Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	932 066 351
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	BILFINGER NORDICS AS
Forretningsadresse:	Kanalarmen 8 4033 STAVANGER

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Christof Springer
Dato for fastsettelse av årsregnskapet:	30.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 22.06.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	1 494 339 000	1 069 014 000
Annen driftsinntekt		2 824 000	1 041 000
Sum inntekter		**1 497 163 000**	**1 070 055 000**
Kostnader			
Varekostnad		391 737 000	156 327 000
Lønnskostnad	4	835 804 000	732 871 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		25 013 000	31 069 000
Annen driftskostnad	5	177 211 000	214 519 000
Sum kostnader		**1 429 765 000**	**1 134 786 000**
Driftsresultat		**67 398 000**	**-64 731 000**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	15	731 000	2 511 000
Annen finansinntekt	15	4 530 000	388 000
Sum finansinntekter		**5 261 000**	**2 899 000**
Annen finanskostnad	15	3 655 000	4 824 000
Sum finanskostnader		**3 655 000**	**4 824 000**
Netto finans		**1 606 000**	**-1 925 000**
Ordinært resultat før skattekostnad		**69 004 000**	**-66 656 000**
Skattekostnad på ordinært resultat	17	5 367 000	-29 954 000
Ordinært resultat etter skattekostnad		**63 637 000**	**-36 702 000**
Årsresultat		**63 637 000**	**-36 702 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		63 637 000	-36 702 000
Sum overføringer og disponeringer		**63 637 000**	**-36 702 000**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	11	1 426 000	2 164 000
Utsatt skattefordel	17	16 861 000	26 444 000
Sum immaterielle eiendeler		**18 287 000**	**28 608 000**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	9	59 915 000	42 452 000
Right-of-use assets	10	59 951 000	63 842 000
Sum varige driftsmidler		**119 866 000**	**106 294 000**
Finansielle anleggsmidler			
Investering i datterselskap	18	2 074 263 000	
Sum finansielle anleggsmidler		**2 074 263 000**	
Sum anleggsmidler		**2 212 416 000**	**134 902 000**
Omløpsmidler			
Varer			
Varer		10 147 000	7 335 000
Sum varer		**10 147 000**	**7 335 000**
Fordringer			
Kundefordringer	12	148 218 000	107 850 000
Unbilled revenue	6	150 935 000	78 181 000
Other receivables	12	1 977 000	6 105 000
Konsernfordringer	20		245 269 000
Sum fordringer		**301 130 000**	**437 405 000**
Sum omløpsmidler		**311 277 000**	**444 740 000**
SUM EIENDELER		**2 523 693 000**	**579 642 000**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14	26 400 000	13 200 000
Overkurs		1 348 440 000	199 520 000
Sum innskutt egenkapital		**1 374 840 000**	**212 720 000**
Opptjent egenkapital			
Annen egenkapital		32 830 000	-30 807 000
Sum opptjent egenkapital		**32 830 000**	**-30 807 000**
Sum egenkapital		**1 407 670 000**	**181 913 000**
Gjeld			
Langsiktig gjeld			
Non-current lease liability	10	55 236 000	59 562 000
Warranty provisions	8	15 907 000	15 274 000
Sum avsetninger for forpliktelser		**71 143 000**	**74 836 000**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**71 143 000**	**74 836 000**
Kortsiktig gjeld			
Leverandørgjeld	7/12	136 281 000	68 201 000
Skyldige offentlige avgifter	7	80 855 000	58 974 000
Kortsiktig konserngjeld	20	614 767 000	
Other current liabilities	7	204 965 000	189 029 000
Current lease liabilities	10	8 012 000	6 689 000
Sum kortsiktig gjeld		**1 044 880 000**	**322 893 000**
Sum gjeld		**1 116 023 000**	**397 729 000**
SUM EGENKAPITAL OG GJELD		**2 523 693 000**	**579 642 000**

Konsernets resultatregnskap

Beløp i: EUR	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	6	3 737 000 000	3 461 000 000
Sum inntekter		**3 737 000 000**	**3 461 000 000**
Kostnader			
Varekostnad		1 714 000 000	1 543 000 000
Lønnskostnad	10	1 834 000 000	1 767 000 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11	49 000 000	59 000 000
Annen driftskostnad	9	44 000 000	106 000 000
Sum kostnader		**3 641 000 000**	**3 475 000 000**
Driftsresultat		**96 000 000**	**-14 000 000**
Finansinntekter og finanskostnader			
Annen renteinntekt	12	17 000 000	1 000 000
Annen finansinntekt	8	68 000 000	48 000 000
Income from investments accounted for using the equity method	18	3 000 000	13 000 000
Sum finansinntekter		**88 000 000**	**62 000 000**
Annen rentekostnad	12	30 000 000	29 000 000
Annen finanskostnad	9	43 000 000	105 000 000
IFRS 9	7	3 000 000	7 000 000
Sum finanskostnader		**76 000 000**	**141 000 000**
Netto finans		**12 000 000**	**-79 000 000**
Ordinært resultat før skattekostnad		**108 000 000**	**-93 000 000**
Skattekostnad på ordinært resultat	13	-8 000 000	7 000 000
Ordinært resultat etter skattekostnad		**116 000 000**	**-100 000 000**
Ekstraordinære poster	12	7 000 000	208 000 000
Årsresultat		**123 000 000**	**108 000 000**
Minoritetsinteresser	5.1	-7 000 000	7 000 000
Årsresultat etter minoritetsinteresser		**130 000 000**	**101 000 000**

Konsernets resultatregnskap

Beløp i: EUR	Note	2021	2020
Andre resultatkomponenter for IFRS-foretak		0	0
Totalresultat		**130 000 000**	**101 000 000**

Konsernets balanse

Beløp i: EUR	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	15	781 000 000	765 000 000
Utsatt skattefordel	13	47 000 000	56 000 000
Sum immaterielle eiendeler		**828 000 000**	**821 000 000**
Varige driftsmidler			
Maskiner og anlegg	16	259 000 000	270 000 000
Sum varige driftsmidler		**259 000 000**	**270 000 000**
Finansielle anleggsmidler			
Other assets	19	7 000 000	14 000 000
Right-of-use assets from leases	17	177 000 000	189 000 000
Investments accounted for using the equity method	18	11 000 000	19 000 000
Sum finansielle anleggsmidler		**195 000 000**	**222 000 000**
Sum anleggsmidler		**1 282 000 000**	**1 313 000 000**
Omløpsmidler			
Varer			
Varer	20	65 000 000	60 000 000
Sum varer		**65 000 000**	**60 000 000**
Fordringer			
Kundefordringer	21	909 000 000	866 000 000
Current assets	22	40 000 000	46 000 000
Current tax assets		20 000 000	11 000 000
Sum fordringer		**969 000 000**	**923 000 000**
Bankinnskudd, kontanter og lignende			
Securities	29.1	190 000 000	450 000 000
cash and cash equivalents	29.1	642 000 000	510 000 000
Sum bankinnskudd, kontanter og lignende		**832 000 000**	**960 000 000**

Konsernets balanse

Beløp i: EUR	Note	2021	2020
Sum omløpsmidler		**1 866 000 000**	**1 943 000 000**
SUM EIENDELER		**3 148 000 000**	**3 256 000 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	23	133 000 000	133 000 000
Overkurs		772 000 000	771 000 000
Sum innskutt egenkapital		**905 000 000**	**904 000 000**
Opptjent egenkapital			
Annen egenkapital		396 000 000	306 000 000
Sum opptjent egenkapital		**396 000 000**	**306 000 000**
Minoritetsinteresser		-12 000 000	-11 000 000
Sum egenkapital		**1 289 000 000**	**1 199 000 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	24	307 000 000	340 000 000
Utsatt skatt	13	4 000 000	3 000 000
Andre avsetninger for forpliktelser	25	21 000 000	22 000 000
Sum avsetninger for forpliktelser		**332 000 000**	**365 000 000**
Annen langsiktig gjeld			
Financial debt	26	395 000 000	521 000 000
Other liabilities	27	2 000 000	
Sum annen langsiktig gjeld		**397 000 000**	**521 000 000**
Sum langsiktig gjeld		**729 000 000**	**886 000 000**
Kortsiktig gjeld			
Leverandørgjeld	27	641 000 000	579 000 000
Skyldige offentlige avgifter		22 000 000	24 000 000
Other provisions	25	216 000 000	300 000 000

Konsernets balanse

Beløp i: EUR	Note	2021	2020
Financial debt	26	54 000 000	47 000 000
Other liabilities	28	197 000 000	221 000 000
Sum kortsiktig gjeld		**1 130 000 000**	**1 171 000 000**
Sum gjeld		**1 859 000 000**	**2 057 000 000**
SUM EGENKAPITAL OG GJELD		**3 148 000 000**	**3 256 000 000**

Skattedirektoratet

30 MARS 2015

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	23.03.2015	27.03.2015
Telefon	Deres referanse	Vår referanse
22078139	Patrick Kueppers	2015/298124

BILFINGER INDUSTRIER NORGE AS
Postboks 1134
4391 SANDNES

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Bilfinger Industrier Norge AS, org. nr. 932 066 351

Vi viser til deres brev av 23. mars 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Bilfinger Industrier Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Bilfinger Industrier Norge AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Bilfinger Industrier Norge AS er heleid av det tyske konsernet Bilfinger SE. Selskapet driver virksomhet innen olje- og gass sektoren. Selskapets arbeidsspråk er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en*

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60

2015/298124 Side 2 av 2

forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er et datterselskap til et utenlandsk selskap. Eierkretsen er begrenset. Arbeidsspråket er engelsk. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

