divisions and central staff divisions (service companies).

The division managers coordinate and steer their subdivisions and report directly to the member of the Management Board responsible for their division. They manage their business independently and on their own responsibility within the framework of the group's business policy. It is their responsibility to reach the objectives laid out in the strategic and operational planning and to realise the specified individual measures.

The operating business is managed by the **subdivisions**, which in turn are organised into individual business units. They are responsible for the greatest possible success in their regional markets or business fields and are managed by the superordinate division managers.

The **central divisions** handle the group's internal services in areas such as accounting, financing, taxes, IT, human resources, real estate, insurance, project risk management and system development, equipment and vehicle management, quality management, health/safety/environment and energy management, technical consultation, quality assurance, digitalisation/innovation/business development, prequalification, contract management and legal services. As competence centres, they support the operating units so these can concentrate on their core business and deliver their services to the clients in an efficient manner. The **central staff divisions** are responsible for internal audit, communications and business compliance and report directly to the CEO.

While important decisions at the Management Board level are made during regular board meetings, the **four-eyes principle** applies at the levels below. For us, this dual management structure ensures efficient risk management and foresees that responsibility is largely assumed jointly by one technical and one commercial manager.



1 BMTI: equipment and vehicle management

2 TPA: quality management, technical consultation, quality assurance, innovation management, health/safety/environment and energy management

3 CML: prequalification, contract management and legal services

Last updated: 1 January 2022

#3 – PROJECT SELECTION AND INTERNAL PRICE COMMISSION

Project risks often have their origin long before contract signing. In order to recognise significant risks and opportunities at an early stage, we select projects before participation in a prequalification phase or before the start of bid processing on the basis of defined criteria and disclosure thresholds. Especially with large projects, the management can set framework conditions for the further bid processing and for the early inclusion of specialists from the group's central divisions and central staff divisions. When defined disclosure thresholds are exceeded, a bid, before it is submitted, must be closely reviewed and approved by internal **price commissions** composed of members from various hierarchy levels depending on the project size.

"We have a self-developed management information system that helps us to apply the same standards in all regions in which we operate. That means clear criteria for the assessment of new projects, a standardised process for the submission of bids, and control systems that serve as filters to avoid loss-bringing projects."

Thomas Birtel,
CEO of STRABAG SE

#4 – MANAGEMENT INFORMATION SYSTEM

Our management information system gives us an up-to-date overview of the financial status of all our projects with data that can be compared from country to country. In addition, evaluations are analysed by the respective management and members of the STRABAG SE Management Board at regular intervals.

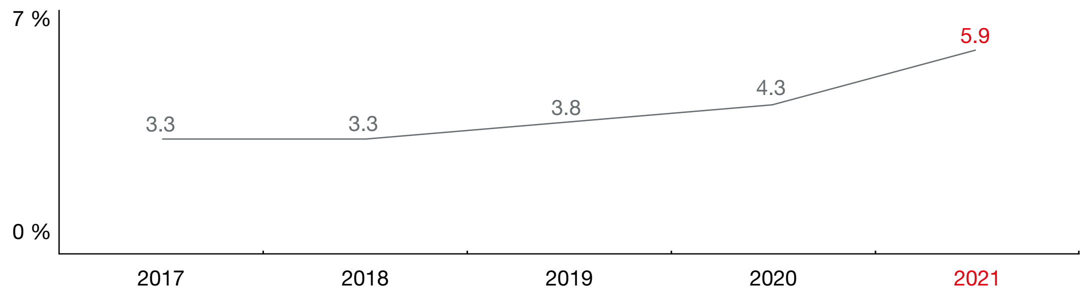
Objectives and indicators

A primary objective is the **long-term existence of our company**, which we strive to ensure by maintaining our focus on cost efficiency and the disciplined use of capital. To reach this overriding objective, we set ourselves the following specific goals:

REACH AND SUSTAIN THE DEFINED EBIT MARGIN TARGET

The **EBIT margin** is our **most important financial indicator**. The margin is especially crucial for our investors. Given our policy of paying out 30–50 % of the net income after minorities in the form of a dividend, our investors are especially interested in seeing a sustained achievement of the EBIT margin target.

DEVELOPMENT OF EBIT MARGIN[1]



We have set ourselves the goal of achieving an EBIT margin (EBIT/revenue) of 4 % by 2022. The combination of numerous positive earnings effects in all segments has led to an EBIT margin of 5.9 % being achieved in 2021.

1 2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million

CONSTANTLY INCREASE THE EFFICIENCY OF THE PROJECT RISK MANAGEMENT SYSTEM

To maintain the EBIT margin at the level attained, and raise it if possible, we must consistently and sustainably reduce the flop rate by constantly improving the efficiency of our project risk management. We have implemented a risk management system (RMS) with an integrated internal control system (ICS) across the group to help us in the early identification, accurate assessment, effective management, and transparent end-to-end monitoring of significant project risks and opportunities. We periodically review the efficiency and effectiveness of the systems, processes and controls for early recognition of all material risks and related countermeasures in order to deflect impending damage to the company and rule out any potential threat to its existence. Weak points that are identified in the process are transparently documented and immediately rectified.

For the monitoring of the overriding objective, several **indicators** are periodically measured and tracked on the basis of multi-year comparisons. These indicators include:

- Financial figures
- Project and organisational figures
- Economic and industry situation
- Market position and competition
- Client situation
- Services offered
- Management quality

However, the effectiveness and efficacy of the risk management system cannot be measured or assessed on the basis of an isolated observation of individual risk parameters. Many different indicators must be observed in the context of various influencing and correlating factors.

We are working on developing a more uniform, group-wide understanding of risk and a standardised, end-to-end method for the identification, categorisation, assessment and tracking of risks and opportunities. On this basis, the documented project risks and opportunities can be aggregated over the long term and the associated risk indicators can be ascertained. Using cause/effect analyses, we also evaluate the degree to which this allows us to derive correlations or dependencies that could serve as early-warning indicators to deliver important information for the management of risks and opportunities.

ENSURE COST EFFICIENCY AND DISCIPLINED USE OF CAPITAL

To reach an EBIT margin of 4.0 %, it will not be necessary for the market – i.e. the macroeconomic environment – to change. Besides our increased efforts to improve the project risk management, we are maintaining our focus on **cost efficiency and the disciplined use of capital**. We are currently working to consolidate the efficiency improvements achieved so far with regard to the organisational and strategic position of the group.

Advice and support in this regard comes from the **central division Project Risk Management System/System Development/International BRVZ Coordination** that was created in 2015. The main tasks of this team include the development of organisational indicators and benchmarks for efficiency improvement as well as the consultation and support in organisational development measures at individual company entities.

Projects and initiatives

Based on the strategic principles for the management of risks and opportunities, the measures we are taking include the following:

MEASURES TO STRENGTHEN THE PROJECT RISK MANAGEMENT SYSTEM

The STRABAG Group's risk management system was improved through the following changes and enhancements in the 2021 financial year:

- Improvement of the decision-making foundations in the project procurement phase through standardised project presentations for pre-qualification, selection interview and price commission with mandatory application for large-scale and mega projects
- Implementation and further development of a tablet-optimised app for management with easy access to transparent and aggregated decision-making foundations for selection and price commission as well as an integrated task module for approval requirements
- Continued implementation of workshops and project-related plausibilisation talks for the application of the corporate-wide standardised catalogue of causes for the allocation of significant positive and negative earnings causes with an analysis of cause-and-effect relationships

In the 2021 financial year, we also continued the following developments which are either in the evaluation and conception phase or are finding implementation in subprojects:

- Ongoing implementation of activities to measure the penetration, acceptance and compliance with the common project standards (CPS)
- Continuous improvement of project data management in the areas of quality assurance, functionalities and interfaces for a more efficient selection and price commission in the context of project procurement as well as system-supported tracking and updating of project information in the course of project execution
- Rollout and further development of IT tools for end-to-end system documentation and tracking of risks and opportunities
- Gradual implementation of a modular controlling portal as a central entry point for project and organisational controlling
- Extension of the standardised reporting to include project management tools for the early identification of opportunities and errors (e.g. comparison of target/actual quantities for main works)
- Development of dashboards with aggregated key figures for the management as well as the further development and enhancement of suitable organisational indicators as a decision-making foundation for sustained structural optimisations
- Improvement of system interfaces to avoid redundant data collection and to increase quality and transparency in data management and the determination of performance indicators
- Improvement and expansion of data management for the gradual development of a knowledge database with the addition of analysis and evaluation options to promote a demand-oriented exchange of experience between the project participants

An essential prerequisite for the improvement of our project risk management system is the active contribution of all employees with a clear commitment to an open error culture. This is where our values of partnership, sustainability and innovative spirit, based on honesty, fairness and mutual appreciation, are of particular importance, as they form the foundation for a learning organisation.

DIGITALISATION TO PROVIDE NEW TOOLS FOR THE REDUCTION OF CONSTRUCTION RISKS

Also see the chapter "Digitalisation and Innovation"

The new tools being used in **BIM 5D®** processes facilitate, among other things, regular consistency reviews of the construction designs, a model-based quantity, cost and performance assessment as well as schedule planning, and, on this basis, an end-to-end rendering of the construction sequence with digitally linked processes and consistent data across the entire life cycle of a building. This can help uncover and correct errors at an early stage, thus minimising the risks in a construction project, the roots of which are often found in the design phase. The digitally retrievable data can then be used for different analyses (including building analyses and simulations, sustainability studies or building certification). The digital tools also promote an efficient and transparent working relationship with clients, designers and partner companies.

HUMAN RIGHTS

By providing construction services in structurally weak regions, we are making an important contribution to infrastructure expansion and job creation in those places. In geographical terms, about 95 % of our work is performed in Europe and some 5 % outside of Europe. In this context, some of our projects are located in countries that have received international criticism for their human rights situation.

Different standards for the protection of human rights prevail in the various countries where we do business. Moreover, the supply and value chains in the construction industry are small-scale and complex, which can increase the risk of non-transparency. When it comes to the protection of human rights, however, we take the matter seriously and work to raise awareness for the issue among group employees, suppliers and subcontractors. The STRABAG Group adheres to all internationally applicable standards and, through the Code of Conduct, group directives and management directives, specifies a compliance framework that, among other things, rejects illegal employment relationships and guarantees minimum pay and occupational safety (HSE organisation at group level) so that the identified risks regarding pay, working conditions and occupational accidents can be dealt with effectively and permanently. STRABAG ensures the country-specific, legally prescribed minimum wage or the collective wage in a certain trade through monitoring by the central human resources administration.

Rules, responsibilities and due diligence

See chapter
"Fair Competition"

The STRABAG SE **Code of Conduct** precisely establishes the system of values to which the company and all its employees are committed. Through workshops and training sessions, employees are made aware of and sensitised to the group's values in the long term. In particular, the values of partnership, solidarity and respect, together with fairness, help to create an environment that fosters interactions between the employees at STRABAG that are in line with the respect for human rights. The Code of Conduct forms an integral part of the employment documents for all group employees. STRABAG SE also expects its stakeholders – especially suppliers and subcontractors – to act in accordance with the Code of Conduct.

In the Code of Conduct, STRABAG SE expressly commits to equal opportunities regardless of skin colour, nationality, gender, sexual orientation, religion, disability or age and to a working environment free from discrimination, harassment or reprisals. As an international construction technology group, we therefore employ people based on their qualifications and the experience required for the work to be performed.

www.strabag.com >
Strategy > Strategic
Approach > Business
Compliance

The annex "Principles of Employment Conditions and Human Rights" supplements the Code of Conduct. All employees were informed of and asked to observe and comply with these principles, which were also incorporated into the existing general terms and conditions or comparable agreements. In accordance with the UK and Australian Modern Slavery Act, we have also published a statement underlining the relevance of human rights risks in our business activities and supply chain. STRABAG's commitment to the prohibition of slavery, human trafficking and child labour has since been firmly anchored in our updated Corporate Responsibility Policy.

Potential human rights violations, such as discrimination at the workplace, can be reported by employees and external persons via an online whistleblowing system or to the stated contact persons (ombudspersons). A detailed explanation of how whistleblower reports are handled and how we guarantee the privacy and anonymity of whistleblowers and other persons involved can be found in an internal functional description or in the externally accessible FAQs.

Reports are initially examined for plausibility. If the case is justified, it is pursued accordingly by the responsible regional ombudspersons. Organisational and personnel measures – from warnings to dismissals – are taken by the management representative in charge in order to respond appropriately to the identified offences and to counteract any future violations.

Objectives and indicators

Online whistleblower platform: strabag.integrityplatform.org

The creation and maintenance of employment conditions that are in compliance with the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and with the United Nations' Universal Declaration of Human Rights are an essential goal of the STRABAG Group's value system. Particularly relevant here are:

- the prohibition of discrimination in respect of employment and occupation
- the prohibition of slavery and human trafficking
- the prohibition of child labour

The following indicators are used to measure if an objective has been reached:

- number of cases identified in the category "discrimination" in the reporting year (cases are assigned to the year in which they were conclusively discovered): 12
- number of cases identified in the category "human rights and working conditions" in the reporting year (cases are assigned to the year in which they were conclusively discovered): 3

In 2021, there was a significant increase in reported cases with a total of 27 (2020: 17 reported cases). Of the 27 reports, 24 could be assigned to the category "discrimination" and three to the category "human rights and working conditions". In 14 of the 27 cases, the conflict was resolved amicably. In one case, the employee was dismissed. Six reports were not substantiated. Three cases were withdrawn, and three cases are still under investigation.

In 2021, for the first time, reports were also recorded in the whistleblower system that were not submitted directly to the ombudspersons via the whistleblower platform but by telephone or e-mail (in 14 of 27 cases). Furthermore, search terms were added to the intranet, which made it easier to find the whistleblower platform and the ombudspersons contact information. The increased visibility played a role in increasing the number of reported cases.

Projects and initiatives

In spring 2021, STRABAG joined the United Nations Global Compact, thereby committing to ten global principles in the areas of human rights, labour standards, environmental protection and anti-corruption.

Due to the broad range of construction services along the entire value chain, STRABAG is dependent on reliable, high-quality suppliers and subcontractors around the world. Only in this way can we offer quality products and services with the greatest possible benefit for our customers and for society. In order to fulfil our obligation to exercise due diligence and to better assess the impact on the environment and society along the supply chain, we have set up a project titled "Sustainability in the Supply Chain". Using a management and audit system for suppliers and subcontractors, our aim is to analyse risks related to human rights, occupational health, safety and the environment along our supply chain and to avert potentially negative impacts through preventive and remedial measures.

The subject of diversity and of equal treatment of women and men is dealt with in the Consolidated Corporate Governance Report.

SOCIETAL ENGAGEMENT

Focus on cultural and social projects as well as on team sports

Our business activity – the business of building – directly shapes people's living environment. The result is an interaction between construction and society: Only in a successful society can we succeed. At STRABAG, we therefore feel obliged to contribute to the healthy development of society as a whole. This means that we make contributions to maintain the social standards in Central Europe, to improve them in other countries, and that we support cultural projects as well as team sports to enhance team spirit.

Rules, responsibilities and due diligence

If and in which form we lend substantial support is decided by the STRABAG SE Management Board according to eligibility criteria such as:

- Can STRABAG, given the nature of its business, make a contribution to the project that companies in other industries could not?
- Is the project worth our long-term commitment?
- Does the project fit our strategy and our public image?

Objectives and indicators

We do not extend our social commitment indiscriminately, but instead support selected initiatives over the long term in order to make a lasting contribution. One of the indicators we use to measure our commitment is the contribution we make to the core projects and initiatives mentioned below. In 2021, this amounted to € 3.90 million (2020: € 3.30 million).

Projects and initiatives

CONCORDIA SOCIAL PROJECTS

In the social sphere, we are especially committed to helping children and youth in Eastern and South-East Europe by giving them an opportunity for an education and the chance for a better future. This also helps to secure the future of our company in these markets. An important contribution is made to CONCORDIA.

CONCORDIA's vision: For all children and young people to live an independent life and to be fully included in their communities.

CONCORDIA is an international organisation with a broad range of services that includes emergency aid, crisis centres, outreach work, alternative childcare and accommodation, as well as education and training to help disadvantaged children, youth and families in need. From its start in 1991 as a social project for street children in Bucharest, CONCORDIA has grown into an organisation which today helps more than 9,000 children, youth and families in Romania, Bulgaria and Moldova.

The organisation's most important goal is keeping families together. Many parents are forced to leave the country in search for work. Many children are unable to stay with their families due to existential poverty or for other reasons. CONCORDIA's services therefore comprise family-like children's homes, foster care, social centres for youth in precarious situations, assisted living facilities for young adults, and community work. Another focus is on educational projects: from educational assistance or music instruction to separate training facilities, for example for cooking/baking or the carpentry trade.

In Moldova, CONCORDIA also attends to the needs of around 6,000 people who live in extreme poverty. All over the country, CONCORDIA's social centres and soup kitchens provide elderly people and children in need with the essentials they require every day. The outbreak of the Covid-19 pandemic has led to an increase in the number of people affected by extreme poverty. Due to increased cases of domestic violence, CONCORDIA also recently started operating a crisis centre for children affected by this problem. STRABAG has been a partner of CONCORDIA for years, helping to build living facilities for children who for various reasons cannot grow up with their parents, setting up social centres and soup kitchens, and offering continuous support of the organisation's activities.

Supported by STRABAG, CONCORDIA also provides assistance to children from low-income families in Austria and helps unaccompanied minor refugees take their first steps towards integration. Since 2016, an annual fundraising concert by Tyrolean Festival Erl on behalf of CONCORDIA's children's projects has been a regular part of the joint effort by STRABAG and CONCORDIA to help people in need.

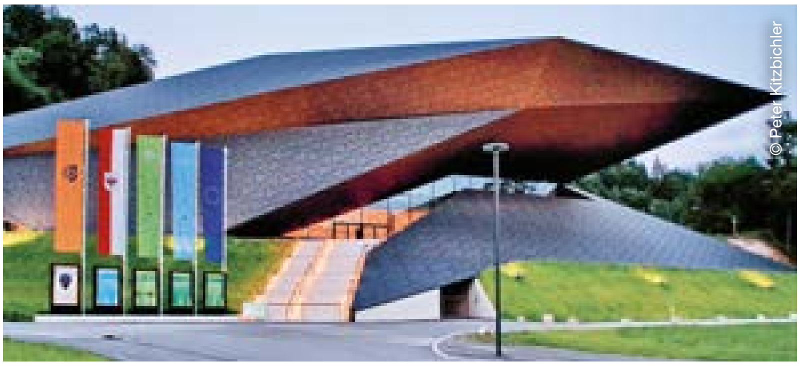
A hot meal at CONCORDIA Tranzit in Prizren (Kosovo). For some children, it is the only one of the day.

Since the beginning of 2021, CONCORDIA has also been active with its own organisation in Kosovo. The CONCORDIA Tranzit Education Centre in Prizren in the south of the country offers a programme for early childhood education, learning support for school children, music lessons and an education programme for young people. Tranzit is a drop-in centre for children from precarious backgrounds, some of whom have never attended school before. CONCORDIA actively reaches out to those families who are on the margins of society and live in extreme poverty.

More information: www.concordia.or.at

TYROLEAN FESTIVAL ERL

Tyrolean Festival Erl was founded in 1997 and has been held in the illustrious Passion Play town of Erl in Austria every year since 1998. STRABAG has been a supporting partner from the beginning. To guarantee the long-term viability of this important cultural venue, the foundation Tiroler Festspiele Erl Gemeinnützige Privatstiftung was established in 2017 with STRABAG SE as one of the foundation's sponsors.



The festival theatre in Erl, Austria

Tyrolean Festival Erl has become a respected fixture in the cultural life of Tyrol and internationally. Despite the restrictions during the Covid-19 pandemic, the 2020/21 season still saw numerous programmes performed in front of a live audience with around 15,000 visitors treated to top-class opera, concert and chamber music. The focus in the summer of 2021 was on Wagnerian opera, complemented by other opera productions as well as by classical and contemporary concert repertoire. All year round, the unique acoustics in the festival theatre also do justice to the works of Mozart, Bach, Italian and international composers and bel canto.

An attractive winter season programme was added to the summer programme in 2012 when performances became possible in the STRABAG-built festival theatre. Further events were added to the festival programme in 2017 with the piano days and the Thanksgiving concert series. The 2020/21 Winter Festival was rescheduled to spring 2021 due to the restrictions imposed by the lockdown regulations and could finally be presented to the public as a broadcast on ORF III.

More information: www.tiroler-festspiele.at

ENSEMBLE:PORCIA

Ensemble:Porcia is the most important cultural institution in the small town of Spittal an der Drau in Upper Carinthia. In the second year of the pandemic, the originally planned programme again had to be significantly curtailed due to strict Covid-19 rules. Nevertheless, the great commitment of all those involved made it possible to welcome more than 15,000 visitors to the castle in 2021. For this special summer, seven in-house productions were developed by a 40-strong artistic ensemble from the fields of acting, music, directing, stage design, costume design and composition, together with a strong technical team. The Porcia Theatre Wagon went on a special tour again as well, delighting an audience of around 8,000 people at 48 venues in as many days between the end of June and mid-September. With the performances in the castle and the theatre wagon, the ensemble managed to reach an audience of over 23,000 peoplein the summer of 2021. Thanks to its continued commitment and dedication, the travelling troupe thus once again succeeded in drawing attention to culture in Carinthia and Spittal by getting people excited about the performing arts during another unusual summer.

More information: www.ensemble-porcia.at

STRABAG KUNSTFORUM

STRABAG Kunstforum has long been in the service of arts patronage – as organiser of the STRABAG Artaward International, with the exhibitions at the STRABAG Artlounge and through the establishment and maintenance of the permanent collections at more than 60 offices throughout Europe. In 2021, the corporate locations in London (United Kingdom), Neu-Ulm (Germany) and Karlsruhe (Germany) as well as TechGate Vienna and Leopold-Böhm-Strasse in Vienna (Austria), among others, were endowed with visual art from the STRABAG Artcollection. Further locations such as Prague (Czech Republic), Bratislava (Slovakia) and Belgrade (Serbia) are in preparation.

© Rudi Fröse

STRABAG Artlounge exhibition: Sophie Gogl, *Asche*, 2021

With nearly 4,000 works of art, the STRABAG Artcollection helps to inspire an engagement with art at the workplace. In addition, the temporary exhibitions at the STRABAG Artlounge in Vienna offer artists a platform to present their work to an interested public. The temporary exhibitions as well as the permanent installation of Bruno Gironcoli's work at the Gironcoli-Kristall in Vienna are open to employees and the general public during regular office hours. Admission is free. A key objective of the STRABAG Kunstforum is art education, and the exhibition at the Gironcolli-Kristall can be accompanied by a Hearonymus audio guide if desired. Employees, business partners and anyone interested in art are also cordially invited to take a guided tour of the STRABAG Artlounge, the entire collection and the Gironcoli-Kristall.

The STRABAG Artaward is the central element of STRABAG Kunstforum's activities. The award has been presented in Austria since 1994 (with an interruption in 2004 and 2005), since 2009 as an international art sponsorship award for artists in the fields of painting and drawing. Artists may apply for the STRABAG Artaward International via an online procedure. A jury of international art experts, rotated every three years, selects the winners annually during an intense jury session in front of the original works. In addition to the prize money, artists receive the opportunity to present their works at an individual exhibition in the STRABAG Artlounge. STRABAG Kunstforum also gives artists access to the art studio at the STRABAG head office in Vienna in order to promote creativity as well as artistic productivity and exchange within the art scene. For the years

2021–2023, the award is open to artists from Austria, Poland, Slovakia, the Czech Republic and Hungary. Every year, the prominent members of the STRABAG Artaward International jury select a main prize and four recognition prizes from approximately 1,000 submissions. The prizes for 2021 went to Anouk Lamm Anouk (Austria, main prize) and to Robert Gabris (Austria/Slovakia), Samuel Paučo (Czech Republic), Natália Šimonová (Slovakia) and Marcin Zawicki (Poland). The solo exhibitions are being held from October 2021 through April 2022. Videos of the exhibitions can be seen on the STRABAG Kunstforum YouTube channel.

At the same time, the STRABAG Artlounge is also honouring long-standing artists from the collection with large solo exhibitions in the Artlounge Special exhibition series. The series opened in September 2021 with the exhibition Feine Salonkust für das bürgerliche Wohnzimmer [Fine Salon Art for the Bourgeois Living Room] by Peter Pongratz. Born in 1940, Pongratz is one of Austria's most outstanding contemporary artists. In search of authenticity in art, he draws inspiration from art brut, tribal art and children's drawings and has always been interested in forms of expression that go beyond the classical understanding of art. Emotion, fantasy and improvisation characterise his artistic work. At the opening event, Pongratz shared some whimsical and humorous stories from his life as an artist.

More information: www.strabag-kunstforum.at

Peter Pongratz speaking with Wilhelm Weiß and Tanja Skorepa (both of STRABAG Kunstforum) at his exhibition *Feine Salonkunst für das bürgerliche Wohnzimmer* at STRABAG Artlounge, September 2021

STRABAG Artlounge exhibition: Robert Gabris, *Inventing Human: Sketches*, 2021

STRABAG Artlounge exhibition: Samuel Paučo, *(Ge)Schichten*, 2021

EU TAXONOMY

Regulation (EU) 2020/852 ("Taxonomy Regulation"), which entered into force on 12 July 2020, establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable. It provides the legal basis for sustainable investments as a way to swiftly implement the European Green Deal. The aim of the regulation is to introduce a uniform classification system ("EU Taxonomy") in order to steer capital flows into environmentally sustainable sectors.

For this purpose, the taxonomy identifies economic activities that have a significant impact on the EU's environmental objectives.

These six environmental objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The first step was to focus on the environmental objectives of "climate change mitigation" and "adaptation" by selecting those sectors that have a high impact on greenhouse gas (GHG) emissions. Criteria were defined for some 80 subsectors of the economy that together account for about 80 % of direct GHG emissions in Europe.[1] This also includes the construction and real estate sector, with a share of 36 %[2] of GHG emissions. In the infrastructure sector, the only infrastructure included in the economic activities is that for low-carbon transport (e.g. railways, bicycles and personal mobility on foot).

A large part of the STRABAG Group's activities, in particular road construction, infrastructure project development, building materials production, and property and facility services, are currently not taxonomy-eligible, meaning they are not included in the economic activities defined within the EU Taxonomy.

After this classification of economic activities into those that are taxonomy-eligible and those that are not, the degree to which the activities are environmentally sustainable is assessed on the basis of the technical screening criteria. These criteria are already available in detailed form for the environmental objectives of climate change mitigation and climate change adaptation.

An economic activity is considered environmentally sustainable if it contributes substantially to one or more of the six environmental objectives, does not significantly harm any of the other environmental objectives, and is carried out in compliance with certain minimum safeguards. Whether an economic activity makes a substantial contribution or does no significant harm to an environmental objective is determined on the basis of the technical screening criteria specified in detail by the European Commission.

The criteria and requirements must all be fulfilled **cumulatively**.

Article 8 of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 requires non-financial undertakings to disclose information on the following in their non-financial report:

- proportion and absolute value of the taxonomy-aligned, the taxonomy-eligible but not taxonomy-aligned, and the taxonomy-non-eligible revenue related to products or services associated with environmentally sustainable economic activities
- proportion and absolute value of the taxonomy-aligned, the taxonomy-eligible but not taxonomy-aligned, and the taxonomy-non-eligible capital expenditures and operating expenditures related to assets or processes associated with environmentally sustainable economic activities

The detailed calculation of these individual values is described in the subchapters on "revenue", "capital expenditures" and "operating expenditures".

1 DIW weekly report 50/2020, p. 974 & European Commission: Frequently asked questions: What is the EU Taxonomy and how will it work in practice?, https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-faq_en.pdf (retrieved on 20 December 2021)
2 European Commission: In focus: Energy efficiency in buildings, https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-lut-17_en (retrieved on 19 December 2021)

Relief provisions for the 2021 financial year

An assessment of the economic activities against the defined screening criteria is not yet required for reporting on the 2021 financial year. The company must only indicate which of its activities are included in the economic activities defined within the EU Taxonomy, i.e. which activities are taxonomy-eligible. On this basis, the reporting must show in aggregated form the proportion of revenue, capital expenditures and operating expenditures for economic activities that are taxonomy-eligible and those that are not. For 2021, the economic activities are only considered with regard to the environmental objectives of climate change mitigation and climate change adaptation.

The EU Taxonomy Regulation and the delegated acts issued in this regard contain formulations and terms that are still subject to considerable uncertainties regarding their interpretation and for which clarifications have not always been published. STRABAG SE's interpretation of these terms is set out in the following explanations.

Revenue

Determination of the denominator according to Article 8 Annex 1:

The revenue comprises revenue that was recognised in accordance with IAS 1.82(a), determined on the basis of IFRS 15. It includes revenue from construction contracts, revenue from construction materials, revenue from facility management, revenue from project developments and other revenue.

Determination of the numerator according to Article 8 Annex 1:

The allocation of revenue to the economic activities of the EU Taxonomy is based on the business fields recorded in the central controlling system. When an order is placed, it is assigned to a unique business field as soon as the cost centre is opened. This ensures a clear allocation of the economic activity.

Item 7.1.[1] of the EU Taxonomy on the construction of new buildings defines this activity as the development of building projects for residential and non-residential buildings as well as the construction of complete residential or non-residential buildings on a contract basis. The STRABAG business fields of building construction (general contractor) and real estate development can be subsumed under this economic activity.

STRABAG's business activities with regard to railways, railway tunnels, railway bridges and railway station buildings fall under item 6.14. (infrastructure for rail transport) of the EU Taxonomy, which covers the construction and modernisation of railways as well as bridges, tunnels and stations.

Corporate revenues are also attributable to the economic activities 4.1. to 4.8. (construction of power plants for electricity generation from alternative sources), 5.3. and 5.4. (construction, extension and renewal of waste water collection and treatment) and 6.13. (infrastructure for personal mobility, cycle logistics).

The revenue for the 2021 financial year is as follows:

REVENUE

	€ mln.	%
Taxonomy-eligible revenue	4,686.83	30.64
Taxonomy-non-eligible revenue	10,611.71	69.36
Revenue according to IFRS financial statements as at 31 December 2021[2]	**15,298.54**	**100.00**

The result shows that a high proportion of the business fields of the STRABAG Group – economic activities such as road construction, civil engineering, building materials production, tunnelling, and property and facility services – are currently not covered by the EU Taxonomy. As a result, there are no technical screening criteria laid out in the regulation to assess their degree of sustainability. However, sustainable solutions in essential business fields are key for a successful

1 The following references are to the Commission Delegated Regulation (EU) 2021/2139 from 4 June 2021.
2 See Consolidated Income Statement in the Consolidated Financial Statements as at 31 December 2021.

transition to a sustainable economy. STRABAG relies on relevant standards in this area and pursues a comprehensive sustainability concept. Detailed information can be found elsewhere in this Consolidated Non-Financial Report.

A large proportion of building construction also does not fall under the taxonomy-eligible economic activities, as the definition is aimed at the construction of complete residential and non-residential buildings. In many cases, however, STRABAG is only responsible for individual parts of buildings. As a result, the company does not have the necessary data for assessing the sustainability of this activity against the screening criteria.

The EU Taxonomy is constantly evolving. The inclusion of further economic activities and the adaptation and expansion of the assessment criteria are to be expected.

Management approach

As the STRABAG Group's revenues stem from a large number of very different individual projects, the examination of the technical criteria of the taxonomy-eligible economic activities cannot be carried out at the level of the activity itself, but only at the individual project level. Since the extensive and detailed criteria that are involved necessitate a considerable administrative effort, the detailed audit will only be carried out for projects of a material size and above.

The sizes and the technical solutions for the survey, determination and consolidation of the data are currently still being worked out. For the 2022 financial year, it is planned to determine the main projects for the economic activities of "infrastructure for rail transport" and "construction of new buildings".

STRABAG SE is a leading European technology group for construction services. These services are provided on the basis of public tenders or specifications from private clients. Sustainable solutions are offered. STRABAG has an influence on the ecological design of buildings only in rare cases or within the scope of its own project developments. In public tenders in particular, the company is usually only commissioned to carry out the construction work.

Initial pilot projects show that many of the criteria specified by the EU Taxonomy are not yet included as standard in construction projects. It is to be expected that only a small proportion of projects currently commissioned are in compliance with the taxonomy.

Capital expenditures (CapEx)

Determination of the denominator according to Article 8 Annex 1:

Capital expenditures as defined by the EU Taxonomy include additions to tangible and intangible fixed assets, including those from business combinations. Also included are additions to right-of-use assets (excluding additions from value adjustments to contracts) in accordance with IFRS 16. The disclosures are made before depreciation, amortisation, impairment or other changes in value.

The total capital expenditures in intangible and tangible assets reported in the IFRS consolidated financial statements form the starting point for determining the taxonomy-eligible investments.

Determination of the numerator according to Article 8 Annex 1:

Taxonomy-eligible and taxonomy-aligned expenditures can be divided into three categories:

- Capital expenditures on assets that are associated with taxonomy-eligible or taxonomy-aligned economic activities
- Acquisition of assets from taxonomy-eligible or taxonomy-aligned economic activities that reduce greenhouse gas emissions
- Capital expenditures incurred as part of a plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned (CapEx plan)

CAPITAL EXPENDITURES ON ASSETS THAT ARE ASSOCIATED WITH TAXONOMY-ELIGIBLE OR TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

The STRABAG Group has a central equipment management function that controls the procurement, servicing, maintenance and repair, the equipment deployment, and the recycling of construction machinery, mechanical equipment and vehicles throughout the group.

A clear allocation of construction equipment and the vehicle fleet to individual projects and thus to economic activities is not possible. In the case of mixed-use assets, these are assigned to taxonomy-eligible or taxonomy-aligned economic activities by means of a suitable classification key.

STRABAG assigns technical equipment, machinery, the vehicle fleet, and operating and office equipment to this category. The acquisition of these assets through business combinations is also included here.

The equipment intensity in construction projects varies greatly; especially in projects with a high level of subcontractor services, equipment use differs considerably compared to services performed using the company’s own personnel.

The allocation of capital expenditures is therefore carried out in the ratio of equipment costs recorded in the management reporting in the case of taxonomy-eligible or taxonomy-aligned revenue in relation to the total equipment costs according to the management report.

Due to the applicable relief provisions, capital expenditures for the 2021 financial year based on equipment costs are assigned only to taxonomy-eligible economic activities.

ACQUISITION OF ASSETS FROM TAXONOMY-ELIGIBLE OR TAXONOMY-ALIGNED ECONOMIC ACTIVITIES THAT REDUCE GREENHOUSE GAS EMISSIONS

Buildings constructed by STRABAG for its own use are recognised as taxonomy-eligible economic activities. Starting with the 2022 financial year, any real estate that was acquired or built in-house in a certain financial year will be reviewed for compliance with the technical screening criteria. The acquisition or construction of these buildings is reported in the Consolidated Statement of Fixed Assets under “Properties and buildings” or “Facilities under construction”.

Due to the applicable relief provisions, capital expenditures for the construction of company-owned buildings are presented as taxonomy-eligible for the 2021 financial year.

The acquisition of vehicles represents an acquisition of assets from a taxonomy-eligible economic activity. Capital expenditures for passenger cars that are not directly attributable to the provision of services are therefore included under this item.

CAPITAL EXPENDITURES INCURRED AS PART OF A PLAN TO EXPAND TAXONOMY-ALIGNED ECONOMIC ACTIVITIES OR BECOME TAXONOMY-ALIGNED (CAPEX PLAN)

As part of the sustainability strategy, a wide variety of projects aim to reduce carbon emissions in administration and in construction projects. Detailed information can be found in this Consolidated Non-Financial Report.

Whether and to what extent an economic activity can be classified as taxonomy-aligned is to be assessed on the basis of the screening criteria for the individual construction project. Since STRABAG essentially provides construction services on the basis of public tenders or specifications from clients, taxonomy-aligned economic activities can only be expanded together with the clients. Therefore, no investment plans currently exist in this regard.

CAPITAL EXPENDITURES FOR TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES

This category comprises capital expenditures that cannot be allocated to taxonomy-eligible economic activities.

The right-of-use assets from leases involve a large number of real estate leases for office locations. These are not broken down on the basis of equipment costs, but are allocated in their entirety to capital expenditures for economic activities not covered by the taxonomy.

The calculation is based on the total additions to intangible assets and to property, plant and equipment according to the IFRS consolidated financial statements. First, the capital expenditures for the acquisition of assets from taxonomy-aligned economic activities as well as the taxonomy-non-aligned expenditures are determined. The remaining expenditures are allocated on the basis of the taxonomy-eligible revenue, thus avoiding double counting of expenditures in several taxonomy-eligible economic activities.

The total capital expenditures in the 2021 financial year are as follows:

CAPITAL EXPENDITURES

	T €	%
Capital expenditures for taxonomy-eligible economic activities	72,956	13.65
Acquisition of assets from taxonomy-eligible economic activities	68,941	12.90
Taxonomy-eligible capital expenditures	***141,897***	***26.56***
Taxonomy-non-eligible capital expenditures	***392,418***	***73.44***
Total capital expenditures	**534,314**	**100.00**

Operating expenditures (OpEx)

Determination of the denominator according to Article 8 Annex 1:

Operating expenditures as defined by the EU Taxonomy are, in addition to non-capitalisable research and development activities to achieve taxonomy eligibility, all maintenance and repair expenditures as well as short-term leasing expenses, building renovation activities and other directly attributable costs relevant to the ongoing maintenance and preservation of the functionality of intangible and tangible assets.

Determination of the numerator according to Article 8 Annex 1:

Analogous to the procedure for capital expenditures, the repair and maintenance costs for technical equipment, machinery, the vehicle fleet, and furniture and fixtures are allocated to taxonomy-eligible and taxonomy-non-eligible operating expenditures in proportion to the equipment costs. The maintenance expenses for real estate can be partially allocated to the economic activity 7.2. (renovation of existing buildings) or 7.6. (installation, maintenance and repair of renewable energy technologies) and thus count as partially taxonomy-eligible operating expenditures.

However, a detailed examination of the maintenance of real estate is only carried out if the individual measure exceeds the expenditure of € 3 million. In the 2021 financial year, this value was not exceeded, which is why the entire allocation was made under taxonomy-non-eligible operating expenditures.

The basis for determining the operating expenditures is the respective expense items according to the IFRS consolidated balance sheet.

OPERATING EXPENDITURES

	T €	%
Operating expenditures for taxonomy-eligible economic activities	57,057	17.19
Operating expenditures for assets from taxonomy-eligible economic activities	10,555	3.18
Operating expenditures for taxonomy-eligible economic activities	***67,612***	***20.37***
Operating expenditures for taxonomy-non-eligible economic activities	***264,285***	***79.63***
Total operating expenditures	**331,898**	**100.00**

Minimum safeguards

The minimum safeguards included in the EU Taxonomy are there to ensure that the company carrying out the economic activity implements procedures that guarantee aspects of human rights and workers' rights. An economic activity is carried out in compliance with the minimum safeguards if the following minimum social standards are followed in its implementation:

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- Core conventions of the International Labour Organisation (ILO)

The analysis and evaluation of existing management directives, processes and management structures has revealed a high degree of compliance with the required minimum safeguards. These include the Business Compliance Management System, the safety and health management system, the environmental management system and the energy management system.

For detailed information, please refer to the chapters on “Human Rights”, “Occupational Safety” and “Health Protection” in this Consolidated Non-Financial Report.

Due to the relief provisions, evidence of the minimum safeguards set out in the EU Taxonomy for compliance with human rights and workers' rights does not yet have to be provided for the 2021 financial year.

SUSTAINABILITY PROGRESS

Positive development | Negative development | No change | New figure/Criteria | Development not assessable

Issue	Key figure/Criteria	2019	2020	2021	Development compared to the previous year
Client satisfaction[1]					
	Client satisfaction (index)	1.87	1.87	Data not available[2]	Development not assessable
Digitalisation and Innovation[1]					
	Collection and analysis of machine data	34 %	37 %	44 %	Positive development
	Key equipment with machine control systems	12 %	15 %	15 %	No change
	BIM 5D® workstations	1,560 (+15 %)	1,908 (+23 %)	2,165 (+13 %)	Positive development
	Percentage of employees using mobile end devices (tablets)	18 %	23 %	25 %	Positive development
	Expenditure on research, development and innovation activities	approx. € 17 mln.	approx. € 17 mln.	approx. € 16 mln.	Negative development
	Number of development projects with funding	n. a.	n. a.	24	New figure/Criteria
	Ideas submitted to idea management system	n. a.	n. a.	153	New figure/Criteria
	Implementation rate in idea management system	n. a.	n. a.	29.4 %	New figure/Criteria
Occupational safety[1]					
	Lost-time accident rate[3]	0.24 %	0.27 %	0.26 %	Positive development
	Accident incident rate[4]	15.9	15.9	15.6	Positive development
Health protection[1]					
	Lost-time illness rate[5]	4.9 %	5.3 %	5.8 %	Negative development
Strategic human resource development[1]					
	Number of appraisal interviews held versus number of employees	60.00 %	51.10 %	56.19 %	Positive development
	Training days per employee	1.42	0.68	0.84	Positive development
Equal treatment of women and men					
	Diversity on the Management Board (Women/Men)[6]	0 %/100 %	0 %/100 %	0 %/100 %	No change
	Diversity on the Supervisory Board (Women/Men)[6]	18 %/82 %	27 %/73 %	18 %/82 %	Negative development
	Diversity in management (Women/Men)	9.3 %/90.7%	9.3 %/90.7 %	9.3 %/90.7 %	No change
	Diversity among employees (Women/Men)	16.9 %/83.1 %	17.1 %/82.9 %	17.5 %/82.5 %	Positive development
Fair competition[1]					
	Training "Anti-Corruption and BCMS" (management)	90 %	81 %	81 %	No change
	Training "Cartel law" (management)	90 %	83 %	90 %	Positive development
	E-learning course "Business Compliance Training"[7] (management and employees)	n. a.	n. a.	92 %	New figure/Criteria
	Confirmed corruption cases	2	5	1	Development not assessable

1 Material issue as defined by the GRI standards
2 Due to changes in the way data are collected
3 Number of working hours lost to accidents versus productive working hours
4 Number of accidents at work per 1 million productive working hours
5 Ratio of sick leave days to working days; Values for 2020 were adjusted retroactively due to a change in the calculation method.
6 Employee numbers expressed as head count as at 31 December 2021
7 A new course was implemented in 2021.

Positive development | Negative development | No change | New figure/Criteria | Development not assessable

Issue	Key figure/Criteria	2019	2020	2021	Development compared to the previous year
Materials[1]					
	Percentage of recycled asphalt used in the production of asphalt mixture	34 % (DE) 41 % (PL) 13 % (AT)	33 % (DE) 40 % (PL) 14 % (AT)	34 % (DE) 36 % (PL) 19 % (AT)	
Energy and Emissions[1]					
	Vehicle fleet in Germany and Austria[2] Diesel powered passenger cars	6.01 l/100 km and 161 g CO_2/km	5.97 l/100 km and 160 g CO_2/km	5.90 l/100 km and 158 g CO_2/km	
	Diesel powered commercial vehicles	9.18 l/100 km and 246 g CO_2/km	9.3 l/100 km and 249 g CO_2/km	9.28 l/100 km and 248 g CO_2/km	
	Asphalt mix produced in-house in Germany	93.0 kWh/t and 31.8 kg CO_2/t	93.33 kWh/t and 31.0 kg CO_2/t	97.6 kWh/t and 31.2 kg CO_2/t	
Austrian Code of Corporate Governance (ÖCGK)					
	Compliance with C-Rules and R-Rules	All C-Rules and R-Rules were complied with	All C-Rules and R-Rules were complied with	All C-Rules and R-Rules were complied with	
Human rights					
	Number of cases of discrimination	1	3	12	
	Number of cases identified in the category "human rights and working conditions"[3]	n. a.	n. a.	3	
	Reports of potential human rights violations to the ombudspersons	12	17	27	
Societal Engagement					
	Expenditures for core projects and initiatives	€ 4.2 mln.	€ 3.3 mln.	€ 3.9 mln.	

1 Material issue as defined by the GRI standards
2 Until 2019, the figure was reported including petrol-driven vehicles.
3 Category was introduced in 2021

DATA APPENDIX

Issue	Indicator	Unit	GRI standards	2019	2020	2021
General Employment Figures[1]						
	Number of employees	FTE	102-7	76,919	74,340	73,606
	White-collar	FTE		32,480	31,889	31,934
	Blue-collar	FTE		44,439	42,451	41,672
	Women	Head count %	102-8	16.9	17.1	17.5
	Men	Head count %	102-8	83.1	82.8	82.5
	Age group <30 years	Head count %	405-1	19	19	17
	Age group 30–50 years	Head count %	405-1	50	50	52
	Age group >50 years	Head count %	405-1	31	31	31
	Segment (North + West)	FTE (%)	102-8	25,386 (33 %)	25,801 (35 %)	25,430 (35 %)
	Segment (South + East)	FTE (%)	102-8	19,850 (26 %)	20,512 (27 %)	20,685 (28 %)
	Segment (International + Special Division	FTE (%)	102-8	25,219 (33 %)	21,339 (29 %)	20,610 (28 %)
	Other	FTE (%)	102-8	6,464 (8 %)	6,688 (9 %)	6,881 (9 %)
	Germany	FTE	102-8	29,132	28,150	28,131
	Austria	FTE	102-8	11,524	11,514	11,515
	Americas	FTE	102-8	7,613	6,497	5,786
	Poland	FTE	102-8	6,186	6,428	6,340
	Czech Republic	FTE	102-8	3,916	4,097	4,187
	Hungary	FTE	102-8	2,890	2,880	2,921
	Slovakia	FTE	102-8	1,831	1,745	1,671
	Romania	FTE	102-8	1,524	1,739	1,743
	Middle East	FTE	102-8	2,704	1,553	1,621
	Serbia	FTE	102-8	1,392	1,452	1,346
	Croatia	FTE	102-8	1,078	1,275	1,477
	Rest of Europe	FTE	102-8	1,528	1,123	987
	Asia	FTE	102-8	935	960	796
	Switzerland	FTE	102-8	880	822	749
	Africa	FTE	102-8	1,063	816	1,022
	Russia	FTE	102-8	660	644	569
	United Kingdom	FTE	102-8	n. a.	610	932
	Benelux	FTE	102-8	602	538	381
	Bulgaria	FTE	102-8	401	491	596
	Sweden	FTE	102-8	436	370	319
	Denmark	FTE	102-8	294	276	199
	Italy	FTE	102-8	171	212	176
	Slovenia	FTE	102-8	159	148	142
	Number of nationalities within the group	Number		120	139	147
	Percentage of women in the group and in management					
	Women in the group	Head count %	405-1	16.9	17.1	17.5
	Women in management[2]	Head count %	405-1	9.3	9.3	9.3
	Women on the Supervisory Board[3]	Head count %	405-1	18	27	18
	Women on the Management Board[3]	Head count %	405-1	0	0	0
	Age structures in the Management Board and Supervisory Board					
	Management Board					
	Age group >30 years	Head count %	405-1	0	0	0
	Age group 30–50 years	Head count %	405-1	20	33	17
	Age group >50 years	Head count %	405-1	80	67	83

1 All employee figures were determined by including all associated group companies and represent annual average values.
2 Hierarchy levels from business unit management up
3 As at 31 December 2021

Issue	Indicator	Unit	GRI standards	2019	2020	2021
	Supervisory Board					
	Age group >30 years	Head count %	405-1	0	0	0
	Age group 30–50 years	Head count %	405-1	18	18	9
	Age group >50 years	Head count %	405-1	82	82	91
Detailed employment information						
	Total number of employees by employment contract (permanent and temporary), by gender					
	Total permanent	Head count (%)	102-8	70,645 (86 %)	68,672 (86 %)	68,458 (87 %)
	Total temporary	Head count (%)	102-8	11,668 (14 %)	10,756 (14 %)	9,954 (13 %)
	Women permanent	Head count (%)	102-8	11,664 (84 %)	11,498 (85 %)	11,877 (87 %)
	Women temporary	Head count (%)	102-8	2,212 (16 %)	2,099 (15 %)	1,808 (13 %)
	Men permanent	Head count (%)	102-8	58,981 (86 %)	57,174 (87 %)	56,581 (87 %)
	Men temporary	Head count (%)	102-8	9,456 (14 %)	8,657 (13 %)	8,146 (13 %)
	Total number of employees by employment contract (permanent and temporary), by region					
	Germany permanent	Head count (%)	102-8	28,839 (88 %)	27,664 (87 %)	28,001 (89 %)
	Austria permanent	Head count (%)	102-8	12,119 (99 %)	12,095 (99 %)	11,792 (97 %)
	CEE permanent	Head count (%)	102-8	16,219 (80 %)	16,963 (80 %)	17,477 (82 %)
	Rest of Europe permanent	Head count (%)	102-8	3,682 (92 %)	3,515 (86 %)	3,393 (88 %)
	Rest of world permanent	Head count (%)	102-8	9,786 (76 %)	8,435 (83 %)	7,795 (83 %)
	Germany temporary	Head count (%)	102-8	4,066 (12 %)	4,033 (13 %)	3,562 (11 %)
	Austria temporary	Head count (%)	102-8	101 (1 %)	101 (1 %)	420 (3 %)
	CEE temporary	Head count (%)	102-8	4,058 (20 %)	4,304 (20 %)	3,874 (18 %)
	Rest of Europe temporary	Head count (%)	102-8	310 (8 %)	582 (14 %)	447 (12 %)
	Rest of world temporary	Head count (%)	102-8	3,133 (24 %)	1,736 (17 %)	1,651 (18 %)
	Total number of employees by employment type (full-time and part-time), by gender					
	Total full-time	Head count (%)	102-8	73,789 (90 %)	71,220 (90 %)	70,459 (90 %)
	Total part-time	Head count (%)	102-8	8,524 (10 %)	8,208 (10 %)	7,953 (10 %)
	Women full-time	Head count (%)	102-8	8,863 (64 %)	8,740 (64 %)	8,907 (65 %)
	Women part-time	Head count (%)	102-8	5,013 (36 %)	4,857 (36 %)	4,778 (35 %)
	Men full-time	Head count (%)	102-8	64,926 (95 %)	62,480 (95 %)	61,552 (95 %)
	Men part-time	Head count (%)	102-8	3,511 (5 %)	3,351 (5 %)	3,175 (5 %)
	Whether a significant portion of the organisation's activities are performed by workers who are not employees	Only in individual cases are portions of the organisation's activities performed by workers who are not employees.				
	Any significant variations in the numbers reported in disclosure 102-8-a, 102-8-b, and 102-8-c	No significant variations in the number of employees could be determined.				
	An explanation of how the data have been compiled, including any assumptions made	The information required for the GRI disclosures was taken from the HR master data of the ERP system at the group headquarters as well as from group organisational units with other ERP systems through standardised monthly reporting.				
	Percentage of total employees covered by collective bargaining agreements[1]	Head count (%)	102-41	96	94	94
	New hires (without temporary employment contracts)					
	Women	Head count	401-1	808	623	719
	Men	Head count	401-1	3,558	3,041	3,619
	Age group <30 years	Head count	401-1	1,390	1,120	1,297
	Age group 30–50 years	Head count	401-1	2,298	1,985	2,392
	Age group >50 years	Head count	401-1	678	559	649
	Germany	Head count (Employee hire rate %)	401-1	1,567 (5.4 %)	1,194 (4.3 %)	1,322 (4.7 %)
	Women age group <30 years	Head count	401-1	110	75	81

1 The national requirements are kept at all subsidiaries.

Issue	Indicator	Unit	GRI standards	2019	2020	2021
	Men age group <30 years	Head count	401-1	370	287	328
	Women age group 30–50 years	Head count	401-1	145	110	129
	Men age group 30–50 years	Head count	401-1	639	515	558
	Women age group >50 years	Head count	401-1	52	29	39
	Men age group >50 years	Head count	401-1	251	178	187
	Austria	Head count (Employee hire rate %)	401-1	1,282 (10.6 %)	1,087 (9.0 %)	1,102 (9.3 %)
	Women age group <30 years	Head count	401-1	82	59	59
	Men age group <30 years	Head count	401-1	435	360	329
	Women age group 30–50 years	Head count	401-1	151	128	129
	Men age group 30–50 years	Head count	401-1	478	415	434
	Women age group >50 years	Head count	401-1	34	31	45
	Men age group >50 years	Head count	401-1	102	94	106
	CEE	Head count (Employee hire rate %)	401-1	773 (4.8 %)	556 (3.3 %)	604 (3.5 %)
	Women age group <30 years	Head count	401-1	54	30	46
	Men age group <30 years	Head count	401-1	147	103	134
	Women age group 30–50 years	Head count	401-1	88	68	60
	Men age group 30–50 years	Head count	401-1	363	266	264
	Women age group >50 years	Head count	401-1	11	7	10
	Men age group >50 years	Head count	401-1	110	82	90
	Rest of Europe	Head count (Employee hire rate %)	401-1	290 (7.9 %)	342 (9.7 %)	327 (9.6 %)
	Women age group <30 years	Head count	401-1	18	16	19
	Men age group <30 years	Head count	401-1	72	76	57
	Women age group 30–50 years	Head count	401-1	20	35	48
	Men age group 30–50 years	Head count	401-1	129	153	146
	Women age group >50 years	Head count	401-1	5	11	10
	Men age group >50 years	Head count	401-1	46	51	47
	Rest of world	Head count (Employee hire rate %)	401-1	454 (4.6 %)	485 (5.7 %)	983 (12.6 %)
	Women age group <30 years	Head count	401-1	15	8	13
	Men age group <30 years	Head count	401-1	87	106	231
	Women age group 30–50 years	Head count	401-1	20	14	28
	Men age group 30–50 years	Head count	401-1	265	281	596
	Women age group >50 years	Head count	401-1	3	2	3
	Men age group >50 years	Head count	401-1	64	74	112
	Departures (without temporary employment contracts)					
	Women	Head count	401-1	801	790	806
	Men	Head count	401-1	4,234	4,243	4,159
	Age group <30 years	Head count	401-1	955	799	849
	Age group 30–50 years	Head count	401-1	2.575	2.649	2.623
	Age group >50 years	Head count	401-1	1.505	1.585	1.493
	Germany	Head count (Employee departure rate %)	401-1	1,487 (5.2 %)	1,437 (5.2 %)	1,419 (5.1 %)
	Women age group <30 years	Head count	401-1	62	47	48
	Men age group <30 years	Head count	401-1	229	215	218
	Women age group 30–50 years	Head count	401-1	160	158	154
	Men age group 30–50 years	Head count	401-1	452	454	463
	Women age group >50 years	Head count	401-1	124	128	115
	Men age group >50 years	Head count	401-1	460	435	421
	Austria	Head count (Employee departure rate %)	401-1	775 (6.4 %)	724 (6.0 %)	911 (7.7 %)
	Women age group <30 years	Head count	401-1	33	36	42
	Men age group <30 years	Head count	401-1	167	129	178
	Women age group 30–50 years	Head count	401-1	123	107	108
	Men age group 30–50 years	Head count	401-1	231	218	302

Issue	Indicator	Unit	GRI standards	2019	2020	2021
	Women age group >50 years	Head count	401-1	60	62	69
	Men age group >50 years	Head count	401-1	161	172	212
	CEE	Head count (Employee departure rate %)	401-1	742 (4.6 %)	733 (4.3 %)	806 (4.6 %)
	Women age group <30 years	Head count	401-1	21	19	28
	Men age group <30 years	Head count	401-1	101	64	99
	Women age group 30–50 years	Head count	401-1	82	73	91
	Men age group 30–50 years	Head count	401-1	287	280	317
	Women age group >50 years	Head count	401-1	30	43	33
	Men age group >50 years	Head count	401-1	221	254	238
	Rest of Europe	Head count (Employee departure rate %)	401-1	332 (9.0 %)	315 (9.0 %)	378 (11.1 %)
	Women age group <30 years	Head count	401-1	12	6	7
	Men age group <30 years	Head count	401-1	55	47	55
	Women age group 30–50 years	Head count	401-1	27	28	28
	Men age group 30–50 years	Head count	401-1	132	133	175
	Women age group >50 years	Head count	401-1	18	10	11
	Men age group >50 years	Head count	401-1	88	91	102
	Rest of world	Head count (Employee departure rate %)	401-1	1,699 (17.4 %)	1,824 (21.6 %)	1,451 (18.6 %)
	Women age group <30 years	Head count	401-1	11	17	14
	Men age group <30 years	Head count	401-1	264	219	160
	Women age group 30–50 years	Head count	401-1	29	40	45
	Men age group 30–50 years	Head count	401-1	1.052	1.158	940
	Women age group >50 years	Head count	401-1	9	16	13
	Men age group >50 years	Head count	401-1	334	374	279
Client satisfaction						
	Client satisfaction (index)	1 (pos.)–6 (neg.)		1.87	1.87	n. a.[1]
Digitalisation and innovation						
	Collection and analysis of machine data	%		34	37	44
	Key equipment with machine control systems	%		12	15	15
	BIM 5D® workstations	Number		1,560	1,908	2,165
	Percentage of employees using mobile end devices	%		18	23	25
	Expenditure on research, development and innovation activities	€		approx. 17 mln.	approx. 17 mln.	approx. 16 mln.
	Development projects with funding	Number		n. a.	n. a.	24
	Ideas submitted to idea management system	Number		n. a.	n. a.	153
	Implementation rate in idea management system	%		n. a.	n. a.	29.4

1 Due to changes in the way data are collected

Issue	Indicator	Unit	GRI standards	2019	2020	2021
Occupational safety						
	Lost-time accident rate[1]	%	403-9	0.24	0.27	0.26
	White-collar	%	403-9	0.05	0.07	0.07
	Blue-collar	%	403-9	0.37	0.41	0.40
	Accident incident rate[2]	Number	403-9	15.9	15.9	15.6
	White-collar	Number	403-9	4.3	4.9	4.4
	Blue-collar	Number	403-9	23.9	24.1	23.9
	fatalities through workplace accidents	Number	403-9	5	0	0
Health protection						
	Lost-time illness rate[3]	%		4.9	5.3	5.8
	White-collar	%		3.6	3.4	3.5
	Blue-collar	%		5.8	6.7	7.5
Strategic human resource development						
	Number of appraisal interviews held versus number of employees	%	404-3	60.00	51.10	56.19
	Women	%	404-3	n. a.	54.57	58.74
	Men	%	404-3	n. a.	49.70	55.13
	Training days per employee	Number	404-1	1.42	0.68	0.84
	Women	Number	404-1	n. a.	0.72	0.91
	Men	Number	404-1	n. a.	0.66	0.81
	Training and further education sessions	Number		3,881	2,186	2,956
	Participants	Number		32,954	25,347	33,961
	Total number of apprentices	FTE		1,724	1,801	1,829
	Trainees	FTE		162	158	135
	Women	FTE		46	58	52
	Men	FTE		116	100	83
	commercial trainees	FTE		28	39	32
	technical trainees	FTE		134	119	103
Fair competition						
	Training “Anti-Corruption and BCMS” (management)	%	205-2	90	81	81
	Training “Cartel law” (management)	%	205-2	90	83	90
	Refresher course “Business Compliance”	%	205-2	n. a.[4]	22	19
	E-learning course “Business Compliance Training”[5] (management and employees)	%	205-2	n. a.	n. a.	92
	Confirmed corruption cases	Number	205-3	2	5	1

1 Calculated as the number of working hours lost to accidents versus productive working hours
2 Calculated as the number of accidents at work per 1 million productive working hours
3 Ratio of sick leave days to working days; Values for 2020 were adjusted retroactively due to a change in the calculation method.
4 2019 not available due to changes to training courses
5 A new course was implemented in 2021.

Issue	Indicator	Unit	GRI standards	2019	2020	2021
Materials						
	Percentage of recycled asphalt used in the production of asphalt mixture					
	Germany	% (of total thousand t)	301-2	34 % (3,140)	33 % (3,303)	34 % (3,076)
	Poland	% (of total thousand t)	301-2	41 % (2,280)	40 % (2,391)	36 % (2,513)
	Austria	% (of total thousand t)	301-2	13 % (1,248)	14 % (1,287)	19 % (1,360)
	Materials used					
	Stone/Gravel	thousands of tonnes	301-1	70,410	69,960	64,790
	Asphalt	thousands of tonnes	301-1	13,270	12,745	12,715
	Concrete	thousands of m³	301-1	5,519	5,089	4,775
	Cement	thousands of tonnes	301-1	1,642	1,739	1,555
	Structural steel	tonnes	301-1	476,901	447,213	444,698
Energy and Emissions						
	Vehicle fleet					
	Diesel powered passenger cars in Germany and Austria[1]	litre/100km ($g\ CO_2/km$)		6.01 (161)	5.97 (160)	5.90 (158)
	Diesel powered commercial vehicles in Germany and Austria	litre/100km ($g\ CO_2/km$)		9.18 (246)	9.33 (249)	9.28 (248)
	Asphalt mix produced in-house in Germany	kWh/t ($kg\ CO_2/t$)		93.0 (31.8)	93.0 (31.0)	97.6 (31.2)
	Energy costs	€ mln.		281	242	283
	Share of fuel in energy costs	%		65	61	64
	Energy consumption	MWh	302-1	3,545,606	3,163,103	3,274,577
	Fuel consumtion from non-renwable sources[2]	MWh	302-1	3,064,026	2,708,997	2,838,073
	Electricity	MWh	302-1	432,755	411,441	394,859
	thereof green electricity	%		k. A.	6	26
	Fuel	MWh	302-1	1,986,883	1,732,783	1,754,901
	Gas	MWh	302-1	430,143	332,625	428,683
	Heating oil	MWh	302-1	165,764	142,857	151,406
	Pulverised lignite	MWh	302-1	481,235	500,732	503,083
	District heating	MWh	302-1	48,826	42,665	41,645
	CO_2 emissions					
	Carbon footprint Scope 1	$t\ CO_2$	305-1	833,816	738,708	768,433
	Carbon footprint Scope 1	$t\ CO_2e$	305-1	n. a.	742,063	771,799
	Carbon footprint Scope 2, location based	$t\ CO_2$	305-2	n. a.	170,076	165,711
	Carbon footprint Scope 2, location based	$t\ CO_2e$	305-2	n. a.	171,353	164,315
	Carbon footprint Scope 2, market based	$t\ CO_2$	305-2	177,387	150,109	125,723
						124,521
	CO_2 emissions by energy source[3]	%	305-1	100	100	
	Fuels	%	305-1	52	51	100
	Pulverised lignite	%	305-1	17	19	50
	Electricity	%	305-1	16	18	18
	Gas	%	305-1	9	7	17
	Heating oil	%	305-1	4	4	9
	District heating	%	305-1	1	1	4

1 Until 2019, the figure was reported including petrol-driven vehicles.
2 New key figure since 2021. Number is composed of fuel, gas, heating oil and pulverised lignite.
3 The numbers are based on the location-based calculation method. Up to and including 2019, market-based emissions were used.

Issue	Indicator	Unit	GRI standards	2019	2020	2021
	CO_2 emissions by country[1]	%	305-1	100	100	100
	Germany	%	305-1	36	37	36
	Poland	%	305-1	15	17	16
	Austria	%	305-1	8	9	8
	Czech Republic	%	305-1	8	8	10
	Other	%	305-1	33	29	30
Risk and opportunity management – Project risk management						
	EBIT margin	%	201-1	3.8	4.3	5.9
Human rights						
	Number of confirmed cases of discrimination	Number	406-1	1	3	12
	Number of cases identified in the category "human rights and working conditions"[2]	Number	406-1	n. a.	n. a.	3
	Reports of potential human rights violations to the ombudspersons	Number		12	17	27
Societal Engagement						
	Expenditures for core projects and initiatives	€ mln.		4.2	3.3	3.9

1 The numbers are based on the location-based calculation method. Up to and including 2019, market-based emissions were used.
2 Category was introduced in 2021.

Villach, 7 April 2022

The Management Board

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

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

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

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

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

INDEPENDENT ASSURANCE REPORT ON THE NON-FINANCIAL REPORTING ACCORDING TO § 267A UGB

We have performed an independent limited assurance engagement on the consolidated nonfinancial report according to § 267a UGB ("NFI report") for the financial year 2021, which has been published as Non-financial Report of

STRABAG SE,
Villach,
(referred to as "STRABAG" or "the Company").

Conclusion

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NFI report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act § 267a UGB), the provisions of Article 8 of the Regulation (EU) 2020/852 as amended and the supplementing delegated Regulation (EU) 2021/2178 (hereafter "EU Taxonomy Regulation") and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards), Option "Core" in all material respects.

Management's Responsibility

The Company's management is responsible for the proper preparation of the NFI report in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards), Option "Core" as reporting criteria. In addition, the company prepares disclosures in accordance with the EU Taxonomy Regulation, which are published as part of sustainability reporting.

The Company's management is responsibile for the selection and application of appropriate methods for non-financial reporting (especially the selection of significant matters) as well as the use of appropriate assumptions and estimates for individual non-financial disclosures, given the circumstances. Furthermore, their responsibilities include the design, implementation and maintenance of systems, processes and internal controls that are relevant for the preparation of the sustainability report in a way that is free of material misstatements – whether due to fraud or error.

Emphasis of Matter

We refer to the disclosures in section EU TAXONOMY of the non-financial statement, related to Article 8 of the EU Taxonomy Regulation, in which the legal representatives have set out their understanding of the regulations and the delegated legislation adopted in this regard. Both the disclosures as well as the delegated legislation issued in this regard are based on wordings and terms that are subject to significant uncertainties in their interpretation and for which there are no authoritative sources available for clarification. The legal representatives are responsible for the selection of these interpretations as well as their reasonability. Due to the inherent risk that ambiguous legal terms may be interpreted differently, an assessment of legal conformity with regulations is subject to uncertainties. Our conclusion is not modified in respect of this matter.

Auditors' Responsibility

Our responsibility is to state whether, based on our procedures performed and the evidence we have obtained, anything has come to our attention that causes us to believe that the Company's NFI report is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB), the legal requirements of the EU Taxonomy Regulation and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards), Option "Core" in all material respects.

Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance ("limited assurance engagement") is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance ("reasonable assurance enagement"), thus providing reduced assurance. Despite diligent engagement planning and execution, it cannot be ruled out that material misstatements, illegal acts or irregularities within the non-financial report will remain undetected.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel at the group level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting threshholds of the Company;

- A risk assessment, including a media analysis, on relevant information on the Company's sustainability performance in the reporting period;

- Evaluation of the design and implementation of the systems and processes for the collection, processing and monitoring of disclosures on environmental, social and employees matters, respect for human rights, anti-corruption as well as bribery and also includes the consolidation of data;

- Inquiries of personnel at the group level, who are responsible for providing, consolidating and implementing internal control procedures relating to the disclosure of concepts, risks, due diligence processes, results and performance indicators;

- Inspection of selected internal and external documents, in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;

- Assessment of the processes for local data collection, validation and reporting, as well as the reliability of the reported data through a (remotely conducted) survey performed on a sample basis of the group country Czech Republic;

- Analytical evaluation of the data and trend of quantitative disclosures regarding the GRI Standards listed in the GRI-Index, submitted by all locations for consolidation at the group level;

- Evaluation of the consistency of the of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB), EU Taxonomy Regulation and the GRI Standards, Option "Core" to disclosures and indicators of the NFI report, which apply to the Company;

- Evaluation of the overall presentation of the disclosures by critically reading the NFI report.

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts (such as fraud), nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to audit futurerelated disclosures, prior year figures, statements from external sources of information, expert opinions or references to more extensive external reporting formats of the Company.

Restriction on use

Because our report will be prepared solely on behalf of and for the benefit of the principal, its contents may not be relied upon by any third party, and consequently, we shall not be liable for any third party claims. We agree to the publication of our assurance certificate and NFI report. However, publication may only be performed in its entirety and as a version hat has been certified by us.

General Conditions of Contract

Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions.

Linz, 7 April 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronically signed:
Mag. Gerold Stelzmüller
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This document was signed with a qualified electronic signature and only this electronic version is valid.

GRI CONTENT INDEX

GRI standards	Disclosure number and title		Page number in the 2021 Annual Report	Comments/further information on group website
Gri 102: General disclosures 2016				
		Organisational profile		
	102-1	Name of the organisation	Company information 273	
	102-2	Activities, brands, products and services	11–12; 21–22; 169	www.strabag.com > Activities www.strabag.com > STRABAG SE > Our Brands
	102-3	Location of headquarters	Company information 273	
	102-4	Location of operations	12; 202–208	www.strabag.com > Locations No exact figures can be provided due to the temporary nature of our operations.
	102-5	Ownership and legal form	27	www.strabag.com > Investor Relations > Share
	102-6	Markets served	12; 15–16	
	102-7	Scale of the organisation	2; 11; 124; 202–208	
	102-8	Information on employees and other workers	61–63; 124–127	
	102-9	Supply chain		www.strabag.com > Strategy > Supply Chain
	102-10	Significant changes to the organisation and its supply chain	140–144	
	102-11	Precautionary principle or approach	48; 56–57; 92–94; 95–96; 97–101	www.strabag.com > Strategy > Strategic Approach > Environmental Responsibility
	102-12	External initiatives		www.strabag.com > Strategy > Strategic Approach > (Download)
	102-13	Membership of associations		www.strabag.com > Strategy > Strategic Approach > (Download)
		Strategy		
	102-14	Statement from senior decision-maker	8–10	
		Ethics and integrity		
	102-16	Values, principles, standards and norms of behaviour	11; 32–33; 86–91	www.strabag.com > STRABAG SE > Vision and Guiding Principles
GRI 102: General Disclosures 2016		**Governance**		
	102-18	Governance structure	33–36; 48	www.strabag.com > Strategy > Strategic Approach > Corporate Responsibility Management
		Stakeholder engagement		
	102-40	List of stakeholder groups	58–59	www.strabag.com > Strategy > Stakeholder Involvement
	102-41	Collective bargaining agreements	125	
	102-42	Identifying and selecting stakeholders	58–59	www.strabag.com > Strategy > Stakeholder Involvement
	102-43	Approach to stakeholder engagement	29; 58–59	www.strabag.com > Strategy > Stakeholder Involvement
	102-44	Key topics and concerns raised	58–60	www.strabag.com > Strategy > Stakeholder Involvement
		Reporting practice		
	102-45	Entities included in the consolidated financial statements	202–208	
	102-46	Defining report content and topic boundaries	58–60	www.strabag.com > Strategy > Stakeholder Involvement
	102-47	List of material topics	59–60	
	102-48	Restatements of information	7; 8–10; 59–60	
	102-49	Changes in reporting of material topics and topic boundaries	59–60	
	102-50	Reporting period	7	
	102-51	Date of most recent report	7	April 2021
	102-52	Reporting cycle	7	
	102-53	Contact point for questions regarding the report	Company information 273	www.strabag.com > Investor Relations > IR Contact & Service
	102-54	Claims of reporting in accordance with the GRI Standards	7	
	102-55	GRI content index	135–138	www.strabag.com > Strategy > Strategic Approach > NFI Reporting
	102-56	External assurance	7; 132–134	

GRI standards	Disclosure number and title		Page number in the 2021 Annual Report	Comments/further information on group website
Material topics				
		Client satisfaction		
GRI 103: Management Approach 2016	103-1/2/3	Disclosure on management approach to client	64–65	
	Own indicator	Client satisfaction index	64–65; 122; 127	Indicator due to the change in data collection not available for 2021.
		Digitalisation and innovation		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to digitalisation and innovation	66–71	
	Own indicator	Collection and analysis of machine data	68–69; 122; 127	
		Key equipment with machine control systems	69; 122; 127	
		BIM 5D® workstations	69; 122; 127	
		Percentage of employees using mobile end devices (tablets)	69; 122; 127	
		Expenditure on research, development and innovation activities	69; 122; 127	
		Development projects with funding	69; 122; 127	
		Ideas submitted to idea management system	69; 122; 127	
		Implementation rate in idea management system	69; 122; 127	
		Occupational safety		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to occupational safety	72–75	
GRI 403: Occupational Health and Safety 2018	403-1–403-7	Disclosures on management approach to occupational safety	72–75	
	403-8	Workers covered by an occupational health and safety management system	72	
	403-9	Work-related injuries	73; 122; 128	The number and rate of high-consequence work-related injuries is not reported at this time. Data and information collection will continue to be expanded in the next reporting year.
		Health protection		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to health protection	76–77	
	Own indicator	Lost-time illness rate	77; 123; 128	
		Strategic human resource development		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to strategic human resource development	78–85	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	79; 122; 128	At present, there is no consistent systematic tracking of training hours for blue-collar workers. The company is committed to establishing a structured human resources development for blue-collar workers, however, which is to be planned and largely implemented by the end of 2023.
	404-2	Programmes for upgrading employee skills and transition assistance programmes	80–85	
	404-3	Percentage of employees receiving regular performance and career development reviews	78–79; 122; 128	Information about white-collar employees only (excluding blue-collar workers)

GRI standards	Disclosure number and title		Page number in the 2021 Annual Report	Comments/further information on group website
		Fair competition		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to business compliance	86–91	
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	89–90	No information can be provided on contractual partners. For detailed information on the breakdown by region and employee category, see www.strabag.com > Strategy > Strategic Approach > Business Compliance
	205-3	Confirmed incidents of corruption and actions taken	90; 122; 128	
GRI 206: Anti-Competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	90	
		Materials		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to materials	92–94	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	93; 129	
	301-2	Recycled input materials used	93; 123; 129	
		Waste and circularity		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to waste and circularity	95–96	
	306-4	Waste diverted from disposal	96	A categorisation of waste according to hazardous and non-hazardous characteristics does not currently take place. Likewise, no distinction is currently made between on-site and off-site disposal. The indicator is in the process of being established. Data and information collection will continue to be expanded in the next reporting year.
		Energy and emissions		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to energy	97–101	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	98; 100; 129	
GRI 305: Emissions 2016	305-1	Direct GHG emissions (Scope 1)	98–100; 129–130	CO_2 emissions and CO_2 equivalents (CO_2, N_2O,CH_4)
	305-2	Energy indirect GHG emissions (Scope 2)	98–100; 129–130	CO_2 emissions and CO_2 equivalents (CO_2, N_2O,CH_4)
	Own indicator	Energy consumption and CO_2 intensity of the relevant energy consumption categories	100; 123; 129	Germany and Austria
Additional sustainability topics				
		Human rights[1]		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to human rights[1]	110–111	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	111; 123; 130	

1 Not a material topic defined by the GRI standards, but a topic of the strategic approach of STRABAG

GRI standards	Disclosure number and title		Page number in the 2021 Annual Report	Comments/further information on group website
		Societal engagement[1]		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to societal engagement[1]	112–115	
	Own indicator	Expenditures for core projects and initiatives in the reporting period	112; 123; 130	
		Equal treatment of women and men[1]		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to equal treatment of women and men	45–47	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	33–41; 45–46; 122; 124–127	

1 Not a material topic defined by the GRI standards, but a topic of the strategic approach of STRABAG

Group Management Report, Consolidated Financial Statements and Notes

GROUP MANAGEMENT REPORT

Important events

JANUARY

STRABAG consortium wins € 246 million infrastructure contract in Hungary

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

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

The joint venture A1 Lohne Bramsche kicked off the new year with the acquisition of a large project in transportation infrastructures. The Federal Republic of Germany, represented by Die Autobahn GmbH des Bundes, commissioned a joint venture consisting of STRABAG AG (50 %) and JOHANN BUNTE Bauunternehmung GmbH & Co. KG (50 %) with the widening of the A1 motorway in Lower Saxony over a distance of around 29.5 km under a so-called function-based construction contract (FBV). The approx. € 600 million contract also includes structural maintenance over a period of 30 years. Construction started on 1 February 2021 and will be carried out under traffic. Completion of the motorway section is scheduled for mid-2025.

Widening of the A1 motorway

FEBRUARY

Germany's largest micro-apartment project in Frankfurt

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

APRIL

Major motorway contract in Poland

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

ZÜBLIN to design and build new public administration centre for Dresden

Administration centre for Dresden

STRABAG subsidiary Ed. Züblin AG and Dreßler Bau GmbH are working together as management contractors in a consortium to realise the new public administration headquarters in the heart of Dresden. The design-and-build contract, which will leave its mark on the Dresden cityscape, was awarded by Kommunale Immobilien Dresden GmbH & Co. KG with a fixed lump sum price of € 116 million. The project is based on a design by the architectural firms Barcode Architects (Rotterdam) and Tchoban Voss Architekten (Hamburg/Dresden). The consortium of ZÜBLIN (66 %) and

Dreßler Bau (34 %) will realise the striking 33 metre administration building at Ferdinandplatz within a period of about four years. The new public administration centre will have a gross floor area of 33,500 m² distributed over seven above-ground floors with an asymmetrical floor plan and two underground parking levels. Completion is scheduled for the end of March 2025. The project will be preceded by archaeological excavations commissioned by the city of Dresden.

MAY

Expanding subway in Canada for approx. € 500 million

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

Tunnel boring machine Diggy Scardust

Shipbuilding facility for ThyssenKrupp Marine Systems in Kiel

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

JUNE

STRABAG building bypass road S12 in Poland

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

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

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

JULY

Motorway connection for Romanian economic centre Oradea

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

STRABAG acquired two metro projects in Prague

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

AUGUST

Contract for large-scale project A8 motorway Enz Valley crossing

Large-scale project Enz Valley crossing

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

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

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

SEPTEMBER

Expansion of Hungarian 67 expressway for € 77 million

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

New venue for young artists of the Vienna State Opera

STRABAG was awarded the contract to convert the French Hall of the Vienna Künstlerhaus, Austria, into a new opera venue with up to 279 seats. The Vienna State Opera's new stage for performances and rehearsals is intended especially for young audiences and emerging talents. The project is being carried out under a public-private partnership arrangement. The project partners of the Vienna State Opera are Künstlerhausbesitz und -betriebs GmbH (KBBG), STRABAG SE, Haselsteiner Familien-Privatstiftung and the Austrian Federal Ministry of Arts and Culture, Civil Service and Sport. According to the current planning, the total project costs come to € 20.5 million. Of this amount, the federal ministry is contributing € 5 million in the form of a grant, € 10 million is being provided by STRABAG through sponsoring, while the remaining € 5.5 million is being financed by the Haselsteiner Familien-Privatstiftung.

OCTOBER

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

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

STRABAG Camp[us] Ybbs

Antitrust fine imposed on STRABAG Group companies

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

S19 expressway in the Podlaskie Voivodeship of northern Poland

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

Austria's first building using 3D printing technology

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

Pioneer in concrete printing

45 hours of pure printing time. Construction 3D printing also offers significantly more design freedom compared to classic concrete construction, with the possibility of easily creating architecturally complex rounded designs.