ANNUAL REPORT BILFINGER SE 2021

BILFINGER

Contents

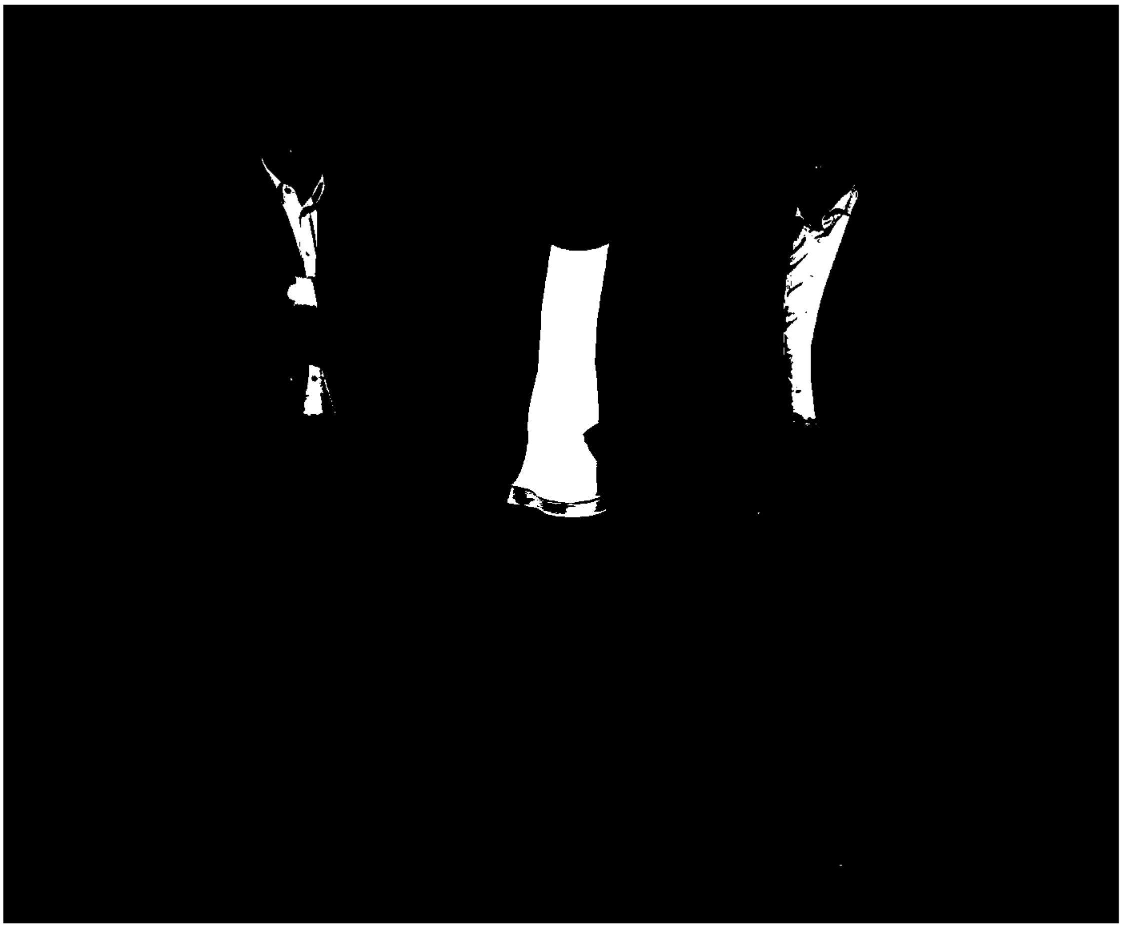
Bilfinger SE

Bilfinger is an international industrial services provider. The Group aims to enhance the efficiency of assets, ensure a high level of availability, reduce emissions and lower maintenance costs. Designing sustainable production processes for customers is becoming increasingly important. Bilfinger's portfolio covers the entire value chain from consulting, engineering, manufacturing, assembly, maintenance and plant expansion to turnarounds and also includes environmental technologies and digital applications.

The company delivers its services in two service lines: Engineering & Maintenance and Technologies. Bilfinger is primarily active in Europe, North America and the Middle East. Process industry customers come from sectors that include chemicals & petrochemicals, energy & utilities, oil & gas, pharma & biopharma, metallurgy and cement. With its ~30,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenues of €3.7 billion in financial year 2021.

A To our shareholders

A.1 Letter to shareholders



Executive Board of Bilfinger SE

Thomas Schulz	**Christina Johansson**	**Duncan Hall**
CEO	CFO and Interim CEO in financial year 2021	COO

Dear Shareholders,
Ladies and Gentlemen,

2021 was a successful financial year for Bilfinger and it also marked an important milestone: For the fourth time in succession, we delivered on our annual forecast and are well on the way to achieving the goals we defined for 2024. We are now leaving behind the years of transformation and extensive restructuring.

The broad range of measures we have taken as part of our strategic positioning, particularly those aimed at reducing costs and increasing our agility, are having an impact: We were able to significantly improve gross margin and working capital and complete our process and system harmonization efforts. All major restructuring projects are now in their final stages.

We also measured our own carbon footprint for the first time and formulated the Bilfinger Sustainability Commitment: Among the goals we want to achieve is "net zero" in our CO_2 consumption (Scopes 1 and 2) by 2030 at the latest. We also want to double revenue from sustainable industrial services from around €500 million today to €1 billion by 2024.

Significant growth

In the past financial year, there was a significant recovery in those markets in which we operate with our three segments – Engineering & Maintenance Europe, Engineering & Maintenance International and Technologies. This applies in particular to our European business.

At Group level we achieved revenue of €3.7 billion in 2021. This corresponds to organic growth of 11 percent. Adjusted EBITA increased to €137 million, and the EBITA margin – including gains from real estate disposals – was 3.7 percent. As expected, the pure operating EBITA margin was 2.9 percent.

It is encouraging to note that all four quarters of the financial year made a positive contribution to both adjusted and reported EBITA. This is a clear indication that the measures we implemented to reduce seasonality in our earnings development were successful. We were also able to further reduce selling and administrative expenses: They reached €286 million in 2021 and were thus again well below our sustainable target of €300 million.

We were also successful in further improving our liquidity. Thanks to a strong cash conversion in the fourth quarter and tax refunds, we generated free cash flow of €115 million at the end of the past financial year, exceeding the already good figure from the previous year.

The encouraging performance in the past financial year was clearly evident in our orders received: The figure exceeded the €4 billion mark and gives us every confidence that the current financial year will also be characterized by significant growth.

Expanding sustainable industrial services

In our key industries – chemicals & petrochemicals, energy & utilities, oil & gas, and pharmaceuticals & biopharma – we see a range of positive developments for us in the coming years. Strong demand from the life science industry continues unabated. Here, Bilfinger has been an experienced partner for decades with comprehensive expertise in the production process of pharmaceutical and biotechnological products.

The greatest new perspectives, however, are emerging in relation to climate change and the energy transition: On the one hand, we see growth opportunities in areas in which we have been operating successfully for a long time. These include measures to increase energy efficiency and reduce CO_2 emissions in our customers' existing plants, the use of hydroelectric power and district heating, and the nuclear industry. On the other hand, growth potential is developing for us thanks to new technologies, for example in the production and transport of hydrogen, carbon capture and storage, or the construction and maintenance of production plants for electric battery components. We are already active in all of these growth sectors and are recognized for our experience and expertise.

The objective is therefore to further expand our range of sustainable industrial services. We want to position ourselves even better, particularly in our customers' high-growth markets, and also target new business partners. We aim to increase our revenue from sustainable industrial services from the current level of around €500 million to around €1 billion by 2024.

The Bilfinger Sustainability Commitment

One of our most important goals for the years ahead is to support the achievement of the United Nations' Sustainable Development Goals. In the past financial year, we therefore formulated our sustainability commitment even more explicitly and divided it into the areas of People, Planet, Customers and Governance.

Within the framework of our Bilfinger Sustainability Commitment, we have defined clear targets in our key areas of activity. These include the goal of becoming climate-neutral with regard to Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol by the end of 2030 at the latest. We report annually on the progress we have made as well as on our other sustainability activities.

Distribution to our shareholders

The onward sale of our Building and Facility Services business – now Apleona – in 2016 resulted in a cash inflow of €458 million in the past financial year from a preferred participation note. In August 2021, the Executive Board together with the Supervisory Board decided to use these funds in a balanced and shareholder-friendly way that is also in line with our long-standing financial policy.

As a first step, we repaid financial debt of €109 million ahead of schedule in October 2021. The Executive and Supervisory Boards have also decided to propose to the Annual General Meeting on May 11, 2022, that a special dividend of €3.75 per share be paid in addition to the regular dividend of €1.00 per share. This corresponds to a special dividend totaling €150 million. We also intend to ask the Annual General Meeting to authorize a further share buyback program with a volume of up to €100 million to be implemented from summer 2022.

Our sound cash inflows in the coming years and our strong balance sheet will also allow us to invest several hundred million euros in organic growth and bolt-on acquisitions.

Optimistic attitude

In view of the expected continued good market environment and the wide-ranging growth opportunities that it presents, we are very confident that Bilfinger's positive development will continue in financial year 2022. Apart from the human tragedy, the Russia-Ukraine conflict is also causing increased uncertainty in the market. However, in view of Bilfinger's low volume of business in Russia and Ukraine, significant effects on the Group's economic situation are not expected. We therefore assume that revenue will again increase significantly and that we will achieve earnings improvements in all three of our segments. As the special expenditures necessary for the transformation of the Group in recent years will no longer be incurred to a significant extent, we expect a further sharp increase in our EBITA margin in 2022.