NOVEMBER

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

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


© Helaba

Central Business Tower

DECEMBER

Major contract for drinking water treatment plant in Ghana

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

Vienna office building Square One verified according to EU taxonomy

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

Country report

DIVERSIFYING THE COUNTRY RISK

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

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

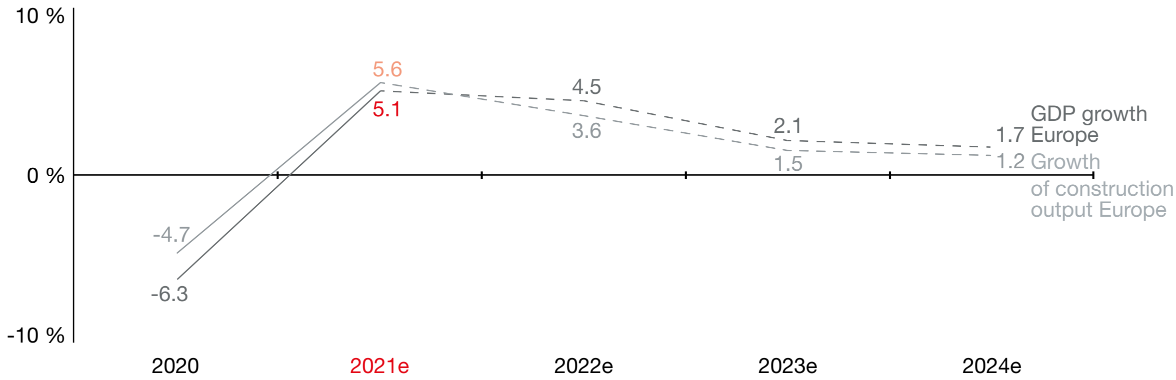
OUTPUT VOLUME BY COUNTRY

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

1 Rounding differences are possible.

GLOBAL ECONOMY SHOWS RESILIENCE[1]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



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

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

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

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

CLEAR RECOVERY IN THE CONSTRUCTION SECTOR

The construction industry in the 19 Euroconstruct countries was able to make up for the crisis-related decline in 2020 (-4.7 %) with growth of 5.6 % in 2021. The national economies recovered from the crisis more quickly than expected, with the construction sector playing a not insignificant role in this process. Additional infrastructure financing and aggressive stimulus packages for residential construction proved effective and boosted construction investments in the European markets.

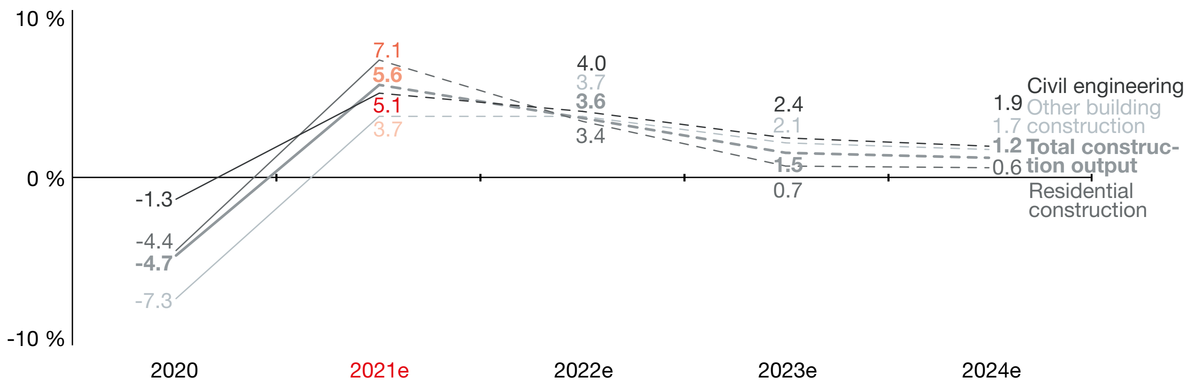
1 All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA (Eastern European Construction Forecasting Association) winter 2021 reports. The indicated market share data are based on the data from the year 2020.

The recovery was reflected in all sectors of the construction industry, most strongly in residential construction with +7.1 %, followed by civil engineering with +5.1 % and other building construction with +3.7 %. Of the “big five” countries, Italy recorded the strongest growth with a plus of 15.1 %. The German construction sector proved to be relatively stable: Despite the negative growth of 0.7 % in 2021, the sector was able to continue its stagnant – and not downward – trend from 2020. Denmark, Sweden, Finland and Portugal even managed to grow in both of the crisis years. Slovakia suffered the greatest slump if the two years are taken together.

The development of the total construction output of the 19 Euroconstruct countries from 2019 to 2022 corresponds to a V-shaped curve, with 2020 forming the lowest point and a recovery starting in 2021 of +5.6 %. Depending on the still uncertain development of the Covid-19 pandemic, construction output is expected to be +3.6 % in 2022 before returning to pre-crisis levels in 2023 and 2024 with +1.5 % and +1.2 %, respectively.

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

GROWTH COMPARISON CONSTRUCTION SECTOR EUROPE

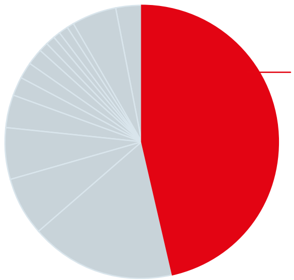


Residential construction, which accounts for almost half of the total European construction output, grew by 7.1 % to € 839.5 billion in 2021. In absolute terms, Germany and France were again in the lead, followed by the UK and Italy. Forecasts, which involve some uncertainty due to the impact of the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

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

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

GERMANY



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

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

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

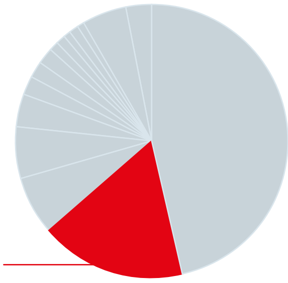
In residential construction, the volume increased only slightly by 0.5 %. The sector is currently still benefitting from low interest rates and the lack of investment alternatives. For the entire construction sector, Euroconstruct still expects a slight increase of 1.1 % and 0.2 % in 2022 and 2023, respectively,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

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

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

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

AUSTRIA



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

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

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

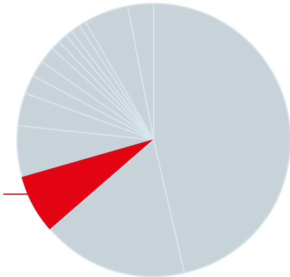
The main growth driver in recent years has been residential construction, supported by favourable financing costs. The unabated demand for residential property led to a solid plus of 3.2 % in this sector in 2021. As the continued positive trend in building permits shows, the lack of investment alternatives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

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

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

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

POLAND



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

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

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

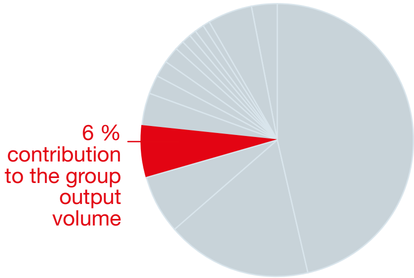
The residential construction sector in Poland boomed in 2021 due to rising incomes, historically low interest rates and a government programme specifically geared towards social housing. The volume of residential construction grew by 7.6 % in the reporting year. Euroconstruct expects a plus of 4.3 %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

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

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

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

CZECH REPUBLIC



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

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

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

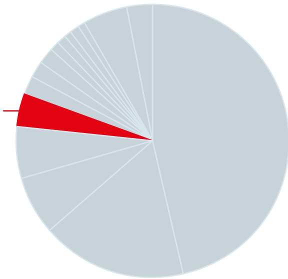
Residential construction, which continued to be characterised by high demand, grew by 1.6 % in 2021. Despite the pandemic, the banking sector registered record levels of real estate lending, as home ownership has a very high social value in the country. On the other hand, there was a shortage of supply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

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

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

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

HUNGARY



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

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

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

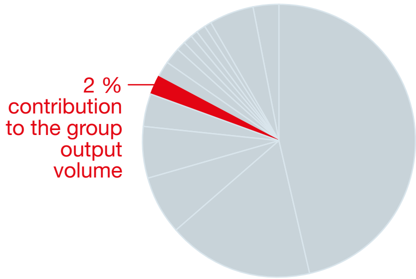
Supported by numerous government measures, residential construction stabilised again in 2021 with a slight plus of 0.7 %. The number of building permits in residential construction increased by 31 % in the reporting year, while construction prices rose by 11 %. Euroconstruct expects positive effects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

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

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

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

UNITED KINGDOM



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

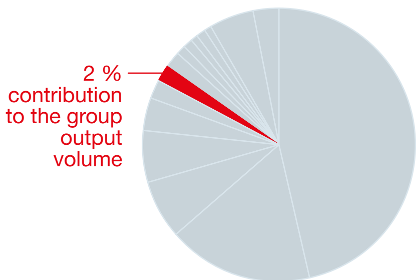
With GDP growth of 6.6 %, the UK economy was not yet able to compensate for the Covid-19-related slump. Supply bottlenecks due to stricter immigration rules following Brexit as well as the reintroduction of tariffs and more bureaucracy exacerbated the situation in the country. Against the backdrop of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

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

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

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

SLOVAKIA



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

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

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

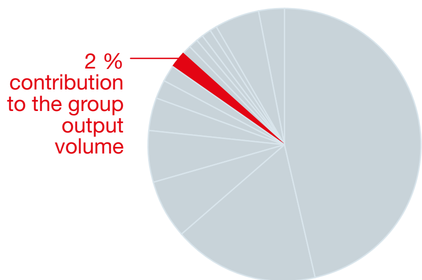
Residential construction, which had suffered a massive slump of 14.5 % in the first year of the pandemic, managed a slight increase of 1.4 % in 2021. For 2022, Euroconstruct expects a somewhat stronger recovery of +4.8 %, with increases of 2.8 % and 1.5 % forecast respectively for 2023 and 2024.

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

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

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

ROMANIA



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

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

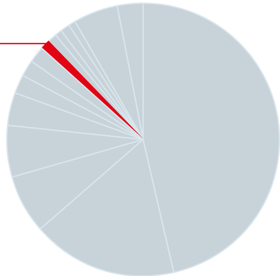
After three years of growth, the construction industry in Romania stagnated at a minus of 0.3 % in 2021. Residential construction stands out especially, as it has been the strongest contributor to the growth of the construction industry for several years due to high demand in this area. This trend could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

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

The civil engineering sector in Romania stagnated at -0.5 % in 2021, although according to EECFA it will recover slightly starting in 2022 with a plus of 1.7 % before growing more significantly in 2023 by +6.9 %. Road construction in particular, the largest and most important sector, is making rapid progress, supported by EU funding programmes. The national reconstruction plan approved by the EU in 2021 alone provides for about € 3 billion for transport infrastructure construction, including 429 km of motorways. The energy sector also has great potential in the next few years, especially because of the phasing out of coal production. According to EECFA, Romania's total construction output is expected to grow by 2.4 % in 2022 and by 2.2 % in 2023.

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

BENELUX (BELGIUM AND NETHERLANDS)



BELGIUM

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

NETHERLANDS

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

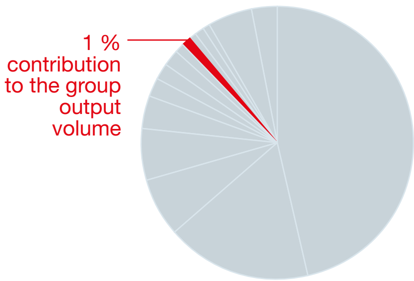
The economies of Belgium and the Netherlands experienced a strong economic recovery. Belgium achieved GDP growth of 5.7 % in 2021, while growth in the Netherlands came to 3.9 %. In both countries, government measures were able to mitigate the negative economic impact of the crisis. Economic growth is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

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

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

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

SWITZERLAND



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

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

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

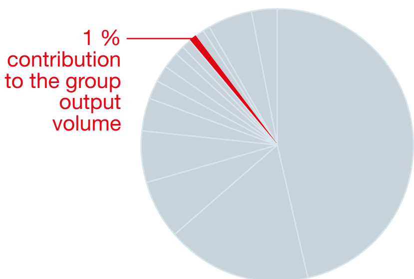
The housing market in Switzerland was already largely saturated before the outbreak of the pandemic. During the crisis, however, stable household incomes as well as attractive financing conditions and the rapid issuing of building permits led to a plus of 2.9 % in 2021. For 2022, Euroconstruct still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

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

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

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

SWEDEN



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

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

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

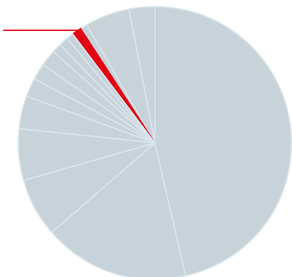
Residential construction experienced a real boom in 2021 with an increase of 13.0 %. This development was triggered by monetary measures of the Swedish central bank, selective measures by the government and the existing supply shortage. For 2022, Euroconstruct expects a decrease of 2.0 %, with -1.5 %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

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

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

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

CROATIA



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

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

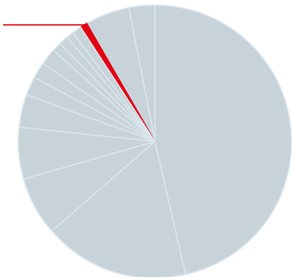
The Croatian construction industry developed even slightly better than the GDP in 2021, with a plus of 10.0 %. Demand remains strong in residential construction despite Covid-19, with sufficient financial resources to provide an adequate supply. The segment therefore grew by 9.9 % in 2021. However, rapidly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

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

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

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

SERBIA



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

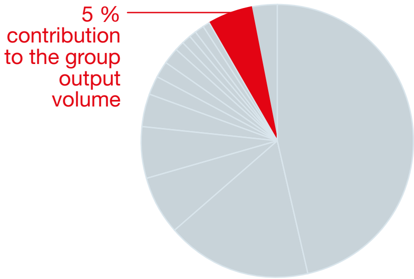
Serbia has come through the Covid-19 crisis better than other countries in the region, with economic growth of 7.2 % in 2021. Tourism does not play a major role in the overall economy. At the same time, however, the country is experiencing record employment and substantial growth in real wages in a low-interest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

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

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

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

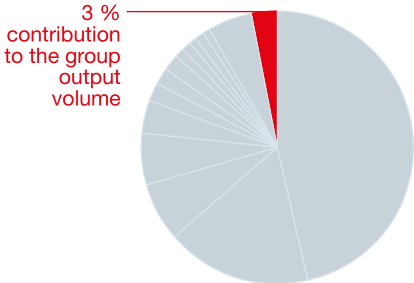
MIDDLE EAST, AMERICAS, AFRICA, ASIA



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

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

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



DENMARK

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

BULGARIA

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

SLOVENIA

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

ITALY

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

RUSSIA

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

Denmark

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

With a plus of 5.1 %, the construction industry weathered the consequences of the Covid-19 crisis even better than the economy as a whole. Some construction projects were delayed or stopped, while a number of public projects were accelerated. Euroconstruct forecasts growth of 2.1 % for 2022, with a plus of 1.7 % for each of the following two years. Residential construction recorded another peak year in the reporting period with a strong increase of 7.8 %. Moderate growth of 2.3 % is expected for 2022, followed by +1.4 % in both 2023 and 2024. Other building construction grew by 2.1 %. Private investment declined and expected "green" investments did not boom to the extent that had been hoped. In the following years, the segment is forecast to remain stable with annual growth rates between 1.8 %

and 1.9 %. The civil engineering sector grew at a solid 3.0 % in 2021. As the government's energy and climate protection measures as well as an infrastructure investment plan are only slowly getting underway, Euroconstruct expects moderate growth of 2.1 % in 2022 and in the following two years.

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

Bulgaria

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

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

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

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

Slovenia

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

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

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

Italy

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

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

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

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

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

Russia

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

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

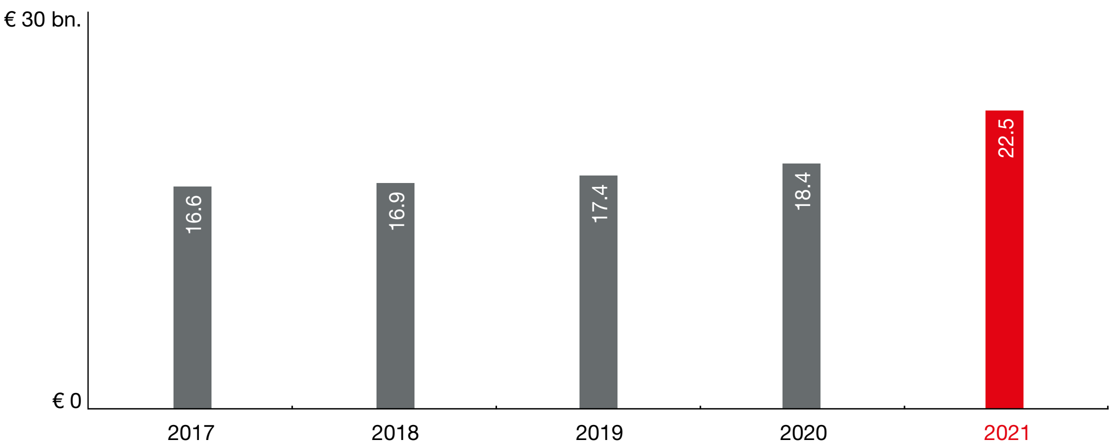
The STRABAG Group generated an output volume of € 46.33 million in Russia in 2021. In the region, STRABAG was almost exclusively active in building and industrial construction. In March 2022, the Management Board of STRABAG SE made the decision to wind up all activities in this country.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2021

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

DEVELOPMENT OF ORDER BACKLOG



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

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

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

Part of the risk management

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

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

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

Financial performance

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

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

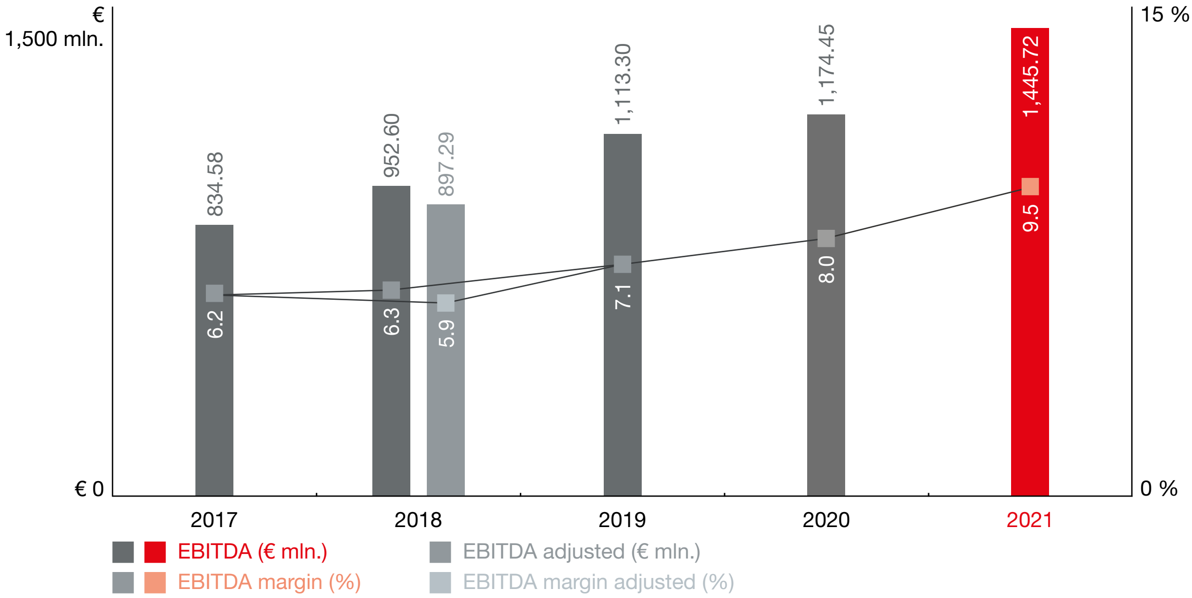
EXPENSES

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

1 Rounding differences are possible.

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

DEVELOPMENT OF EBITDA AND EBITDA MARGIN[1]



Effective tax rate: 32.5 %

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

Earnings per share: € 5.71

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

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

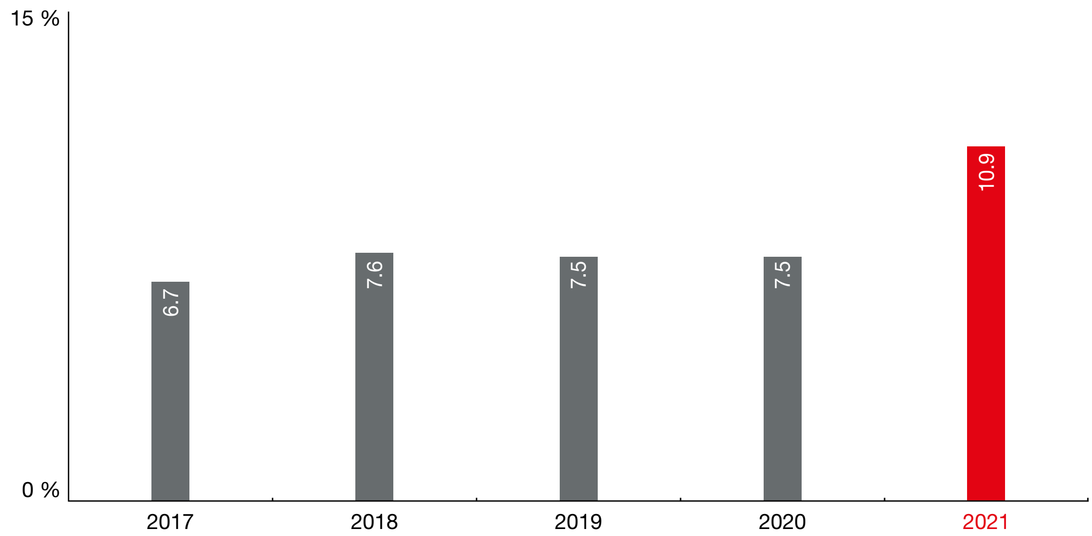
On balance, the **earnings before taxes** stood at € 883.54 million. The income tax rate, at 32.5 %, was slightly lower than in the previous year. The **net income** amounted to € 596.40 million, which corresponds to an increase of € 197.34 million compared to 2020.

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

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

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

DEVELOPMENT OF ROCE



Financial position and cash flows

BALANCE SHEET

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

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

KEY BALANCE SHEET FIGURES

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

Net cash position up to € 1.9 billion

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

1 Rounding differences are possible.

CALCULATION OF NET DEBT[1]

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

The **cash flow from operating activities** fell from € 1,279.66 million to € 1,220.56 million, despite the increased cash flow from earnings. The main reason for this development was a less pronounced reduction in working capital compared to the previous year. The expectation of a significant reduction in advance payments in 2021 and a concomitant increase in working capital to familiar levels failed to materialise.

The **cash flow from investing activities** was again slightly more negative following the lower investments in intangible assets and property, plant and equipment in 2020 due to Covid-19. The **cash flow from financing activities** showed a value of € -743.90 million after € -495.89 million in the previous year, which is mainly due to the dividend payment.

REPORT ON OWN SHARES

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

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

Capital expenditures

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

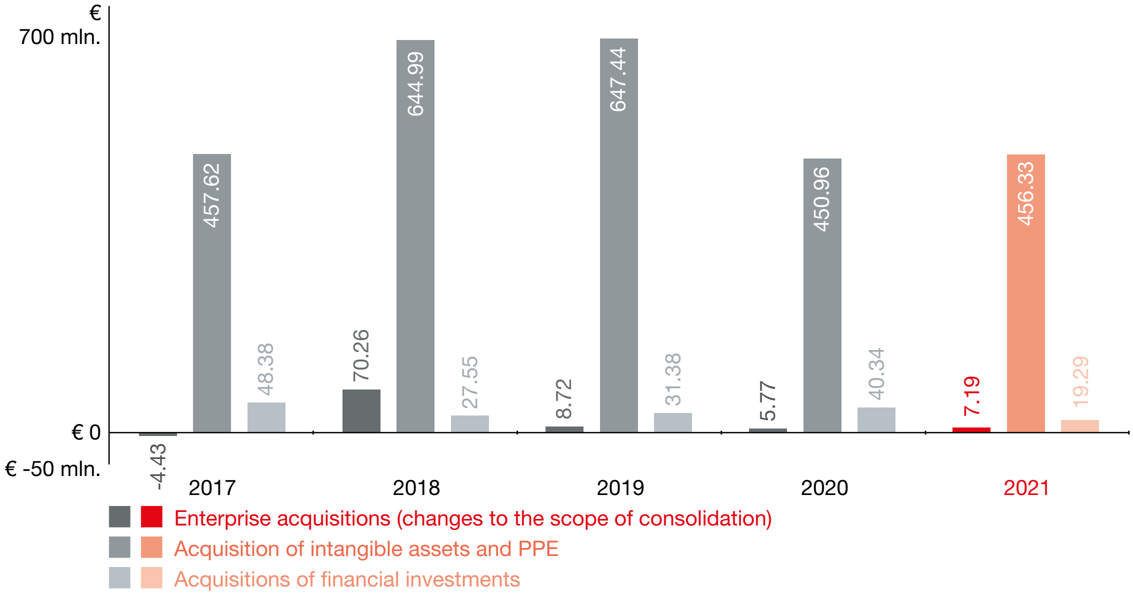
The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 482.81 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** not including the non-cash additions to right-of-use assets of € 456.33 million, the **purchase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

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

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

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

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

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

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

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

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

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

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

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

PAYMENT OBLIGATIONS

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

Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE was divided into four segments in 2021, of which there are three operating segments, North + West, South + East and International + Special Divisions, and the segment Other, which encompasses the group's central divisions and central staff divisions. In 2021, the segments were comprised as follows[1]:

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

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

M. B. responsibility: Klemens Haselsteiner
Russia

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

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

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

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

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

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

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

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

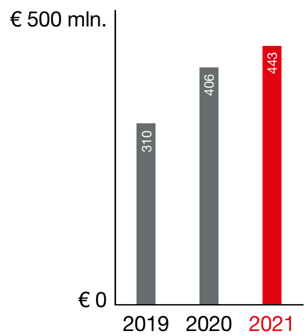
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground engineering can also be found in this segment.

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

OUTPUT VOLUME NORTH + WEST

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

EBIT

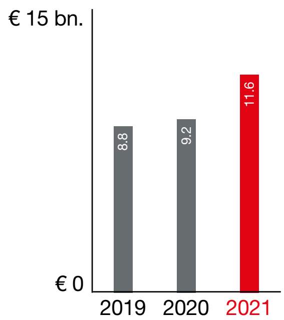


Significant earnings increase

The North + West segment recorded a stable output volume of € 7,902.46 million (+1 %) in 2021. This is attributable in particular to the home market of Germany and, to a lesser extent, to the market in Denmark. By contrast, construction output in other markets such as Poland, Benelux and Sweden showed a slight decline.

Revenue declined slightly by 2 % to € 7,317.95 million. The earnings before interest and taxes (EBIT) rose by 9 % to € 443.03 million. While the transportation infrastructures business in Germany consistently makes positive contributions to earnings, improvements could be achieved in the German building construction and civil engineering business as well as in Poland. The EBIT margin thus exceeded even the extraordinarily high level of the previous year, coming in at 6.1 %.

ORDER BACKLOG



Order backlog again with strong growth

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

Slight decrease in number of employees

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

Outlook[1]: Germany remains stable core market

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

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

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

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

SELECTED PROJECTS NORTH + WEST

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

SEGMENT SOUTH + EAST EXPECTS RETURN TO PRE-CRISIS LEVEL

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

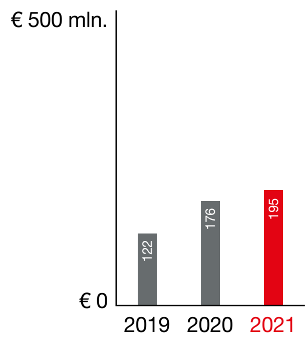
1 The impacts from Russia's war against Ukraine are not included in this outlook.

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

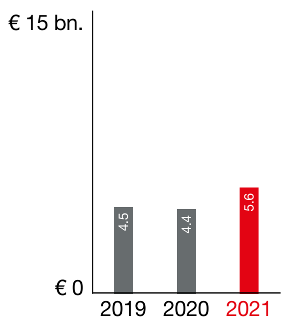
OUTPUT VOLUME SOUTH + EAST

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

EBIT



ORDER BACKLOG



Output up due to relaxation of Covid-19 restrictions

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

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

Order backlog: Significant growth in Austria and Hungary

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

Slight increases in the number of employees

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

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

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

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

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

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

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

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

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

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

SELECTED PROJECTS SOUTH + EAST

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

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

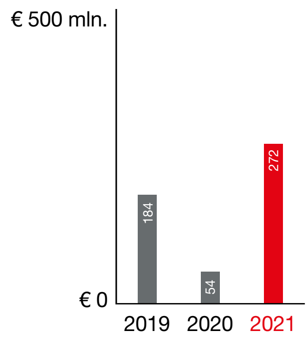
The International + Special Divisions segment includes the field of tunnelling as well as the concessions business, which, especially in transportation infrastructures, operates worldwide. In the markets of the United Kingdom and Chile, STRABAG offers tunnelling as well as a variety of country-specific services. Regardless of the location, all construction materials activities – with the 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.	2021	2020	Δ 2020–2021 %	Δ 2020–2021 absolute
Output volume	3,161.46	2,811.86	12	349
Revenue	3,039.14	2,670.21	14	369
Order backlog	5,268.22	4,763.26	11	505
EBIT	272.08	54.04	403	218
EBIT margin (% of revenue)	9.0	2.0		
Employees (FTE)	20,610	21,339	-3	-729

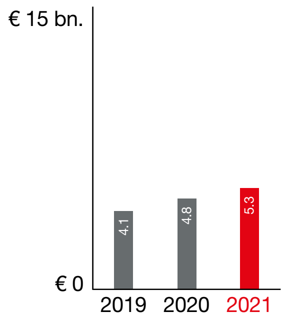
OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

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

EBIT



ORDER BACKLOG



Extraordinary increase in EBIT

In 2021, the International + Special Divisions segment generated an output volume of € 3,161.46 million, 12 % higher than in the previous year, despite the more difficult conditions caused by the Covid-19 pandemic. The increased output is mainly due to the continuous execution of large orders in the international business – above all in Chile, the United Kingdom and the Middle East.

The revenue grew at a slightly higher rate than the output, gaining 14 % to € 3,039.14 million. The negative impact of the Covid-19 pandemic, especially in the international business, decreased, while diversification of the facility management portfolio made further positive contribution to the earnings. The real estate development business continues to be very successful as well. Extraordinarily strong growth of the EBIT to € 272.08 million was recorded in the reporting year. As a result, the EBIT margin increased from 2.0 % in the previous year to 9.0 % in 2021.

Austria and Americas driving order backlog

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

Staff reduced for project in Chile and increased in the UK

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

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

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

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

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

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

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

The **real estate development** business in particular is benefitting from unbroken high demand in the residential segment. For ongoing project developments, it has been possible to achieve attractive sales prices, while the commercial segment has recorded additional leases of office properties as well as sales of commercial properties in the portfolio. The outlook for 2022 as a whole is therefore quite friendly here as well – even if the continuing price increases for properties, materials and subcontractor services requires careful management. Similarly, rising inflation with possible implications for the interest rate level requires timely reactions. Simultaneously with these issues concerning the day-to-day business, work is underway on strategic innovation, sustainability and digitalisation projects, for example in the areas of mobility, generative design, low-tech buildings and CO_2 optimisation.

The **construction materials business** also showed a satisfactory trend overall. The sales volume of aggregates in 2021 was around 7 % higher than the previous year. In the concrete business, this figure was slightly lower due to the completion of several large-scale projects. Among the cement holdings, however, significantly higher CO_2 and energy costs have had a negative impact on the additional income from the increased sales. The country-by-country statistics show a very consistent picture overall, especially in the main markets of Central and Eastern Europe. Meanwhile, an upward trend is evident in the countries of Southern Europe and the Balkans. The dense network of building materials operations, including materials-based services, remains an important basis for self-supply within the group and thus for greater competitiveness.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

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

SEGMENT OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

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

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

Risk management

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

RISK MANAGEMENT AS A CORE TASK OF MANAGEMENT

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

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

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

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

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

RISK MANAGEMENT USING DEFINED RISK GROUPS

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

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

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

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

EXTERNAL RISKS COUNTERED THROUGH DIVERSIFICATION

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

OPERATING AND TECHNICAL RISKS REDUCED THROUGH BINDING MINIMUM STANDARDS

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

Depending on the risk profile, bids must be analysed by **internal commissions** and reviewed for their technical and economic feasibility. The construction and project teams can contact the experts at the central divisions BMTI, TPA, ZT and SID for assistance in assessing the technical risks and working out innovative solutions to technical problems. Project execution, monitored by **monthly target/performance comparisons**, is managed by the construction or project team on-site using documented procedures. At the same time, our central controlling department provides constant back-office support for the project, ensuring that risks of individual projects do not jeopardise the continued existence of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND RECEIVABLES MANAGEMENT

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

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

ETHICAL RISKS COUNTERED WITH AN ETHICS AND BUSINESS COMPLIANCE SYSTEM

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

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

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

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

With the increasing threat of IT risks, different measures are being implemented in the form of multistep security and anti-virus concepts, user access rights, password-controlled access, expedient data backups and independent power supply. The company is also working together with professional **specialty service providers** to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and repeatedly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, 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 RISKS: INTERRUPTIONS AND EXPROPRIATIONS CONCEIVABLE

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

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

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

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

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

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

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

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

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

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

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

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

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

Introduction

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

Control environment

Internal audit report in the Consolidated Corporate Governance Report

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. Accounting employees receive regular training with regard to innovations in national and international financial reporting in order to identify risks of unintended misreporting at an early stage.

Monitoring

The Management and Supervisory Boards bear responsibility for the ongoing company-wide monitoring. Additionally, the remaining management levels are responsible for the monitoring of their respective areas of responsibility. Controls and plausibility checks are carried out at regular intervals. The internal audit department is also involved in the monitoring process.

The top management receives monthly summarised financial reports on the development of the output volume and earnings of the respective segments and countries and of the liquidity. Financial statements to be published are reviewed internally by several instances within management, receiving a final appraisal by the senior accounting staff and the Chief Financial Officer before being passed on to the Audit Committee of the Supervisory Board.

Research and development

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

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

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

Cooperation with international universities and research institutions, joint development activities with partner companies around the world, and internal research and development projects have also been a routine part of the group's daily activities for years. In overall charge of the planning and implementation of these projects within the STRABAG Group are the central divisions **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 300 highly qualified employees at more than ten locations, **SID** takes the lead in initiating developments and providing expert support while maintaining a full overview of group-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 around 1,000 people at 130 locations in 15 countries, making it one of the largest private laboratory companies in Europe.

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

EFKON GmbH – a subsidiary of STRABAG – is active in intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement, a business field that requires intensive research, development and innovation activities. The focus last year was on the further development of complex toll collection and enforcement systems that blend unobtrusively into the cityscape (example: Norway, environmental zones) or can be used efficiently on motorways and expressways (example: national tolling system in Belgium). Here EFKON is increasingly using high-performance machine vision components, developed 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.

The STRABAG Group spent about € 16 million on research, development and innovation activities during the 2021 financial year (2020: about € 17 million). The majority of the **development activity** is triggered by **construction projects** in all our business areas. Here challenges or specific questions regularly arise that require a technologically new process or an innovative solution on-site. In many cases, support is offered by the aforementioned central divisions. Some issues require medium-term research and development projects, often with partner organisations.

Website Corporate Governance Report

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

Disclosures under Sec 243a Para 1 UGB

One share – one vote

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

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

3. To the knowledge of STRABAG SE, the following shareholders held a direct or indirect interest of at least 10.0 % of the share capital of STRABAG SE on 31 December 2021:
   - Haselsteiner Group............................28.3 %
   - Raiffeisen Group...............................14.2 %
   - UNIQA Group...................................15.3 %
   - MKAO "Rasperia Trading Limited"......27.8 %

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

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

6. No employee stock option programmes exist.

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

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

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

Related parties

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

Outlook

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

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

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

Events after the reporting period

The material events after the reporting period are described in item 39 of the Notes.

Villach, 7 April 2022

The Management Board

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

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

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

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

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

CONTENT CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

Consolidated income statement

T€	Notes	2021	2020
Revenue	(1)	15,298,536	14,749,744
Changes in inventories		-118,649	17,695
Own work capitalised		8,835	5,763
Other operating income	(2)	211,260	205,809
Construction materials, consumables and services used	(3)	-9,415,079	-9,304,347
Employee benefits expenses	(4)	-3,843,579	-3,713,069
Other operating expenses	(5)	-823,814	-910,529
Share of profit or loss of equity-accounted investments	(6)	92,110	66,214
Net income from investments	(7)	36,102	57,173
EBITDA		**1,445,722**	**1,174,453**
Depreciation and amortisation expense	(8)	-549,614	-543,801
EBIT		**896,108**	**630,652**
Interest and similar income		26,962	27,890
Interest expense and similar charges		-39,532	-48,492
Net interest income	**(9)**	**-12,570**	**-20,602**
EBT		**883,538**	**610,050**
Income tax expense	(10)	-287,135	-210,986
Net income		**596,403**	**399,064**
attributable to: non-controlling interests		10,697	3,847
attributable to: equity holders of the parent company		585,706	395,217
Earnings per share (€)	**(11)**	**5.71**	**3.85**

Statement of total comprehensive income

T€	Notes	2021	2020
Net income		**596,403**	**399,064**
Differences arising from currency translation		27,064	-34,743
Recycling of differences arising from currency translation		3,637	576
Change in interest rate swaps		20,077	-12,170
Recycling of interest rate swaps		10,585	11,862
Change in cost-of-hedging reserves		0	-209
Recycling of cost-of-hedging reserves		103	-215
Change in currency hedging instruments		0	3,726
Recycling of currency hedging instruments		-1,537	13,829
Deferred taxes on neutral change in equity	(10)	-6,510	-2,028
Other income from equity-accounted investments		4,820	-10,032
Total of items which are later recognised ("recycled") in the income statement		*58,239*	*-29,404*
Change in actuarial gains or losses		34,985	-17,513
Deferred taxes on neutral change in equity	(10)	-9,251	5,530
Other income from equity-accounted investments		37	-23
Total of items which are not later recognised ("recycled") in the income statement		*25,771*	*-12,006*
Other income		**84,010**	**-41,410**
Total comprehensive income		**680,413**	**357,654**
attributable to: non-controlling interests		10,299	3,963
attributable to: equity holders of the parent company		670,114	353,691

Consolidated balance sheet

T€	Notes	31.12.2021	31.12.2020
Goodwill	(12)	447,679	449,566
Rights from concession arrangements	(13)	492,829	511,890
Other intangible assets	(14)	28,395	33,061
Property, plant and equipment	(15)	2,533,116	2,571,007
Equity-accounted investments	(16)	403,163	418,993
Other investments	(17)	195,388	187,638
Receivables from concession arrangements	(20)	524,570	561,763
Other financial assets	(23)	259,971	234,066
Deferred taxes	(18)	104,444	185,364
Non-current assets		**4,989,555**	**5,153,348**
Inventories	(19)	969,103	1,069,909
Receivables from concession arrangements	(20)	46,001	42,427
Contract assets	(21)	1,348,241	1,071,329
Trade receivables	(22)	1,447,374	1,511,850
Non-financial assets		143,203	112,377
Income tax receivables		52,396	48,147
Other financial assets	(23)	266,644	268,100
Cash and cash equivalents	(24)	2,963,251	2,856,954
Current assets		**7,236,213**	**6,981,093**
Assets		**12,225,768**	**12,134,441**
Share capital		102,600	110,000
Capital reserves		2,085,806	2,315,384
Retained earnings and other reserves		1,859,100	1,660,762
Non-controlling interests		24,316	22,074
Total equity	**(25)**	**4,071,822**	**4,108,220**
Provisions	(26)	1,235,924	1,224,244
Financial liabilities[1]	(27)	710,610	992,111
Other financial liabilities	(29)	95,788	105,203
Deferred taxes	(18)	104,063	61,291
Non-current liabilities		**2,146,385**	**2,382,849**
Provisions	(26)	1,097,705	1,008,376
Financial liabilities[2]	(27)	483,005	163,896
Contract liabilities	(21)	1,117,348	1,023,809
Trade payables	(28)	2,421,430	2,462,827
Non-financial liabilities		536,945	477,048
Income tax liabilities		51,163	218,481
Other financial liabilities	(29)	299,965	288,935
Current liabilities		**6,007,561**	**5,643,372**
Equity and liabilities		**12,225,768**	**12,134,441**

1 Thereof T€ 452,402 concerning non-recourse liabilities from concession arrangements (2020: T€ 526,792)
2 Thereof T€ 200,338 concerning non-recourse liabilities from concession arrangements (2020: T€ 70,405)

Consolidated cash flow statement

T€	Notes	2021	2020
Net income		596,403	399,064
Deferred taxes		106,413	-42,437
Non-cash effective results from consolidation		10,375	-2,132
Non-cash effective results from equity-accounted investments		26,605	3,834
Other non-cash effective results		-9,679	-5,903
Depreciations/reversal of impairment losses		553,165	544,640
Change in non-current provisions		-3,982	87,296
Gains/losses on disposal of non-current assets		-62,952	-54,027
Cash flow from earnings		**1,216,348**	**930,335**
Change in inventories		105,797	-102,573
Change in receivables from concession arrangements, contract assets and trade receivables		-159,118	484,641
Change in non-financial assets		-30,585	13,754
Change in income tax receivables		-4,534	-5,113
Change in other financial assets		-3,402	6,540
Change in current provisions		126,599	127,863
Change in contract liabilities and trade payables		60,870	-226,277
Change in non-financial liabilities		61,197	-17,016
Change in income tax liabilities		-176,670	85,564
Change in other financial liabilities		24,059	-18,058
Cash flow from operating activities		**1,220,561**	**1,279,660**
Purchase of financial assets		-19,289	-40,338
Purchase of property, plant, equipment and intangible assets		-456,338	-450,955
Inflows from asset disposals		123,072	131,212
Change in other financing receivables		-17,819	16,255
Change in scope of consolidation		-7,185	-5,772
Cash flow from investing activities		**-377,559**	**-349,598**
Issue of bank borrowings		126,600	1,273
Repayment of bank borrowings		-90,577	-71,417
Repayment of bonds		0	-200,000
Change in lease liabilities		-61,046	-63,689
Change in other financing liabilities		-2,072	-57,443
Change in non-controlling interests due to acquisition		-2,750	1,200
Distribution of dividends		-714,061	-105,813
Cash flow from financing activities		**-743,906**	**-495,889**
Net change in cash and cash equivalents		**99,096**	**434,173**
Cash and cash equivalents at the beginning of the period		2,856,804	2,459,969
Change in cash and cash equivalents due to currency translation		7,201	-38,033
Change in restricted cash and cash equivalents		0	695
Cash and cash equivalents at the end of the period	**(33)**	**2,963,101**	**2,856,804**

Statement of changes in equity

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves[1]	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2020	**110,000**	**2,315,384**	**1,531,174**	**-86,849**	**-47,505**	**3,822,204**	**33,695**	**3,855,899**
Net income	–	–	395,217	–	–	395,217	3,847	399,064
Differences arising from currency translation	–	–	–	–	-34,266	-34,266	99	-34,167
Change in currency hedging instruments	–	–	–	17,131	–	17,131	0	17,131
Change in equity-accounted investments	–	–	-23	-2,593	-7,439	-10,055	0	-10,055
Change in actuarial gains and losses	–	–	-17,494	–	–	-17,494	-19	-17,513
Change in interest rate swap	–	–	–	-308	–	-308	0	-308
Deferred taxes on neutral change in equity	–	–	5,494	-2,028	–	3,466	36	3,502
Other income	**–**	**–**	**-12,023**	**12,202**	**-41,705**	**-41,526**	**116**	**-41,410**
Total comprehensive income	**–**	**–**	**383,194**	**12,202**	**-41,705**	**353,691**	**3,963**	**357,654**
Transactions concerning non-controlling interests	–	–	2,590	0	1	2,591	-2,111	480
Distribution of dividends[2]	–	–	-92,340	–	–	-92,340	-13,473	-105,813
Balance as at 31.12.2020	**110,000**	**2,315,384**	**1,824,618**	**-74,647**	**-89,209**	**4,086,146**	**22,074**	**4,108,220**

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves[1]	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2021	**110,000**	**2,315,384**	**1,824,618**	**-74,647**	**-89,209**	**4,086,146**	**22,074**	**4,108,220**
Net income	–	–	585,706	–	–	585,706	10,697	596,403
Differences arising from currency translation	–	–	–	–	31,059	31,059	-358	30,701
Change in currency hedging instruments	–	–	–	-1,434	–	-1,434	0	-1,434
Change in equity-accounted investments	–	–	37	4,720	100	4,857	0	4,857
Change in actuarial gains and losses	–	–	35,038	–	–	35,038	-53	34,985
Change in interest rate swap	–	–	–	30,662	–	30,662	0	30,662
Deferred taxes on neutral change in equity	–	–	-9,264	-6,510	–	-15,774	13	-15,761
Other income	**–**	**–**	**25,811**	**27,438**	**31,159**	**84,408**	**-398**	**84,010**
Total comprehensive income	**–**	**–**	**611,517**	**27,438**	**31,159**	**670,114**	**10,299**	**680,413**
Transfers	–	-236,978	236,978	–	–	–	–	–
Transactions concerning non-controlling interests	–	–	-814	0	0	-814	-1,936	-2,750
Own shares	-7,400	7,400	–	–	–	–	–	–
Distribution of dividends[3]	–	–	-707,940	–	–	-707,940	-6,121	-714,061
Balance as at 31.12.2021	**102,600**	**2,085,806**	**1,964,359**	**-47,209**	**-58,050**	**4,047,506**	**24,316**	**4,071,822**

1 The hedging reserve includes also the cost of hedging, see cash flow hedges section in item (34) Financial instruments.
2 The total dividend payment of T€ 92,340 corresponds to a dividend per share of € 0.90 based on 102,600,000 shares.
3 The total dividend payment of T€ 707,940 corresponds to a dividend per share of € 6.90 based on 102,600,000 shares.

Consolidated statement of fixed assets as at 31 December 2021

	Acquisition and production costs							
T€	Balance as at 1.1.2021	Additions in scope of consoli-dation	Disposals in scope of consoli-dation	Currency translation	Additions	Transfers	Disposals	Balance as at 31.12.2021
I. Intangible assets								
1. Concessions, software, licences, rights	143,434	9	500	216	2,529	16	4,941	140,763
2. Goodwill	688,459	0	5,114	4,816	0	0	0	688,161
3. Advances paid	16	0	0	0	2	-16	0	2
Total	**831,909**	**9**	**5,614**	**5,032**	**2,531**	**0**	**4,941**	**828,926**
II. Rights from concession arrangements	**551,793**	**0**	**0**	**0**	**0**	**0**	**0**	**551,793**
III. Tangible assets								
1. Properties and buildings	1,543,200	1,119	1,660	5,218	32,289	21,974	41,538	1,560,602
2. Right-of-use assets	428.029	0	115	1.768	75.729	0	29.396	476.015
3. Technical equipment and machinery	2,984,763	1,039	2,907	-3,457	186,584	22,449	142,081	3,046,390
4. Other facilities, furniture and fixtures and office equipment	1,313,330	106	1,023	2,070	153,883	2,031	95,094	1,375,303
5. Advances paid and facilities under construction	64,963	0	0	235	80,891	-46,454	0	99,635
6. Investment property	141,888	0	0	80	135	0	4,714	137,389
Total	**6,476,173**	**2,264**	**5,705**	**5,914**	**529,511**	**0**	**312,823**	**6,695,334**

	Accumulated depreciation									
T€	Balance as at 1.1.2021	Additions in scope of consoli-dation	Disposals in scope of consoli-dation	Currency translation	Additions[1]	Transfers	Disposals	Balance as at 31.12.2021	Carrying amount as at 31.12.2021	Carrying amount as at 31.12.2020
I.										
1.	110,389	9	354	220	6,959	0	4,853	112,370	28,393	33,045
2.	238,893	0	5,114	1,036	5,667	0	0	240,482	447,679	449,566
3.	0	0	0	0	0	0	0	0	2	16
	349,282	**9**	**5,468**	**1,256**	**12,626**	**0**	**4,853**	**352,852**	**476,074**	**482,627**
II.	**39,903**	**0**	**0**	**0**	**19,061**	**0**	**0**	**58,964**	**492,829**	**511,890**
III.										
1.	688,875	90	623	2,240	37,202	0	21,199	706,585	854,017	854,325
2.	99,144	0	89	386	63,281	0	14,950	147,772	328,243	328,885
3.	2,165,909	907	1,794	-2,666	263,724	0	135,262	2,290,818	755,572	818,854
4.	811,960	95	678	1,146	153,806	0	83,889	882,440	492,863	501,370
5.	0	0	0	0	0	0	0	0	99,635	64,963
6.	139,278	0	0	0	-86	0	4,589	134,603	2,786	2,610
	3,905,166	**1,092**	**3,184**	**1,106**	**517,927**	**0**	**259,889**	**4,162,218**	**2,533,116**	**2,571,007**

1 Of this amount, impairments of T€ 7,708, reversal of impairment losses T€ 0

Consolidated statement of fixed assets as at 31 December 2020

T€	Acquisition and production costs							
	Balance as at 1.1.2020	Additions in scope of consolidation	Disposals in scope of consolidation	Currency translation	Additions	Transfers	Disposals	Balance as at 31.12.2020
I. Intangible assets								
1. Concessions, software, licences, rights	141,627	5,752	5	-1,607	2,722	132	5,187	143,434
2. Goodwill	689,185	7,330	800	-7,256	0	0	0	688,459
3. Advances paid	149	0	0	0	39	-132	40	16
Total	**830,961**	**13,082**	**805**	**-8,863**	**2,761**	**0**	**5,227**	**831,909**
II. Rights from concession arrangements	**551,793**	**0**	**0**	**0**	**0**	**0**	**0**	**551,793**
III. Tangible assets								
1. Properties and buildings	1,564,127	500	19,563	-17,933	23,769	23,329	31,029	1,543,200
2. Right-of-use assets	381,781	0	0	-4,276	93,170	0	42,646	428,029
3. Technical equipment and machinery	2,958,911	3,047	23,857	-51,866	216,183	77,360	195,015	2,984,763
4. Other facilities, furniture and fixtures and office equipment	1,275,820	1,258	1,255	-15,432	164,410	-6,100	105,371	1,313,330
5. Advances paid and facilities under construction	119,615	0	0	-3,619	43,610	-94,589	54	64,963
6. Investment property	145,800	0	0	-47	222	0	4,087	141,888
Total	**6,446,054**	**4,805**	**44,675**	**-93,173**	**541,364**	**0**	**378,202**	**6,476,173**

T€	Accumulated depreciation									
	Balance as at 1.1.2020	Additions in scope of consolidation	Disposals in scope of consolidation	Currency translation	Additions[1]	Transfers	Disposals	Balance as at 31.12.2020	Carrying amount as at 31.12.2020	Carrying amount as at 31.12.2019
I.										
1.	104,429	4,767	5	-1,662	7,651	0	4,791	110,389	33,045	37,198
2.	235,680	0	800	-503	4,516	0	0	238,893	449,566	453,505
3.	0	0	0	0	0	0	0	0	16	149
	340,109	**4,767**	**805**	**-2,165**	**12,167**	**0**	**4,791**	**349,282**	**482,627**	**490,852**
II.	**21,436**	**0**	**0**	**0**	**18,467**	**0**	**0**	**39,903**	**511,890**	**530,357**
III.										
1.	696,481	0	18,585	-6,634	38,977	-433	20,931	688,875	854,325	867,646
2.	55,434	0	0	-751	65,416	0	20,955	99,144	328,885	326,347
3.	2,147,172	2,403	23,374	-34,408	258,167	7,068	191,119	2,165,909	818,854	811,739
4.	773,982	433	1,107	-9,392	150,251	-6,635	95,572	811,960	501,370	501,838
5.	0	0	0	0	0	0	0	0	64,963	119,615
6.	140,499	0	0	0	356	0	1,577	139,278	2,610	5,301
	3,813,568	**2,836**	**43,066**	**-51,185**	**513,167**	**0**	**330,154**	**3,905,166**	**2,571,007**	**2,632,486**

1 Of this amount, impairments of T€ 5,929, reversal of impairment losses T€ 0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic principles

The STRABAG Group is a leading European technology group for construction services. STRABAG SE has its headquarters in Triglavstraße 9, 9500 Villach, Austria. From its core markets of Austria and Germany, STRABAG is present via its numerous subsidiaries in all countries of Eastern and South-East Europe including Russia, in selected markets in North and Western Europe and the Arabian Peninsula, as well as in the project business in Africa, Asia and the Americas. STRABAG's activities span the entire construction industry (Building Construction & Civil Engineering, Transportation Infrastructures, Tunnelling, construction-related services) and cover the entire value-added chain in the field of construction.

The consolidated financial statements of Strabag SE, at the reporting date 31 December 2021, were drawn up under application of Section 245a Paragraph 2 of the Austrian Commercial Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Applied were exclusively those standards and interpretations adopted by the European Commission before the reporting deadline and published in the Official Journal of the European Union. Further reporting requirements of Section 245a Paragraph 1 of the Austrian Commercial Code (UGB) were fulfilled as well.

In addition to a statement of total comprehensive income and the consolidated balance sheet, the financial statements include a cash flow statement in accordance with IAS 7, and a statement of changes in equity (IAS 1). The disclosures in the Notes also contain a segment reporting section in accordance with IFRS 8.

In order to improve the clarity of the representation, various items in the balance sheet and the income statement have been combined. These items have been shown separately and are explained in the Notes. The income statement has been drawn up in accordance with the nature of expense method.

The consolidated financial statements were shown in T€. The presentation in T€ may result in rounding differences.

Changes in accounting policies

NEW AND REVISED STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE FOR THE 2021 FINANCIAL YEAR

The IASB has made the following amendments to the existing IFRS and passed several new IFRS and IFRIC, which have also been adopted by the European Commission. Application thus became mandatory on 1 January 2021.

	Application for financial years which begin on or after (according to IASB)	Application for financial years which begin on or after (according to EU endorsement)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	1.1.2021	1.1.2021
Amendments to IFRS 4 – Deferral of IFRS 9	1.1.2021	1.1.2021
Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions	1.4.2021	1.4.2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (IBOR Reform) Phase 2

The Phase 2 amendments address issues arising from the implementation of the reform.

Leases, financing arrangements and interest rate hedges concluded by the STRABAG SE Group mainly use the EURIBOR as the interest rate benchmark. EURIBOR rates have been calculated in accordance with the specifications of the EU Benchmark Regulation since 2019. As a result, EURIBOR can continue to be used as the benchmark interest rate and no changes were made to existing contracts.

As at 31 December 2021, no material contracts to lending, financing and interest rate hedges using LIBOR or another international interest rate benchmark exist that need to be changed.

The amendment therefore had no impact on the IFRS consolidated financial statements.

The first-time adoption of the other IFRS standards had no impact on the consolidated financial statements as at 31 December 2021.

FUTURE CHANGES OF FINANCIAL REPORTING STANDARDS

The IASB and the IFRIC approved further standards and interpretations. However, these were neither required to be applied in the 2021 financial year nor adopted by the European Commission. The amendments affect the following standards and interpretations:

	Application for financial years which begin on or after (according to IASB)	Application for financial years which begin on or after (according to EU endorsement)	Impact on the consolidated financial statements
Annual Improvements to IFRS 2018–2020	1.1.2022	1.1.2022	minor
Amendments to IFRS 3 – References to Conceptual Framework	1.1.2022	1.1.2022	no
Amendments to IAS 16 – Proceeds before Intended Use	1.1.2022	1.1.2022	minor
Amendments to IAS 37 – Onerous Contracts: Cost to Fulfilling a Contract	1.1.2022	1.1.2022	no
IFRS 17 Insurance Contracts	1.1.2023	1.1.2023	no
Amendments to IAS 1 – Disclosure of Accounting Policies	1.1.2023	1.1.2023	minor
Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current	1.1.2023	n. a.[1]	is being analysed
Amendments to IAS 8 – Definition of Accounting Estimates	1.1.2023	1.1.2023	minor
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1.1.2023	n. a.	minor
IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1.1.2023	n. a.	no

Amendments to IAS 37 – Onerous Contracts: Cost to Fulfilling a Contract

Provisions for pending losses from construction contracts are recognised according to IAS 37.

The amendment to IAS 37 stipulates that, for the purpose of assessing whether a contract is onerous, all costs that relate directly to a contract must be included in estimating the cost of fulfilling that contract (full cost approach). Before this clarification, a marginal cost approach was also possible with regard to the definition of unavoidable costs, in which only the incremental costs for fulfilling the contract were to be taken into account.

When determining the provisions for pending losses from construction contracts, the corporate group has always considered all costs directly attributable to the contract.

Therefore, clarification of “costs to fulfil a contract” results in no need to adjust the method for assessing provisions.

Early application of the new standards and interpretations is not planned.

1 n. a. – endorsement process is still in progress

Consolidation

The financial statements of the domestic and foreign companies included in the scope of consolidation are drawn up in accordance with uniform methods of accounting and valuation. The annual financial statements of the domestic and foreign group companies are adapted accordingly.

SUBSIDIARIES

Entities whose financial and operating policies are controlled by the group constitute subsidiaries.

The consolidated financial statements include the financial statements of the parent company and entities (including structured entities) over which the group has control. An entity is considered to be under control if the following criteria are met:

- The parent company has power over the investee.
- The parent company is exposed to variable returns on the investment.
- The parent company has the ability to affect the returns from the investment through its power over the investee.
- Control over an entity is reassessed if facts and circumstances indicate that there are changes to one or more of the three elements of control discussed above.
- Owning a majority of the voting rights is not always necessary to have power and control over an investee, but can be achieved through other rights or contractual agreements which give the parent company the possibility to affect the returns of the investee.

A subsidiary is included in the consolidated financial statements from the date on which the parent company acquired control. Conversely, the entity is deconsolidated when control ends.

Capital consolidation is performed in accordance with IFRS 3 using the acquisition method. The cost of acquisition of the subsidiary is measured as the sum of the fair values of assets given, equity instruments issued and liabilities assumed. Contingent considerations are also measured at their fair value from the date of the business combination. Later deviations from this value are recognised in profit or loss. Transaction costs are also recognised immediately in profit or loss.

Non-controlling interests are recognised based on their proportional interest in the net assets of the acquired entity (partial goodwill method). The option of recognising non-controlling interests at fair value is not used.

In business combinations achieved in stages (step acquisitions), the existing equity interest of the entity is remeasured at fair value from the date of acquisition. The resulting profit or loss is recognised in the income statement.

The acquisition costs, contingent considerations, existing equity interests and non-controlling interests are to be compared with all identifiable assets and liabilities of the subsidiary, measured at fair value. Any remaining difference on the assets side is classified as goodwill. Differences arising from the capital consolidation on the liabilities side are recognised immediately in profit and loss following another review. Goodwill is subjected to an impairment test in accordance with IAS 36 at least once a year.

In the 2021 financial year, T€ 0 (2020: T€ 7,330) in goodwill arising from capital consolidation were recognised as assets. Impairments in the amount of T€ 5,667 (2020: T€ 4,516) were made.

Immaterial subsidiaries are not consolidated; these are reported at amortised cost and recognised in the item other investments.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS THAT DO NOT RESULT IN LOSS OF CONTROL

Differences arising from the acquisition or disposal of investments in affiliated entities without acquisition or loss of control are recognised in full in equity outside profit or loss.

DISPOSAL OF SUBSIDIARIES

When control over a subsidiary is lost, any remaining investment is remeasured at fair value. The difference to the existing carrying amounts is recognised in profit or loss. Associates, joint arrangements or financial assets are initially recognised at this fair value. All previous amounts recognised to date in other income are accounted for as if the assets and liabilities of the affected entities had been sold directly.

STRUCTURED ENTITIES

Structured entities are entities that are not controlled by voting rights, but mainly through contractual arrangements for a specific business purpose. The business purpose is usually restricted to a narrow field of activity. Structured entities typically have little equity capital and rely on owner financing.

ASSOCIATES

Entities in which the group exercises significant influence constitute associates. This is generally the case with a holding of between 20 % and 50 % of the voting rights. Investments in associates are accounted for using the equity method and recognised in the item equity-accounted investments. The acquired investment is initially measured at cost. Any differences that arise are treated according to the principles of consolidation. In subsequent years, the carrying amount of the investment increases or decreases in proportion to the share of profit or loss and/or the investee’s other income. Distributions reduce the carrying amount of the investment. As soon as the group’s share of losses equals or exceeds the interest in the associate, no further losses are recognised unless the group is liable for the associate’s losses.

At the end of every accounting period, the group determines whether there are any indications for an impairment of the investment in the associate. If there are, then the difference between the carrying amount and the recoverable amount is recognised as an impairment expense in the income statement.

In the year under review, as in the previous year, the initial equity measurement of newly acquired entities did not result in any goodwill, which is reported under equity-accounted investments.

Associates which are immaterial and therefore not recognised using the equity method, are recognised at amortised cost and accounted for in the item other investments.

JOINT ARRANGEMENTS

Joint ventures are entities over which the group exercises joint control together with a third entity. Joint control exists when the determination of the financial and operating policies requires the unanimous consent of all parties to the joint control. STRABAG accounts for joint ventures using the equity method and these are recognised in the item equity-accounted investments.

Joint ventures which are immaterial and therefore not recognised using the equity method, are recognised at amortised cost and accounted for in the item other investments.

Consortia are quite common in the construction industry in Austria and Germany. According to the Institute of Public Auditors in Germany (IDW) and a statement by the Austrian Financial Reporting and Auditing Committee (AFRAC), the typical German and Austrian construction consortium meets the requirements to be classified as a joint venture. Earnings from construction consortia are presented proportionately under share of profit or loss of equity-accounted investments. The receivables from and payables to construction consortia include mainly in- and outflows of cash, charges resulting from services as well as proportional contract results and are recorded under trade receivables and trade payables.

Joint arrangements for the execution of construction work in the remaining countries are accounted for either as joint ventures or as joint operations depending on the substance of the arrangement.

INVESTMENTS

In accordance with IFRS 9, investments which do not constitute subsidiaries, joint ventures or associates are recognised at fair value through profit or loss and are stated under other investments.

CONSOLIDATION PROCEDURES

As part of the consolidation of intercompany balances, any trade receivables, loans and other receivables existing within the group are set off against the corresponding liabilities and provisions of the subsidiaries included in the consolidated financial statements.

Expenses and revenues from intra-group transactions are eliminated. Results incurred from intra-group transactions that are recognised in the non-current and current assets are eliminated if they are material. Non-controlling interests are taken into consideration during the elimination of intra-group profits or losses.

Unrealised profits from transactions between group entities and associates are eliminated in proportion to the group's share in the associate.

Non-controlling interests in equity and profits of companies controlled by the parent company are shown separately in the consolidated financial statements.

The necessary tax deferrals are made for consolidation procedures.

Scope of consolidation

The consolidated financial statements as at 31 December 2021 include STRABAG SE as well as all major domestic and foreign subsidiaries over which STRABAG SE either directly or indirectly has control. Associates and joint ventures are reported in the balance sheet using the equity method (equity-accounted investments).

Group companies which are of minor importance for the purpose of giving a true and fair view of the financial position, financial performance and cash flows of the group are not consolidated. The decision to include an entity in the scope of consolidation is based on quantitative and qualitative considerations.

Subsidiaries and equity-accounted investments included in the 2021 consolidated financial statements are given in the list of investments.

The financial year for all consolidated and associated companies, with the exception of the following companies that are included in the scope of consolidation on the basis of an interim report effective 31 December 2021, is identical with the calendar year.

Companies	Reporting date	Method of inclusion
EFKON INDIA Pvt. Ltd., Mumbai	31.3.	consolidation
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt	30.9.	equity-accounted investment

The number of consolidated companies changed in the 2020 and 2021 financial years as follows:

	Consolidation	Equity method
Balance as at 31.12.2019	**285**	**27**
First-time inclusions in year under report	14	2
First-time inclusions in year under report due to merger/accretion	3	0
Merger/accretion in year under report	-8	-1
Exclusions in year under report	-14	-4
Balance as at 31.12.2020	**280**	**24**
First-time inclusions in year under report	5	0
First-time inclusions in year under report due to merger/accretion	3	0
Merger/accretion in year under report	-4	0
Exclusions in year under report	-18	-2
Balance as at 31.12.2021	**266**	**22**

ADDITIONS TO SCOPE OF CONSOLIDATION

The following companies formed part of the scope of consolidation for the first time on the reporting date:

Consolidation	**Direct stake %**	**Date of acquisition or foundation**
DCO d.o.o., Ljubljana	100.00	1.1.2021[1]
Metallica Stahl- und Fassadentechnik GmbH, Stuttgart	100.00	1.1.2021[1]
Rezidence Herálecká s.r.o., Prague	100.00	10.2.2021
STRABAG SCARBOROUGH PROJECT INC., Ontario	100.00	6.4.2021
STRABAG UK LIMITED, London	100.00	1.1.2021[1]
Merger/Accretion		
DRUMCO SA, Timisoara	100.00	23.7.2021[2]
SEF Netz-Service GmbH, Munich	100.00	20.10.2021[2]
STRABAG PFS s.r.o., Prague	100.00	1.8.2021[2]

Companies included for the first time were consolidated at the date of acquisition or a near reporting date, provided this had no significant difference to an inclusion at the date of acquisition.

Additions to assets and liabilities from initial consolidations are comprised as follows:

T€	**Initial consolidations**
Acquired assets and liabilities	
Other non-current assets	1,204
Current assets	2,292
Non-current liabilities	-107
Current liabilities	-1,738
Resulting loss from initial consolidation	269
Trade-off (purchase price)	**1,920**
Non-cash effective purchase price component	-1,920
Acquired cash and cash equivalents	182
Net cash inflow from initial consolidations	**182**

All companies which were consolidated for the first time in 2021 contributed T€ 77,117 (2020: T€ 112,850) to revenue and with a loss of T€ 1,629 (2020: loss of T€ 14,639) to net income after minorities.

Assuming a fictitious first-time consolidation on 1 January 2021 for all new acquisitions, consolidated revenue and net income would only insignificantly change in the fiscal year.

1 Due to its increased business volumes, the company was included in the scope of consolidation of the group for the first time effective 1 January. The foundation/acquisition of the company occurred before 1 January 2021.
2 The companies listed under Merger/Accretion were merged with/accrued on already consolidated companies and as such are at once represented as additions to and removals from the scope of consolidation.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 31 December 2021, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation	
BEWO - Projekt Q4a Reininghausstraße GmbH & Co KG, Graz	Sale
Bug-AluTechnic GmbH, Vienna	Fell below significant level
Chustskij Karier, Zakarpatska	Sale
Eckstein Holding GmbH, Spittal an der Drau	Fell below significant level
EFKON SOUTH AFRICA (PTY) LTD, Pretoria	Sale
EVOLUTION ONE Sp. z o.o., Warsaw	Fell below significant level
Lift-Off GmbH & Co. KG, Cologne	Fell below significant level
Nordbahnhof Projekt EPW8 GmbH & Co KG, Vienna	Sale
Nordbahnhof Projekt EPW8 Komplementär GmbH, Vienna	Sale
Nordbahnhof Projekt Taborstraße 123 GmbH & Co KG, Vienna	Sale
Nordbahnhof Projekt Taborstraße 123 Komplementär GmbH, Vienna	Sale
RE Klitschgasse Errichtungs GmbH, Vienna	Fell below significant level
Sakela Beteiligungsverwaltung GmbH, Vienna	Fell below significant level
Shanghai Changjiang-Züblin Construction&Engineering Co.Ltd., Shanghai	Sale
SQUARE One GmbH & Co KG, Vienna	Sale
Zezelivskij karier TOW, Zezelev	Sale
Züblin Ground and Civil Engineering LLC, Dubai	Fell below significant level
Züblin Inc., Saint John/NewBrunswick	Fell below significant level
Merger/Accretion[1]	
DRUMCO SA, Timisoara	Merger
Griproad Spezialbeläge und Baugesellschaft mbH, Cologne	Merger
SEF Netz-Service GmbH, Munich	Merger
STRABAG PFS s.r.o., Prague	Merger
at-equity	
Leopold Ungar Platz 3 GmbH, Vienna	Sale
SQUARE Two GmbH & Co KG, Vienna	Sale

The disposals of assets and liabilities from deconsolidation are composed as follows:

T€	Disposals from scope of consolidation
Disposals of assets and liabilities	
Other non-current assets	2,719
Current assets	38,819
Non-current liabilities	-474
Current liabilities	-30,877
Resulting loss from deconsolidation	-6,469
Trade-off received (purchase price)	**3,718**
Non-cash effective purchase price component	-728
Disposals of cash and cash equivalents	-10,358
Net cash outflow from deconsolidations	**-7,368**

Resulting profit in the amount of T€ 1,107 (2020: T€ 1,332) and losses in the amount of T€ 7,576 (2020: T€ 1,496) are recognised in profit or loss under other operating income or other operating expenses.

One of the STRABAG Group's business fields is real estate project development. SQUARE One GmbH & Co. KG, Vienna, is a project company for a commercial project in Vienna that was sold as a share deal in the 2021 financial year. In these cases, the disposal profit was not presented as a deconsolidation gain from an economic point of view; instead, the sales revenues from project developments and the corresponding expenses were presented gross.

There were no significant restrictions on the use of assets or risks related to structured entities at the end of the reporting period.

1 The companies listed under Merger/Accretion were merged with already consolidated companies or, as a result of accretion, formed part of consolidated companies.

NON-CONTROLLING INTERESTS

As of 31 December 2021, the amount of the non-controlling interests stood at T€ 24,316 (2020: T€ 22,074) in the STRABAG SE Group and is thus immaterial. The non-controlling interests comprise numerous subsidiaries and mainly affect the project development companies.

Besides the above-mentioned investments, the ownership interests in other subsidiaries in the financial year changed only insignificantly or had insignificant impact. The changes are represented in the list of investments.

CURRENCY TRANSLATION

The items contained in the financial statements of each group entity are measured on the basis of the currency corresponding to the currency of the primary economic environment in which the entity operates (functional currency).

The functional currency of STRABAG's subsidiaries is the respective local currency, with the exception of the following companies, whose functional currency is the euro:

- AKA Zrt., Budapest
- AMFI HOLDING Kft., Budapest
- BHK KRAKÓW JOINT VENTURE Sp. z o.o., Warsaw
- EVOLUTION TWO Sp. z o.o., Warsaw
- EXP HOLDING Kft., Budapest
- Ranita OOO, Moscow

The consolidated financial statements are prepared in euro, STRABAG's reporting currency.

Foreign currency transactions are translated into the functional currency at the foreign exchange rate on the day of the transaction. On the reporting date, monetary items are translated at the closing rate, while non-monetary items are translated at the rate on the day of the transaction. Exchange differences are recognised in profit or loss.

Assets and liabilities of group entities whose functional currency is not the euro are translated from the respective local currency into euro at the average exchange rate on the reporting date. As well as the corresponding profit for the period, the income statements of foreign group entities whose functional currency is not the euro are translated at the average exchange rate for the reporting period. The differences resulting from the use of both rates are reported outside profit or loss.

Monetary items in form of receivables or payables which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of an entity´s net investment in a foreign operation. Currency translation differences arising on such monetary items are initially recognised in other comprehensive income and reclassified from equity to profit and loss on disposal of the net investment.

The most important currencies, including their average exchange rates, are listed under item (34) Financial instruments. Currency translation differences of T€ 30,701 (2020: T€ -34,167) were recognised directly in equity in the financial year. Forward exchange operations (hedging), excluding deferred taxes, in the amount of T€ -1,434 (2020: T€ 17,131) were recognised directly in equity.

Restatements in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies) were not necessary.

Consolidated companies and equity-accounted associates and joint ventures

The following list shows the consolidated companies included in the consolidated financial statements:

Austria		Nominal capital T€/TATS	Direct stake %
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau		35	100.00
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau		35	100.00
"Wiener Heim" Wohnbaugesellschaft m.b.H., Vienna		741	100.00
ABR Abfall Behandlung und Recycling GmbH, Schwadorf		37	100.00
Asphalt & Beton GmbH, Spittal an der Drau		36	100.00
AUSTRIA ASPHALT GmbH & Co OG, Spittal an der Drau	TATS	500	100.00
Bau Holding Beteiligungs GmbH, Spittal an der Drau		48,000	100.00
Bitumen Handelsgesellschaft m.b.H. & Co KG, Loosdorf	TATS	3,000	100.00
BITUNOVA Baustofftechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	2,000	100.00
Böhm Stadtbaumeister & Gebäudetechnik GmbH, Vienna		36	100.00
BrennerRast GmbH, Vienna		35	100.00
Campus Eggenberg Immobilienprojekt GmbH, Graz		36	60.00
DC1 Immo GmbH, Vienna		35	100.00
Diabaswerk Saalfelden Gesellschaft m.b.H., Saalfelden		363	100.00
EFKON GmbH, Raaba		20,350	100.00
Erdberger Mais GmbH & Co KG, Vienna		1	100.00
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG, Wiener Neustadt		1,192	100.00
Goldeck Bergbahnen GmbH, Spittal an der Drau		363	100.00
Ilbau Liegenschaftsverwaltung GmbH, Spittal an der Drau		4,500	100.00
InfoSys Informationssysteme GmbH, Spittal an der Drau		363	100.00
Innsbrucker Nordkettenbahnen Betriebs GmbH, Innsbruck		35	51.00
KAB Straßensanierung GmbH & Co KG, Spittal an der Drau		133	50.60
Kanzelsteinbruch Gratkorn GmbH, Gratkorn		36	100.00
Krems Sunside Living Projektentwicklung GmbH, Vienna		35	100.00
M5 Beteiligungs GmbH, Vienna		70	100.00
M5 Holding GmbH, Vienna		35	100.00
Metallica Stahl- und Fassadentechnik GmbH, Vienna		35	100.00
Mineral Abbau GmbH, Spittal an der Drau		36	100.00
Mischek Bauträger Service GmbH, Vienna		36	100.00
Mischek Systembau GmbH, Vienna		1,000	100.00
Mobil Baustoffe GmbH, Spittal an der Drau		50	100.00
Nottendorfer Gasse 13 Kom GmbH, Vienna		35	100.00
OAT - Bohr- und Fugentechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	1,000	51.00
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH, Lavant i. Osttirol		36	80.00
Q4a Immobilien GmbH, Graz		35	60.00
Raststation A 3 GmbH, Vienna		35	100.00
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H., Linz		291	100.00
RE Beteiligungsholding GmbH, Vienna		35	100.00
RE Wohnraum GmbH, Vienna		35	100.00
RE Wohnungseigentumserrichtungs GmbH, Vienna		35	100.00
SF Bau vier GmbH, Vienna		35	100.00
SILO DREI Beteiligungsverwaltungs GmbH & Co KG, Vienna		50	100.00
SILO DREI next LBG 57 Liegenschaftsverwertung GmbH & Co KG, Vienna		200	51.00
SILO II LBG 57 - 59 Liegenschaftsverwertung GmbH & Co KG, Vienna		200	51.00
SILO ZWEI Beteiligungsverwaltungs GmbH & Co KG, Vienna		50	100.00
STRABAG AG, Spittal an der Drau		12,000	100.00
STRABAG Bau GmbH, Vienna		1,800	100.00
STRABAG BMTI GmbH, Vienna		1,454	100.00
STRABAG BRVZ GmbH, Spittal an der Drau		37	100.00
STRABAG Holding GmbH, Vienna		35	100.00
STRABAG Infrastructure & Safety Solutions GmbH, Vienna		727	100.00
Strabag Liegenschaftsverwaltung GmbH, Linz		4,500	100.00
STRABAG Property and Facility Services GmbH, Vienna		1,500	100.00
STRABAG Real Estate GmbH, Vienna		44	100.00
STRABAG SE, Villach		102,600	100.00
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna		440	100.00

TPA Gesellschaft für Qualitätssicherung und Innovation GmbH, Vienna		37	100.00
Wohnquartier Reininghausstraße GmbH, Graz		35	60.00
Züblin Holding GesmbH, Vienna		55	100.00
Züblin Spezialtiefbau Ges.m.b.H., Vienna		1,500	100.00

Germany		**Nominal capital T€/TDEM**	**Direct stake %**
Alpines Hartschotterwerk GmbH, Leinfelden-Echterdingen		25	100.00[1]
Baumann & Burmeister GmbH, Halle/Saale		51	100.00[1]
BHG Bitumenhandelsgesellschaft mbH, Hamburg		26	100.00[1]
BITUNOVA GmbH, Düsseldorf		256	100.00[1]
Blees-Kölling-Bau GmbH, Cologne	TDEM	2,500	100.00[1]
Blutenburg Projekt GmbH, Cologne		25	100.00
CML Construction Services GmbH, Cologne		25	100.00
Deutsche Asphalt GmbH, Cologne		28	100.00[1]
DYWIDAG International GmbH, Cologne		5,000	100.00[1]
DYWIDAG-Holding GmbH, Cologne		600	100.00[1]
Ed. Züblin AG, Stuttgart		20,452	100.00[1]
Eraproject GmbH, Cologne		52	100.00[1]
F 101 Projekt GmbH & Co. KG, Cologne		10	100.00
F. Kirchhoff GmbH, Leinfelden-Echterdingen		23,319	100.00[1]
F.K. SYSTEMBAU GmbH, Münsingen		2,000	100.00[1]
Fahrleitungsbau GmbH, Essen		1,550	100.00[1]
Gaul GmbH, Sprendlingen		25	100.00
GBS Gesellschaft für Bau und Sanierung mbH, Leuna		513	100.00
Hexagon Projekt GmbH & Co. KG, Cologne		10	100.00[1]
HUMMEL Komplementär GmbH, Frickenhausen		25	100.00[1]
HUMMEL Systemhaus GmbH & Co. KG, Frickenhausen		10	100.00[1]
Ilbau GmbH Deutschland, Berlin		4,700	100.00
ITC Engineering AG & Co. KG, Stuttgart		100	100.00[1]
Kuhwald 55 Projekt GmbH & Co. KG, Cologne		10	100.00[1]
LIMET Beteiligungs GmbH & Co. Objekt Köln KG, Cologne		10	94.00[1]
LIMET Beteiligungs GmbH, Cologne	TDEM	50	100.00[1]
MAV Kelheim GmbH, Kelheim		25	100.00
MAV Krefeld GmbH, Krefeld		600	50.00[2]
MAV Lünen GmbH, Lünen		250	100.00
Metallica Stahl- und Fassadentechnik GmbH, Stuttgart		25	100.00[1]
Mineral Baustoff GmbH, Cologne		25	100.00[1]
Mitterhofer Projekt GmbH & Co. KG, Cologne		10	100.00[1]
MOBIL Baustoffe GmbH, Munich		100	100.00[1]
NE Sander Immobilien GmbH, Sande		155	100.00[1]
PANSUEVIA GmbH & Co. KG, Jettingen-Scheppach		1,000	100.00[1]
Pyhrn Concession Holding GmbH, Cologne		38	100.00[1]
REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung, Munderkingen	TDEM	51	100.00[1]
RM Asphalt GmbH & Co. KG, Sprendlingen		100	80.00[1]
ROBA Transportbeton GmbH, Berlin		520	100.00[1]
SAT Straßensanierung GmbH, Cologne		30	100.00[1]
SF-Ausbau GmbH, Freiberg		600	100.00[1]
STRABAG AG, Cologne		7,670	100.00[1]
STRABAG Aircraft Services GmbH, Stuttgart		25	100.00[1]
STRABAG BMTI GmbH & Co. KG, Cologne		307	100.00[1]
STRABAG BRVZ GmbH & Co. KG, Cologne		30	100.00[1]
STRABAG Building and Industrial Services GmbH, Stuttgart		25	100.00[1]
STRABAG Facility Management GmbH, Berlin		30	100.00[1]
STRABAG GmbH, Bad Hersfeld		15,000	100.00[1]
STRABAG Großprojekte GmbH, Munich		18,100	100.00[1]
STRABAG Infrastructure & Safety Solutions GmbH, Cologne		1,220	100.00[1]
STRABAG Infrastrukturprojekt GmbH, Bad Hersfeld		1,280	100.00[1]
STRABAG International GmbH, Cologne		2,557	100.00[1]
STRABAG Kieserling Flooring Systems GmbH, Hamburg		1,050	100.00[1]
STRABAG Mechanical Engineering GmbH, Stuttgart		25	100.00[1]
STRABAG Projektentwicklung GmbH, Cologne	TDEM	20,000	100.00[1]

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 The voting rights according to the contract of association amount to 50 % plus one vote.