By 2024, we are striving for an EBITA margin of 5 percent and Group sales of more than €5 billion, including not only organic growth but also targeted bolt-on acquisitions. Free cash flow is also expected to exceed €200 million by that time. On this basis, we aim to regain our investment-grade rating while paving the way for a sustainable dividend payout of 40 to 60 percent of adjusted net income.

Our most important asset

Bilfinger's success is the success of our employees. Because we are a service company, our customers' perceptions of us are based largely on the competence and commitment of our employees. With their conduct, they have a major impact on the satisfaction of our customers. We are therefore extremely grateful to them. This is particularly true in view of the challenges that the COVID-19 pandemic has confronted us with and continues to confront us with. Thanks to the immense discipline and flexibility of our employees, the impact of the pandemic on our business development in the past financial year was, for the most part, limited.

We would like to thank you, our shareholders, for your trust and loyalty. We would be delighted if you were to continue accompanying us as we move forward on this journey.

Kind regards,

Thomas Schulz
CEO

Christina Johansson
CFO and Interim CEO
in financial year 2021

A.2 Executive Board of Bilfinger SE

Dr. Thomas Schulz (CEO)

Born 1965 in Saarland, Germany

Professional career

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

Academic career

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

Christina Johansson (CFO)

Born 1966 in Ljungby, Sweden

Professional career

2018	Member of the Executive Board at Bilfinger SE, Mannheim since 2018 Chief Financial Officer January 2021 – February 2022 Interim Chief Executive Officer (in addition to previous responsibilities)
2016 – 2018	Bucher Industries AG, Niederweningen (Switzerland) CFO
2014 – 2016	SR Technics Switzerland AG, Kloten (Switzerland) CFO and Deputy CEO
2007 – 2014	Pöyry Oy, Zurich (Switzerland) Division CFO Pöyry Energy / Management Consulting
2005 – 2007	ZEAG AG, Spreitenbach (Switzerland) CFO and Deputy CEO
1996 – 2005	Amcor Ltd, Rickenbach (Switzerland) Senior Finance Positions in Amcor Rentsch, Amcor WhiteCap and Bericap
1993 – 1996	Securitas AB, Frankfurt / Dusseldorf Financial Controller & Treasury Manager

Academic career

Studied at the University of Växjö / Lund, Sweden, and completed a Master of Science in Business Administration and Economics

Duncan Hall (COO)

Born 1967 in Leigh, United Kingdom

Professional Career

2019	Member of the Executive Board and Chief Operating Officer at Bilfinger SE, Mannheim
2006 – 2018	Bilfinger SE, Mannheim, Germany
2015 – 2018	Executive President MMO Division Northwest Europe
2012 – 2014	Chief Executive Bilfinger Industrial Services UK Ltd.
2010 – 2012	Managing Director BIS Industrial Services Ltd.
2006 – 2010	Managing Director BIS O'Hare Ltd.
1999 – 2006	O'Hare Engineering, Runcorn and Edinburgh, UK Member of the Executive Board and Operations Director
1987 – 1999	Imperial Chemical Industries, UK Maintenance, turnaround and project management roles

Academic career

1984 – 1987	BSc (Hons) Electrical/Electronic Engineering (2:1), Leicester University Alumnus London Business School

A.3 Report of the Supervisory Board

Dr. Eckhard Cordes
Chairman
of the Supervisory Board

Dear Shareholders,

Financial year 2021 was both challenging and successful for Bilfinger. Despite external influences and uncertainties, a market that remains fraught nevertheless managed to stabilize and Bilfinger was able to achieve all the goals it had set for the reporting year. Orders received exceeded the €4 billion mark, providing the basis for further growth. Revenue recovered substantially from the prior year, with (adjusted) EBITA also up significantly. The operating margin was in line with expectations. Moreover, the successful sale of non-operational properties generated additional profits. Overall, an adjusted EBITA margin of 3.7 percent was achieved. Free cash flow also continued to improve and exceeded the strong cash flow of the previous year, which, in addition to an expected strong cash conversion in the fourth quarter, was mainly due to the sale of properties and tax rebates. The strategy consistently pursued in recent years has proved successful, and Bilfinger was able to largely complete the transformation phase in financial year

2021. As a result, from 2022 onward and unlike in previous years, reported earnings and liquidity ratios will serve as the Group's key performance indicators, rather than figures adjusted for special items.

In the reporting year, external factors were of particular relevance for Bilfinger's business and the activities of the Executive Board and Supervisory Board. The ongoing COVID-19 pandemic and associated measures and uncertainties had an impact on Bilfinger's business. There were also bottlenecks in customer supply chains, which in some cases led to delays in the awarding and execution of projects as well as to inflation-related issues. The Executive Board and Supervisory Board also reacted decisively to all of these circumstances. This allowed the company to systematically press ahead with its operating performance and the further development and optimization of its portfolio. Thanks to the broad positioning of its portfolio and the ability to offer a wide range of tailored engineering and services throughout the lifecycle of an industrial plant for customers from different regions from a single source, Bilfinger's advantage over its competitors in many of its markets is considerable. Bilfinger customers appreciate this attractive offer, the safety and quality of the services as well as the tremendous commitment of Bilfinger's employees.

There are also further interesting development opportunities and growth potentials for Bilfinger in the future. With the energy transition currently in full swing, Bilfinger's sustainable industrial services are becoming increasingly important. In addition to services in connection with the production and transport of green hydrogen, these also include areas such as hydropower, carbon capture and storage, cooperation in the construction of battery manufacturing plants and offers in the area of district heating – and especially the nuclear sector. Nuclear power is considered part of the climate strategy in an increasing number of countries. Bilfinger helps customers successfully meet climate change challenges by increasing the energy efficiency of plants. In this way, the Group contributes to the sustainable reduction of energy consumption and emissions. Customer plants all over the world, which are becoming increasingly older, require safe and environmentally friendly operation of mounting maintenance and repair services. With its decades of competence and experience in the process industry, Bilfinger makes a significant contribution to these efforts. Bilfinger also applies its expertise to help its customers cope with the transition to the digital age as well as increasing sustainability requirements. In the reporting year, the Executive Board continued to work vigorously to leverage these opportunities and potentials for Bilfinger. The Supervisory Board actively supports this process.

Equipped with sound liquidity, Bilfinger can and will continue to successfully utilize these growth potentials in the future. The signs for Bilfinger are thus all pointing to growth. The company is on the right track to achieve the medium-term goals it has set. Bilfinger will build on its current position and strive for further improvements in order to achieve a reported EBITA margin of 5 percent by 2024. The plan is to increase Group revenue to more than €5 billion by 2024 with organic revenue growth and targeted bolt-on M&A transactions. The Supervisory Board, as has been the case in the past, will continue to positively support and monitor the Executive Board in an advisory capacity. The Supervisory Board will of course also continue to closely monitor the development and impact of the pandemic and other external factors on Bilfinger and, together with the Executive Board, will make every effort to further prevent or mitigate any possible negative impact on the Group's net assets, financial position and results of operations.

The Supervisory Board continues to consider sustainability a key component of Bilfinger's corporate strategy. The company is committed to the sustainability goals defined under the headings people, planet, customers and governance, as communicated at the beginning of 2022. This involves, on the one hand, Bilfinger's own contribution to ESG (environmental, social and governance) considerations. On the other hand, increasing awareness of climate change creates new attractive market opportunities for Bilfinger as a leading industrial services provider. Bilfinger's services make a significant contribution to helping its customers achieve their sustainability goals. The Supervisory Board will actively support the topic of sustainability and its implementation at Bilfinger.

So as to also incentivize the Executive Board for its dedication to sustainability, the revised Executive Board remuneration system 2021 specifically includes ESG targets as part of the one-year variable remuneration. This remuneration system was resolved by the Supervisory Board at the beginning of the reporting year and approved by the Annual General Meeting on April 15, 2021. Given the importance of sustainability, the Supervisory Board will ensure that meaningful, measurable and in advance transparent ESG targets are set. The Supervisory Board will also review the Executive Board remuneration system in the new year and update it where necessary. Such an update would then be submitted to the Annual General Meeting in 2023 for approval.

The work of the Supervisory Board and its committees was also focused on advising and monitoring the Executive Board on special projects and implementing statutory requirements, such as the finalization and implementation of the revised Executive Board remuneration system, which was approved by a large majority at the Annual General Meeting 2021. In the reporting year, the Supervisory Board also successfully supported the process of capital allocation of gross liquidity, which had increased in the middle of the reporting year due to proceeds from the sale of the stake in Apleona. The Executive Board and Supervisory Board thus resolved to repay outstanding tranches of promissory note loans in the amount of €109 million ahead of schedule, to propose a share buyback and a special dividend totaling approximately €250 million to the 2022 Annual General Meeting and to make investments in organic growth and acquisitions of several hundred million euros over the next few years. The Supervisory Board will continue to positively support and monitor in an advisory capacity the implementation of the capital allocation already underway.

There were also personnel changes in the company's executive bodies in the reporting year. In January 2021, the Supervisory Board and the Chief Executive Officer, Tom Blades, mutually agreed to comply with Mr. Blades' request not to extend his contract, which expired on June 30, 2021, for personal reasons and against the background of his reaching the age of 65. In agreement with the Supervisory Board, Mr. Blades declared the resignation of his mandate as Chairman and member of the Executive Board with immediate effect and withdrew from day-to-day business. Chief Financial Officer Christina Johansson assumed the duties of Chief Executive Officer and Labor Director on an interim basis while retaining her previous tasks. In the reporting year, the Supervisory Board of the company and, in particular, its Presiding Committee dealt intensively with the issue of long-term succession. The Supervisory Board appointed Dr. Thomas Schulz as the new Chief Executive Officer in November 2021 with effect from March 1, 2022, following a careful selection process. Dr. Schulz agreed to accept the position, which means that from that date the Executive Board will once again have a proven team consisting of Chairman, Chief Financial Officer and Chief Operating Officer. The Supervisory Board is confident that the Executive Board is thus well positioned for the challenges ahead and the further implementation of the strategy. The members of the Executive Board – the Chairman Dr. Thomas Schulz (CEO), Christina Johansson as Chief Financial Officer (CFO) and Duncan Hall as Chief Operating Officer (COO) will together advance and develop Bilfinger as a competitive and leading international industrial services provider. The Supervisory Board firmly believes that the strategic goals that have been set will lead to sustainable and further profitable growth for the company.

As the terms of office of all Supervisory Board members ended in the reporting year, new elections were necessary. There were changes in the membership of both the employee representatives and the shareholder representatives. In place of Ms. Susanne Hupe and Dr. Janna Köke, the SE Works Council elected Ms. Vanessa Barth and Mr. Werner Brandstetter as new employee representatives to the Supervisory Board. The Annual General Meeting elected Dr. Roland Busch and Dr. Silke Maurer as new shareholder representatives on the Supervisory Board to replace Ms. Dorothée Deuring and Dr. Ralph Heck, who stepped down from their positions at the end of the 2021 Annual General Meeting. The remaining members of the Supervisory Board were re-elected accordingly and continue to hold their offices. With the new Supervisory Board members, the Board has gained additional experienced and competent members who round off the competence profile of the Supervisory Board while providing valuable support and advancement for the Supervisory Board's monitoring and advisory work.

Overall, the activities of the Supervisory Board and its committees in financial year 2021 were intensive and characterized by a trusting and constructive cooperation among the members. On this basis, it was possible for the Supervisory Board to satisfy its monitoring and advisory function and thus also its responsibilities as a corporate body.

Cooperation between the Supervisory Board and the Executive Board

During financial year 2021, the Supervisory Board performed the duties incumbent upon it in an orderly manner in accordance with the law, the Articles of Incorporation and the Rules of Procedure. The Executive Board and the Supervisory Board worked together in a spirit of mutual trust for the benefit of the company. The Executive Board informed the Supervisory Board and its committees regularly, without delay and comprehensively both in writing and orally, of all issues of relevance to the company, particularly with regard to strategy, planning, business development, risk situation, risk management and compliance. The cooperation with the Executive Board was characterized by an open and detailed dialog.

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

Article 15 Paragraph 1 of the Articles of Incorporation of Bilfinger SE and a revised catalog prepared by the Supervisory Board, embedded in the Rules of Procedure for the Executive Board and the responsible Supervisory Board committees and regularly reviewed for any necessary adjustments, list the transactions and measures of fundamental importance which require the approval of the Supervisory Board or one of its committees. The Supervisory Board or the responsible committee decided on transactions and measures submitted to the Supervisory Board in the reporting year and requiring its approval after reviewing them and discussing them with the Executive Board.

In the reporting year, no conflicts of interest of members of the Executive Board or Supervisory Board arose that would have had to be disclosed to the Supervisory Board without delay. Where potential conflicts of interest were reported to the Supervisory Board or otherwise became known, they were examined and no conflicts of interest requiring disclosure were identified.

In the reporting period, there were no related-party transactions subject to disclosure requirements in accordance with Section 111a Subsection 1 Sentence 2 and Section 111b Subsection 1 of the German Stock Corporation Act (*AktG*).

Supervisory Board meetings

In financial year 2021, the Supervisory Board convened for eight regular (as in the previous year) and four extraordinary (three in the previous year) meetings. The regular meetings took place on February 9, March 2, April 15, May 10, August 11, November 9 and December 15. The extraordinary meetings were held on January 7, January 18/19, February 26 and March 25. The average attendance rate of all Supervisory Board members at meetings of the Supervisory Board and its committees was 98.83 percent in the reporting year (98.74 percent in the previous year). The following overview shows which Supervisory Board meetings and committee meetings the individual members participated in:

Committee	Name of the Supervisory Board member															
	Agnieszka Al-Selwi	Vanessa Barth	Werner Brandstetter	Stephan Brückner	Dr. Roland Busch	Dr. Eckhard Cordes	Dorothée Deuring	Dr. Ralph Heck	Susanne Hupe	Rainer Knerler	Dr. Janna Köke	Frank Lutz	Dr. Silke Maurer	Robert Schuchna	Jörg Sommer	Dr. Bettina Volkens
Supervisory Board																
January 7, 2021	•	–	–	•	–	•	•	•	•	•	•	•	–	•	•	•
January 18/19, 2021	•	–	–	•	–	•	•	•	•	•	•	•	–	•	•	•
February 9, 2021	•	–	–	•	–	•	•	•	•	•	•	•	–	•	•	•
February 26, 2021	•	–	–	•	–	•	•	•	•	•	•	•	–	x	•	•
March 2, 2021	•	–	–	•	–	•	•	•	•	•	•	•	–	•	•	•
March 25, 2021	•	–	–	•	–	•	•	•	•	•	•	•	–	•	•	•
April 14, 2021	•	–	–	•	–	•	•	•	•	•	•	•	–	•	•	•
April 15, 2021	•	•	•	•	•	•	–	–	–	•	–	•	•	•	•	•
May 10, 2021	•	•	•	•	•	•	–	–	–	•	–	•	•	•	•	•
August 11, 2021	•	•	•	•	•	•	–	–	–	•	–	•	•	•	•	•
November 9, 2021	•	•	•	•	•	•	–	–	–	•	–	•	•	•	•	x
December 15, 2021	•	•	•	•	•	•	–	–	–	•	–	•	•	•	•	•
Presiding Committee																
January 29/February 3, 2021	–	–	–	•	–	•	–	•	–	•	–	–	–			–
February 8, 2021	–	–	–	•	–	•	–	•	–	•	–	–	–	–	–	–
March 1, 2021	–	–	–	•	–	•	–	•	–	•	–	–	–	–	–	–
March 18, 2021	–	–	–	•	–	•	–	•	–	•	–	–	–	–	–	–
April 14, 2021	–	–	–	•	–	•	–	•	–	•	–	–	–	–	–	–
May 27, 2021	–	–	–	•	–	•	–	–	–	•	–	–	–	–	–	•
June 17, 2021	–	–	–	•	–	•	–	–	–	•	–	–	–	–	–	•
August 10, 2021	–	–	–	•	–	•	–	–	–	•	–	–	–	–	–	•
September 8, 2021	–	–	–	•	–	•	–	–	–	•	–	–	–	–	–	•
November 3, 2021	–	–	–	•	–	•	–	–	–	•	–	–	–	–	–	•
December 14, 2021	–	–	–	•	–	•	–	–	–	•	–	–	–	–	–	•

Committee	Name of the Supervisory Board member															
	Agnieszka Al-Selwi	Vanessa Barth	Werner Brandstetter	Stephan Brückner	Dr. Roland Busch	Dr. Eckhard Cordes	Dorothée Deuring	Dr. Ralph Heck	Susanne Hupe	Rainer Knerler	Dr. Janna Köke	Frank Lutz	Dr. Silke Maurer	Robert Schuchna	Jörg Sommer	Dr. Bettina Volkens
Audit Committee																
February 8, 2021	–	–	–	–	–	–	•	–	•	–	–	•	–	–	•	–
February 26, 2021	–	–	–	–	–	–	•	–	•	–	–	•	–	–	•	–
May 10, 2021	–	•	–	–	•	–	–	–	–	–	–	•	–	–	•	–
August 11, 2021	–	•	–	–	•	–	–	–	–	–	–	•	–	–	•	–
November 8, 2021	–	•	–	–	•	–	–	–	–	–	–	•	–	–	•	–
Strategy Committee																
February 17, 2021	–	–	–	•	–	•	–	•	•	•	–	–	–	•	–	–
March 24, 2021	–	–	–	•	–	•	–	•	•	•	–	–	–	•	–	–
June 17, 2021	–	–	•	•	–	•	–	–	–	•	–	•	–	•	–	–
June 30, 2021	–	–	•	•	–	•	–	–	–	•*	–	•	–	•	–	–
September 30, 2021	–	–	•	•	–	x	–	–	–	•	–	•	–	•	–	–
November 1, 2021	–	–	•	•	–	•	–	–	–	•	–	•	–	•	–	–
December 1, 2021	–	–	•	•	–	•	–	–	–	•	–	•	–	•	–	–
Nomination Committee																
January 20, 2021	–	–	–	–	–	•	–	–	–	–	–	•	–	•	–	–
February 25, 2021	–	–	–	–	–	•	–	–	–	–	–	•	–	•	–	–
Meeting participation rate for each Supervisory Board member in %	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**96.88**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**95.24**	**100.00**	**94.44**
Total meeting participation rate of the members of the Supervisory Board in %							**98.83**									

• = Participation (in individual cases also virtual or by telephone) X = Excused non-participation * = Attendance less than half of the meeting – = No members

In the reporting year, the members of the Executive Board generally took part in the meetings of the Supervisory Board; however, the Supervisory Board also regularly convened on agenda items and topics without the Executive Board and when warranted.