STRABAG Property and Facility Services GmbH, Frankfurt am Main		5,000	100.00[1]
STRABAG Rail Fahrleitungen GmbH, Berlin		600	100.00[1]
STRABAG Rail GmbH, Lauda-Königshofen		25	100.00[1]
STRABAG Real Estate GmbH, Cologne		30,000	94.90
STRABAG Real Estate Invest GmbH, Cologne		26	100.00[1]
STRABAG Sportstättenbau GmbH, Lünen	TDEM	200	100.00[1]
STRABAG System Dienstleistungen GmbH, Fürstenfeldbruck		25	100.00[1]
STRABAG Umwelttechnik GmbH, Düsseldorf		2,000	100.00[1]
STRABAG Wasserbau GmbH, Hamburg		6,833	100.00
Torkret GmbH, Stuttgart		1,023	100.00[1]
TPA GmbH, Cologne		511	100.00
Turm am Mailänder Platz GmbH & Co. KG, Stuttgart		10	100.00[1]
Wolfer & Goebel Bau GmbH, Stuttgart		25	100.00[1]
Z. Brückenbau Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Holzbau Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Sander Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Stahlbau Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
ZDE Sechste Vermögensverwaltung GmbH, Cologne		25	100.00
Züblin Chimney and Refractory GmbH, Cologne		511	100.00[1]
ZÜBLIN Haustechnik Mainz GmbH, Mainz		25	100.00[1]
Züblin Hoch- und Brückenbau GmbH, Bad Hersfeld		2,500	100.00[1]
Züblin International GmbH, Cologne		2,500	100.00[1]
Züblin Projektentwicklung GmbH, Stuttgart		2,557	94.88[1]
Züblin Spezialtiefbau GmbH, Stuttgart	TDEM	6,000	100.00[1]
Züblin Stahlbau GmbH, Hosena		1,534	100.00[1]
ZÜBLIN Timber Gaildorf GmbH, Gaildorf		25	100.00[1]
ZÜBLIN Timber GmbH, Aichach		1,534	100.00[1]
Züblin Umwelttechnik GmbH, Stuttgart		2,000	100.00[1]

Egypt	**Nominal capital TEGP**	**Direct stake %**
Züblin Egypt LLC, Cairo	20,000	100.00

Albania	**Nominal capital TALL**	**Direct stake %**
Trema Engineering 2 sh p.k., Tirana	545,568	100.00

Belgium	**Nominal capital T€**	**Direct stake %**
N.V. STRABAG Belgium S.A., Antwerp	32,059	100.00
STRABAG Development Belgium NV, Antwerp	6,863	100.00

Bosnia and Herzegovina	**Nominal capital TBAM**	**Direct stake %**
STRABAG d.o.o. Sarajevo, Sarajevo	10	100.00

Bulgaria	**Nominal capital TBGN**	**Direct stake %**
"STRABAG REAL ESTATE" EOOD, Sofia	4,635	100.00
"VITOSHA VIEW" EOOD, Sofia	2,071	100.00
STRABAG EAD, Sofia	13,313	100.00

Chile	**Nominal capital TCLP**	**Direct stake %**
Strabag SpA, Santiago de Chile	500,000	100.00
Züblin International GmbH Chile SpA, Santiago de Chile	7,909,484	100.00

Denmark	**Nominal capital TDKK**	**Direct stake %**
KMG - KLIPLEV MOTORWAY GROUP A/S, Aarhus	500	100.00
Züblin A/S, Aarhus	1,000	100.00

Great Britain	**Nominal capital TGBP**	**Direct stake %**
STRABAG UK LIMITED, London	35	100.00

India	**Nominal capital TINR**	**Direct stake %**
EFKON INDIA Pvt. Ltd., Mumbai	50,000	100.00

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.

Italy	**Nominal capital T€**	**Direct stake %**
STRABAG S.p.A., Bologna	10,000	100.00

Canada	**Nominal capital TCAD**	**Direct stake %**
STRABAG INC., Toronto	11,700	100.00
STRABAG SCARBOROUGH PROJECT INC., Ontario	0	100.00

Colombia	**Nominal capital TCOP**	**Direct stake %**
STRABAG S.A.S., Bogotá, D.C.	4,829,402	100.00

Croatia	**Nominal capital THRK**	**Direct stake %**
MINERAL IGM d.o.o., Zapuzane	10,701	100.00
POMGRAD INZENJERING d.o.o., Split	25,534	100.00
STRABAG BRVZ d.o.o., Zagreb	20	100.00
STRABAG d.o.o., Zagreb	48,230	100.00
TPA odrzavanje kvaliteta i inovacija d.o.o., Zagreb	20	100.00

Latvia	**Nominal capital T€**	**Direct stake %**
STRABAG SIA, Milzkalne	1,423	100.00

Luxembourg	**Nominal capital T€**	**Direct stake %**
SRE Lux Projekt SQM 27E, Belvaux	13	100.00

Malaysia	**Nominal capital TMYR**	**Direct stake %**
ZUBLIN PRECAST INDUSTRIES SDN. BHD., Johor	500	100.00

Moldavia	**Nominal capital TMDL**	**Direct stake %**
I.C.S. "STRABAG" S.R.L., Chisinau	279,630	100.00

Montenegro	**Nominal capital T€**	**Direct stake %**
"Crnagoraput" AD, Podgorica, Podgorica	9,779	95.32
"Strabag" d.o.o. Podgorica, Podgorica	50	100.00

The Netherlands	**Nominal capital T€**	**Direct stake %**
STRABAG B.V., Herten	450	100.00
Züblin Nederland B.V., Breda	500	100.00

Oman	**Nominal capital TOMR**	**Direct stake %**
STRABAG OMAN L.L.C., Maskat	1,000	100.00

Poland	**Nominal capital TPLN**	**Direct stake %**
BHG Sp. z o.o., Pruszkow	500	100.00
BHK KRAKÓW JOINT VENTURE Sp. z o.o., Warsaw	58	100.00
BITUNOVA Sp. z o.o., Warsaw	2,700	100.00
EVOLUTION THREE Sp. z o.o., Warsaw	50	100.00
EVOLUTION TWO Sp. z o.o., Warsaw	50	100.00
Mineral Polska Sp. z o.o., Czarny Bor	19,056	100.00
POLSKI ASFALT Sp. z o.o., Krakow	1,000	100.00
SAT Sp. z o.o., Olawa	4,171	100.00
STRABAG BMTI Sp. z o.o., Pruszkow	2,000	100.00
STRABAG BRVZ Sp. z o.o., Pruszkow	500	100.00
STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o., Wroclaw	16,140	100.00
STRABAG PFS Polska Sp. z o.o., Warsaw	336	100.00
STRABAG Sp. z o.o., Pruszkow	73,328	100.00
TPA Sp. z o.o., Pruszkow	600	100.00

Romania	**Nominal capital TRON**	**Direct stake %**
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ SA, Cluj-Napoca	64,974	98.59
BITUNOVA Romania SRL, Bucharest	16	100.00
DISTRICT DEVELOPMENT SRL, Bucharest	69	100.00
MINERAL ROM SRL, Brasov	10,845	100.00
STRABAG SRL, Bucharest	54,460	100.00
ZUBLIN ROMANIA SRL, Bucharest	4,580	100.00

Russia	Nominal capital TRUB	Direct stake %
Ranita OOO, Moscow	10	100.00
STRABAG AO, Moscow	14,926	100.00
STRABAG BRVZ OOO, Moscow	313	100.00

Saudi Arabia	Nominal capital TSAR	Direct stake %
Dywidag Saudi Arabia Co. Ltd., Jubail	10,000	100.00

Sweden	Nominal capital TSEK	Direct stake %
Nimab Entreprenad AB, Sjöbo	501	100.00
STRABAG AB, Stockholm	50	100.00
STRABAG BRVZ AB, Kumla	100	100.00
STRABAG Projektutveckling AB, Stockholm	1,000	100.00
STRABAG Sverige AB, Stockholm	15,975	100.00
Züblin Scandinavia AB, Stockholm	100	100.00

Switzerland	Nominal capital TCHF	Direct stake %
STRABAG AG, Schlieren	8,000	100.00
STRABAG BMTI GmbH, Erstfeld	20	100.00
STRABAG BRVZ AG, Erstfeld	100	100.00

Serbia	Nominal capital TRSD	Direct stake %
STRABAG d.o.o., Novi Beograd	1,306,748	100.00
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd, Novi Beograd	32,550	100.00

Slovakia	Nominal capital T€	Direct stake %
BITUNOVA spol. s r.o., Zvolen	1,195	100.00
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	7	100.00
KSR - Kamenolomy SR, s.r.o., Zvolen	25	100.00
STRABAG BRVZ s.r.o., Bratislava	33	100.00
STRABAG Pozemne a inzinierske stavitel'stvo s. r. o., Bratislava	133	100.00
STRABAG s.r.o., Bratislava	66	100.00
TPA Spolocnost pre zabezpecenie kvality a inovacie s.r.o., Bratislava	7	100.00

Slovenia	Nominal capital T€	Direct stake %
DCO d.o.o., Ljubljana	8	100.00
STRABAG BRVZ d.o.o., Ljubljana	9	100.00
STRABAG gradbene storitve d.o.o., Ljubljana	500	100.00

Thailand	Nominal capital TTHB	Direct stake %
STRABAG Industries (Thailand) Co.,Ltd., Bangkok	180,000	100.00

Czech Republic	Nominal capital TCZK	Direct stake %
BHG CZ s.r.o., Ceske Budejovice	200	100.00
BITUNOVA spol. s r.o., Jihlava	2,000	100.00
FRISCHBETON s.r.o., Prague	20,600	100.00
KAMENOLOMY CR s.r.o., Ostrava	106,200	100.00
Na Belidle s.r.o., Prague	100	100.00
Rezidence Herálecká s.r.o., Prague	200	100.00
SAT s.r.o., Prague	1,000	100.00
STRABAG a.s., Prague	1,119,600	100.00
STRABAG Asfalt s.r.o., Sobeslav	10,000	100.00
STRABAG BMTI s.r.o., Brno	100	100.00
STRABAG BRVZ s.r.o., Prague	1,000	100.00
STRABAG Pozemnì a inzenyrskè stavitelstvì s.r.o., Prague	100,000	100.00
STRABAG Property and Facility Services a.s., Prague	46,800	100.00
STRABAG Rail a.s., Usti nad Labem	180,000	100.00
TPA CR, s.r.o., Ceske Budejovice	1,000	100.00

Hungary		**Nominal capital THUF/T€**	**Direct stake %**
AKA Zrt., Budapest	T€	96,000	100.00
AMFI HOLDING Kft., Budapest	T€	10	100.00
ASIA Center Kft., Budapest		1,830,080	100.00
Bitunova Kft., Budapest		50,000	100.00
EXP HOLDING Kft., Budapest	T€	10	100.00[1]
First-Immo Hungary Kft., Budapest		100,000	100.00
Frissbeton Kft., Budapest		100,000	100.00
Generál Mély- és Magasépitö Zrt., Budapest		1,000,000	100.00
KÖKA Kft., Budapest		761,680	100.00
STR Holding Generál Kft., Budapest		3,000	100.00
STR Holding MML Kft., Budapest		3,000	100.00
STR Mély- és Magasépítö Kft, Budapest		3,000	100.00
STRABAG Általános Építö Kft., Budapest		1,000,000	100.00
STRABAG Aszfalt Kft., Budapest		3,000	100.00
STRABAG BMTI Kft., Budapest		2,000,000	100.00
STRABAG BRVZ Kft., Budapest		1,545,000	100.00
STRABAG Épitö Kft., Budapest		352,000	100.00
STRABAG Épitöipari Zrt., Budapest		20,000	100.00
STRABAG Generálépitö Kft., Budapest		3,000	100.00
STRABAG Rail Kft., Budapest		189,120	100.00
STRABAG Real Estate Kft., Budapest		3,000	100.00
STRABAG Vasútépítö Kft., Budapest		3,000	100.00
STRABAG-MML Kft., Budapest		510,000	100.00
TPA HU Kft., Budapest		113,000	100.00
Treuhandbeteiligung H		10,000	100.00[1]
Züblin Kft., Budapest		3,000	100.00

United Arab Emirates	**Nominal capital TAED**	**Direct stake %**
STRABAG Dubai LLC, Dubai	300	100.00
Zublin Construction L.L.C., Abu Dhabi	150	100.00

Cyprus	**Nominal capital T€**	**Direct stake %**
BONDENO INVESTMENTS LTD, Limassol	55	100.00

The following list shows the equity-accounted associates and joint ventures included in the consolidated financial statements:

Austria	**Nominal capital T€**	**Direct stake %**
Lafarge Cement CE Holding GmbH, Vienna	50	30.00

Germany	**Nominal capital T€**	**Direct stake %**
A 49 Autobahngesellschaft mbH & Co. KG, Schwalmstadt	30	50.00
AMB Asphaltmischwerke Bodensee GmbH & Co KG, Singen (Hohentwiel)	767	50.00
Bayerische Asphaltmischwerke GmbH & Co.KG für Straßenbaustoffe, Hofolding	12,300	48.33
Bodensee - Moränekies Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Tettnang, Tettnang	153	33.33
FLARE Living GmbH & Co. KG, Cologne	1	50.00
Kieswerke Schray GmbH & Co. KG, Steißlingen	2,045	50.00
Messe City Köln GmbH & Co. KG, Hamburg	100	50.00
Natursteinwerke im Nordschwarzwald NSN GmbH & Co. KG, Mühlacker	3,100	25.00
NWM Nordwestdeutsche Mischwerke GmbH & Co. KG, Großenkneten	2,000	50.00
PANSUEVIA Service GmbH & Co. KG, Jettingen-Scheppach	50	50.00
SeniVita Social Estate AG, Bayreuth	2,000	50.00
Silenos Energy Geothermie Garching a.d. Alz GmbH & Co. KG, Garching a.d.Alz	1	50.00
SRE-ECE-JV Generalübernehmer GmbH & Co. KG, Oststeinbek	63	50.00
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt	2,582	50.00

Colombia	**Nominal capital TCOP**	**Direct stake %**
DESARROLLO VIAL AL MAR S.A.S., Medellin	12,637,280	37.50

1 The presentation of interest is done using the economic approach, the interest as defined by civil law may deviate from this presentation.

Croatia	**Nominal capital THRK**	**Direct stake %**
Autocesta Zagreb-Macelj d.o.o., Zagreb	88,440	50.00[1]

The Netherlands	**Nominal capital T€**	**Direct stake %**
A-Lanes A15 Holding B.V., Nieuwegein	18	24.00

Poland	**Nominal capital TPLN**	**Direct stake %**
A2 ROUTE Sp. z o.o., Pruszkow	5	50.00

Qatar	**Nominal capital TQAR**	**Direct stake %**
Züblin International Qatar LLC, Doha	200	49.00

Romania	**Nominal capital TRON**	**Direct stake %**
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL, Bucharest	41,779	35.32

Hungary	**Nominal capital T€**	**Direct stake %**
MAK Mecsek Autopalya Koncesszios Zrt., Budapest	64,200	50.00

1 There are deviating contractual provisions concerning this joint venture.

Accounting policies

GOODWILL

Goodwill from a business combination is initially measured at cost. This is calculated as the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, rather, it is subjected to an annual impairment test in accordance with IAS 36. The group conducts its annual test for goodwill impairment at year's end. Testing is also performed if events or circumstances indicate that the figure could be impaired. For the purpose of the impairment test, goodwill is assigned to one or more of the group's cash-generating units that should benefit from the synergy effects of the combination. The recoverability of goodwill is determined by comparing the carrying amount of the respective cash-generating unit (CGU) or units with the recoverable amount. If the goodwill is impaired, an impairment loss is recognised. A reversal of impairment losses once the reasons for the impairment no longer apply is not foreseen for goodwill.

RIGHTS FROM CONCESSION ARRANGEMENTS

Service concession arrangements between the STRABAG Group and the public sector to build, operate, maintain and finance infrastructure facilities are treated in accordance with the requirements of IFRIC 12.

A right from a concession arrangement is recognised if the consideration does not represent an enforceable right to payment, but instead a right to charge a usage fee is granted.

The right from the concession arrangement is accounted for at the fair value of the consideration and subsequently recognised less depreciation over the period of the concession and impairment losses. If the reasons for the previously recognised impairment no longer apply, these assets are written back through profit or loss. The amount may not exceed the carrying amount that would have resulted if no impairment loss had been recognised in previous periods.

OTHER INTANGIBLE ASSETS

Acquired intangible assets are recognised at their initial costs less depreciation and impairment if applicable.

Development costs for an internally generated intangible asset are capitalised if the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for internal use or sale and if it can demonstrate the intent to complete the intangible asset and use or sell it. The group must also demonstrate that the intangible asset will generate probable future economic benefits, that it has adequate resources to complete the asset and that it is able to reliably measure the expenditure attributable to the asset during its development. The construction costs for these assets comprise all construction costs directly attributable to the construction process as well as production-related overheads. Borrowing costs are capitalised for qualified assets. Research costs which do not fulfil these criteria are recognised as an expense in the period in which they are incurred. Costs that have already been recognised as an expense are not capitalised in a subsequent period.

The subsequent measurement of intangible assets with definite useful lives is performed at cost less accumulated depreciation and impairment losses. Within the group, there are no intangible assets with indefinite useful lives.

The following useful lives were assumed for intangible assets using the straight-line method:

Intangible assets	**Useful life in years**
Property rights/utilisation rights/other rights	3–50
Software	2–5
Patents, licences	3–10

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recognised at cost. STRABAG performs subsequent measurements using the cost model – cost less accumulated depreciation and impairment losses. If the reasons for a previously recognised impairment loss no longer apply, these assets are written back through profit or loss. The amount may not exceed the carrying amount that would have resulted if no impairment loss had been recognised in the previous periods.

Subsequent acquisition costs are capitalised if it is probable that future economic benefits will flow to the group and if the costs can be reliably determined. Repair and maintenance costs which do not constitute significant maintenance expenditures are recognised as expenses in the period in which they are incurred.

Depreciable property, plant and equipment is depreciated using the straight-line method over the expected useful life. If there is an indication that an asset may be impaired and if the present values of the future cash inflow surpluses are below the carrying amounts, the amount is revalued to the lower recoverable amount in accordance with IAS 36.

The following useful lives were assumed for property, plant and equipment:

Property, plant and equipment	Useful life in years
Buildings	10–50
Investments in third-party buildings	5–40
Machinery	3–15
Office equipment/furniture and fixtures	3–10
Vehicles	4–9

INVESTMENT PROPERTY

Investment property is property held to earn rentals or for the purpose of capital gains. Investment property is initially measured at cost. STRABAG uses the cost model for subsequent measurements, i.e. the measurement is performed at cost less accumulated depreciation and impairment losses. If the present values of the future cash inflow surpluses are below the carrying amounts, the amount is revalued to the lower recoverable amount in accordance with IAS 36. The recoverable amount of this investment property is disclosed separately. The fair value is determined using recognised methods such as derivation from the current market price of comparable properties or the discounted cash flow method.

The useful life of investment property varies between 10 and 35 years. Investment property is depreciated using the straight-line method.

The presentation in the balance sheet is under property, plant and equipment.

LEASES

A lease is a contractual arrangement in which the lessor (owner) grants the lessee (user) the right to control an identified asset for a specified period of time in exchange for a consideration.

The STRABAG SE Group is a **lessee** of real estate properties (offices, storage spaces, etc.). A large number of the contracts are stand-alone contracts with comparatively low annual rental payments, of both limited and unlimited duration and with ordinary termination rights.

Leases are to be presented as a right-of-use asset and a corresponding lease liability in the balance sheet. The lease payments are split into a financing and a principal component. The finance costs are recognised in profit or loss over the term of the lease, resulting in a constant periodic interest rate on the remaining amount of the liability for each period. The right-of-use asset is amortised on a straight-line basis over the shorter of the two periods of useful life or term of lease.

Lease payments are made at the group's incremental borrowing rate, i.e. the rate of interest that the group would have to pay to borrow the funds necessary to obtain an asset of a similar value and at similar terms in a similar economic environment.

Payments for short-term leases and leases for which the underlying asset is of low value are recognised as an expense. Short-term leases are leases with a term of up to twelve months.

To a minor extent, the group also acts as a **lessor**. This essentially involves office space, in particular the Tech Gate Center in Vienna. These leases are to be classified as operating leases. Rental income from these leases is shown in other operating income.

GOVERNMENT GRANTS

Government subsidies and investment grants are offset against the cost of the assets and amortised in proportion to their useful lives. A government grant is recognised when there is reasonable assurance that the grant will be received, and the group complies with the necessary conditions for receiving the grant.

The response to the Covid-19 pandemic included various subsidy programmes to support businesses affected by the crisis. STRABAG made use of these measures in Austria during the 2021 financial year. Applications were made for the revenue shortfall bonus (“Ausfallsbonus”) in the amount of T€ 917, the investment promotion bonus (“Investitionsförderungprämie”) in the amount of T€ 2,091, the fixed cost subsidy (“Fixkostenzuschuss II”) / loss compensation subsidy (“Verlustersatz II”) in the amount of T€ 4,316 and for other subsidies to a lesser extent.

Short-time work compensation in the amount of T€ 14,644 was claimed in Austria and Germany in the 2020 financial year, along with other subsidies to a minor extent.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time (over six months) to get ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to depreciation or amortisation, as well as associates, are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may no longer be recoverable. Assets that have an indefinite useful life, such as goodwill or intangible assets not yet available for use, are tested for impairment annually as such assets are not subject to depreciation or amortisation.

To identify the need for impairment, the recoverable amount is determined. The recoverable amount is the higher of fair value of the asset less costs to sell and value in use. If it is not possible to determine the recoverable amount for an individual asset, then the recoverable amount is determined for the smallest identifiable group of assets (cash-generating unit) to which the asset in question can be assigned.

Considering that, as a rule, market prices are not available for individual units, the present value of net cash inflows is used to determine the fair value less costs to sell. The forecast of the cash flows is based on STRABAG’s latest planning, with a planning horizon of at least four years. The last detailed planning year forms the basis for calculating the perpetuity if applicable legislation and legal requirements do not limit the usability of the cash-generating unit to a shorter period of time.

For the purpose of determining the fair value less costs to sell, the cash-generating unit is measured from the viewpoint of an independent market participant. In calculating the value in use of an asset, on the other hand, the cash flows are considered based on the previous use. For the net cash inflows beyond the detailed planning period, individual growth rates derived from market information are determined based on long-term business expectations in both methods of calculation.

Net cash inflows are discounted at the cost of capital, which is calculated as the weighted average cost of equity and debt. Consideration is given to the different yield and risk profiles of STRABAG's various areas of expertise by determining the individual costs of capital using comparison companies. The cost of equity corresponds to the required rate of return for investors, while the cost of debt is based on the long-term financing conditions available to comparison companies. Both components are derived from capital market information.

The following table shows the parameters growth rate and cost of capital for the impairment tests:

%	2021	2020
Growth rate	0.0–0.5	0.0–0.5
Cost of capital (after taxes)	5.7–8.3	5.2–8.0
Cost of capital (before taxes)	6.9–11.4	7.2–10.5

The Management Board has calculated the budgeted gross margin based on past developments and on expectations for future market development.

If the recoverable amount of an asset is lower than the carrying amount, the impairment is recognised immediately in profit or loss. In the case of impairment losses related to cash-generating units which contain goodwill, existing goodwill is initially reduced. If the impairment exceeds the carrying amount of the goodwill, the difference is generally apportioned proportionally over the remaining non-current assets of the cash-generating unit.

With the exception of goodwill, non-financial assets for which an impairment loss was charged in the past are reviewed at every balance sheet date to determine whether the impairment loss should be reversed.

FINANCIAL ASSETS

Financial assets are recognised in the consolidated balance sheet if STRABAG has a contractual right to receive cash or other financial assets from another party. Regular way purchases and sales of financial assets are recognised using settlement date; trade date for derivatives.

Financial assets that are not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs which are directly attributable to the acquisition.

Transaction costs which arise upon the acquisition of financial assets measured at fair value through profit or loss are immediately recognised as an expense.

Receivables bearing no interest or interest below the market rate are initially recognised at the present value of the expected future cash flows.

For purposes of subsequent measurement, financial assets are classified in one of the following categories in accordance with IFRS 9, with each category having its own measurement requirements. The classification is determined at initial recognition.

For measurement and accounting purposes, financial assets are to be assigned to one of the following categories:

- Financial assets measured at amortised cost (AC)
- Financial assets measured at fair value through profit or loss
- Financial assets, classified as debt instruments under IAS 32, measured at fair value through other comprehensive income (FVOCI-debt)
- Financial assets, classified as equity instruments under IAS 32, measured at fair value through other comprehensive income (FVOCI-equity)

Financial assets measured at amortised cost

Financial assets in this category are measured at amortised cost if the objective of the business model is to hold the financial asset to collect the contractual cash flows, and the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. These are classified as current financial assets if they mature within twelve months after the reporting date or within the usual business cycle. Otherwise they are classified as non-current financial assets. As part of the subsequent measurement, financial assets measured at amortised cost are valued using the effective interest method. When applying the effective interest method, all directly attributable fees, fees paid or received, transaction costs and other premiums or discounts included in the calculation of the effective interest rate are amortised over the expected life of the financial instrument. Interest income from the application of the effective interest method is recognised through profit or loss under interest income from financial instruments.

Service concession arrangements which provide an absolute contractual right to receive payment are shown separately. All receivables from concession arrangements are accounted for under the special balance sheet item receivables from concession arrangements. The receivables are carried at the present value of the payments to be made. The accumulation amount calculated annually using the effective interest method is recognised in revenue. Impairment allowances are made for expected credit losses.

Trade receivables, receivables from consortia, receivables from subsidiaries and receivables from participation companies, as well as other receivables, are measured at amortised cost less impairment allowances for expected credit losses.

Financial assets measured at fair value through profit or loss

A financial asset that is to be classified as a debt instrument under IAS 32 is measured at fair value through profit or loss if it is held for trading purposes, the cash flow criteria are not met, or it is designated as at FVPL at initial recognition. A financial asset at STRABAG is assigned to this category if it was principally acquired with an intention to sell in the short term. Derivatives also belong to this category if they are not qualified as hedging instruments. Assets in this category are recognised as current assets if the asset is expected to be realised within twelve months. All other assets are classified as non-current. Value changes of financial assets measured at fair value through profit or loss are recognised through profit or loss.

This category includes securities reported under non-current financial assets and securities reported under cash and cash equivalents.

The fair value option may be elected for financial assets which, based on the underlying business model and the contractual cash flows, are classified as measured at amortised cost if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The fair value option is not elected at STRABAG.

Financial assets which represent equity instruments under IAS 32 are also measured at fair value through profit or loss. Value changes are recognised through profit or loss in the income statement.

This category contains mainly investments below 20 % that are held under other investments.

Without exception, equity instruments are measured at fair value. If an equity instrument is not held for trading purposes, there exists an irrevocable option at initial recognition to measure value changes not in the income statement but in the other comprehensive income. Equity investments recognised in the other comprehensive income may not be later reclassified to the income statement. The option is not exercised at STRABAG.

IMPAIRMENT OF FINANCIAL ASSETS AND CONTRACT ASSETS

For the recognition of impairments, STRABAG allows for expected credit losses under IFRS 9. The expected loss impairment model is used for debt instruments for which subsequent measurement is made at amortised cost. The impairment requirements under IFRS 9 are also applied to non-financial contract assets.

Equity instruments measured at fair value through profit or loss or through other comprehensive income are not within the scope of the IFRS 9 impairment requirements.

IFRS 9 outlines a three-stage model to determine the scope of the risk provision, requiring expected credit losses to be measured from initial recognition at an amount equal to the twelve-month expected credit losses or, if the credit risk has worsened significantly, the full expected credit losses over the remaining life of the financial instrument. The general impairment model (general approach) is used for receivables from concession arrangements and for current and non-current other financial assets in the group. Besides the general impairment model, the simplified impairment model (simplified approach) is used for trade receivables and for contract assets under IFRS 15. The simplified impairment model requires a risk provision equal to the expected losses over the full remaining life of the financial instrument to be recognised for trade receivables or contract assets regardless of the respective credit quality.

Application of the 30-days-past-due criterion is not useful in the construction sector, on the one hand because of incomplete performance recognition, on the other hand because contracts are often fulfilled for public-sector clients, whose internal processes to release payment may be lengthy but usually result in full and complete payment.

To determine the expected credit losses, trade receivables and contract assets are grouped into different portfolios with similar risk characteristics. In establishing the portfolios, STRABAG also considers the underlying country risk and the creditworthiness.

During the initial recognition of financial assets, STRABAG takes into consideration the probability of defaults and continually monitors the development of the credit risk in each reporting period, taking into account all reasonable and supportable information and forecasts. This includes especially the following indicators:

- internal estimate of creditworthiness by the client
- external information on creditworthiness based on the corresponding country risk

Macroeconomic information (such as market interest rates) and other forecasts are included in the assessment of the credit risk.

Besides the application of the general and the simplified impairment approach, financial assets are impaired if there is objective evidence of credit default indicators. STRABAG makes such impairments if the debtor has significant financial difficulty; if there is a high probability that insolvency proceedings will be commenced against the debtor; if a breach of contract and payment default has occurred; or if the issuer’s technological, economic, legal and market environment changes substantially.

Impairments lower the carrying amount of the financial assets. The impairment loss or gain resulting from the application of the impairment requirements is recognised through profit or loss in the other operating expense or income.

A financial asset defaults if bankruptcy proceedings have been started or it is highly probable that there is no reasonable expectation for repayment. These financial assets are then derecognised. When derecognising financial assets, STRABAG continues to undertake enforcement measures to attempt to recover the receivables that are due.

During the year under report, there were no changes with regard to the impairment approaches and criteria that were applied.

DERECOGNITION OF A FINANCIAL ASSET

Financial assets are derecognised when the contractual rights to receive payment from the financial assets no longer exist or if the financial assets are transferred along with all substantial risks and rewards. An asset is also derecognised if the substantial risks and rewards of ownership of the asset are neither transferred nor retained but control is relinquished. If control is retained, such transferred financial assets are recognised to the extent of the continuing involvement.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivative financial instruments are employed exclusively to mitigate risks arising from movements in currency exchange rates and interest rates. The utilisation of financial derivatives is subject to internal guidelines and controls.

Derivative financial instruments are classified as financial assets measured at fair value through profit and loss or as derivatives used for hedging purposes at the date of contract conclusion. Derivative financial instruments are initially recognised at cost and measured at fair value in subsequent periods. Unrealised gains or losses on the measurement are recognised in the income statement if the conditions for hedge accounting under IFRS 9 are not met. Derivative financial instruments are stated under other financial assets or other financial liabilities.

Derivative financial instruments are measured based on observable market data (interest and exchange rates) and non-observable market data (the competition's credit rating). The fair value is determined using generally accepted methods of mathematical finance.

On application of the hedge accounting requirements, the group designates derivative financial instruments as hedging instruments to either:

- hedge the exposure to changes in the fair value of a recognised asset or liability (fair value hedge), or to
- hedge the exposure to variability in cash flows (cash flow hedge).

In the case of fair value hedge accounting, the change in the fair value of the hedged item that is attributable to the hedged risk and the change in the fair value of the hedging derivative are recognised in the income statement. Fair value hedging is not used in the STRABAG Group.

If, however, a derivative financial instrument is used as a hedging instrument in a cash flow hedge, the effective unrealised gains or losses from the hedging instrument are initially accounted for under other income. They are reclassified to profit or loss when the hedged item affects profit or loss. Any changes resulting from the ineffectiveness of these financial instruments are recognised immediately in profit or loss in the income statement.

When concluding a hedging transaction, STRABAG documents the clear hedging relationship between the hedging instrument and the hedged item, the objective of its risk management, and the underlying strategy. It is also established that there exists an economic relationship between the hedged item and the hedging instrument and that credit risk does not dominate the resulting value changes. The hedging relationship's hedging ratio reflects the ratio between the designated nominal amount of the hedged item actually used by STRABAG and the designated nominal amount actually designated by STRABAG to hedge the nominal amount of the hedged item. An assessment is made at the beginning of the hedging relationship, with documentation provided continually thereafter, of whether the derivatives used in the hedge are effective or not in offsetting the changes in fair value or cash flow of the hedged item. Hedging relationships are adjusted when there are changes in the hedged item.

The critical term match method is used to determine the prospective hedge effectiveness. The retrospective determination of hedge ineffectiveness is made on the basis of the dollar offset method. The relief provided in IFRS 9 due to the interest rate benchmark reform was applied. For further details, please refer to the section "Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform".

CURRENT AND DEFERRED INCOME TAXES

The income tax payables and receivables contain mainly rights and obligations regarding domestic and foreign income taxes. These comprise the current year as well as possible rights and obligations from previous years. The receivables/payables are calculated based on the tax regulations in the respective countries.

Deferred taxes are measured using the balance sheet liability method for all temporary differences between the valuation of the balance sheet items in the IFRS financial statements and the existing tax value at the individual companies. Furthermore, any realisable tax advantage from existing losses carried forward will be included in the calculation. Exceptions to this comprehensive tax deferral are balances from non-tax-deductible goodwill.

Deferred tax assets may only be recognised if the associated tax advantage is likely to be realisable. The calculation of the tax deferral is based on the usual income tax rate in the respective country at the point of the predicted reversal.

Recognition is made of deferred tax liabilities arising from temporary differences in relation to investments in subsidiaries and associates unless the timing of the reversal of the temporary differences in the group can be determined and the temporary differences are unlikely to reverse in response to this influence in the foreseeable future.

INVENTORIES

Inventory costs include cost of purchase and production and are required to be stated at the lower of cost and net realisable value.

Production costs include all direct costs as well as appropriate parts of overhead arising in the production. Distribution costs, as well as costs for general administration, are not included in the production costs. Borrowing costs related to production are recognised for inventories which are to be classified as qualifying assets.

CONTRACT ASSETS AND CONTRACT LIABILITIES

Regarding **construction contracts with customers**, revenue is recognised over time as required by IFRS 15, as the construction projects are built on the customers' properties and the customers thus always control the assets that are created or enhanced.

Construction is performed based on stand-alone contracts. The allocation of the transaction price to each performance obligation is made on the basis of the work estimate for the respective stand-alone item. If significant integration services are provided, a separate performance obligation is assumed. Transaction prices for construction contracts in the STRABAG SE Group are determined on the basis of the contract value agreed with the customer. Contractual penalties or bonus payments during the construction period may lead to amendments of the transaction price. These are carried with the most probable value by reason and amount on the basis of the project controlling.

Revenue recognition over time is made using the output-oriented method on the basis of the work performed. The actual work performed, and the corresponding revenue are determined at the level of the stand-alone item according to the work estimate. Because of unforeseen deviations in the budgeted costs, the best indicator here is the percentage of completion as derived directly from the actual work performed. The performance completed to date, one of the key corporate governance figures, must be directly determined by the construction site team on a monthly basis.

The contract asset represents the group's right to consideration from construction contracts with customers. If the value of a contract asset of a construction contract exceeds the payments received for it, then this is shown on the assets side under contract assets. In the opposite case, the figure is reported on the equity and liabilities side under contract liabilities.

Payments for construction contracts are usually made parallel to the performance on the basis of regular invoicing. Payments of advance consideration before the actual performance are common practice, especially in building construction. Agreements covering extended terms of payment or staggered invoicing of performance completed are made only on a case-by-case basis with special approval by the Management Board of STRABAG SE.

If it is probable that the costs exceed the recoverable proceeds, an onerous contract provision is recognised in accordance with IAS 37. Any costs directly attributable to the contract are taken into account to determine the costs. The onerous contract provision, considered individually, is recognised at the amount that is required for the completion of the obligation from the construction contract. Up to the value of the contract asset, an impairment is recognised. If the value of the respective contract asset is exceeded, an onerous contract provision is recognised on the equity and liabilities side under the current provisions.

With regard to impairment, see the section “Impairment of financial assets and contract assets”.

Inventories that have not yet been used in the construction process but are already present on the construction sites are no longer accounted for as a separate asset but are instead assigned to the respective contract and recognised as a contract asset.

Claims and variation orders in connection with construction contracts involve any modification or change (actual construction progress) to the contractually agreed scope of work (agreed specifications). Due to the existing contractual agreements, these modifications to the work to be performed cannot be invoiced until the client approves the changes or agrees to their invoiceability.

Modifications or changes to the work to be performed include agreed changes to the work to be performed as well as disputed claims for additional costs due to disruption or due to changes in the scope of work.

In the event of agreed changes to the work to be performed, the client actively intervenes in the construction process and changes the scope of work. Changes to the work to be performed are regularly commissioned by the contractor before execution. In this case, a contract modification as defined by IFRS 15.18 exists in which all parties to the contract have agreed to the change in the scope of work and/or price. As a rule, the contract modification is accounted for as part of the original contract in accordance with IFRS 15.21(b), as the changes in the work to be performed are not distinct from the order before contract modification and the contract remains a single performance obligation.

Claims for additional costs arising from disruption are incurred when adjustments must be made to the construction process due to disruptions that lie within the client’s sphere of influence. Claims for additional costs also arise in the case of changes ordered by the client who believes these do not result in additional costs, due, e.g. to guarantees for completeness, but which, in the opinion of the contractor, are not included in the scope of the contract. The complexity of construction contracts often leads to different legal views regarding the existence of a legal claim between the client and the contractor, which often results in protracted legal disputes.

In accordance with IFRS 15.19, the disputed claims for additional costs involve contract modifications for which the parties to the contract have not yet reached a final agreement with regard to the scope and/or price of the contract. The variable consideration from these contract modifications is therefore estimated in accordance with the provisions of IFRS 15.50-59 and recognised as revenue as part of the original contract in accordance with IFRS 15.21(b).

The estimate is based on qualitative and quantitative criteria. The large number of individual claims and variation orders in a construction project, the uncertainty over a long period of time, the individuality of the circumstances, the legal enforceability of the claim and the quality of the documentation are taken into account when estimating the variable consideration. The variable consideration is measured in such a way that there is no reversal of previously recognised revenue in subsequent periods.

The corresponding expense is recognised in profit or loss immediately when it is incurred.

The consideration for **revenue from project developments** which, on the basis of the work performed by the reporting date, are realised over time, is recorded under contract assets. The contract asset represents the group’s right to considerations from project developments.

Revenue is recognised over time if a contractual agreement excludes the possibility of any alternative use and there exists a right to payment including a profit margin on the work performed. These conditions are always met if real estate projects are sold already prior to their completion.