Topics in the plenary sessions

Current business developments and the situation of the company and the Group were regularly discussed at the meetings of the Supervisory Board. Over the course of the reporting year, the Supervisory Board also discussed the impact of the COVID-19 pandemic on the business development and situation of the company and the Group as required. The chairmen of the committees of the Supervisory Board each informed the plenum about the activities of the bodies they lead. Other key topics discussed by the full Supervisory Board included the financial situation, corporate planning, earnings performance in the individual business segments, the 2021 Annual General Meeting with the election of Supervisory Board members, capital allocation and the cancellation of treasury shares, the IT strategy, the externally supported self-assessment of the Supervisory Board and its committees on the effectiveness of their activities, as well as current projects and the discussion and implementation of the requirements of the Financial Market

Integrity Strengthening Act (*FISG*) and corporate governance. In the reporting year, the Supervisory Board also dealt intensively with Executive Board remuneration issues and Executive Board personnel matters, in particular the revision of the Executive Board remuneration system and its implementation, the extension of the Executive Board contracts of Mr. Duncan Hall and Ms. Christina Johansson, and the search for a new Chief Executive Officer. The M&A strategy was also a key topic of discussion and consultations in the Supervisory Board. Furthermore, together with its Audit Committee, the Supervisory Board supported and monitored the issues of sustainability and ESG, compliance, the compliance management system and the internal control system, in particular their systemic effectiveness and further development.

In detail, the meetings of the Supervisory Board also dealt with the following topics:

At the extraordinary meeting on January 7, 2021, the Supervisory Board discussed Executive Board personnel matters and projects and formed the Special Committee of the Supervisory Board for current special projects with effect from January 8, 2021.

At an extraordinary meeting on January 18/19, 2021, the Supervisory Board discussed Executive Board personnel matters and on January 19, 2021, reached an amicable agreement with then Chief Executive Officer Tom Blades to comply with his request not to extend his contract beyond June 30, 2021, for personal reasons and against the background of his reaching the age of 65. The Supervisory Board accepted Mr. Tom Blades' declared resignation from his mandate as a member of the Executive Board and Chief Executive Officer with immediate effect on January 19, 2021. On the same day, the Supervisory Board resolved that Chief Financial Officer Christina Johansson would assume the duties of Chief Executive Officer and Labor Director on an interim basis while retaining her previous responsibilities.

On February 9, 2021, the preliminary results for financial year 2020, including the quarterly statement as of December 31, 2020, and the outlook for 2021 were discussed. The Supervisory Board also discussed the Executive Board's proposal for the appropriation of earnings in 2020, the 2021 budget, special projects as well as business and market development. The consultant for the external self-assessment of the Supervisory Board and its committees was assigned. The Supervisory Board also dealt with Executive Board remuneration, in particular variable remuneration, in 2020 and 2021, and the concept for succession planning on the Executive Board. Further, the Supervisory Board dealt with the agenda items for the 2021 Annual General Meeting, gave its final approval of the new Executive Board remuneration system for submission to the Annual General Meeting and - together with the Executive Board – decided to hold a virtual Annual General Meeting in the reporting year. At this meeting, the Supervisory Board also dealt with the Report of the Supervisory Board, the Declaration of Corporate Governance with the Corporate Governance Report as well as the Remuneration Report for the 2020 financial year.

At the extraordinary meeting on February 26, 2021, the Supervisory Board resolved the proposals to the Annual General Meeting for the election of shareholder representatives to the Supervisory Board.

On March 2, 2021, the Supervisory Board focused primarily on the annual and consolidated financial statements for 2020, including the non-financial report 2020, and approved the proposed resolutions to the Annual General Meeting. In accordance with the recommendation of the Audit Committee, the Supervisory Board proposed to the Annual General Meeting that the accounting firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be elected to conduct the external audit of the annual and consolidated financial statements for 2021. The Annual General Meeting approved this proposal on April 15, 2021. Special projects, Executive Board remuneration issues and the servicing of employee share programs were also dealt with at the regular March meeting.

At its extraordinary meeting on March 25, 2021, the Supervisory Board dealt with Executive Board contract matters.

At the meeting on April 14, 2021, the Supervisory Board dealt with the new LTI plan for executives, special projects and again Executive Board contract issues. It resolved to extend the contracts of Executive Board members Ms. Christina Johansson and Mr. Duncan Hall. Together with the Executive Board, it also issued an updated declaration of compliance with the German Corporate Governance Code (GCGC) in accordance with Section 161 AktG.

At the constituent meeting following the Annual General Meeting on April 15, 2021, the Supervisory Board re-elected Dr. Eckhard Cordes as Chairman and Mr. Stephan Brückner as Deputy Chairman of the Supervisory Board. In addition, the Supervisory Board committees were newly formed and the respective members, including the chairmen – insofar as not already specified by the Rules of Procedure – were elected.

On May 10, 2021, the Supervisory Board discussed the quarterly statement as of March 31, 2021 and the outlook for 2021, current projects, the IT strategy and Executive Board personnel matters.

The meeting on August 11, 2021, focused in particular on the half-year financial report as of June 30, 2021, again with the outlook for 2021, and the quarterly statement as of June 30, 2021, as well as capital allocation, the entrepreneurial activities of Supervisory Board members and a discussion of Executive Board and remuneration topics. In addition, the Supervisory Board dealt with business and market development, the topic of health and safety in the Group (Health, Safety, Environment, Quality - HSEQ) as well as the FISG and its implementation at Bilfinger.

On November 9, 2021, the Supervisory Board dealt in particular with the quarterly statement as of September 30, 2021, and the outlook for 2021, sustainability reporting, business and market development, HSEQ and employer attractiveness. Furthermore, the self-assessment of the Supervisory Board and its committees was evaluated and recommendations for action were discussed. The Supervisory Board also approved the cancellation of treasury shares in the company using a simplified procedure without a reduction of capital. Finally, the Supervisory Board dealt with Executive Board remuneration issues and appointed Dr. Thomas Schulz (56) as new Chairman of the Executive Board with effect from March 1, 2022. Mr. Schulz accepted the position on the day following the meeting and signed the Executive Board employment contract.

At the meeting on December 15, 2021, the Supervisory Board dealt with corporate planning 2023 to 2026 including the 2022 budget, business and market development, HSEQ, the topic of information security, M&A issues, compliance, and the new format of the remuneration report under the AktG. The Supervisory Board also issued an updated version of the annual declaration of compliance with the GCGC pursuant to Section 161 AktG.

The members of the Supervisory Board are responsible for the training and continuing education measures that are necessary for them to perform their duties, such as on changes in the legal framework, and are supported in this by the company. Training sessions or presentations are also conducted at meetings on current topics and legal changes of particular relevance to the Supervisory Board, such as the FISG in the reporting year. Members of the Supervisory Board remain connected to Bilfinger's system for regular online training on compliance issues.

Work of the committees

In order to ensure the efficiency of its activities, the Supervisory Board has formed a Presiding Committee, an Audit Committee, a Strategy Committee, a Nomination Committee and, since January 8, 2021, a Special Committee. The meetings and decisions taken by the committees, especially the meetings of the Audit Committee, Presiding Committee and Strategy Committee, were prepared by reports and other information from the Executive Board. There were regular reports on the meetings of the committees in the plenum of the Supervisory Board.

Presiding Committee

The Presiding Committee of the Supervisory Board consists of *four members*. Its duties include, in particular, dealing with Executive Board personnel and remuneration matters, including conflicts of interest. Insofar as these issues are to be dealt with by the full Supervisory Board in accordance with the AktG or the recommendations of the GCGC, the Presiding Committee prepares the topics for the meetings of the full Supervisory Board and makes recommendations for appropriate resolutions.

In financial year 2021, there were seven regular meetings of the Presiding Committee and four extraordinary meetings. It dealt with Executive Board remuneration regularly and thoroughly and prepared the revision of the Executive Board remuneration system for the Supervisory Board, in particular in accordance with the requirements of the Act Implementing the Second Shareholders' Rights Directive (*ARUG II*) and the recommendations of the GCGC. The Presiding Committee also dealt intensively with Executive Board personnel matters, including succession planning, and headed the search for a new Chief Executive Officer. The Supervisory Board also supported the orderly processing of the departure of the Chief Executive Officer serving at that time. In addition, during the reporting year, the Presiding Committee prepared the renewal of the contracts of Mr. Duncan Hall and Ms. Christina Johansson, as well as the agreements with them on appropriate remuneration for the increased workload and responsibility during the transitional period until a new Chief Executive Officer could take office. The Presiding Committee also dealt with other Executive Board issues, including the schedule of responsibilities. As an exception, a few of the resolutions of the Presiding Committee were made in written form.

Audit Committee

The Audit Committee also consists of *four members* and has equal representation. It monitors the accounting, the accounting process as well as the functionality and effectiveness of the risk management system, the internal auditing system and the internal control system. It also deals with questions relating to auditing and compliance as well as the compliance system. In addition, the Audit Committee is responsible for the topic of sustainability and ESG as well as the preliminary review of an eventual non-financial (Group) report and the non-financial (Group) declaration. The Chairman of the Audit Committee in the reporting year, Mr. Frank Lutz, and Audit Committee member Dr. Roland Busch both have the knowledge and experience required by law in the application of accounting principles, auditing of financial statements and internal control procedures and are designated accordingly as financial experts.

The Audit Committee convened for five regular meetings in the past financial year. In addition to the Group management report, the committee primarily dealt with the annual financial statements for 2020, the quarterly statements and half-year report for 2021, including the corresponding interim financial statements as of March 31, June 30 and September 30. Over the course of the year under review, the impact of the ongoing COVID-19 pandemic on the business and situation of the company were the main topics of discussion. Representatives of the auditor participated in all meetings of the Audit Committee and reported in detail on the results of the audit of the individual and consolidated financial statements 2020, the auditor's review of the half-year report as of June 30, 2021, and on the significant findings and statutory amendments and developments in the area of accounting and auditing for the work of the Audit Committee. The Chairman of the Audit Committee also met individually with the Chief Financial Officer outside the committee meetings and discussed, among other things, the annual financial statements, the interim financial reports and additional finance topics with her. The Chief Financial Officer and interim Chief Executive Officer also regularly attended the Audit Committee meetings at the invitation of the committee. The Audit Committee considered it necessary for the Chief Financial Officer to attend the meetings, in particular those with the auditors.

The Audit Committee reviewed the independence of the new auditor and made a reasoned recommendation to the Supervisory Board, following the conduct of a multi-stage selection procedure for the auditor, to propose PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, for election as the new auditor at the Annual General Meeting 2021. The Audit Committee is not aware of any reasons to doubt the external auditor's impartiality. The committee awarded the contracts for the audit of the individual and consolidated financial statements as well as for the auditor's review of the half-year report as of June 30, 2021, to the auditors appointed by the Annual General Meeting, negotiated the audit fee with them and determined the focus of the audit. It also reviewed and approved the non-audit services to be provided by the auditor, insofar as these were consistent with the established guidelines and other requirements, and ensured compliance with the fee limit for such services. The new auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, thus replaced the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, who left the company in financial year 2021.

In the reporting year, representatives of the auditor informed the members of the Audit Committee regarding the new regulations on auditing and reporting by the auditor, in particular on the new provisions of IDW PS 340 (revised) on the audit of the early risk detection system and the scope of the audit of the remuneration report in accordance with ARUG II. In addition, the representatives of the auditor, together with the General Counsel, provided the Audit Committee with information on the FISG, which also resulted in an update of the Rules of Procedure for the Audit Committee, among other things. Finally, in this financial year the Audit Committee again conducted an evaluation of the quality of the audit from the previous year, i.e., the audit by the auditor who departed in financial year 2021, and had representatives of the departing auditor present the auditor's quality report.

The Audit Committee was informed about the development of the risk situation through quarterly reports from corporate function Controlling, which were also submitted to the full Supervisory Board. The Audit Committee received regular reports on the activities of Corporate Internal Audit & Investigations (including Books & Records Audits, Project Audit and Allegation Management Office) and Corporate Compliance (including Internal Control Systems) and discussed the topics in the reports. In order to allow the Audit Committee to evaluate risk management, Corporate Internal Audit & Investigations and Corporate Compliance provided the Committee with quarterly reports and the corporate functions Project Audit and Internal Control Systems provided an annual report. The Audit Committee reviewed the functionality of the internal control system and the risk management system in relation to the accounting process. The Audit Committee is of the opinion that the internal control system, the internal auditing system and the risk management system including the risk early warning system meet the demands that are made of them. The Audit Committee accompanies the implementation of improvement measures and will ensure that the ongoing development of these systems remains a priority in the future. Other items on the agenda in the reporting year included sustainability and integration of ESG in systems and processes, including sustainability reporting and the non-financial Group report 2020, the topic of Health, Safety, Environment and Quality (HSEQ) in the Group, the update of the Group policy on the hiring of the auditor, and the discussion of capital allocation taking into account the proceeds from the sale of the stake in Apleona. In addition, the Audit Committee discussed the results of the self-assessment of the Supervisory Board and its committees carried out in the reporting year.

The Audit Committee dealt in particular with questions of compliance in detail and on a regular basis. The Chief Compliance Officer regularly reported to the committee on his activity as well as on the status of the compliance management system and its development; he also communicated personally with the Chairman of the Audit Committee over the course of the reporting year.

Nomination Committee

In line with the recommendation of the GCGC, the Supervisory Board has formed a Nomination Committee. This committee consists of *three members representing the shareholders* and suggests suitable candidates to the Supervisory Board for its recommendations for the election of Supervisory Board members to be made to the Annual General Meeting. There were two meetings of the Nomination Committee in the reporting year. Due to the planned departures of Ms. Dorothée Deuring and Dr. Ralph Heck as of the Annual General Meeting 2021, the Nomination Committee resolved in January and February 2021 to recommend to the shareholder representatives on the Supervisory Board that Dr. Silke Maurer and Dr. Roland Busch be proposed for election to the Supervisory Board by the next Annual General Meeting. In addition, given that the terms of office of all shareholder representatives on the Supervisory Board expired at the end of the Annual General Meeting in 2021, the Nomination Committee resolved to recommend to the shareholder representatives on the Supervisory Board that Dr. Eckhard Cordes, Mr. Frank Lutz, Mr. Robert Schuchna and Dr. Bettina Volkens be nominated for re-election to the Supervisory Board at the Annual General Meeting. Beyond this, the Nomination Committee did not convene in financial year 2021.

Strategy Committee

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

The Strategy Committee convened for five regular meetings and two extraordinary meetings in financial year 2021. It dealt with strategic issues in its meetings, focusing, among other things, on market opportunities and the growth strategy in the context of the energy transition as well as sustainable industrial services, particularly in the areas of nuclear power, hydrogen, carbon capture and decarbonization. In addition, the M&A strategy as well as individual divisions and regions of the Group, their business, alignment and strategy, and the performance of selected Group companies were focal points of the meetings. In addition, the Strategy Committee dealt with digitalization, Bilfinger Digital Next GmbH and the overall IT strategy. Moreover, the Committee dealt in detail with selected transaction projects and legal transactions requiring approval, in particular major projects and contracts. As an exception, a few of the resolutions of the Strategy Committee of the Supervisory Board were made in written form.

Special Committee

The Special Committee consists of *four members* and has equal representation. It supports current special projects on an ad-hoc basis and prepares related topics and resolutions for the full

Supervisory Board. The Special Committee did not hold any regular meetings in financial year 2021; instead, it coordinated issues relating to current special projects on an ad-hoc basis. The Special Committee was initially suspended in mid-2021 and has been so since that time.

Corporate governance and declaration of compliance

In financial year 2021, the Supervisory Board dealt in detail with questions of corporate governance and with the GCGC as well as its requirements. Following an update over the course of the year to the declaration of compliance on April 14, 2021, the Executive Board and Supervisory Board most recently jointly issued the annual declaration of compliance pursuant to Section 161 AktG on December 15, 2021. The current joint declaration of compliance from the Executive Board and the Supervisory Board as well as the previous declarations are available on the company's website for a period of at least five years under https://www.bilfinger.com/en/investors/corporate-governance/gcgc-declarations-of-compliance/. In addition, the Executive Board also reports on corporate governance at Bilfinger for the Supervisory Board in Chapter *A.4.1 Declaration of corporate governance and corporate governance report*.

Self-assessment

In the reporting year, the Supervisory Board, with the support of ECBE - European Center for Board Efficiency GmbH as an external, independent consultant, assessed the efficiency of its activities and those of its committees on a regular basis. The efficiency review based on the self-assessment of the Supervisory Board and its committees resulted in a positive to very positive opinion on all topics. No fundamental weaknesses were identified. Potential for further optimization of the work of the plenum of the Supervisory Board and the committees in individual areas was identified and appropriate measures were initiated. The next self-assessment of the Supervisory Board and its committees is scheduled for financial year 2023.

Audit of the company and consolidated financial statements

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as appointed auditor, has audited the annual financial statements and the combined management report of Bilfinger SE and the Group prepared by the Executive Board in accordance with the German Commercial Code (*HGB*) for financial year 2021 and has issued them with an unqualified audit opinion. The responsible auditors at PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for Bilfinger are Mr. Dirk Fischer and Dr. Martin Nicklis. The consolidated financial statements of Bilfinger SE for financial year 2021 were prepared on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with Section 315e Subsection 1 HGB. The consolidated financial statements were also issued with an unqualified audit opinion by the auditors. The audit assignment had been issued by the Audit Committee of the Supervisory Board in accordance with the resolution of the Annual General Meeting of April 15, 2021. The aforementioned financial statements, the audit reports of the external auditors and the proposal of the Executive Board on the appropriation of profits were provided to all members of the Supervisory Board in an orderly manner and in good time. The Audit Committee of the Supervisory Board, in preparation for the review and discussion of these documents by the plenary session of the Supervisory Board, discussed the financial statements and the audit reports as well as the proposal on the appropriation of distributable earnings, with the proposal for a dividend distribution, in the presence of the external auditors. In this context, the Audit Committee dealt in particular with the especially important key audit matters described in the Auditor's Report, including the audit treatments undertaken by the auditors. In addition, the Audit Committee had the auditor report on the collaboration with Corporate Internal Audit & Investigations, Corporate Accounting, Controlling & Tax, Corporate Internal Control Systems and others in positions relating to risk management and on the effectiveness of the internal control and risk management systems, in particular with regard to accounting, whereby the auditor stated that no significant weaknesses were found. Against this backdrop and in accordance with its own considerations, the Audit Committee is of the opinion that the internal control system, the internal auditing system and the risk management system, including the risk early recognition system, meet the demands that are made of them, but should be continually optimized. In addition, the Audit Committee discussed with the auditor his audit report on the non-financial Group declaration for financial year 2021 of Bilfinger SE which is part of the combined management report.