In these cases, the revenue is recognised pro rata based on the degree of completion of the work. If the real estate projects are only partially sold, for example, in the case of owner-occupied flats, the revenue is recognised pro rata only for those parts already sold. The project is then presented pro rata under contract assets.

The advances received are offset against the cost of the contract asset. If the advances received exceed the value of the contract asset, presentation is made on the equity and liabilities side under contract liabilities.

The notes on construction contracts with customers apply by analogy.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents include all liquid financial assets which at the date of acquisition or investment have a remaining term of less than three months. This comprises bank deposits, time deposits and cash on hand. Cash and cash equivalents are measured at amortised cost.

PROVISIONS

The following defined benefit plans for which provisions must be recognised exist within the group.

The company's obligation relating to defined benefit plans consists in fulfilling the promised benefits to current and former employees.

Defined contribution plans in the form of financing through third-party support funds exist for employees of Austrian subsidiaries whose employment began after 1 January 2003. The severance payments obligations are funded by the regular payment of contributions into the employee provident fund.

PROVISIONS FOR SEVERANCE PAYMENTS

The group is legally required to provide a one-off severance payment to employees of Austrian subsidiaries in the case of termination or at the date of retirement if their employment began before 1 January 2003. The level of this payment depends on the number of years at the company and amount due at the date of severance and comes to between two and twelve monthly salaries. A provision is made for this obligation.

Additionally, the severance payment rights in other countries in the case of termination or retirement amount from one to three monthly salaries. Due to the relatively insignificant amounts involved, provisions for severance payments arising from these obligations are determined using financial mathematical methods.

PENSION PROVISIONS

The provisions for pensions are formed for obligations from the right to future pension payments and current payments to present and past employees and their dependents. The group's pension promises in **Germany, Austria and the Netherlands** exist on the basis of individual contracts or internal labour-management agreements. The obligations are based on a number of different pension arrangements. The number of different employee benefit plans is the result of the group's enterprise acquisitions in Germany. New agreements are not concluded within the group.

As a rule, the pension promises foresee the granting of monthly old age, invalidity and survivors' benefits. With some promises, the pension arrangement foresees benefits to be paid in the form of a capital payment.

The benefit plans exist in various designs. The range of plan structures includes specified benefit systems (e.g. specified amount per year of employment), dynamic systems (e.g. % per year of employment) and benefit promises (e.g. specified promise). Plans also exist with or without survivors' benefits.

In **Switzerland**, the legal regulations governing pension plans require payments to be made into pension foundations. One half of the contributions are made by the employer, the other half by the employee. The employee contributions depend on the amount of insured income as well as on age and are treated as reduction of the service cost. At retirement, employees can choose to receive a one-off severance payment, regular monthly pension payments or a hybrid of the two options.

As restructuring contributions are required if the pension foundation has insufficient funds for coverage, the promises are categorised as defined benefit plans in accordance with IAS 19.

Within the STRABAG Group, the obligations of the pension funds are reinsured.

MEASUREMENT OF SEVERANCE AND PENSION PROVISIONS

The group's obligations relating to defined benefit plans are determined separately for each plan using actuarial principles in accordance with the projected unit credit method. The projected unit credit method is used to determine the discounted pension entitlements acquired up to the end of the accounting period. The existing plan assets at their fair value are subtracted from the defined benefit obligations. This yields the defined benefit liability (asset) to be recognised.

Determination of the net defined benefit liability at the end of the reporting year is based on an actuarial report from a certified actuarial analyst.

The rate used to discount severance and pension provisions is determined on the basis of market yields at the end of the respective reporting period on high-quality fixed-interest industrial bonds with a comparable term.

The assumptions relating to discounting, pay rises and fluctuation that are used to calculate the severance and pension provisions vary in proportion to the economic situation of each specific country. Life expectancy is calculated according to the respective country's mortality tables.

Actuarial gains and losses are recognised in equity outside profit or loss. The service cost is stated in employee benefits expenses, while the interest component of the allocation to the provision is reported in the net interest income.

If the present value of a defined benefit obligation changes in response to plan amendments, the resulting effects are recognised in profit or loss as past service cost in the year of the amendment. Any income resulting from a settlement is also recognised directly in the income statement.

The company is exposed to various risks in relation to the defined contribution severance and pension plans. Besides the general actuarial risks such as the longevity risk and the interest rate risk, the group is also exposed to currency risk as well as to capital market risk or investment risk.

More information concerning the risks is available in the sensitivity analysis under item (26) Provisions.

OTHER PROVISIONS

The other provisions take into consideration all realisable risks and uncertain obligations. They are recognised at the respective amount which, according to commercial judgement, is necessary at the balance sheet date to cover future payment obligations of the group. Hereby the respective amount which arises as the most probable on careful examination of the facts is recognised.

Long-term provisions are, as far as they are not immaterial, entered into the accounts at their discounted discharge amount as at the balance sheet date. The discharge amount also includes the cost increases to be considered on the reporting date. Provisions which arise from the obligation to recultivate gravel sites are allocated according to the rate of utilisation.

NON-FINANCIAL LIABILITIES

Non-financial liabilities are carried at the repayment amount. Contract liabilities under IFRS 15 are qualified as non-financial liabilities.

FINANCIAL LIABILITIES

The financial liabilities at STRABAG comprise non-derivative liabilities and derivatives with a negative fair value on the reporting date.

For measurement and accounting purposes, financial liabilities are to be assigned to one of the following categories:

- Financial liabilities measured at amortised cost (FlaC)
- Financial liabilities measured at fair value through profit or loss (FVPL)

Non-derivative financial liabilities are recognised in the consolidated balance sheet if STRABAG has a contractual obligation to transfer cash or other financial assets to another party. Initial recognition of non-derivative financial liabilities is made at fair value. Financial liabilities that are not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs, which are directly attributable to the acquisition.

A financial liability is classified as **current** provided the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

During subsequent measurement of non-derivative financial liabilities carried at amortised cost, any premiums or discounts between the amount received and the repayment amount are spread over the financing term using the effective interest method and recognised in interest expense on an accrual basis.

A financial liability is only measured at fair value through profit or loss if it is held for trading purposes or designated as such at initial recognition. Derivatives with negative market value also belong to this category if they are not designated as hedging instruments.

Transaction costs which arise upon the acquisition of financial liabilities measured at fair value through profit or loss are immediately recognised as an expense.

The **fair value option** was not exercised for financial liabilities.

Financial liabilities are derecognised if the contractual obligations are discharged, cancelled or have expired. Costs related to the issue of corporate bonds are offset over the term using the effective interest method.

CONTINGENT LIABILITIES

Contingent liabilities are present or possible future obligations for which an outflow of resources is not probable. They are – as long as IFRS 3 does not require recognition on acquisition – not reflected in the balance sheet.

REVENUE RECOGNITION

The revenue within the STRABAG SE Group comprises revenue from construction contracts with customers, which regularly account for more than 80 % of the total revenue, revenue from project developments, revenue from construction materials, revenue from facility management, and other revenue.

The **revenue from construction contracts with customers** is recognised over time as required by IFRS 15. Revenue recognition over time is made using the output-oriented method on the basis of the work performed at the reporting date.

For further information, please see the notes on contract assets.

The recognition of revenue from construction contracts performed in consortia is made over time corresponding to the actual work performed by the reporting date. Impending losses arising from further construction work are accounted for by means of appropriate depreciation.

The **revenue from project developments** is recognised at a point in time after the performance obligation is satisfied by the STRABAG SE Group and after the customer assumes control and has the opportunity to derive benefit from the project.

Alternatively, the revenue is recognised over time on the basis of the work performed by the reporting date if a contractual agreement for the STRABAG SE Group excludes the possibility of any alternative use and the contractual agreement foresees a right to payment including the profit margin on the work performed.

For real estate projects that are sold already prior to their completion, the revenue is therefore recognised pro rata and the right to payment including the profit margin is presented under the contract assets.

For further information, please see the notes on contract assets.

The **revenue from construction materials, from the facility management, and the other revenue** is recognised with satisfaction of the performance obligation upon obtainment of control by the customer.

Interest income is recognised as it accrues using the effective interest method. Interest related to concession models and default interest are part of the transaction price of contracts with customers and are therefore recognised under revenue.

Other income, such as rental income or expenses passed through, is stated on the basis of the amount accrued in accordance with the respective agreements.

The revenue from dividends and the share of profits from investments are recognised if a legal right to payment exists.

NET INTEREST INCOME

Net interest income includes interest income and interest expenses as well as foreign exchange gains and losses on financing, as these are not part of the operating business. Changes in value as well as gains and losses on disposals of securities are also included in net interest income.

IMPACT OF THE COVID-19 PANDEMIC

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

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

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

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

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

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

Increased insolvencies can be expected in the coming years following expiration of the national support and deferral programmes. In determining the ECL, the higher credit risk for private clients from the previous year is therefore retained.

IMPACT OF CLIMATE CHANGE

Climate change is a reality associated with increasing economic impacts and risks for businesses in the future. When preparing the consolidated financial statements, possible risks must be taken into account, especially in the valuation of property, plant and equipment, inventories and provisions.

Significant goodwill at the STRABAG SE Group is reported under item (12) Goodwill. Even if an additional risk premium is applied for possible delays or the non-awarding of construction projects, especially in road construction, no amortisation of goodwill is required.

Property, plant and equipment consists largely of construction equipment, machinery and the vehicle fleet, which are utilised in a decentralised manner. Temperature increases or severe weather will not have any significant impact on property, plant and equipment in the future. The future need for environmentally friendly technology and equipment was taken into account when determining the useful life and residual values.

In the case of inventories, particularly real estate projects without an investor, relevant environmental aspects such as energy efficiency were taken into account when determining the sales price for the valuation.

When forming provisions, climate-related risks and probable regulatory changes are also assessed.

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.

ESTIMATES

The preparation of financial statements in conformity with IFRS requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenue and expenses.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Recoverability of goodwill

The group conducts an annual test to determine whether its goodwill is impaired in accordance with the accounting policies described in the section “Impairment of non-financial assets”. The recoverable amount of the CGUs was determined using fair value less costs of disposal. These calculations are based on assumptions about the expected business development and the recoverable margin. Estimates about the expected business development are based on the facts and circumstances prevailing at the time of preparation of the consolidated financial statements as well as on realistic assumptions about the future development of the global and industry-specific environment. In response to changes in these underlying conditions which deviate from the assumptions and are beyond the Management Board’s control, actual values may deviate from the estimated values.

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the recoverable amount would result in a total impairment loss of all goodwill of T€ 527 (2020: T€ 3,553), while an isolated increase of the cost of capital by one percentage point would lead to an impairment of goodwill of T€ 1,323 (2020: T€ 7,668). These two effects together would trigger an impairment loss of T€ 1,815 (2020: T€ 8,319).

An extended sensitivity analysis was performed due to the current uncertainty from the Covid-19 pandemic. An annual decrease of 10 % in the recoverable free cash flows and a simultaneous increase of 3 percentage points in the weighted average cost of capital would result in an impairment loss of T€ 11,644 (2020: T€ 15,617).

The depreciation would relate to a Slovak concrete production company in the segment International + Special Divisions in the amount of T€ 7,170 (2020: T€ 6,792) as well as several German construction companies in the segment North + West in the amount of T€ 4,474 (2020: T€ 8,825).

(b) Recognition of revenue from construction contracts with customers and project developments

The revenue from construction contracts with customers is recognised over time. The group estimates the work performed by the reporting date as a percentage of the total volume of the order backlog as well as the remaining contract cost to be incurred. If it is probable that the production costs will exceed the recoverable proceeds, an impairment is recognised up to the value of the contract asset; if the value of the respective contract asset is exceeded, an onerous contract provision is recognised. Technically complex and demanding projects, in particular, involve the risk that the estimate of the total cost deviates considerably from the actual cost incurred.

In the event of changes to the contract's scope and/or price that remain disputed between the parties to the contract (claims and variation orders), revenue from claims and variation orders is estimated in accordance with the provisions on variable consideration under IFRS 15.50ff for the respective project. The estimate is based on qualitative and quantitative criteria.

The following factors must be taken into account when estimating the variable consideration:

- The amount of consideration is susceptible to external factors such as the actions of third parties or court rulings.
- There are different legal views regarding the contractually agreed claims.
- The uncertainty about the amount of consideration remains over a longer period of time.
- The company's experience from similar construction projects is limited by the individual nature of the projects.
- Due to the large number of individual claims and variation orders in a construction project, a contract will have a broad range of possible consideration amounts.

The actual claims arising from claims and variation orders may therefore differ from the estimated amount, especially in the case of complex construction projects with a large number of different claims and variation orders as well as counterclaims of the client.

The above also applies to over-time recognition of revenue from project developments.

(c) Equity-accounted investments

The group holds a 30 % investment in **Lafarge Cement CE Holding GmbH**. Lafarge operates cement works in Austria, Hungary, the Czech Republic and Slovenia. The carrying amount of the investment amounted to T€ 210,487 on 31 December 2021 (2020: T€ 217,181). As earnings developed according to plan and because of the ongoing distributions, an impairment test was not required.

Deviations from the expected business development as well as developments in the economic environment that are beyond the Management Board's control may influence the value of the investment.

(d) Income taxes

STRABAG has to calculate the actual income tax expected for each taxable entity and must assess the temporary differences arising from the different treatment of certain balance sheet items in the IFRS consolidated financial statements and the statutory financial statements required for tax purposes. The existence of temporary differences usually results in the recognition of deferred tax assets and liabilities in the consolidated financial statements.

The management must make assessments in the calculation of current and deferred taxes. Deferred tax assets are recognised to the extent that their use is probable. The use of deferred tax assets depends on the possibility of realising sufficient taxable income under the respective tax type and jurisdiction under consideration of any possible legal restrictions regarding the maximum loss carryforward period. A number of different factors is used to assess the probability of the future usability of deferred tax assets, such as the past financial performance, operational planning, loss carryforward periods and tax planning strategies. If the actual results deviate from these estimates, or if these estimates must be adjusted in future periods, this could have a negative impact on the financial position, financial performance and cash flows. In the event of a changed assessment of the recoverability of deferred tax assets, the deferred tax assets which have been recognised are written down in profit or loss or, depending on their original formation, outside profit or loss; impaired deferred tax assets are similarly recognised either in profit or loss or outside profit or loss.

(e) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using suitable valuation techniques selected from among a number of different methods. The assumptions used are mainly based on market conditions existing at the balance sheet date. The group uses present value techniques to determine the fair value of a number of financial assets that are not traded in an active market.

(f) Rights from leases and lease liabilities

Within the STRABAG SE Group, a large number of the contracts are lease contracts with comparatively low annual rental expenses, of both limited and indefinite duration and with ordinary termination rights. The lease liability is determined by estimating the most likely duration in consideration of extension options and termination rights. All economic aspects for exercising or not exercising the options are taken into account. Deviations between the actual lease terms and these assumptions have an impact on the respective carrying amounts. The risk is reduced by the large number of stand-alone contracts, however.

(g) Severance and pension provisions

The present value of the severance and pension obligations depends on a number of different factors based on actuarial assumptions. One of the assumptions used to determine the net expenses or income for pensions is the discount rate. Any change to these assumptions will influence the carrying amount of the pension obligation.

The group determines the appropriate discount rate at the end of every year. The discount rate is the interest rate used to determine the present value of future cash flows required to settle the obligation. For the purpose of determining the discount rate, the group employs the interest rate of highest-grade industrial bonds in the same currency in which the benefits are paid and which have terms to maturity equivalent to those of the pension obligations.

Additional substantial assumptions relating to severance and pension obligations are based in part on market conditions. Further information and sensitivity analyses can be found in item (26) Provisions.

(h) Other provisions

Other construction-related provisions, in particular, involve the risk that in individual cases the actual costs for warranty obligations or remaining performance obligations will turn out higher than expected. The balance sheet item other construction-related provisions is composed of several individual projects together, however, as a result of which the risk is reduced to the individual consideration of the projects.

Group companies STRABAG AG and F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG issued an acknowledgement as part of a settlement in the antitrust proceedings against them in Austria. Subsequently, the Federal Competition Authority (BWB) in July 2021 filed an application with the Cartel Court for a fine against the two companies in the amount of € 45.37 million.

The settlement is being made against the background of a criminal and antitrust investigation that was opened in spring 2017 against STRABAG AG and F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG, along with several other construction companies, regarding allegations of anti-competitive agreements for construction projects in Austria in the period from 2002 to 2017. Both group companies cooperated fully with the Federal Competition Authority from the outset and ultimately issued an acknowledgement as part of a settlement. Their cooperation had a corresponding positive effect on the amount of the fine. In October, the Cartel Court imposed the fine of € 45.37 million, thus confirming the amount requested by the Federal Competition Authority. The ruling was made public on 3 February 2022. Claims for damages by the contracting parties are now to be expected.

Corresponding provisions were made in the consolidated financial statements for damage control and claims resulting from the cartel violations. Given the complexity of the matter (long period of time, large number of projects, very different clients, heterogeneous structures, etc.), it is extremely difficult to estimate the extent to which STRABAG will be negatively impacted as a result. The actual amounts may therefore deviate from the amount provided for.

Provisions for ongoing and pending legal proceedings are formed on the basis of current assessments. The outcome of these legal proceedings cannot be determined or is subject to uncertainties. The actual claims from the legal proceedings may therefore differ from the provision amounts.

Notes on the items of the consolidated income statement

(1) REVENUE

Revenue is represented as follows:

Revenue 2021

T€	North + West	South + East	International + Special Divisions	Other	Group
Business Construction	**7,069,774**	**4,699,981**	**1,412,964**		**13,182,719**
Germany	5,596,984	121,277	132,341		5,850,602
Austria	16,469	2,083,675	76,004		2,176,148
Poland	1,033,961	0	19,893		1,053,854
Czech Republic	0	776,714	14,767		791,481
Hungary	0	487,798	3,137		490,935
Great Britain	35,783	0	368,628		404,411
Other countries, each below € 300 million	386,577	1,230,517	798,194		2,415,288
Construction materials	**148,620**	**111,600**	**341,457**		**601,677**
Facility management	**0**	**0**	**508,694**		**508,694**
Project development	**0**	**0**	**679,104**		**679,104**
Other	**99,553**	**113,019**	**96,922**	**16,848**	**326,342**
Total	**7,317,947**	**4,924,600**	**3,039,141**	**16,848**	**15,298,536**

Revenue 2020

T€	North + West	South + East	International + Special Divisions	Other	Group
Business Construction	**7,239,493**	**4,407,277**	**1,203,687**		**12,850,457**
Germany	5,669,229	129,801	123,725		5,922,755
Austria	16,115	1,841,626	43,617		1,901,358
Poland	1,068,432	70	6,724		1,075,226
Czech Republic	0	717,186	12,443		729,629
Hungary	0	530,189	1,734		531,923
Chile	0	0	375,661		375,661
Other countries, each below € 300 million	485,717	1,188,405	639,783		2,313,905
Construction materials	**130,741**	**96,945**	**313,988**		**541,674**
Facility management	**0**	**0**	**492,752**		**492,752**
Project development	**0**	**0**	**546,103**		**546,103**
Other	**91,640**	**98,609**	**113,679**	**14,830**	**318,758**
Total	**7,461,874**	**4,602,831**	**2,670,209**	**14,830**	**14,749,744**

Service concession arrangements to develop, design, build, operate and finance infrastructure facilities are part of the operating business of STRABAG SE. Interest income from these concession arrangements is therefore recognised in revenue from project development amounting to T€ 59,880 (2020: T€ 59,568).

The interest income is calculated using the effective interest method.

All values presented under revenue involve revenue from contracts with customers.

In the 2021 financial year, revenue from approved claims in the amount of T€ 190,862 (2020: T€ 197,347) was recognised. The costs were already recognised in profit or loss in previous periods. This involves a large number of individual projects. Due to the complexity of construction projects, there can be numerous claims, some of which are approved during the construction process while others are negotiated only after project completion. During the execution of a construction project, therefore, new claims may arise on an ongoing basis while existing claims from previous periods may be approved. Up to 100 individual claims are quite common in a medium-sized construction project. It is therefore not possible to clearly allocate the costs to the approved claims, so that assumptions must be made when determining the value.

Revenue provides only an incomplete picture of the output volume achieved in the financial year. Output volume is a usual concept in the construction industry and at the STRABAG Group comprises the value of the produced goods and services. The total output volume of the group which also includes the proportional output of consortia and associates is therefore represented in addition to the revenue:

T€	2021	2020
Germany	7,461,734	7,323,385
Austria	2,694,313	2,459,842
Poland	1,152,130	1,183,364
Czech Republic	948,016	825,659
Hungary	651,550	670,970
Americas	481,753	494,161
Great Britain	390,034	225,509
Slovakia	289,142	296,976
Romania	264,185	250,175
Benelux	232,308	261,852
Middle East	202,862	119,035
Switzerland	191,710	219,688
Croatia	177,379	171,770
Serbia	154,602	157,671
Asia	144,907	116,844
Rest of Europe	136,238	159,626
Sweden	121,256	160,100
Denmark	109,054	76,397
Slovenia	104,300	58,822
Bulgaria	81,416	65,622
Italy	58,346	51,756
Russia	46,329	51,598
Africa	35,355	45,786
Total output volume	**16,128,919**	**15,446,608**

(2) OTHER OPERATING INCOME

Other operating income includes insurance compensation and indemnification in the amount of T€ 34,397 (2020: T€ 45,039), exchange rate gains from currency fluctuations in the amount of T€ 12,347 (2020: T€ 5,259) as well as gains from the disposal of fixed assets without financial assets in the amount of T€ 55,642 (2020: T€ 61,873).

(3) CONSTRUCTION MATERIALS, CONSUMABLES AND SERVICES USED

T€	2021	2020
Construction materials, consumables	2,914,523	2,760,658
Services used	6,500,556	6,543,689
Construction materials, consumables and services used	**9,415,079**	**9,304,347**

Services used are mainly attributed to services of subcontractors and professional craftsmen as well as planning services, machine rentals and third-party repairs. The change of provisions for onerous contracts arising from construction contracts is included in this item.

(4) EMPLOYEE BENEFITS EXPENSES

T€	2021	2020
Wages	1,372,450	1,363,837
Salaries	1,793,821	1,701,138
Social security and related costs	618,326	594,532
Expenses for severance payments and contributions to employee provident fund	20,179	16,743
Expenses for pensions and similar obligations	12,704	10,226
Other social expenditure	26,099	26,593
Employee benefits expenses	**3,843,579**	**3,713,069**

The expenses for severance payments and contributions to the employee provident fund and expenses for pensions and similar obligations include the expenses for service costs and indemnity claims resulting from old age part-time claims in the business year. The proportions of interest included in the expenses for severance payments as well as for pensions and similar obligations are recognised in the item net interest income.

Expenses from defined contribution plans amounted to T€ 14,523 (2020: T€ 11,239).

The **average number of employees** with the proportional inclusion of all participation companies is as follows:

Average number of employees (FTE)	2021	2020
White-collar workers	31,934	31,889
Blue-collar workers	41,672	42,451
Total	**73,606**	**74,340**

(5) OTHER OPERATING EXPENSES

Other operating expenses of T€ 823,814 (2020: T€ 910,529) mainly include general administrative costs, travel and advertising costs, insurance premiums, impairment of receivables, the balance of allocations to and utilisation of provisions, legal and advisory costs, rental and lease costs, interest expenses from concession projects and losses on the disposal of assets (excluding financial assets). Other taxes amounting to T€ 64,417 (2020: T€ 53,988) are included.

Other operating expenses include losses from exchange rate differences from currency fluctuations in the amount of T€ 23,045 (2020: T€ 48,630).

The changes in the impairments for expected credit losses under IFRS 9 in the financial year in the amount of T€ 4,946 as income (2020: T€ 9,749 expense) are included in other operating expenses.

Spending on research and development arose in various special technical proposals, in connection with concrete competitive projects and in the introduction of building processes and products into the market and was therefore recognised in full in the income statement.

(6) SHARE OF PROFIT OR LOSS OF EQUITY-ACCOUNTED INVESTMENTS

T€	2021	2020
Income from equity-accounted investments	34,322	37,985
Expenses arising from equity-accounted investments	-21,700	-5,671
Gains on the disposal of equity-accounted investments	3,163	0
Profit from construction consortia	138,240	141,564
Losses from construction consortia	-61,915	-107,664
Share of profit or loss of equity-accounted investments	**92,110**	**66,214**

(7) NET INCOME FROM INVESTMENTS

T€	2021	2020
Investment income	53,473	69,097
Expenses arising from investments	-17,619	-12,505
Gains on the disposal of investments	4,264	4,944
Impairment and reversal of impairment losses of investments	-3,551	-839
Losses on the disposal of investments	-465	-3,524
Net income from investments	**36,102**	**57,173**

(8) DEPRECIATION AND AMORTISATION EXPENSE

Depreciations and impairments are represented in the consolidated statement of fixed assets. In the year under report impairments on intangible assets and on property, plant and equipment to the amount of T€ 2,041 (2020: T€ 1,413) and reversal of impairment losses in the amount of T€ 0 (2020: T€ 0) were made. Impairment on goodwill amounts to T€ 5,667 (2020: T€ 4,516). For goodwill impairments we refer to the details under item (12) Goodwill.

Depreciation and amortisation expense of intangible and tangible assets includes depreciation and amortisation of right-of-use assets for leases in the amount of T€ 63,281 (2020: T€ 65,416).

(9) NET INTEREST INCOME

T€	2021	2020
Interest and similar income	26,962	27,890
Interest expense and similar charges	-39,532	-48,492
Net interest income	**-12,570**	**-20,602**

Included in interest and similar income are exchange rate gains amounting to T€ 9,959 (2020: T€ 9,973) and interest portions from the plan assets for pension provisions in the amount of T€ 646 (2020: T€ 871).

Included in interest expense and similar charges are interest components from the allocation of severance payment and pension provisions amounting to T€ 3,024 (2020: T€ 4,718) as well as currency losses of T€ -13,835 (2020: T€ -15,327).

Interest from leases in the amount of T€ 6,122 (2020: T€ 6,364) is included in the interest expense and similar charges.

(10) INCOME TAX EXPENSES

Income tax includes taxes paid in the individual companies or owed on income, as well as deferred taxes and the payments of additional tax payments resulting from tax audits:

T€	2021	2020
Current taxes	180,722	253,423
Deferred taxes	106,413	-42,437
Income tax expense	**287,135**	**210,986**

The following tax components are recognised directly in equity in the statement of total comprehensive income:

T€	2021	2020
Change in hedging reserves	-6,510	-2,028
Actuarial gains/losses	-9,251	5,530
Total	**-15,761**	**3,502**

The reasons for the difference between the Austrian corporate income tax rate of 25 % valid in 2021 and the actual consolidated tax rate are as follows:

T€	2021	2020
EBT	**883,538**	**610,050**
Theoretical tax expenditure 25 %	220,884	152,512
Differences to foreign tax rates	-675	11,986
Change in tax rates	-772	214
Non-tax deductible expenses	19,899	16,504
Tax-free earnings	-28,286	-19,664
Additional tax payments/tax refund	-4,689	17,872
Change of valuation adjustment on deferred tax assets	79,268	33,363
Others	1,506	-1,801
Recognised income tax	**287,135**	**210,986**

(11) EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the consolidated profit or loss by the weighted average number of ordinary shares. In the 2021 financial year, 7,400,000 own shares were withdrawn. See also the comments under item (25) Equity.

As there are no stock options at the STRABAG Group, the diluted earnings per share equal the basic earnings per share.

	2021	2020
Number of ordinary shares	102,600,000	110,000,000
Number of shares bought back	0	-7,400,000
Number of shares outstanding as at 31.12.	**102,600,000**	**102,600,000**
Profit or loss attributable to equity holders of the parent company (consolidated profit/loss) T€	585,706	395,217
Weighted number of shares outstanding during the year	102,600,000	102,600,000
Earnings per share €	**5.71**	**3.85**

Notes on the items in the consolidated balance sheet

(12) GOODWILL

The composition of and changes in goodwill is shown in the consolidated statement of fixed assets.

The goodwill at the balance sheet date is composed as follows:

T€	31.12.2021	31.12.2020
STRABAG Cologne (N+W)	128,838	128,838
STRABAG Cologne (S+E)	61,105	61,105
Czech Republic (S+E)	73,184	69,324
STRABAG Poland (N+W)	57,169	57,635
DIW Group (incl. SPFS Austria, SPFS Czech Republic; I+S)	51,817	51,763
Ed. Züblin AG (N+W)	17,057	17,057
Germany (various CGUs; N+W)	37,409	43,076
Construction materials (various CGUs; I+S)	9,170	8,792
Other	11,930	11,976
Total goodwill	**447,679**	**449,566**

The comparison of the carrying amounts with the recoverable amounts of the cash-generating units determined by the annual impairment test showed a need for goodwill impairment of T€ 5,667 (2020: T€ 4,516). This figure is shown under depreciation and amortisation. The recoverable amount of the impaired cash-generating units amounts to T€ 900 (2020: T€ 1,763).

The depreciation in the financial year related entirely to a company in bridge construction with an amount of T€ 5,667 allocated to the North + West segment.

The recoverable amount of these cash-generating units (CGUs) corresponds to their fair value less cost to sell. The necessary impairments of the cash-generating units exclusively affected goodwill; impairment was not necessary for other assets of the CGUs.

The methods of measurement are explained in the section “Accounting policies” (Impairment of non-financial assets). The method applied here is a Level 3 measurement.

Regarding the sensitivity analysis of goodwill, we refer to our notes under “Estimates (a) Recoverability of goodwill”.

The following table presents the **key assumptions** used in calculating the recoverable amount for **significant goodwill**.

There were no intangible assets with indefinite useful lives allocated to the CGUs listed below.

T€	Carrying amount 31.12.2021	Methodology 31.12.2021	Detailed planning period 31.12.2021	Growth rate 31.12.2021	Discount rate after tax 31.12.2021
STRABAG Cologne (N+W)	128,838	FV less cost of disposal (Level 3) [2020: FV less cost of disposal (Level 3)]	4 (2020: 4)	0 (2020: 0)	7.49 % (2020: 7.08 %)
STRABAG Cologne (S+E)	61,105	FV less cost of disposal (Level 3) [2020: FV less cost of disposal (Level 3)]	4 (2020: 4)	0 (2020: 0)	7.76 % (2020: 7.53 %)
Czech Republic (S+E)	73,184	FV less cost of disposal (Level 3) [2020: FV less cost of disposal (Level 3)]	4 (2020: 4)	0 (2020: 0)	7.91 % (2020: 7.77 %)
STRABAG Poland (N+W)	57,169	FV less cost of disposal (Level 3) [2020: FV less cost of disposal (Level 3)]	4 (2020: 4)	0 (2020: 0)	8.07 % (2020: 8.04 %)
DIW Group (incl. SPFS Austria, SPFS Czech Republic; I+S)	51,817	FV less cost of disposal (Level 3) [2020: FV less cost of disposal (Level 3)]	4 (2020: 4)	0 (2020: 0)	7.49 % (2020: 7.08 %)

The method used is a discounted cash flow model based on recognised valuation techniques, with the forecast of the cash flows calculated by the management on the basis of experience. An annual 5 % decrease of the cash flow and a simultaneous increase of the interest rate by one percentage point would not result in any impairment loss of the goodwill mentioned above. The key assumptions used to determine the recoverable amount were future cash flows and the cost of capital. Management does not consider that any reasonably possible change in the key assumptions would cause the carrying amount of the CGU which contains the above-mentioned goodwill to exceed its recoverable amount.

(13) RIGHTS FROM CONCESSION ARRANGEMENTS

STRABAG has held 100 % of PANSUEVIA GmbH & Co. KG of Jettingen-Scheppach since 28 September 2018.

The company concluded a concession arrangement with the Federal Republic of Germany to design, build and finance a section of the A8 motorway and to maintain and operate a section of the A8 motorway between Ulm and Augsburg.

In exchange, PANSUEVIA receives the right to charge trucks a uniform toll rate per kilometre on an approx. 57 km long concession section. The toll may be adapted annually. The term of the concession arrangement is set at 30 years and ends on 30 June 2041.

The development of the concession right can be found in the consolidated statement of fixed assets. The concession right is amortised over the term of 30 years on the basis of the use of the concession section. The annual income from the toll collections is recognised as revenue.

The right from the concession arrangement is offset by variable and fixed interest rate non-recourse financing in the amount of T€ 365,135 (2020: T€ 375,412) classified either as a current or non-current liability depending on the term to maturity. The resulting interest expenses are recognised under other operating expenses. The interest risk based on variable interest was hedged through the conclusion of interest rate swap agreements that satisfy the requirements for presentation as a cash flow hedge. The changes in the value of the interest rate swap are therefore recognised in the other comprehensive income.

(14) OTHER INTANGIBLE ASSETS

The composition of and changes in other intangible assets is shown in the consolidated statement of fixed assets.

No borrowing costs were capitalised for other intangible assets in the year under report.

Capitalised development costs

At the balance sheet date, development costs in the amount T€ 0 (2020: T€ 0) were capitalised as intangible assets.

A total of T€ 16,164 (2020: T€ 17,376) in research and development costs incurred in the 2021 financial year were recorded as expenses.

(15) PROPERTY, PLANT AND EQUIPMENT

The composition of and changes in property, plant and equipment is shown in the consolidated statement of fixed assets.

Borrowing costs in the amount of T€ 0 were capitalised for property, plant and equipment in the year under report (2020: T€ 0).

Leases

Lessee

The development of right-of-use assets from leases is shown in the consolidated statement of fixed assets.

The cash outflows from leases in the 2021 financial year break down as follows:

T€	31.12.2021	31.12.2020
Interest from leases	6,122	6,364
Redemption of leases	61,046	63,689
Variable lease payments	6,730	5,985
Payments for short-term leases	9,190	9,680
Total lease payments	**83,088**	**85,718**

Additionally, expenses for short-term equipment rentals that do not meet the leasing criteria, in the amount of T€ 162,095 (2020: T€ 153,661) were incurred in the financial year.

To a minor extent, the STRABAG Group also rents office space to third parties and thus acts as a **lessor**. This particularly involves the Tech Gate building in Vienna. The annual rental income amounts to T€ 2,503 (2020: T€ 2,591) and is shown in other operating income.

The carrying amount of this building as of 31 December 2021 is T€ 66,376 (2020: T€ 67,953) and is recorded under property, plant and equipment (properties and buildings). Rental income in the next year and the following five years will remain roughly constant. All leases are classified as operating leases.

Restrictions on property, plant and equipment/purchase obligations

As at the balance sheet date there were T€ 107,021 (2020: T€ 29,798) in contractual commitments for acquisition of property, plant and equipment which were not considered in the financial statements.

Restrictions exist for non-current assets in the amount of T€ 0 (2020: T€ 0).

Investment property

The development of investment property is shown separately in the consolidated statement of fixed assets. The fair value of investment property as of 31 December 2021 amounts to T€ 2,786 (2020: T€ 3,172). The fair value was determined using internal valuation reports or by employing the fair value of development land at market prices.

The internal valuations are considered Level 3 measurements as they are not based on observable market data.

The rental income from investment property in the 2021 financial year amounted to T€ 5,464 (2020: T€ 5,716) and direct operating expenses totalled T€ 6,210 (2020: T€ 5,991). Rental income in the next year and the following five years will remain roughly constant. In the financial year, as in the year before, no direct expenses were incurred from unlet investment property. Additionally, gains from asset disposals and payments from contract extensions in the amount of T€ 4,176 (2020: T€ 256) and losses from asset disposals in the amount of T€ 126 (2020: T€ 0) were achieved.

A reversal of impairment losses in the amount of T€ 0 was made in the financial year (2020: T€ 0).

(16) EQUITY-ACCOUNTED INVESTMENTS

T€	2021	2020
Carrying amount as at 1.1.	**418,993**	**454,532**
Change in scope of consolidation	0	-1,782
Acquisitions/contributions	31,858	17,792
Proportional annual results	15,785	32,314
Received distributions	-45,316	-36,148
Return of capital	-47,874	-37,660
Proportional other income	4,857	-10,055
Recognised as risk provision	16,403	0
Tax adjustment	8,457	0
Carrying amount as at 31.12.	**403,163**	**418,993**

Notes on associates

Lafarge Cement CE Holding GmbH, Vienna, is a significant associate. The group's share of the capital and voting rights amounts to 30 %. The company is accounted for using the equity method. We also refer to item (36) Notes on related parties.

The following financial information concerns the consolidated financial statements prepared in accordance with IFRS.

T€	2021	2020
Revenue	273,735	248,619
Income from continuing operations	12,447	27,918
Other income	10,111	-18,393
Total comprehensive income	**22,558**	**9,525**
attributable to: non-controlling interests	*-129*	*76*
attributable to: equity holders of the parent company	*22,687*	*9,449*

	31.12.2021	31.12.2020
Non-current assets	561,205	538,490
Current assets	119,663	117,325
Non-current liabilities	-148,483	-148,519
Current liabilities	-116,972	-69,439
Net assets	**415,413**	**437,857**
attributable to: non-controlling interests	*4,070*	*4,199*
attributable to: equity holders of the parent company	*411,343*	*433,658*

The financial information presented here can be transferred to the equity carrying amount of the Lafarge Cement CE Holding GmbH in the consolidated financial statements as follows:

T€	2021	2020
Group's share in net assets as at 1.1.	**130,097**	**140,762**
Group's share of net income from continuing operations	3,637	8,277
Group's share of other income	3,169	-5,442
Group's share of total comprehensive income	6,806	2,835
Dividends received	-13,500	-13,500
Group's share in net assets as at 31.12.	**123,403**	**130,097**
Goodwill	87,084	87,084
Equity-carrying amount as at 31.12.	**210,487**	**217,181**

The following table arranges in aggregate form the carrying amount and the group’s share of the profit and other income from associates that would be insignificant by themselves:

T€	2021	2020
Total of equity-carrying amount as at 31.12.	87,287	95,358
Group's share of net income from continuing operations	2,630	11,028
Group's share of other income	1,316	-4,400
Group's share of total comprehensive income	3,946	6,627

Notes on joint ventures

The following table arranges in aggregate form the carrying amount and the group’s share of the profit and other income from joint ventures that would be insignificant by themselves:

T€	2021	2020
Total of equity-carrying amount as at 31.12.	105,389	106,454
Group's share of net income from continuing operations	9,518	13,009
Group's share of other income	372	-213
Group's share of total comprehensive income	9,890	12,796

Notes on accumulated losses from equity-accounted investments

Proportionate losses from equity-accounted investments in the amount of T€ 11,621 (2020: T€ 9,773) were not recognised in profit or loss, as the carrying amounts of these investments already are T€ 0.

Notes on consortia

The group classifies construction consortia as joint ventures and records their earnings under share of profit or loss of equity-accounted investments. The following table shows the group’s ten most important consortia with regard to the output volume in the 2021 financial year.

Construction consortia	Stake in %
ARGE A1 DAMMER BERGE, Germany (DAM)	50.00
ARGE A26 A7 BAULOS 3.1, Germany (A26)	50.00
ARGE FLUGHAFENTUNNEL, Germany (FHT)	65.00
ARGE KORALMTUNNEL KAT 2, Austria (KAT)	85.00
ARGE NB JVA WILLICH I, Germany (JVA)	50.00
ARGE TULFES PFONS, Austria (TULF)	51.00
ARGE TUNNEL RASTATT, Germany (RAST)	50.00
ARGE U2 17-21, Austria (U2)	50.00
BAU-ARGE ÖPP BAB A49 SLW, Germany (A49)	50.00
COMBINATIE HEREPOORT VOF, the Netherlands (HER)	37.50

The financial information in the 2021 financial year on these consortia is presented 100 % before consolidation and valuation approaches deviating from the consortia balance sheet if applicable.