The Supervisory Board undertook a detailed review of the annual financial statements, the consolidated financial statements and the combined management report of Bilfinger SE and the Group for 2021, as well as the proposal of the Executive Board on the appropriation of distributable earnings – following an explanation of these documents by the Executive Board – and dealt with these matters at its meeting on March 8, 2022. The audit from the Supervisory Board also covered the non-financial Group declaration 2021 of Bilfinger SE. The external auditors, represented by the two auditors who signed the audit opinion, also participated in the meeting on March 8, 2022. They explained the audit and responded to questions from the Supervisory Board on the results of the audit as well as its form and scope and, in this regard, went into detail for particularly important key audit matters including the audit treatments that were undertaken. They also discussed with the Supervisory Board the internal control and risk management system, in particular as it relates to the accounting process. The Supervisory Board shares the opinion of the Audit Committee on the effectiveness of these systems, including the pursuit for ongoing improvement. The Supervisory Board was convinced that the audit by the external auditors was conducted in a proper manner. In concurrence with the recommendation of the Audit Committee, the Supervisory Board took note of and approved the results of the audit conducted by the external auditors. Following the final results of the Supervisory Board's own review carried out on this basis, there were no objections made; this applied, in particular, to the declaration of corporate governance and corporate governance report, namely to the extent that its components are to be analyzed by the Supervisory Board alone. At its meeting held on March 8, 2022, the Supervisory Board approved the annual and consolidated financial statements and the combined management report for the 2021 financial year as submitted by the Executive Board. The company's financial statements for financial year 2021 were thus adopted.

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

In addition, the auditor, following the relevant commissioning by the company, voluntarily reviewed the accuracy of the content of the remuneration report 2021 and issued an unqualified audit opinion. At its meeting on March 8, 2022, the Supervisory Board examined the remuneration report in detail in the presence of the auditor and resolved, together with the Executive Board, to approve the report. The remuneration report 2021 will be submitted to the Annual General

Meeting 2022 for approval and will be available on the company's website at https://www.bilfinger.com/en/investors/corporate-governance/remuneration-executive-and-supervisory-boards/ for a period of 10 years.

Executive Board personnel matters

In January 2021, the Supervisory Board and the Chief Executive Officer, Mr. Tom Blades, mutually agreed to comply with Mr. Blades' request not to extend his contract beyond June 30, 2021, for personal reasons and against the background of his reaching the age of 65. In agreement with the Supervisory Board, Mr. Blades on January 19, 2021, declared the resignation of his mandate as Chairman and member of the Executive Board with immediate effect. Chief Financial Officer Christina Johansson assumed the duties of Chief Executive Officer and Labor Director on an interim basis while retaining her previous functions. On November 9, 2021, the Supervisory Board appointed Dr. Thomas Schulz (56) as new Chairman of the Executive Board with effect from March 1, 2022, and for a period of five years. On the following day, Dr. Schulz accepted the position of Chairman of the Executive Board immediately after his previous employer agreed to the early termination of his employment contract at the end of February 2022. Dr. Schulz has now held the position of Chairman of the Executive Board since March 1, 2022.

In addition, there were no personnel changes in the Executive Board in the reporting year. Mr. Duncan Hall (Chief Operating Officer) and Ms. Christina Johansson (Chief Financial Officer and interim Chief Executive Officer from January 19, 2021, to February 28, 2022) were also members of the Executive Board in the reporting year. The Supervisory Board extended the appointment of Mr. Hall and Ms. Johansson as members of the Executive Board of Bilfinger SE in the reporting year until the end of 2023.

Supervisory Board personnel matters

The terms of office of all Supervisory Board members ended at the close of the Annual General Meeting on April 15, 2021, necessitating new elections. The new elections of the employee representatives took place on February 18, 2021. The SE Works Council appointed Ms. Agnieszka Al-Selwi, Ms. Vanessa Barth, Mr. Werner Brandstetter, Mr. Stephan Brückner, Mr. Rainer Knerler and Mr. Jörg Sommer as employee representatives to the Supervisory Board with effect from the end of the Annual General Meeting 2021. Ms. Susanne Hupe and Dr. Janna Köke left the Supervisory Board at the end of the Annual General Meeting on April 15, 2021. On the shareholder representative side, Ms. Dorothée Deuring and Dr. Ralph Heck left the Supervisory Board at the end of the Annual General Meeting 2021. In their place, Dr. Roland Busch and Dr. Silke Maurer were elected as new shareholder representatives to the Supervisory Board by the Annual General Meeting on April 15, 2021. The Annual General Meeting also re-elected Dr. Eckhard Cordes, Mr. Frank Lutz, Mr. Robert Schuchna and Dr. Bettina Volkens to the Supervisory Board as shareholder representatives. All members of the Supervisory Board were elected until the end of the Annual General Meeting that resolves on the formal approval of their actions for the fourth financial year after the beginning of their term of office, not including the financial year in which their term of office begins, but for no longer than six years. All newly elected members of the Supervisory Board accepted the Supervisory Board mandate and were intensively supported by the company during their inauguration through individual discussions with the Executive Board, selected heads of corporate departments and corporate functions and other experts as well as comprehensive corporate documentation and legal information and instruction.

Personnel changes also took place in the Supervisory Board committees in the reporting year. In place of Dr. Ralph Heck, the Supervisory Board elected Dr. Bettina Volkens as member of the

Presiding Committee with effect from April 15, 2021. In place of Ms. Dorothée Deuring and Ms. Susanne Hupe, Dr. Roland Busch and Ms. Vanessa Barth were also elected as members of the Audit Committee with effect from April 15, 2021. Ms. Barth took over as Deputy Chair of the Audit Committee on May 10, 2021. In place of Dr. Ralph Heck and Ms. Susanne Hupe, the Supervisory Board elected Mr. Frank Lutz and Mr. Werner Brandstetter as new members of the Strategy Committee with effect from April 15, 2021.

The members of the Special Committee are Mr. Frank Lutz as Committee Chairman, Mr. Rainer Knerler, Dr. Janna Köke until the end of the Annual General Meeting on April 15, 2021, and Mr. Robert Schuchna. In place of Dr. Köke, who stepped down, Ms. Vanessa Barth has been a member of the Special Committee since April 15, 2021.

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

Thanks to Executive Board and employees

The Supervisory Board thanks the members of the Executive Board for the trusting and constructive cooperation as well as their outstanding commitment in the past financial year, particularly in light of the ongoing COVID-19 pandemic. The Supervisory Board would also especially like to express its thanks and its appreciation to all employees for their good work and the commitment they have demonstrated for Bilfinger in the challenging financial year 2021. Despite the special circumstances and uncertainties in the 2021 financial year, they met the challenges together as a Bilfinger team, successfully guiding Bilfinger through this difficult situation and moving the company forward.

Adoption of this report

The Supervisory Board adopted this report at its meeting on March 8, 2022, in accordance with Section 171 Subsection 2 AktG.

For the Supervisory Board

Dr. Eckhard Cordes
Chairman of the Supervisory Board
Mannheim, March 8, 2022

A.4 Corporate Governance

A.4.1 Declaration of corporate governance with corporate governance report

In accordance with Principle 22 of the German Corporate Governance Code in the version dated December 16, 2019, which took effect on March 20, 2020 (GCGC), the annual report of the Executive Board and the Supervisory Board on corporate governance at Bilfinger is integrated into the declaration of corporate governance for Bilfinger SE and the Group to be issued below pursuant to Sections 289f, 315d of the German Commercial Code (HGB). The explanations apply to both Bilfinger SE and the Group, unless presented otherwise.

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

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

Updating the Declaration of Compliance of April 14, 2021, the following is declared:

"Bilfinger SE has complied with all recommendations of the German Corporate Governance Code in the version of December 16, 2019, ("GCGC") since the last Declaration of Compliance was issued on April 14, 2021, and will continue to comply with all recommendations of the GCGC, with the following exceptions within the timeframe specified in each case:

Recommendation B.3, according to which the initial appointment of Executive Board members should be for a maximum of three years, was not followed in one individual case: On November 9, 2021, the Supervisory Board of Bilfinger SE appointed Dr. Thomas Schulz as member and Chairman of the Executive Board of Bilfinger SE as of March 1, 2022, for a term of five years. The Executive Board member service agreement of Dr. Schulz also has a term of five years. In the opinion of the Supervisory Board, the five-year term of the appointment and the service agreement was necessary in order to be able to attract Dr. Schulz to the position and activity at Bilfinger and to ensure the stability necessary for the future at Bilfinger in the current phase. The Supervisory Board intends to again comply with Recommendation B.3 for future initial appointments of Executive Board members.

Recommendation G.6 was not and will not be followed insofar as it relates to the long-term variable remuneration component (long-term incentive, LTI) being formally based on a long-term-oriented target. The LTI under the revised Executive Board remuneration system as resolved by the Supervisory Board of Bilfinger SE on February 9, 2021, and approved by the Annual General Meeting of Bilfinger SE on April 15, 2021, (the "New Remuneration System") is designed as a performance share plan with a one-year performance period under which the target achievement of the relevant performance target ROCE is determined after one year. According to the determined target achievement, the members of the Executive Board receive a value-equivalent number of Bilfinger shares signed over or the corresponding cash amount paid out with the obligation to purchase Bilfinger shares. These shares must then be held for three years. The LTI thus has an overall term of four years and a corresponding long-term orientation, but the performance target is formally only one year. By combining a one-year performance target with an obligation to hold shares for several years, this structure ensures a transparent incentive effect for the Executive Board members, which is oriented toward the long-term welfare of the Company and the interests of the shareholders. In the opinion of the Supervisory Board, this structure in particular – also taking into account the situation of the Company and the market as a whole – is in the interest of the Company and supports the implementation of the growth strategy.

Furthermore, Recommendation G.7 sentence 1 was not and will not be followed with respect to the linking of remuneration components to specific targets in advance regarding the possibility of special payments at the reasonable discretion of the Supervisory Board. This allows the Supervisory Board, in exceptional cases, to make such a payment in recognition and as a further incentive in the event of outstanding, extraordinary successes or individual achievements by a member of the Executive Board that are significantly beneficial to the Company and bring the Company future-related benefits. In this context, a corresponding special payment is subject to a strict obligation to justify it and is limited in that, as part of the total remuneration, it is subject to the appropriateness requirement and the maximum remuneration cap.