T€	Revenue	Non-current assets	Current assets	thereof cash and cash equivalents	Non-current liabilities	Current liabilities
A49	100,759	6,474	192,068	42,793	0	198,542
FHT	97,309	13,660	167,047	9,514	0	180,707
HER	93,291	451	7,296	7,060	0	7,747
DAM	74,350	58	5,025	123	0	5,083
KAT	53,269	1,080	84,054	543	0	85,134
U2	52,263	2,634	15,042	8,234	0	17,676
RAST	40,674	705	35,238	16,422	0	35,943
JVA	40,335	418	33,882	31,832	0	34,300
TULF	29,276	230	150,913	25,783	0	151,143
A26	27,359	0	9,426	1,307	0	9,426

In the 2021 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned consortia included T€ 22,806 in profits from consortia and T€ 20,860 in losses from consortia including impending losses.

The financial information in the 2020 financial year on these consortia is presented 100 % before consolidation and valuation approaches deviating from the consortia balance sheet if applicable.

T€	Revenue	Non-current assets	Current assets	thereof cash and cash equivalents	Non-current liabilities	Current liabilities
A49	10,232	194	47,472	22,760	0	47,666
FHT	55,788	13,132	74,417	16,597	0	87,549
HER	26,315	430	11,832	1,939	0	12,262
DAM	0	0	0	0	0	0
KAT	78,346	3,970	106,416	899	0	110,386
U2	0	0	0	0	0	0
RAST	31,545	1,010	24,840	13,422	0	25,850
JVA	2,595	0	4,522	4,522	0	4,522
TULF	69,193	6,253	102,653	72,233	0	108,906
A26	13,722	0	9,230	8,330	0	9,230

In the 2020 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned consortia included T€ 27,511 in profits from consortia and T€ 50,892 in losses from consortia including impending losses.

The business transactions with the consortia in the financial year can be presented as follows:

T€	2021	2020
Work and services performed	899,929	1,008,853
Work and services received	17,063	11,339
Receivables as at 31.12.	383,012	478,250
Liabilities as at 31.12.	367,655	406,823

(17) OTHER INVESTMENTS

The other investments in companies include investments in subsidiaries, associated companies, joint ventures and other investments which, being immaterial, are reported as not consolidated and are not included at equity in the consolidated financial statements. Detailed information on the group’s investments (shares of more than 20 %) can be found in the list of investments, which is included in the yearly financial report.

The development of the other investments in the financial year was as follows:

T€	Balance as at 1.1.2021	Currency translation	Changes in scope of consolidation	Additions	Transfers	Disposals	Impairment/ Reversal of impairment losses	Balance as at 31.12.2021
Investments in subsidiaries	90,408	0	-3,668	8,516	-28	-713	-4,291	90,224
Investments	97,230	442	0	10,773	28	-4,049	740	105,164
Other investments	**187,638**	**442**	**-3,668**	**19,289**	**0**	**-4,762**	**-3,551**	**195,388**

The development of the other investments in the previous financial year was as follows:

T€	Balance as at 1.1.2020	Currency translation	Changes in scope of consolidation	Additions	Transfers	Disposals	Impairment/ Reversal of impairment losses	Balance as at 31.12.2020
Investments in subsidiaries	86,616	-12	-4,334	18,611	-10	-5,957	-4,506	90,408
Investments	88,446	-175	8,622	3,934	10	-7,274	3,667	97,230
Other investments	**175,062**	**-187**	**4,288**	**22,545**	**0**	**-13,231**	**-839**	**187,638**

(18) DEFERRED TAXES

Tax accruals and deferrals recognised in the balance sheet on temporary differences between the amounts stated in the IFRS financial statements and the respective tax amounts as well as on losses carried forward developed as follows:

T€	Balance as at 1.1.2021	Currency translation	Changes in scope of consolidation	Other changes	Balance as at 31.12.2021
Intangible assets and property, plant and equipment	49,772	-26	0	2,908	52,654
Financial assets	7,920	7	0	3,661	11,588
Inventories	26,505	-315	-286	-17,926	7,978
Trade and other receivables	123,004	-1,251	-54	-9,595	112,104
Provisions	197,470	20	-131	-36,682	160,677
Liabilities	75,943	805	-2	-58,513	18,233
Tax loss carryforwards	109,932	236	0	-24,897	85,271
Deferred tax assets	**590,546**	**-524**	**-473**	**-141,044**	**448,505**
Netting out of deferred tax assets and liabilities of the same tax authorities	-405,182	0	0	61,121	-344,061
Deferred tax assets netted out	**185,364**	**-524**	**-473**	**-79,923**	**104,444**
Intangible assets and property, plant and equipment	-110,952	252	-107	14,843	-95,964
Financial assets	-17,333	0	0	7,168	-10,165
Inventories	-31,087	-306	2,597	2,003	-26,793
Trade and other receivables	-261,474	478	421	-22,487	-283,062
Provisions	-10,683	-61	0	4,948	-5,796
Liabilities	-34,944	-17	0	8,617	-26,344
Deferred tax liabilities	**-466,473**	**346**	**2,911**	**15,092**	**-448,124**
Netting out of deferred tax assets and liabilities of the same tax authorities	405,182	0	0	-61,121	344,061
Deferred tax liabilities netted out	**-61,291**	**346**	**2,911**	**-46,029**	**-104,063**

Deferred taxes on losses carried forward were capitalised as these can probably be offset with future taxable profits. The planning period is limited to five years.

No deferred tax assets were made for tax losses carried forward on the corporate income tax and on the German trade tax (Gewerbesteuer) totalling T€ 1,705,397 (2020: T€ 1,561,402), as their effectiveness as final tax relief is not sufficiently assured.

Of the non-capitalised losses carried forward T€ 1,568,548 (2020: T€ 1,423,374) have unrestricted use.

For the STRABAG SE tax group, Austria, deferred taxes were capitalised despite tax losses in the previous years as well as in the year under report. The recognised deferred taxes for losses carried forward amount to T€ 76,165 (2020: T€ 86,715), for the STRABAG SE tax group. This contains deferred tax assets on open one-seventh impairments in the amount of T€ 76,165 (2020: T€ 86,715). The Austrian Corporate Income Tax Act (Körperschaftsteuergesetz) requires a tax-effective impairment of investments to be claimed over a period of seven years.

The losses of the ongoing year and of the past were strongly influenced by negative special items. To avoid such negative projects, the group has continuously expanded and improved its opportunity and risk management and implemented organisational and strategic improvements. The tax planning for the STRABAG SE tax group for the next five years documents the usability of the tax loss carryforwards.

(19) INVENTORIES

T€	31.12.2021	31.12.2020
Construction materials, auxiliary supplies and fuel	218,820	225,086
Finished buildings	128,741	138,137
Unfinished buildings	219,787	291,811
Development land	331,317	354,291
Finished and unfinished goods	21,276	26,148
Payments made	49,162	34,436
Inventories	**969,103**	**1,069,909**

Impairment in the amount of T€ 3,883 (2020: T€ 3,414) was recognised on inventories excluding construction materials, auxiliary supplies and fuel. T€ 21,474 (2020: T€ 44,512) of the inventories excluding construction materials, auxiliary supplies and fuel were reported with the net realisable value.

For qualifying assets, interest on borrowings was recognised in the amount of T€ 341 (2020: T€ 1,294).

(20) RECEIVABLES FROM CONCESSION ARRANGEMENTS

STRABAG has a 100 % interest in the Hungarian M5 motorway concession company, AKA Alföld Koncesszios Autopalya Zrt., Budapest (AKA).

In the concession arrangement with the Hungarian state, AKA committed to develop, plan, finance as well as to build and operate the M5 motorway. The motorway itself is the property of the state; all vehicles and equipment necessary for motorway operation are to be transferred to the state free of charge following the end of the concession period.

In exchange, AKA will regularly receive an availability fee, independent of transit volume, from the Hungarian state for making the motorway available to the public. AKA bears the operator's risk of motorway closure and non-compliance of contractually agreed roadway criteria.

The route totals 156.5 km and was built in three phases. The concession period runs until 2031. A one-time extension for up to 17.5 years is possible.

All services provided under this concession arrangement are accounted for under the separate balance sheet item receivables from concession arrangements. The receivables are carried at the present value of the payment to be made by the state. The annual accumulation amount is recognised in revenue.

The contract also includes interest adjustment payments to be made by the Hungarian state. As a result, the state bears the interest risk from the financing of AKA. These interest adjustment payments represent a separate hedging transaction. Presentation is made as a cash flow hedge; as a result, changes in the fair value of the interest rate swap are recognised in other comprehensive income.

The market value of the interest rate swap in the amount of T€ -7,681 (2020: T€ -15,068) is also recognised under long-term receivables from concession arrangements.

Recognisable receivables from concession arrangements are offset by non-recourse financing in the amount of T€ 161,656 (2020: T€ 221,785), classified either as a current or non-current liability depending on the term to maturity. The resulting interest expense is recognised in other operating expenses.

(21) CONTRACT ASSETS AND CONTRACT LIABILITIES

The contract assets comprise the right to payment from construction contracts with customers as well as from project developments for the work performed by the reporting date. If the advances received exceed the payment rights, presentation is made under contract liabilities.

The **contractual balances** are comprised as follows:

T€	31.12.2021	31.12.2020
Contract assets (gross)	*7,514,453*	*7,659,966*
Advances received	*-6,166,212*	*-6,588,637*
Contract assets	**1,348,241**	**1,071,329**
Contract liabilities (gross)	*-6,828,833*	*-5,386,523*
Advances received	*7,946,181*	*6,410,332*
Contract liabilities	**1,117,348**	**1,023,809**

In the 2021 financial year, revenue was recognised in the amount of T€ 976,548 (2020: T€ 957,247) that had been contained under contract liabilities at the beginning of the financial year.

As of 31 December 2021, there are unsatisfied performance obligations from construction contracts with customers and project developments (order backlog) in the amount of T€ 18,877,387 (2020: T€ 15,951,566). The recognition of revenue from these performance obligations is expected with T€ 9,964,684 (2020: T€ 9,653,641) in the following financial year and with T€ 8,912,704 (2020: T€ 6,297,924) in the next four financial years.[1]

In the year under report, no costs of contract initiation or contract satisfaction were capitalised as separate assets.

As is customary in the industry, the customer has the contractual right to retain part of the total amount of the invoice. As a rule, however, these retentions are redeemed by collateral (bank or group guarantees).

With regard to the contract assets and liabilities, we refer to our notes in the section “Estimates - (b) Recognition of revenue from construction contracts with customers and project developments”.

(22) TRADE RECEIVABLES

Trade receivables are comprised as follows:

	31.12.2021			31.12.2020		
T€	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Trade receivables	1,132,810	1,132,810	0	1,116,174	1,116,174	0
Receivables from consortia	254,005	254,005	0	342,574	342,574	0
Advances paid to subcontractors	60,559	60,559	0	53,102	53,102	0
Trade receivables	**1,447,374**	**1,447,374**	**0**	**1,511,850**	**1,511,850**	**0**

(23) OTHER FINANCIAL ASSETS

Other financial assets are comprised as follows:

	31.12.2021			31.12.2020		
T€	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Securities	28,122	0	28,122	27,546	0	27,546
Receivables from subsidiaries	99,401	94,905	4,496	104,118	104,118	0
Receivables from participation companies	158,240	76,299	81,941	137,349	56,946	80,403
Other financial assets	240,852	95,440	145,412	233,153	107,036	126,117
Other financial assets total	**526,615**	**266,644**	**259,971**	**502,166**	**268,100**	**234,066**

1 The disclosure was amended in 2021 to include the order backlogs of proportionately and fully consolidated joint ventures. The figures for the previous year have therefore been adjusted.

(24) CASH AND CASH EQUIVALENTS

T€	31.12.2021	31.12.2020
Securities	2,823	3,102
Cash on hand	1,338	1,467
Bank deposits	2,959,090	2,852,385
Cash and cash equivalents	**2,963,251**	**2,856,954**

(25) EQUITY

The 17th Annual General Meeting of STRABAG SE held on 18 June 2021 resolved to reduce the share capital of the company from € 110,000,000 in a simplified procedure through the withdrawal of 7,400,000 own shares with a proportionate amount of the share capital of € 7,400,000, in accordance with Article 9 Para 1 of the Societas Europaea Regulation (SE-VO) in conjunction with Sec 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 fully paid-in share capital as at 31 December 2021 amounts to € 102,600,000 and is divided into 102,599,997 no-par bearer shares and three registered shares. The nominal value of the own shares was reclassified from share capital to capital reserves.

During the acquisition of own shares in 2011, 2012 and 2013, the acquisition costs of € 236,978,341.46 were deducted from retained earnings. This amount has now been reclassified to capital reserves as part of the withdrawal of own shares.

Details as to the development of the equity of STRABAG SE are represented in the statement of changes in equity.

Long-term economic success, within the context of responsibility to our shareholders, customers, employees, suppliers, subcontractors and the company itself, is the primary entrepreneurial objective of the STRABAG Group. Working to pursue these goals, recognising opportunities and risks before and as they arise, and responsibly taking these into consideration safeguards the continuity of the group and protects the interests of the shareholders.

To guarantee the continuity of the company, the management and responsible employees assure that there is a balanced relationship between opportunities and risks during the selection of projects and assess the individual risks against the background of the overall company risk.

The group equity ratio target was defined at between 20 % and 25 % during the IPO of STRABAG SE in October 2007. The equity ratio is calculated from the carrying amount of the equity as at 31 December divided by the balance sheet total as at 31 December. The equity contains all parts of the equity according to the balance sheet: share capital, capital reserves, retained earnings and other reserves and non-controlling interests.

The group equity ratio as at 31 December 2021 amounted to 33.3 % (2020: 33.9 %). With this equity base, the STRABAG Group will be able to participate increasingly in tenders for Public-Private Partnership (PPP) projects. This means that the necessary funds for a participation in equity capital are available and that the related change in the balance sheet total will be manageable.

If the group is awarded the tender for large-scale projects, or if a strategically suitable acquisition is made, the equity ratio could briefly fall below the set minimum. In this case, the company reserves the right to adjust the dividend payments to the shareholders or to issue new shares.

(26) PROVISIONS

T€	Balance as at 1.1.2021	Currency translation	Changes in scope of consolidation	Additions	Utilisation	Balance as at 31.12.2021
Provisions for severance payments	122,552	-919	-78	0	13,194	108,361
Provisions for pensions	428,356	162	0	0	51,693	376,825
Construction-related provisions	484,546	951	0	52,237	33,108	504,626
Personnel-related provisions	17,969	0	0	244	12,353	5,860
Other provisions	170,821	532	0	82,780	13,881	240,252
Non-current provisions	**1,224,244**	**726**	**-78**	**135,261**	**124,229**	**1,235,924**
Construction-related provisions	473,040	3,053	-2,490	613,601	471,391	615,813
Personnel-related provisions	191,650	-769	-274	203,263	191,010	202,860
Other provisions	343,686	924	-4,120	293,297	354,755	279,032
Current provisions	**1,008,376**	**3,208**	**-6,884**	**1,110,161**	**1,017,156**	**1,097,705**
Total	**2,232,620**	**3,934**	**-6,962**	**1,245,422**	**1,141,385**	**2,333,629**

The **actuarial assumptions as at 31 December 2021** used to calculate provisions for severance payments and pensions are represented as follows:

	Severance payments	Pension obligation Austria	Pension obligation Germany	Pension obligation Switzerland
Biometric tables	AVÖ 2018-P	AVÖ 2018-P	Dr. Klaus Heubeck 2018G	BVG 2020G
Discounting rate (%)	0.98	0.98	0.98	0.25
	(2020: 0.52)	(2020: 0.52)	(2020: 0.52)	(2020: 0.16)
Salary increase (%)	2.00	0.00	0.00	0.70
	(2020: 2.00)	(2020: 0.00)	(2020: 0.00)	(2020: 0.70)
Future pension increase (%)	n. a.	dependent on contractual adaption	1.50	0.25
			(2020: 1.50)	(2020: 0.25)
Retirement age for men	62	65	63–67	65
	(2020: 62)	(2020: 65)	(2020: 63–67)	(2020: 65)
Retirement age for women	62	60	63–67	64
	(2020: 62)	(2020: 60)	(2020: 63–67)	(2020: 64)

Sensitivity analysis

All other parameters remaining equal, a change in the discount rate by +/- 0.5 percentage points, a change in the salary increase by +/- 0.25 percentage points as well as a change in the pension increase by +/- 0.25 percentage points would have the following impact on the amount of the provisions for severance payments and pension obligations as at 31 December 2021:

T€	Change in discounting rate		Change in salary increase		Change in future pension increase	
Change[1]	-0.5 %-points	+0.5 %-points	-0.25 %-points	+0.25 %-points	-0.25 %-points	+0.25 %-points
Severance payments	-3,844	3,601	1,816	-1,867	n. a.	n. a.
Pension obligations	-34,519	33,026	1,013	-234	11,757	-10,092

Provisions for severance payments show the following development:

T€	2021	2020
Present value of the defined benefit obligation as at 1.1.	**122,552**	**124,680**
Changes in scope of consolidation/currency translation	-997	-516
Current service costs	2,378	3,279
Interest costs	485	742
Severance payments	-12,178	-9,905
Actuarial gains/losses arising from experience adjustments	-352	1,916
Actuarial gains/losses arising from change in the discount rate	-3,527	2,356
Present value of the defined benefit obligation as at 31.12.	**108,361**	**122,552**

1 Sign: - increase of obligation, + decrease of obligation

The **development of the provisions for pensions** is shown below:

T€	2021	2020
Present value of the defined benefit obligation as at 1.1.	**631,731**	**638,605**
Changes in scope of consolidation/currency translation	8,364	887
Current service costs	7,468	7,916
Interest costs	2,539	3,976
Pension payments	-44,446	-37,148
Actuarial gains/losses arising from experience adjustments	-8,667	2,402
Actuarial gains/losses arising from change in the discount rate	-23,504	16,062
Actuarial gains/losses arising from demographic changes	-7,256	-969
Present value of the defined benefit obligation as at 31.12.	**566,229**	**631,731**

The **plan assets for pension provisions** developed as follows in the year under report:

T€	2021	2020
Fair value of the plan assets as at 1.1.	**203,375**	**202,689**
Changes in scope of consolidation/currency translation	8,202	861
Income from plan assets	646	871
Contributions	6,909	7,327
Pension payments	-21,407	-12,627
Actuarial gains/losses	6,869	4,254
Assets not included according to IFRIC 14	-15,190	0
Fair value of the plan assets as at 31.12.	**189,404**	**203,375**

The **plan assets** consist of the following risk groups:

T€	31.12.2021	31.12.2020
Shares[1]	30,433	30,029
Bonds[1]	45,004	53,573
Cash	1,237	1,280
Investment funds	10,837	14,640
Real estate	22,939	13,663
Liability insurance	61,871	61,716
Other assets	32,273	28,474
Assets not included according to IFRIC 14	-15,190	0
Total	**189,404**	**203,375**

The plan assets involve almost exclusively the assets of the pension foundation of STRABAG AG, Switzerland. Any investments in this regard are subject to the applicable laws and regulations governing the supervision of foundations. Capital investments are to be chosen by trained experts in such a way as to guarantee the investment goal of revenue-generating and risk-minimising asset management while taking into consideration security, risk distribution, returns and the liquidity to fulfil the pension purposes. The investment strategy can be adjusted on an annual basis in order to reflect market changes. Currently the split is 50 % in nominal value assets and 50 % in tangible assets.

In the 2021 financial year, STRABAG AG, Switzerland, had a surplus of plan assets over the pension liability of T€ 5,033 (2020: T€ 0).

The expected contributions to pension foundations in the following year will amount to T€ 3,293 (2020: T€ 3,575).

Asset-liability matching strategy

Pension payments in Switzerland are provided by pension foundations with funds dedicated to this purpose, while payments in Austria and in Germany are covered by readily available cash and cash equivalents as well as securities.

1 All shares and bonds are traded in an active market.

The actual return on plan assets amounted to T€ 7,634 (2020: T€ 4,534) in the financial year.

The following amounts for pension and severance provisions were recognised in the **income statement**:

T€	2021	2020
Current service costs	9,846	11,195
Interest costs	3,024	4,718
Return on plan assets	646	871

The **development of the net defined benefit obligation** for pension and severance provisions was as follows:

T€	31.12.2021	31.12.2020
Severance provisions obligation	108,361	122,552
Present value of the defined benefit obligation (pension provision)	*566,229*	*631,731*
Fair value of plan assets (pension provision)	*-189,404*	*-203,375*
Pension provision obligation	376,825	428,356
Obligation total	**485,186**	**550,908**

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2021 was as follows:

T€	<1 year	1–5 years	6–10 years	11–20 years	>20 years
Provisions for severance payments	9,320	27,753	29,976	28,923	1,930
Provisions for pensions	36,305	144,352	135,206	174,185	131,707

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2020 was as follows:

T€	<1 year	1–5 years	6–10 years	11–20 years	>20 years
Provisions for severance payments	9,218	27,478	31,111	30,664	3,179
Provisions for pensions	36,835	145,892	143,106	187,959	149,970

The **durations** (weighted average term) are shown in the following table.

Years	31.12.2021	31.12.2020
Severance payments Austria	8.66	8.88
Pension obligations Austria	9.01	8.40
Pension obligations Germany	11.00	11.70
Pension obligations Switzerland	14.30	15.10
Pension obligations Netherlands	17.18	17.64

Other provisions

The construction-related provisions include warranty obligations, costs of the contract execution and subsequent costs of invoiced contracts, as well as impending losses from projects pending which are not accounted for elsewhere. The personnel-related provisions essentially include bonus obligations and premiums, service anniversary bonuses, contributions to occupational funds as well as costs of the old age part-time scheme and expenses for personnel downsizing measures. Other provisions especially include provisions for damages and litigations.

(27) FINANCIAL LIABILITIES

	31.12.2021			31.12.2020		
T€	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Bonds	200,000	200,000	0	200,000	0	200,000
Bank borrowings	687,764	224,358	463,406	651,741	107,093	544,649
Lease liabilities	305,851	58,647	247,204	304,265	56,803	247,462
Financial liabilities	**1,193,615**	**483,005**	**710,610**	**1,156,006**	**163,896**	**992,111**

Physical securities were established to cover liabilities to banks in the amount of T€ 33,516 (2020: T€ 47,964).

The bank borrowings involve non-recourse liabilities in the amount of T€ 652,740 (thereof non-current: T€ 452,402). This value amounted to T€ 597,197 (thereof non-current: T€ 526,792) in the previous year.

(28) TRADE PAYABLES

	31.12.2021			31.12.2020		
T€	**Total**	**thereof current**	**thereof non-current**	**Total**	**thereof current**	**thereof non-current**
Trade payables	2,150,670	2,150,670	0	2,141,827	2,141,827	0
Liabilities from construction consortia	270,760	270,760	0	321,000	321,000	0
Trade payables	**2,421,430**	**2,421,430**	**0**	**2,462,827**	**2,462,827**	**0**

(29) OTHER FINANCIAL LIABILITIES

	31.12.2021			31.12.2020		
T€	**Total**	**thereof current**	**thereof non-current**	**Total**	**thereof current**	**thereof non-current**
Payables to subsidiaries	110,530	110,530	0	101,984	101,984	0
Payables to participation companies	15,524	15,524	0	9,445	9,445	0
Other financial liabilities	269,699	173,911	95,788	282,709	177,506	105,203
Other financial liabilities total	**395,753**	**299,965**	**95,788**	**394,138**	**288,935**	**105,203**

(30) CONTINGENT ASSETS

On 29 June 2020, the tribunal in STRABAG SE v Libya (ICSID Case No. ARB (AF)/15/1) issued its award holding Libya in breach of the agreement between the Republic of Austria and the State of Libya for the promotion and protection of investments. The tribunal consequently awarded STRABAG SE damages of € 75 million plus interests, and ordered Libya to reimburse STRABAG 75 % of its legal costs and expenses, and to bear 75 % of the costs of the arbitration.

STRABAG commenced its activities in Libya – the construction of infrastructure – in 2006. The operations were interrupted in 2011 by the conflict in the country. In the arbitration proceedings, STRABAG claimed compensation for losses and damages suffered during the conflict and for work it had already performed on the various construction projects.

Libya filed a motion to set aside the arbitration award, which was rejected in first instance by the competent court in the United States. Libya has appealed against this decision.

It remains uncertain whether Libya will honour the award. STRABAG is examining the possibilities of enforcing the arbitration award and has initiated recognition and enforcement proceedings on a small scale. These proceedings are moving along very slowly and have not yet led to any additional findings. Because of the existing uncertainties no receivable was recognised.

(31) CONTINGENT LIABILITIES

The company has accepted the following **guarantees**:

T€	**31.12.2021**	**31.12.2020**
Guarantees without financial guarantees	174	174

(32) OFF-BALANCE SHEET TRANSACTIONS

In the construction industry, it is customary and necessary to provide various types of guarantees to secure the contractual obligations. These guarantees are usually issued by banks or credit insurers and most commonly comprise bid, contract performance, prepayment and warranty guarantees. In the event these guarantees are called upon, the relevant banks have a contractual right of recourse against the group. The risk that such guarantees are utilised and that a right of recourse arises materialises only if the primary contractual obligations are not properly performed.

Obligations and possible risks from such guarantees are recognised in the balance sheet as provisions or liabilities.

Not included in the balance sheet or the contingent liabilities as at 31 December 2021 are performance bonds in the amount of € 3.1 billion (2020: € 2.3 billion) of which an outflow of resources is unlikely.

As is customary in the industry, STRABAG SE shares liability with the other partners of consortia in which companies of the STRABAG Group hold a share interest.

(33) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The representation of the cash flow statement was made according to the indirect method and separated into the cash flows classified by operating, investing and financing activities. The cash and cash equivalents include exclusively cash on hand, bank deposits and short-term securities. Any effects from changes in the scope of consolidation were eliminated and represented in the cash flow from investing activities.

The **cash and cash equivalents** are composed as follows:

T€	31.12.2021	31.12.2020
Securities	2,823	3,102
Cash on hand	1,338	1,467
Bank deposits	2,959,090	2,852,385
Restricted cash and cash equivalents	0	0
Pledge of cash and cash equivalents	-150	-150
Cash and cash equivalents	**2,963,101**	**2,856,804**

Moreover, in construction projects executed through consortia there are cash and cash equivalents whose use can only be determined jointly with other partner companies.

The **cash flow from operating activities** in the reporting year contains the following items:

T€	2021	2020
Interest paid	18,503	31,401
Interest received	21,994	14,217
Taxes paid	359,777	154,805
Dividends received	91,198	106,676

The taxes paid include tax arrears from tax deferrals from the previous year.

The **cash flow from financing activities** for the financial year 2021 can be derived from the balance sheet items as follows:

T€	Bonds	Bank borrowings	Other financial liabilities[1]	Lease liabilities	Total
Balance as at 1.1.2021	**200,000**	**651,741**	**31,014**	**304,265**	**1,187,020**
Issue	0	126,600	0	0	126,600
Repayment	0	-90,577	0	0	-90,577
Increase (+)/decrease (-) of financing	0	0	-2,072	-61,046	-63,118
Total cash flow from financing activities	**0**	**36,023**	**-2,072**	**-61,046**	**-27,095**
Currency translation	0	0	-25	1,251	1,226
Change in scope of consolidation	0	0	0	0	0
Other changes	0	0	156	61,381	61,537
Total of non cash-effective changes	**0**	**0**	**131**	**62,632**	**62,763**
Balance as at 31.12.2021	**200,000**	**687,764**	**29,073**	**305,851**	**1,222,688**

The cash flow from financing activities can be derived as follows:

T€	Inflow (+) Outflow (-)
Total cash flows from financing activities	-27,095
Change in non-controlling interests due to acquisition	-2,750
Distribution of dividends	-714,061
Cash flow from financing activities	**-743,906**

The **cash flow from financing activities** for the financial year 2020 can be derived from the balance sheet items as follows:

T€	Bonds	Bank borrowings	Other financial liabilities[1]	Lease liabilities	Total
Balance as at 1.1.2020	**400,000**	**721,888**	**88,418**	**300,319**	**1,510,625**
Issue	0	1,273	0	0	1,273
Repayment	-200,000	-71,417	0	0	-271,417
Increase (+)/decrease (-) of financing	0	0	-57,443	-63,689	-121,132
Total cash flow from financing activities	**-200,000**	**-70,144**	**-57,443**	**-63,689**	**-391,276**
Currency translation	0	-3	-75	-3,649	-3,727
Change in scope of consolidation	0	0	0	0	0
Other changes	0	0	114	71,284	71,398
Total of non cash-effective changes	**0**	**-3**	**39**	**67,635**	**67,671**
Balance as at 31.12.2020	**200,000**	**651,741**	**31,014**	**304,265**	**1,187,020**

The cash flow from financing activities can be derived as follows:

T€	Inflow (+) Outflow (-)
Total cash flows from financing activities	-391,276
Change in non-controlling interests due to acquisition	1,200
Distribution of dividends	-105,813
Cash flow from financing activities	**-495,889**

1 The recognition in the balance sheet was made under current and non-current other financial liabilities.

Notes on financial instruments

(34) FINANCIAL INSTRUMENTS

A financial instrument is a contract that results in a financial asset at one enterprise and a financial liability or equity instrument at another. Financial assets include especially cash and cash equivalents, trade receivables and other receivables and derivatives. Financial liabilities are obligations to pay cash or other financial assets on a regular basis. These include especially financial liabilities such as bank borrowings, bonds, lease liabilities and trade payables.

Financial instruments overview

The **financial instruments** as at the balance sheet date were as follows:

	31.12.2021			31.12.2020		
T€	Measurement category according to IFRS 9	Carrying amount	Fair value	Measurement category according to IFRS 9	Carrying amount	Fair value
Assets						
Investments below 20 % (other investments)	FVPL	48,511	48,511	FVPL	41,278	41,278
Trade receivables	AC	1,386,815		AC	1,458,748	
Receivables from concession arrangements	AC	578,252		AC	619,258	
Other non-current financial assets	AC	229,235		AC	206,520	
Other current financial assets	AC	266,447		AC	262,555	
Cash and cash equivalents	AC	2,960,428		AC	2,853,852	
Securities	FVPL	28,122	28,122	FVPL	27,546	27,546
Cash and cash equivalents (securities)	FVPL	2,823	2,823	FVPL	3,102	3,102
Derivatives held for hedging purposes (receivables from concession arrangements)	Derivatives	-7,681	-7,681	Derivatives	-15,068	-15,068
Derivatives held for hedging purposes (other financial assets)	Derivatives	2,614	2,614	Derivatives	1,434	1,434
Derivatives other (other financial assets)	FVPL	197	197	FVPL	4,111	4,111
Liabilities						
Financial liabilities	FLaC	-1,193,615	-1,193,883	FLaC	-1,156,006	-1,165,326
Trade payables	FLaC	-2,421,430		FLaC	-2,462,827	
Other non-current financial liabilities	FLaC	-75,789		FLaC	-75,777	
Other current financial liabilities	FLaC	-299,965		FLaC	-288,681	
Derivatives held for hedging purposes (other financial liabilities)	Derivatives	-12,996	-12,996	Derivatives	-29,426	-29,426
Derivatives other (other financial liabilities)	FVPL	-7,003	-7,003	FVPL	-254	-254
	Measurement categories according to IFRS 9			**Measurement categories according to IFRS 9**		
	AC	5,421,177		AC	5,400,933	
	FVPL	72,650	72,650	FVPL	75,783	75,783
	FLaC	-3,990,799	-1,193,883	FLaC	-3,983,291	-1,165,326
	Derivatives	-18,063	-18,063	Derivatives	-43,060	-43,060
	Total	**1,484,965**	**-1,139,296**	**Total**	**1,450,365**	**-1,132,603**

No special disclosure of the fair value of financial instruments is represented if the carrying amount is a reasonable approximation of fair value.

Cash and cash equivalents, trade receivables and other receivables have for the most part short remaining terms. Accordingly, their carrying amounts on the balance sheet date approximate their fair value. The fair value of non-current financial assets corresponds to the present value of the related payments under consideration of the prevailing market parameters as far as market values were not available.

Trade payables and other financial liabilities typically have short terms; their carrying amounts approximate the fair value. The fair value of bonds, bank borrowing and lease liabilities are measured at the present value of the payments associated with them and under consideration of the relevant applicable market parameters as far as market values were not available. The fair value of the financial liabilities would qualify as a Level 1 measurement at T€ 200,224 (2020: T€ 202,610) and as a Level 2 measurement at T€ 993,659 (2020: T€ 962,716).

T€ 150 (2020: T€ 150) of cash and cash equivalents, T€ 843 (2020: T€ 2,577) of securities and T€ 1,844 (2020: T€ 1,815) of other financial instruments were pledged as collateral for liabilities.

The non-recourse liabilities in the amount of T€ 652,740 are secured with the return flows from the respective project.

The **net income effects of the financial instruments** according to valuation categories are as follows:

	2021				2020			
T€	**AC**	**FVPL**	**FLaC**	**Derivatives**	**AC**	**FVPL**	**FLaC**	**Derivatives**
Interest	14,938	0	-21,944	0	16,224	0	-29,364	0
Interest from concession arrangements	59,880	0	-17,280	-4,230	59,568	0	-19,900	-5,216
Result from investment	0	2,111	0	0	0	3,939	0	0
Result from securities	0	556	0	0	0	531	0	0
Impairments, credit losses and reversals of impairment losses	3,679	1,395	0	0	-30,381	4,565	0	0
Disposal profits/losses	0	2,538	0	0	0	49	0	0
Change in other derivatives	0	-10,663	0	0	0	3,790	0	0
Income from derecognition of liabilities and payments of derecognised receivables	37	0	7,298	0	35	0	6,375	0
Net income recognised in profit or loss	**78,534**	**-4,063**	**-31,926**	**-4,230**	**45,446**	**12,874**	**-42,889**	**-5,216**
Value changes recognised directly in equity	0	0	0	29,228	0	0	0	16,823
Net income	**78,534**	**-4,063**	**-31,926**	**24,998**	**45,446**	**12,874**	**-42,889**	**11,607**

Interest from financial assets and financial liabilities is reported in net interest income, with the exception of interest from concession arrangements. Concession arrangements are part of the operating business, which is why interest income from concession arrangements is recognised in revenue and interest expenses from concession arrangements are recognised in other operating expenses.

Impairments, credit losses and reversals of impairment losses on financial assets and liabilities – excluding investments of less than 20 % as well as securities – are reported under other operating expenses or other operating income. Gains and losses on the disposal of financial receivables and liabilities are also recognised in other operating income or other operating expenses.

Income from the derecognition of liabilities as well as payments received on derecognised receivables are reported under other operating income.

Income, expenses, impairments and reversals of impairments as well as disposal gains and losses on investments of less than 20 % are recognised in net income from investments.

Income, expenses, impairments and reversals of impairments as well as disposal gains and losses on securities are recognised in net interest income.

Changes in other derivatives measured through profit or loss are recognised in net interest income.

Financial instruments measured at fair value

The **fair values as at 31 December 2021** for financial instruments measured at fair value in the balance sheet were determined as follows:

T€	Level 1	Level 2	Level 3	Total
Assets				
Investments below 20 % (other investments)			48,511	48,511
Securities	28,122			28,122
Cash and cash equivalents (securities)	2,823			2,823
Derivatives held for hedging purposes		-5,067		-5,067
Derivatives other		197		197
Total	**30,945**	**-4,870**	**48,511**	**74,586**
Liabilities				
Derivatives held for hedging purposes		-12,996		-12,996
Derivatives other		-7,003		-7,003
Total	**0**	**-19,999**	**0**	**-19,999**

The **fair values as at 31 December 2020** for financial instruments measured at fair value in the balance sheet were determined as follows:

T€	Level 1	Level 2	Level 3	Total
Assets				
Investments below 20 % (other investments)			41,278	41,278
Securities	27,546			27,546
Cash and cash equivalents (securities)	3,102			3,102
Derivatives held for hedging purposes		-13,634		-13,634
Derivatives other		4,111		4,111
Total	**30,648**	**-9,523**	**41,278**	**62,403**
Liabilities				
Derivatives held for hedging purposes		-29,426		-29,426
Derivatives other		-254		-254
Total	**0**	**-29,680**	**0**	**-29,680**

STRABAG records regroupings between the different fair-value-hierarchy levels at the end of the reporting period in which the regrouping took place.

During the financial years 2021 and 2020, there were no transfers between the levels.

Financial instruments in Level 1

The fair value is determined on the basis of quoted prices in an active market. An active market exists if the prices are regularly established and readily available to the market participants. The quoted market price for the financial instruments presented in Level 1 corresponds to the bid price on 31 December 2021.

Financial instruments in Level 2

These financial instruments are not traded in an active market. They involve exclusively derivatives held for hedging purposes and other derivatives. The fair value is determined using methods of measurement on the basis of observable market data. Specifically, measurement is made using interest yield and currency curves in proportion to the term of the derivative.

Financial instruments in Level 3

These financial instruments involve exclusively a large number of smaller investments below 20 % that are not traded on an active market. The fair value is determined on the basis of simplified company valuations.

The carrying amount of investments below 20 % developed as follows:

T€	2021	2020
Carrying amount as at 1.1.	**41,278**	**32,540**
Currency translation/Transfers	260	26
Change in scope of consolidation	0	6,716
Additions	7,760	2,811
Disposals	-2,082	-4,471
Depreciation	-100	0
Changes in fair value	1,395	3,656
Carrying amount as at 31.12.	**48,511**	**41,278**

Due to the broad diversification of the investments, no major fluctuations in value are expected in the future.

The **derivatives** are comprised as follows:

T€	31.12.2021			31.12.2020		
Bank	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Deutsche Bank AG	0	0	0	1,434	0	1,434
Republic of Hungary	-7,681	0	-7,681	-15,068	0	-15,068
National Bank of Canada	1,254	0	1,254	0	0	0
SMBC Capital Markets	1,360	0	1,360	0	0	0
KfW IPEX-Bank	0	-3,023	-3,023	0	-6,545	-6,545
Norddeutsche Landesbank	0	-3,447	-3,447	0	-7,513	-7,513
SEB AG	0	-3,229	-3,229	0	-7,693	-7,693
Société Générale	0	-3,297	-3,297	0	-7,675	-7,675
Total derivatives held for hedging purposes	**-5,067**	**-12,996**	**-18,063**	**-13,634**	**-29,426**	**-43,060**
Bayerische Landesbank	0	-684	-684	884	0	884
Crédit Agricole Corp. & Investment	0	-2,059	-2,059	16	0	16
Landesbank Baden-Württemberg	0	0	0	271	0	271
Raiffeisenbank International AG[1]	197	-2,879	-2,682	1,086	-254	832
UniCredit Bank Austria AG	0	-1,381	-1,381	1,854	0	1,854
Total other derivatives	**197**	**-7,003**	**-6,806**	**4,111**	**-254**	**3,857**
Total	**-4,870**	**-19,999**	**-24,869**	**-9,523**	**-29,680**	**-39,203**

No hedge accounting is used for other derivatives, but they are part of economic hedging relationships.

Principles of risk management

The STRABAG Group is subject to credit, market and liquidity risks related to its financial assets, financial liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financially oriented activities.

The basics of the financial policy are set by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the risk management are the domain of the group treasury. Certain transactions require prior approval by the Management Board, which is regularly informed as to the scope and amount of the current risk exposure.

The group assesses concentrations of risk with regard to interest rate risk, currency risk and credit risk as low because customers are located in different countries, belong to different industries and operate in largely independent markets.

1 Can be set off in the event of insolvency

The group's business activities are subject to market price risks that are customary in the industry. These risks are not hedged through derivatives or financial instruments but through other hedging activities including but not limited to contractual agreements.

Further explanations on risk management and financial instruments can be found in the group management report from 31 December 2021.

Interest rate risk

The financial instruments bear mainly variable interest rates on the assets side, on the liabilities side there are both variable and fixed interest obligations. The risk of financial instruments bearing variable interest rates consists of increasing interest charges and sinking interest revenue resulting from an unfavourable change in market interest rates. Fixed interest obligations mainly result from the bonds issued by STRABAG SE amounting to a total of T€ 200,000 (2020: T€ 200,000).

With regard to the possible impact from the IBOR reform, reference is made to the explanations contained in the section "Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (IBOR Reform) Phase 2".

The amount of bank deposits and bank borrowings according to currency – giving the average interest rate at balance sheet date – is represented as follows:

Bank deposits

Currency	Carrying amount 31.12.2021 T€	Weighted average interest rate 2021 %
EUR	2,026,178	-0.40
PLN	187,767	0.74
HUF	197,137	0.97
CZK	179,675	0.10
Other	368,333	0.52
Total	**2,959,090**	**-0.09**

Currency	Carrying amount 31.12.2020 T€	Weighted average interest rate 2020 %
EUR	1,974,032	-0.08
PLN	294,039	0.14
HUF	127,872	0.01
CZK	152,044	0.07
Other	304,398	0.56
Total	**2,852,385**	**0.02**

Bank borrowings

Currency	Carrying amount 31.12.2021 T€	Weighted average interest rate 2021 %
EUR	561,816	1.07
CAD	125,948	1.40
Total	**687,764**	**1.13**

Currency	Carrying amount 31.12.2020 T€	Weighted average interest rate 2020 %
EUR	651,741	1.03
Total	**651,741**	**1.03**

Had the interest rate level at 31 December 2021 been higher by 100 basis points, then the EBT would have been higher by T€ 24,165 (2020: T€ 23,304) and the equity at 31 December 2021 would have been higher by T€ 53,584 (2020: T€ 58,752). Had the interest rate level been lower by 100 basis points, this would have meant a correspondingly lower equity and EBT. The calculation is made based on the level of interest-bearing financial assets and liabilities as at 31 December. Tax effects from interest rate changes were not considered.

Currency risk

Due to the decentralised structure of the group, characterised by local companies in the respective countries, mainly closed currency positions appear in the balance sheet. Loan financing and investments were predominantly made by the group companies in the respective country's local currency. Receivables and liabilities from business activities mainly offset each other in the same currency.

The internal financing of companies within the group using different functional currencies resulted in an earnings-relevant currency risk. To limit this risk derivative financial instruments are transacted. The market values of these hedging transactions in the amount of T€ -6,806 (2020: T€ 3,857) are recognised in profit or loss in the income statement. The hedging transactions are reported under other financial assets or other financial liabilities.

Development of the important **currencies in the group**:

Currency	Exchange rate 31.12.2021: 1 € =	Average rate 2021: 1 € =	Exchange rate 31.12.2020: 1 € =	Average rate 2020: 1 € =
HUF	369.1900	358.6083	363.8900	354.0517
CZK	24.8580	25.6486	26.2420	26.4976
PLN	4.5969	4.5720	4.5597	4.4680
CHF	1.0331	1.0799	1.0802	1.0709
CLP	964.4400	903.2125	870.6600	906.4485
USD	1.1326	1.1816	1.2271	1.1195
GBP	0.8403	0.8584	0.8990	0.8894

The following table shows the hypothetical changes in EBT and equity if the euro in the year **2021** had been revalued or devalued by 10 % in relation to another currency:

T€	Revaluation euro of 10 %		Devaluation euro of 10 %	
Currency	change in EBT	change in equity	change in EBT	change in equity
PLN	1,642	3,642	-1,642	-3,642
HUF	-3,044	11,854	3,044	-11,854
CHF	-2,396	-10,139	2,396	10,139
CZK	1,057	14,057	-1,057	-14,057
USD	-1,786	-1,786	1,786	1,786
Other	-16,626	-16,626	16,626	16,626

The following table shows the hypothetical changes in EBT and equity if the euro in the year **2020** had been revalued or devalued by 10 % in relation to another currency:

T€	Revaluation euro of 10 %		Devaluation euro of 10 %	
Currency	change in EBT	change in equity	change in EBT	change in equity
PLN	1,784	3,784	-1,784	-3,784
HUF	-6,018	10,622	6,018	-10,622
CHF	-2,245	-9,615	2,245	9,615
CZK	2,419	11,919	-2,419	-11,919
USD	9,483	9,483	-9,483	-9,483
Other	-11,770	-11,770	11,770	11,770

The calculation is based on original and derivative foreign currency holdings in non-functional currency as at 31 December as well as underlying transactions for the next twelve months. The effect on tax resulting from changes in currency exchange rates was not taken into consideration.

Cash flow hedges

Currency risks in the group result when the currency of the order differs from the functional currency of the company. The planned proceeds are received in the currency of the order (for example, euro or US dollar), while a substantial part of the associated costs is made in the local currency.

The group uses foreign exchange forwards to hedge against this risk. These contracts are classified as hedges against future payments and are presented as cash flow hedges.

The group designates exclusively the spot element of foreign exchange forwards and swaps to hedge its currency risk and applies a hedge ratio of 1:1 or 100 %. The spot element corresponds to that part of the fair value that is determined exclusively on the basis of the spot exchange rate. The interest element (forward element), on the other hand, is determined from the difference between the total fair value and the cash element. The forward element is excluded from designation and recognised as cost of hedging. The key features of the foreign exchange forward or swap correspond to the hedged item.

To hedge against variable interest rate obligations, interest rate swaps are used especially with financing obligations from concession arrangements. This serves to hedge the variability of future cash flows from variable interest rate payments. Interest rate swaps are presented as cash flow hedges.

The group determines the existence of an economic relationship between the hedging instrument and the hedged item, for the purpose of assessing the effectiveness of the hedge, based on the interest rates benchmarks, terms, repricing dates and maturities of the nominal amounts.

The amounts of the hedged items as at 31 December 2021 are as follows:

T€ Hedged item	Value changes in the basis for effectiveness measurement	Hedging reserves	Cost-of-hedging reserves
Interest rate risk			
Interest AKA	-4,245	-10,505	0
Interest PANSUEVIA	-13,218	-20,525	0
Interest Scarborough	-2,614	2,614	0
Total	**-20,077**	**-28,416**	**0**

All hedge relationships are constructed based on EURIBOR and are therefore not affected by the interest rate benchmark reform.

The amounts of the hedged items as at 31 December 2020 are as follows:

T€ Hedged item	Value changes in the basis for effectiveness measurement	Hedging reserves	Cost-of-hedging reserves
Exchange risk			
USD sale	-3,725	1,537	-103
Interest rate risk			
Interest AKA	-3,012	-21,693	0
Interest PANSUEVIA	15,183	-37,385	0
Total	**8,446**	**-57,541**	**-103**

The hedging instruments as at 31 December 2021 were comprised as follows:

T€ Hedge	Nominal value	Carrying amount	Balance sheet item where the hedge is presented	OCI change in value of the hedge	Cost of hedging recognised in OCI	Recycling amount from hedging reserves	Recycling amount from cost-of-hedging reserves	P&L item where the recycling value is recognised
Interest rate risk								
Interest rate swap AKA	161,656	-7,681	receivables from concession arrangements	4,245	0	6,943	0	other operating expenses
Interest rate swaps PANSUEVIA	244,959	-12,996	other financial liabilities	13,218	0	3,642	0	other operating expenses
Interest rate swaps Scarborough	125,948	2,614	other financial assets	2,614	0	0	0	interest expense
Total	**532,563**	**-18,063**		**20,077**	**0**	**10,585**	**0**	

Possible sources of ineffectiveness in these hedging relationships include:

- the effect of counterparty and own credit risk on the fair value of derivatives, which is not reflected in the change in the fair value of the hedged cash flows, and is attributable to interest rates changes
- differences in the repricing dates of the hedging instrument and the underlying transactions
- changes in the expected value of the cash flows from the underlying transaction being hedged and from the hedging instrument
- changes to the reference rates due to the interest rate benchmark reform

In the 2021 financial year, no amounts from value changes resulting from ineffectiveness were recognised in the income statement.

The hedging instruments as of 31 December 2020 were made up as follows:

T€ Hedge	Nominal value	Carrying amount	Balance sheet item where the hedge is presented	OCI change in value of the hedge	Cost of hedging recognised in OCI	Recycling amount from hedging reserves	Recycling amount from cost-of-hedging reserves	P&L item where the recycling value is recognised
Exchange risk								
USD sale	39,932	1,434	other financial assets	3,726	-209	13,829	-215	revenue
Interest rate risk								
Interest rate swap AKA	221,785	-15,068	receivables from concession arrangements	3,012	0	8,452	0	other operating expenses
Interest rate swaps PANSUEVIA	251,851	-29,426	other financial liabilities	-15,182	0	3,410	0	other operating expenses
Total	**513,568**	**-43,060**		**-8,444**	**-209**	**25,691**	**-215**	

In the 2020 financial year, no amounts from value changes resulting from ineffectiveness were recognised in the income statement.

On 31 December 2021, the group held the following instruments for the purpose of hedging interest rate fluctuation:

	Maturity		
	1–6 months	6–12 months	>1 year
Interest rate swap			
Nominal amount in TEUR	35,974	35,054	461,563
Average fixed interest rate (%)	2.60	2.58	1.39

On 31 December 2020, the group held the following instruments for the purpose of hedging exchange rate and interest rate fluctuation:

	Maturity		
	1–6 months	6–12 months	>1 year
Foreign exchange forward			
Nominal amount in TUSD	30,000	19,000	
Average USD-CLP forward rate	689.40	811.72	
Interest rate swap			
Nominal amount in TEUR	33,988	33,032	406,616
Average fixed interest rate (%)	2.61	2.60	1.66

The reconciliation of the equity components as at 31 December 2021 is as follows:

T€	Hedging reserves	Cost-of-hedging reserves
As at 1.1.	**-74,572**	**-75**
Fair value changes		
Currency risk	0	0
Interest rate risk	20,077	0
Recycling		
Currency risk	-1,537	103
Interest rate risk	10,585	0
Deferred taxes		
Currency risk	415	-28
Interest rate risk	-6,897	0
Change in hedging reserves from equity-accounted investments	4,720	0
As at 31.12.	**-47,209**	**0**

The reconciliation of the equity components as at 31 December 2020 is as follows:

T€	Hedging reserves	Cost-of-hedging reserves
As at 1.1.	**-87,083**	**234**
Fair value changes		
Currency risk	3,726	-209
Interest rate risk	-12,170	0
Recycling		
Currency risk	13,829	-215
Interest rate risk	11,862	0
Deferred taxes		
Currency risk	-4,740	115
Interest rate risk	2,597	0
Change in hedging reserves from equity-accounted investments	-2,593	0
As at 31.12.	**-74,572**	**-75**

Credit risk

Credit risks arise when contractual parties do not meet their payment obligations by the date of settlement. Such risks exist with regard to payments of receivables from the operating business as well as the contractual cash flows from debt instruments in the category of measured at amortised cost (AC). To manage the credit risk from the operating business, STRABAG established a credit risk management system in line with the market rates and customers. Because of the Covid-19 pandemic in particular, loans and receivables from private clients are being monitored more closely than in the past.

The maximum credit risk of trade receivables, contract assets and other financial assets corresponds to the carrying amounts presented in the balance sheet.

The risk for receivables from clients can be rated as low due to the wide dispersion, a constant creditworthiness check and the presence of the public sector as an important client.

The risk of default for other primary financial instruments shown on the assets side can also be regarded as low, as the contract partners are mainly financial institutions with the highest level of creditworthiness and/or the risk of default has been significantly reduced as a result of assumed liabilities of third parties.

STRABAG SE holds no non-financial assets as security collateral. Financial collateral is only of minor importance, as the large number of public-sector customers presents hardly any payment risk. The performance of work for private customers is largely secured by payments of advance consideration.

Impairments on trade receivables and on contract assets are determined using the simplified approach. The impairments are determined taking into consideration the country-specific risks and the creditworthiness of the customers. The higher probabilities of default for private clients due to the Covid-19 pandemic that were applied in the previous year were retained unchanged for the 2021 financial year.

Impairments, considered individually, are also made on financial assets if the carrying amount of the financial asset is higher than the present value of the future cash flows. This can be triggered by financial difficulties, insolvency of the client, breach of contract or significant default of payment. These impairments are composed of many individual items of which none, seen alone, is significant.

The risk provision as at 31 December 2021 for trade receivables and for contract assets developed as follows during the financial year:

T€	Trade receivables	Contract assets
Gross carrying amount as at 31.12.2021	**1,492,787**	**1,354,874**
Lifetime ECL as at 1.1.	**9,513**	**7,568**
Exchange differences/change in scope of consolidation	-38	-16
Change due to volume change	-420	96
Change due to rating change	-1,911	-1,015
Lifetime ECL as at 31.12.	**7,144**	**6,633**
Impairment as at 1.1.	**119,922**	**0**
Exchange differences/change in scope of consolidation	-337	0
Allocation/utilisation	-20,757	0
Impairment as at 31.12.	**98,828**	**0**
Net carrying amount as at 31.12.2021	**1,386,815**	**1,348,241**

In addition, impairments on other financial assets amounting to T€ 3,449 (2020: T€ 5,091) exist as at 31 December 2021.

The risk provision as at 31 December 2020 for trade receivables and for contract assets developed as follows during the financial year:

T€	Trade receivables	Contract assets
Gross carrying amount as at 31.12.2020	**1,588,183**	**1,078,897**
Lifetime ECL as at 1.1.	**4,747**	**5,025**
Exchange differences/change in scope of consolidation	-63	-789
Change due to volume change	-399	-186
Change due to rating change	5,228	3,518
Lifetime ECL as at 31.12.	**9,513**	**7,568**
Impairment as at 1.1.	**110,973**	**0**
Exchange differences/change in scope of consolidation	-2,522	0
Allocation/utilisation	11,471	0
Impairment as at 31.12.	**119,922**	**0**
Net carrying amount as at 31.12.2020	**1,458,748**	**1,071,329**

The following shows the gross carrying amounts of the financial assets by risk class for which the expected losses were recognised over the entire remaining term.

The risk classes were determined according to the probabilities of default depending on country risk and creditworthiness of the debtors. Below 0.55 % is assumed to be low risk, between 0.55 % and 1.2 % medium risk and above 1.2 % high risk.

The gross carrying amounts for the 2021 financial year are as follows:

T€	Trade receivables	Contract assets
Low risk	718,310	772,906
Medium risk	752,735	567,851
High risk	21,742	14,117
Gross carrying amount as at 31.12.2021	**1,492,787**	**1,354,874**

The gross carrying amounts for the 2020 financial year are as follows:

T€	Trade receivables	Contract assets
Low risk	662,674	415,439
Medium risk	876,588	596,636
High risk	48,921	66,822
Gross carrying amount as at 31.12.2020	**1,588,183**	**1,078,897**

Liquidity risk

Liquidity for the STRABAG SE Group means not only solvency in the strict sense but also the availability of the necessary financial margin for mainstay business through sufficient aval lines.

To guarantee financial flexibility, liquidity reserves are kept in the form of cash and credit lines for cash and aval loans. The STRABAG SE Group keeps bilateral credit lines with banks and syndicated cash and aval credit lines in the amount of € 0.4 billion (2020: € 0.4 billion) respectively € 2.0 billion (2020: € 2.0 billion). The overall line for cash and aval loan amounts to € 8.2 billion (2020: € 7.9 billion). The syndicated surety credit line contains covenants which were fulfilled at the balance sheet date.

An increased liquidity risk due to the Covid-19 pandemic could not be identified in the 2021 and 2020 financial years.

The medium- and long-term liquidity needs have so far also been covered by the issue of corporate bonds. In the years 2013 and 2015, STRABAG issued bonds of € 200 million each, with a term to maturity of seven years each. In the 2020 financial year, the € 200 million bond issued in 2013 was repaid in full. As per 31 December 2021, STRABAG SE had a bond with a total volume of € 200 million on the market.

The following **payment obligations** arise from the financial liabilities (interest payments based on interest rate as at 31 December and redemption) for the subsequent years:

Payment obligations as at 31 December 2021

The **payment obligations from financial liabilities as at 31 December 2021** are comprised as follows:

T€	Carrying amount 31.12.2021	Cash flows 2022	Cash flows 2023–2026	Cash flows after 2026
Bonds	200,000	203,250	0	0
Bank borrowings	687,764	234,136	179,202	323,574
Lease liabilities	305,851	74,430	217,957	175,739
Financial liabilities	**1,193,615**	**511,816**	**397,159**	**499,313**

The trade payables and the other liabilities without derivatives essentially lead to cash outflows in line with the maturity at the amount of the carrying amounts. The payment obligations from leasing liabilities amount to T€ 66,005 for 2023, T€ 56,433 for 2024, T€ 51,914 for 2025 and T€ 43,605 for 2026.

The **payment obligations from derivatives as at 31 December 2021** are comprised as follows:

T€	Carrying amount 31.12.2021	Cash flows 2022	Cash flows 2023–2026	Cash flows after 2026
Derivatives held for hedging purposes	18,063	8,345	6,058	3,366
Derivatives other	6,806	-197	7,003	0
Derivatives	**24,869**	**8,148**	**13,061**	**3,366**

Payment obligations as at 31 December 2020

The **payment obligations from financial liabilities as at 31 December 2020** are comprised as follows:

T€	Carrying amount 31.12.2020	Cash flows 2021	Cash flows 2022–2025	Cash flows after 2025
Bonds	200,000	3,250	203,250	0
Bank borrowings	651,741	118,498	249,400	352,629
Lease liabilities	304,265	63,126	216,637	183,698
Financial liabilities	**1,156,006**	**184,874**	**669,287**	**536,327**

The payment obligations from leasing liabilities amount to T€ 66,402 for 2022, T€ 56,704 for 2023, T€ 51,603 for 2024 and T€ 41,928 for 2025.

The **payment obligations from derivatives as at 31 December 2020** are comprised as follows:

T€	Carrying amount 31.12.2020	Cash flows 2021	Cash flows 2022–2025	Cash flows after 2025
Derivatives held for hedging purposes	43,060	9,161	20,846	13,486
Derivatives other	-3,857	-142	-3,715	0
Derivatives	**39,203**	**9,019**	**17,131**	**13,486**

In addition, financial guarantees in the amount of T€ 71,036 (2020: T€ 42,699) are issued. Theoretically these guarantees can be used at any time, leading to a short-term outflow of liquidity.

Segment report

(35) SEGMENT REPORTING

The rules of IFRS 8 Operating Segments apply to the segment reporting. IFRS 8 prescribes defining the segments and reporting the earnings on the basis of the internal reporting (management approach). Segment assets are not disclosed as these do not form part of the regular internal reporting.

The internal reporting in the STRABAG Group is based on Management Board areas, which also represent the segments. The settlement between the single segments is made at arm's length prices.

The segment North + West bundles the construction activities in Germany, Poland, Benelux and Scandinavia as well as the ground engineering activities.

The segment South + East comprises the construction activities in Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe and Russia and the environmental engineering business.

The segment International + Special Divisions includes the international construction activities, tunnelling, services, real estate development and infrastructure development as well as the construction materials business.

In addition, there are the Central Divisions and Central Staff Divisions, which handle services in the areas of accounting, group financing, technical development, machine management, quality management, logistics, legal affairs, contract management etc. These services are included in the segment Other. The newly established entities for digitalisation and innovation established on 1 January 2020 are also assigned to the segment Other.

Segment reporting for the financial year 2021

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output volume	**7,902,463**	**4,930,380**	**3,161,458**	**134,618**		**16,128,919**
Revenue	**7,317,947**	**4,924,600**	**3,039,141**	**16,848**	**0**	**15,298,536**
Inter-segment revenue	160,580	76,764	320,310	935,119		
EBIT	**443,027**	**194,925**	**272,075**	**689**	**-14,608**	**896,108**
thereof share of profit or loss of equity-accounted investments	44,555	16,777	30,790	-12	0	92,110
Interest and similar income	0	0	0	26,962	0	26,962
Interest expense and similar charges	0	0	0	-39,532	0	-39,532
EBT	**443,027**	**194,925**	**272,075**	**-11,881**	**-14,608**	**883,538**
Investments in property, plant and equipment, and in intangible assets	0	0	0	532,042	0	532,042
Reversal of impairment losses, depreciation and amortisation	5,667	0	19,061	524,886	0	549,614
thereof extraordinary reversal of impairment losses, depreciation and amortisation	5,667	0	0	2,041	0	7,708

Segment reporting for the financial year 2020

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output volume	**7,862,645**	**4,632,603**	**2,811,859**	**139,501**		**15,446,608**
Revenue	**7,461,874**	**4,602,831**	**2,670,209**	**14,830**	**0**	**14,749,744**
Inter-segment revenue	205,318	44,481	298,519	915,897		
EBIT	**406,425**	**176,349**	**54,040**	**904**	**-7,066**	**630,652**
thereof share of profit or loss of equity-accounted investments	31,131	6,925	28,078	80	0	66,214
Interest and similar income	0	0	0	27,890	0	27,890
Interest expense and similar charges	0	0	0	-48,492	0	-48,492
EBT	**406,425**	**176,349**	**54,040**	**-19,698**	**-7,066**	**610,050**
Investments in property, plant and equipment, and in intangible assets	0	0	0	544,125	0	544,125
Reversal of impairment losses, depreciation and amortisation	2,816	0	20,167	520,818	0	543,801
thereof extraordinary reversal of impairment losses, depreciation and amortisation	2,816	0	1,700	1,413	0	5,929

Reconciliation of the sum of the segment earnings to EBT according to IFRS financial statements

Income and expense in the internal reporting are essentially shown in accordance with IFRS. An exception is income taxes, including those applicable to deferred tax, which are not considered in the internal reporting.

The basis for the internal reporting is formed by all subsidiaries. In the IFRS financial statements, earnings from companies which were not fully consolidated or reported using the equity method are only recognised in conformity with dividends, transfer of earnings and/or depreciation and amortisation. For this reason, the internal reporting does not conform with EBIT and EBT in the consolidated financial statements in terms of the investment result.

Other minor differences result from entries in other consolidations.

Reconciliation of the internal reporting to IFRS financial statements is allocated as follows:

T€	2021	2020
Net income from investments	-15,553	-5,497
Other consolidations	945	-1,569
Total	**-14,608**	**-7,066**

Breakdown of revenue by geographic region

T€	2021	2020
Germany	6,913,192	6,974,533
Austria	2,629,785	2,198,663
Rest of Europe	5,037,786	4,889,929
Rest of world	717,773	686,619
Revenue	**15,298,536**	**14,749,744**

Other notes

(36) NOTES ON RELATED PARTIES

The core shareholders of STRABAG SE are the Haselsteiner Group, as well as the Raiffeisen-Holding NÖ-Wien Group, the UNIQA Group and MKAO “RASPERIA TRADING LIMITED”, controlled by Russian businessman Oleg Deripaska. A syndicate agreement exists between the core shareholders of STRABAG SE. This agreement was terminated by Haselsteiner Familien-Privatstiftung on 15 March 2022 and will expire at the end of 2022.

Arm’s-length finance and insurance transactions exist with the Raiffeisen Holding NÖ-Wien Group and the UNIQA Group. The receivables on 31 December 2021 to the Raiffeisen Group relating from current accounts and investments amounted to T€ 650,212 (2020: T€ 714,568), the payables on 31 December 2021 to the Raiffeisen Group relating to financing and current accounts amounted to T€ 25,614 (2020: T€ 32,673). The interest income in the 2021 financial year amounted to T€ 1,731 (2020: T€ 1,986), the interest expense amounted to T€ 741 (2020: T€ 2,123).

Premiums for insurance contracts with the UNIQA Group were recognised as an expense in the amount of T€ 650 (2020: T€ 927).

Haselsteiner Group

The Haselsteiner Group holds 5.1 % of each of the following: STRABAG Real Estate GmbH, Cologne; five real estate companies of the Züblin subgroup; and Züblin Projektentwicklung GmbH. The income from real estate companies attributable to the Haselsteiner Group is included in net interest income at T€ -71 (2020: T€ -363). The earnings attributable to the Haselsteiner Group for the 100 % subsidiary partnerships of STRABAG Real Estate GmbH, Cologne, are included in the net interest income in the amount of T€ 0 (2020: T€ 364). For the remaining companies, the amount recognised in income attributable to non-controlling interests in 2021 amounts to T€ 3,291 (2020: T€ 1,589). In the 2021 financial year, the dividends from the above-mentioned companies amounted to T€ 391 (2020: T€ 7,776).

The business relations between STRABAG SE and the companies of the Haselsteiner Group including joint investments during the financial year are presented below.

T€	2021	2020
Work and services performed	19,907	10,063
Work and services received	4,917	6,018
Receivables as at 31.12.	21,218	12,539
Liabilities as at 31.12.	771	899

Basic Element

The Basic Element Group, a group with numerous industrial holdings, among other things in the area of construction, construction materials and infrastructure, is controlled by Russian businessman Oleg Deripaska.

In the financial year 2021, as in the previous year, there were no business relations with the companies of the Basic Element Group.

As of 31 December 2021, as in the previous year, no receivables or liabilities existed vis-à-vis the Basic Element Group.

IDAG

IDAG Immobilienbeteiligung u. -Development GmbH is entirely held by private foundations whose beneficiaries are the Haselsteiner Group and the Raiffeisen-Holding NÖ-Wien Group. It is the business purpose of IDAG Immobilienbeteiligung u. -Development GmbH to develop property and to participate in property projects.

STRABAG’s headquarters in Vienna and office buildings in Graz are held in the real estate portfolio of subsidiaries of IDAG Immobilienbeteiligung u. -Development GmbH. The buildings are let to the STRABAG Group at the usual market conditions. Rental costs arising from both buildings in the 2021 financial year amounted to T€ 8,559 (2020: T€ 8,467). Under IFRS 16, these leases are recognised as right-of-use assets and lease liabilities. The consolidated financial statements as of 31 December 2021 show right-of-use assets of T€ 59,326 (2020: T€ 66,647) and lease liabilities of T€ 32,487 (2020: T€ 38,721). The lease liabilities are presented less the rental deposits of T€ 28,552 (2020: T€ 29,199). Other services in the amount of T€ 123 (2020: T€ 69) were obtained from the IDAG Group.

Furthermore, revenues of T€ 784 (2020: T€ 1,426) were made with the IDAG Group in the 2021 financial year.

Investments in equity-accounted investments

Lafarge Cement CE Holding GmbH bundles the cement activities of Lafarge, a market leader in construction materials manufacturing, and STRABAG in the countries of Central Europe. The joint activities aim at maintaining a commensurate cement supply in the group's core countries. In 2021, STRABAG procured cement services worth T€ 28,634 (2020: T€ 29,424) from Lafarge. At the balance sheet date, there were liabilities to Lafarge Cement CE Holding GmbH Group in the amount of T€ 437 (2020: T€ 887).

The **business transactions with the other equity-accounted investments** can be presented as follows:

T€	2021	2020
Work and services performed	96,989	116,131
Work and services received	58,046	61,817
Receivables as at 31.12.	28,327	31,287
Liabilities as at 31.12.	13,679	16,047
Financing receivables as at 31.12.	114,212	100,468

For information about consortia we refer to item (16) Notes on consortia.

Concerning business transactions with the Management Board members and employees of the first management level (management in key positions) and with their family members and companies which are controlled by the management in key positions or decisively influenced by them in the year under report, services worth T€ 261 (2020: T€ 992) were provided and services worth T€ 50 (2020: T€ 47) were procured. At the balance sheet dates, there were receivables in the amount of T€ 836 (2020: T€ 851) and liabilities in the amount of T€ 0 (2020: T€ 0) out of these business relations.

The total remuneration including any severance and pension payments, as well as other long-term payments for employees of the first management level amounted to T€ 22,163 (2020: T€ 17,883) in the year under report. Of this amount, T€ 21,932 (2020: T€ 17,703) is attributable to the current remuneration and T€ 231 (2020: T€ 180) to severance and pension payments.

(37) NOTES ON THE MANAGEMENT AND SUPERVISORY BOARDS

Management Board

Dr. Thomas Birtel (CEO)
Mag. Christian Harder
Klemens Haselsteiner
Dipl.-Ing. Dr. Peter Krammer
Dipl.-Ing. Siegfried Wanker
Dipl.-Ing. (FH) Alfred Watzl

Supervisory Board

Dr. Alfred Gusenbauer (Chairman)
Mag. Erwin Hameseder (Vice Chairman)
Dr. Andreas Brandstetter
Thomas Bull
Mag. Kerstin Gelbmann
Dr. Hermann Melnikov (since 18 June 2021)
Ksenia Melnikova (until 18 June 2021)
Dipl.-Ing. Andreas Batke (works council)
Miroslav Cerveny (works council)

Magdolna P. Gyulainé (works council)
Georg Hinterschuster (works council)
Wolfgang Kreis (works council)

The total salaries of the Management Board members in the financial year amount to T€ 9,815 (2020: T€ 9,817). The severance payments for Management Board members amount to T€ 96 (2020: T€ 85). In the financial year, one member of the Management Board received an annual pension benefit of T€ 76 (2020: T€ 76) from his former employment with a group company. No pension benefits are paid to other members of the Management Board.

The remunerations for the Supervisory Board members in 2021 amounted to T€ 270 (2020: T€ 270). Neither the Management Board members nor the Supervisory Board members of STRABAG SE received advances or loans.

(38) EXPENSES FOR THE AUDITOR

The expenses for the auditor, KPMG Austria GmbH, incurred in the financial year amount to T€ 1,465 (2020: T€ 1,451) of which T€ 1,375 (2020: T€ 1,324) were for the audit of the consolidated financial statements (including the audit of separate financial statements of group companies) and T€ 90 (2020: T€ 127) for other services.

(39) EVENTS AFTER THE BALANCE SHEET DATE

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

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

Indirect repercussions – including for construction materials – can already be observed on the global markets, with price increases currently even more dynamic than in the previous year. STRABAG is closely monitoring all relevant developments. An assessment of these impacts is currently not possible.

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

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

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

(40) DATE OF AUTHORISATION FOR ISSUE

In Austrian companies organised as corporations limited by shares, the consolidated financial statements prepared by the Management Board are approved by the Supervisory Board. The STRABAG SE Supervisory Board meeting for the approval of the consolidated financial statements for the year ended 31 December 2021 will take place on 25 April 2022.

Villach, 7 April 2022

The Management Board

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

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

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

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

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

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the individual financial statements[1] give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Villach, 7 April 2022

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Responsibility Segment North + West

1 The individual financial statements are included in the annual financial report.

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of

STRABAG SE,

Villach, Austria,

and its subsidiaries ("the Group"), which comprise the consolidated Balance Sheet as at 31 December 2021, and the Consolidated Income Statement and Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion

We conducted our audit in accordance with: the EU Regulation 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 audited Group 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 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Measurement of construction contracts and revenue and earnings from construction contracts

Refer to notes section (16) and (21)

Risk for the Consolidated Financial Statements

Revenue recognized in the consolidated financial statements of STRABAG SE as of 31 December 2021 mainly consists of revenue from construction contracts, which is accounted for by reference to their stage of completion (over time recognition using an output-oriented method on the basis of the work already performed). Furthermore, the share of profit or loss of equity-accounted investments includes significant amounts of profit or loss from projects managed in cooperation with partners in construction consortia, which are also recognized over time based on an output method.

The stage of completion for construction contracts, whether executed alone or in cooperation with partners, is updated on an ongoing basis by means of periodic reporting. Besides the services already performed and the order backlog, taking into account contract deviations and supplementary claims, periodic reporting also includes the costs incurred to date as well as remaining costs to be incurred. The data used in the measurement of construction contracts includes estimates regarding the progress and expected outcome of the projects. Profit or loss is recognized by reference to the stage of completion of a project (over time recognition using an output-oriented method on the basis of the work already performed).

Technically complex and demanding projects, in particular, involve the risk that estimated total cost deviate considerably from actual cost incurred. Additionally, there is also a risk that receivables from construction contracts and construction consortia are not recoverable.

Our Response

We have evaluated the measurement of construction contracts and revenue and earnings from construction contracts as follows:

- Our audit procedures included the assessment of controls in connection with the recognition and measurement of construction contracts as well as a test of details for significant large projects and random samples of other projects.
- In the course of testing internal controls in respect of the accounting for projects, we critically analyzed the relevant controls and performed an assessment of their operating effectiveness. These controls include, on the one hand, automated IT-supported controls for the purpose of determining the relevant amounts respective in the financial statements as well as system test routines for identifying abnormalities, and on the other hand manual controls in connection with acceptance of new projects, ongoing project management as well as project monitoring and finalization of projects.
- The tests of details primarily included the following audit procedures:
  - Systematic and detailed inquiries regarding selected significant construction contracts, in order to verify the accurate accounting particularly in respect of project risks
  - Sample-based examination of contracts in respect of their components significant to the assessment
  - Discussions with the Management Board and the operating management regarding individually significant projects in order to assess the planning assumptions
  - A critical analysis of the internal project reporting, in order to evaluate whether all known information was taken into account in the preparation of the financial statements
  - Sample-based assessment of the recoverability of accounts receivable from construction contracts (contract assets) and construction consortia
  - Retrospective assessment of individually significant projects in connection with estimation uncertainties
- Furthermore, we analyzed whether the required disclosures in the notes to the consolidated financial statements include all necessary explanations regarding to revenue recognized from construction contracts and construction consortia and whether they appropriately describe the significant estimation uncertainties.

Other Information

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

Our opinion on the consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group'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 intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and 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 the 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 consolidated financial statements.

As part of an audit in accordance with the 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 misstatement in the consolidated 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 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL REQUIREMENTS

Group Management Report

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

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

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

Opinion

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

Statement

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

Additional Information in accordance with Article 10 AP Regulation

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

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

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

We declare that our opinion expressed in the "Report on the Consolidated 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 Group.

ENGAGEMENT PARTNER

The engagement partner is Mr Mag. Gerold Stelzmüller.

Linz, 7 April 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gerold Stelzmüller
Wirtschaftsprüfer
(Austrian Chartered Accountant)

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

FINANCIAL CALENDAR

Annual Report 2021	**29 April 2022**
Disclosure	7:00 a.m.
Press conference	10:00 a.m.
Investor and analyst conference call	3:00 p.m.
Trading Statement January–March 2022	**31 May 2022**
Disclosure	7:00 a.m.
Notice of Annual General Meeting	11 May 2022
Shareholding confirmation record date	31 May 2022
Annual General Meeting 2022	**10 June 2022**
Start 10:00 a.m.	
at Tech Gate Vienna	
Ex-dividend date	17 June 2022
Record date	20 June 2022
Payment date for dividend	21 June 2022
Semi-Annual Report 2022	**31 August 2022**
Disclosure	7:00 a.m.
Investor and analyst conference call	10:00 a.m.
Trading Statement January–September 2022	**16 November 2022**
Disclosure	7:30 a.m.

All times are CET/CEST. Please find the roadshow schedule on the website www.strabag.com > Investor Relations > Company Calendar.

GLOSSARY

AktG	Austrian Stock Corporation Act (Aktiengesetz)
ATX	Austrian Traded Index; the index of leading shares of the Vienna Stock Exchange (Wiener Börse)
BCMS	Business Compliance Management System
BIM	Building Information Modelling
Book value per share	Book value of equity/number of outstanding shares
BREEAM	Building Research Establishment Environmental Assessment Methodology; a rating system for environmental and social-cultural aspects of sustainable building
BRVZ	Bau-Rechen- und Verwaltungszentrum = STRABAG entity providing intercompany services in IT and administration
CAD	Computer-aided design
CAPEX	Capital expenditure, investments; acquisition of financial assets + acquisition of intangible assets as well as property, plant and equipment + changes to the scope of consolidation
Capital employed	Total of group equity + interest-bearing debt
Carbon footprint	Measure of carbon emissions caused by an activity
Cash flow	Cash and cash equivalents being received and spent
CDO	Chief Digital Officer
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CEST	Central European Summer Time
CFO	Chief Financial Officer
CML	Contract Management & Legal Service
CO_2	Carbon dioxide (greenhouse gas)
Code of Conduct	Guidelines which reflect the company's policy; compliance is mandatory for all employees, directors and officers
Compliance	Abidance with applicable laws and relevant regulations
Construction value chain	The individual steps and actions required to create a product or deliver a service in the construction industry
Corporate Governance	A code of conduct for publicly listed companies; corporate governance comprises all guidelines which maximise transparency and control in order to avoid conflicts of interest
COSO	Committee of Sponsoring Organizations of the Treadway Commission
COVID-19	Corona Virus Disease 2019
CPS	Common project standards
DCF method	Discounted cash flow method
DGNB	German Society for Sustainable Construction (Deutsche Gesellschaft für Nachhaltiges Bauen e.V.)
Directors' dealings	Transactions with company securities by company directors or officers
Dividend yield	Ratio of dividend to price per share at year's end in %
Due diligence	investigation and analysis carried out with reasonable care
Earnings per share	Net income after minorities/weighted average number of shares
EBIT	Earnings before interest and taxes
EBIT margin	Ratio of EBIT to revenue in %
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBITDA margin	Ratio of EBITDA to revenue in %
ECB	European Central Bank
EECFA	Eastern European Construction Forecasting Association
Equity method	Method of consolidation of shares in associated companies and joint ventures; mostly companies in which STRABAG holds a stake between 20 % and 50 %
Equity ratio	Ratio of book value of equity to balance sheet total
ERP systems	Enterprise Resource Planning
Four-eyes principle	Principle according to which an activity is carried out and monitored by different persons
FTE	Full-Time Equivalents
GDP	Gross Domestic Product
Gearing ratio	Net debt/total group equity
GRI	Global Reporting Initiative
HRD	Human Resource Development
HSE	Health/safety/environment
IASB	International Accounting Standards Board, issues the IFRS
ICS	Internal control system

IFRS	Financial reporting standards and interpretations adopted by the International Accounting Standards Board (IASB)
IQM	Integrated Quality Management
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
ISO 14001	International standard designed to help organisations establish environmental management systems
ISO 50001	International standard designed to help organisations establish energy management systems
LEED	Leadership in Energy and Environmental Design
NaDiVeg	Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz)
Net debt	Financial liabilities - non-recourse debt + severance and pension provisions - cash and cash equivalents; called net cash in case of negative result
ÖCGK	Austrian Corporate Governance Code (Österreichischer Corporate Governance Kodex)
ÖGNI	Austrian Sustainable Building Council (Österreichische Gesellschaft für Nachhaltige Immobilienwirtschaft)
Order backlog	Future revenues from contracts signed to a specific date less work already accomplished
p. a.	per annum/per year
P/E ratio	Price-earnings ratio
Payout ratio	Dividends/earnings per share in %
PPP	Public-Private Partnership; project which is funded and operated through a partnership of private investors and public-sector institutions
Risk management	An approach to recognise potential risks to the company and develop strategies to manage these risks
RMS	Risk Management System
ROCE	Return on Capital Employed; (Net income + interest on debt - interest tax shield (25 %))/(average group equity + interest-bearing debt)
SCC	Safety Certificate Contractors
SE	Societas Europaea = a public company in the European Union and the European Economic Area registered in accordance with EU corporate law
SID	STRABAG Innovation & Digitalisation
SPS	Strategic Procurement Solution
Sureties	Bank guarantees or surety bonds
Task force	A unit temporarily established to work on a single defined activity
TPA	STRABAG entity for quality assurance and innovation
UGB	Austrian Commercial Code (Unternehmensgesetzbuch)
UN	United Nations
WBI	Vienna Stock Exchange Share Index, made up of all companies listed on the Vienna Stock Exchange (Wiener Börse Index)
WHM	Workplace Health Management
WHO	World Health Organization

COMPANY INFORMATION

Owner, editor and publisher

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Many of the projects contained in this Annual Report were carried out in joint ventures. We hereby extend a warm “thank you” to all our partners.

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This Annual Report is also available in German.