Recommendation G.7 sentence 1 on the determination of the performance criteria for all variable remuneration components prior to the beginning of the financial year was not followed with regard to the short-term operational and strategic objectives of the short-term incentive (STI) to be determined as well as the target of the LTI for the financial year or the tranche 2021, as the case may be. The New Remuneration System, which sets out the new STI and LTI and whose validity for the Executive Board members was to be agreed retroactively as of January 1, 2021, was not resolved by the Supervisory Board until the meeting on February 9, 2021, and the corresponding targets were set at the same time. A timely determination of the performance criteria for all variable remuneration components under the previously applicable old remuneration system was not possible due to the budgeting process for 2021, which was hampered and delayed by the Corona pandemic, and the corresponding accompanying circumstances. The determination of the performance criteria for all variable remuneration components for the 2022 financial year was already carried out in the 2021 financial year in accordance with the recommendation. The Supervisory Board intends to comply with the recommendation in G.7 sentence 1 also in the future.

Furthermore, recommendation G.12 was not followed to the effect that, upon termination of an Executive Board member service agreement, the payment of outstanding variable remuneration components attributable to the period up to the termination of the agreement is made in accordance with the originally agreed targets and comparison parameters as well as in accordance with the due dates specified in the agreement. By way of exception, it was agreed with regard to the short-term variable remuneration 2021 of the departing Chairman of the Executive Board that this would be paid out in the amount of the pro-rata target value ahead of schedule at the regular termination date of the service agreement. This arrangement formed part of the overall agreement in connection with the mutually agreed departure of the Chairman of the Executive Board. The payment was made accordingly ahead of schedule. The Supervisory Board intends to fully follow the recommendation in G.12 again in the future.

Furthermore, recommendation G.13 sentence 1 regarding the severance payment cap is not followed insofar as this limitation also relates to severance payments on the occasion of a premature termination of an Executive Board member service agreement in the event of a change of control. For the Executive Board members Christina Johansson and Duncan Hall, in such a case the provision recommended until the entry into force of this version of the GCGC continues to provide that a severance payment compensates the remaining term of the service agreement up to a maximum of three years' remuneration (i.e., annual base salary, STI and LTI). In the interest of the Company and in line with the New Remuneration System, the Supervisory Board has decided to continue this severance payment provision to this extent as an exception. In view of the fact that, due to the limited term of the extended service agreements of the incumbent Executive Board members Christina Johansson and Duncan Hall, there is only a slight risk that the severance payment cap under recommendation G.13 sentence 1 will be exceeded, the Supervisory Board has deemed it expedient to grant the two incumbent Executive Board members protection of the status quo for their previous arrangements. For newly appointed Executive Board members, on the other hand, the New Remuneration System provides that no severance payment is granted in the event of premature termination due to a change of control, so that the present deviation is only a temporary exception. Accordingly, no severance payment has been provided for the newly appointed Chairman of the Executive Board Dr. Schulz as of March 1, 2022, in the event of a change of control."

Mannheim, December 15, 2021

For the Supervisory Board	for the Executive Board
Dr. Eckhard Cordes	Christina Johansson

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

———

Significant principles and practices of good governance

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

German Corporate Governance Code

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

Principles of our actions

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

We take responsibility for our actions, comply with applicable law and ensure compliance with internal Group Policies and processes. In this regard, we target our business behavior toward Group-wide standards that go beyond the requirements of the law and the GCGC. They are based on our corporate values as they are laid out in our Mission Statement and the Group principles. To achieve a lastingly stable and thus sustainable company success on this basis, it is our goal that our business activities are also aligned with the needs of the environment and society. We have defined the most important principles in our Code of Conduct, which provides all employees of Bilfinger SE and the Group with orientation for responsible, compliant and proper conduct in daily business, and which is binding for all employees worldwide, including members of the boards. This relates to how we deal with each other and how we deal with customers and business partners and the general public. Among the most important principles are, on the basis of respect for law and order, fairness and responsibility. In addition to the general principles of behavior, the Code of Conduct includes, among other things, rules related the handling of conflicts of interest, and prohibits corruption and discrimination of any kind. The individual topics are substantiated by corresponding Group policies. The Code of Conduct and the substantiated Group Policies are regularly reviewed and adjusted for current needs and developments.

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

Transparency

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

In accordance with Recommendation A.3 of the GCGC, the Chairman of the Supervisory Board is also prepared, where necessary and in consultation with the Executive Board, to conduct discussions with investors on topics specific to the Supervisory Board.

Compliance and basic features of the compliance management system

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

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

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

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

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

Description of the composition and work processes of the Executive Board, the Supervisory Board and its committees

Bilfinger SE is a European stock corporation headquartered in Germany and is subject to the special European SE regulations and the German law on implementing a European Company as well as the German SE Employee Involvement Act. It has a dual management and control structure consisting of the Executive Board and the Supervisory Board. The two boards work in close cooperation for the benefit and in the interest of the company. The tasks and authorizations as well as the requirements for their working methods and composition are mainly based on the German Stock Corporation Act, the Articles of Incorporation of Bilfinger SE and the Rules of Procedure of the corporate bodies. The Articles of Incorporation as well as the Rules of Procedure for the Supervisory Board are also published on the company's website under https://www.bilfinger.com/en/investors/corporate-governance/articles-of-incorporation/. The third body of the company is the Annual General Meeting. At present, no use is made of the possibility of forming an advisory board, as allowed by Article 17 of our Articles of Incorporation.

Executive Board

The *members of the Executive Board* are appointed by the Supervisory Board. In the reporting year, due to the resignation of the Chairman of the Executive Board at the time, the Executive Board had two members from January 20, 2021. On November 9, 2021, the Supervisory Board of Bilfinger SE appointed Dr. Thomas Schulz as new member and Chairman of the Executive Board of Bilfinger SE with effect from March 1, 2022, so that the Executive Board has again had three members since that date.

The Executive Board manages the company in its own responsibility in the interests of the company. As its executive body, it is committed to increasing the sustainable value of the company. Its tasks include setting the company's corporate goals and strategic focus, coordinating these with the Supervisory Board and implementing them, taking decisions on matters of principle, managing and monitoring the operating units and business of Bilfinger SE and the Group as well as implementing and monitoring an efficient internal control and risk management system. The Executive Board ensures compliance with statutory provisions and internal Group policies and the observance of these within the company. In addition to an internal control and risk management system, the Executive Board has also established a comprehensive compliance management system. The compliance management system's basic features are described in the preceding section *Compliance and basic features of the compliance management system.* The Executive Board represents the company to third parties. Its actions are guided by the interests of the company, i.e., the interests of shareholders, employees, business partners, other groups affiliated with the company, including the public, with the aim of sustainably increasing enterprise value.

The members of the Executive Board base their actions on the legal requirements, the Articles of Incorporation, the Rules of Procedure and the Schedule of Responsibilities as well as on the other relevant regulations. The Supervisory Board has issued Rules of Procedure for the Executive Board which contain the rules of cooperation within the Executive Board and between the

Executive Board and the Supervisory Board. Furthermore, in accordance with the Schedule of Responsibilities approved by the Presiding Committee of the Supervisory Board, the members of the Executive Board are each assigned specific areas to manage independently. They take joint responsibility for the management of the company, however. In addition, the Chairman of the Executive Board coordinates the work of the Executive Board and of Executive Board members. The resolutions of the Executive Board are made primarily in the regular Executive Board meetings. They may, however, also be made in extraordinary Executive Board meetings, in written procedures or through other methods of communication. For certain transactions and actions, including measures and transactions of an Executive Board member, which are of exceptional importance for the company, or which involve an exceptional economic risk, the Executive Board Rules of Procedure or approval requirements defined by the Executive Board itself require a resolution by the full Executive Board. Approval from the Supervisory Board or one of its committees is also required for particularly significant actions and transactions in accordance with the Articles of Incorporation and Rules of Procedure. This includes, among other things, the fundamental determination and basic changes to the corporate strategy as well as the Group organization, the addition of new business segments or the discontinuation of existing business segments, the purchase and sale of investments above a certain volume, particularly high-volume operational projects with a certain risk structure as well as long-term financial commitments and the issue of bonds. In addition, the Executive Board provides the Supervisory Board or its relevant committee with thorough and timely updates on the strategy of the business units, the corporate planning, profitability, business development and the position of the company as well as on the internal control system, the risk management system and the compliance system.

In the reporting year 2021, 26 Executive Board meetings (thereof one extraordinary meeting) were convened. The Executive Board has not formed any of its own committees.

With regard to the composition of the Executive Board, it is incumbent on the Supervisory Board to prepare a diversity concept pursuant to Section 289f Subsection 2 No. 6 HGB. This, together with the competence profile, is described in greater detail in the section *Joint diversity concepts and competence profiles for the cooperation between the Executive and Supervisory Boards and long-term succession planning*.

Details of the remuneration of the Executive Board members can be found in the remuneration report. The remuneration report for the last financial year, the respective auditor's report and the applicable remuneration system are published – to the extent required by law and available – on the company's website at https://www.bilfinger.com/en/investors/corporate-governance/remuneration-executive-and-supervisory-boards/.

Supervisory Board

In accordance with Article 11 of the Articles of Incorporation, the Supervisory Board of Bilfinger SE consists of 12 members, six of whom are representatives of the shareholders and six of whom are employee representatives. The shareholder representatives are elected by the Annual General Meeting. It is thereby incumbent on the Supervisory Board, in accordance with Section 124 Subsection 3 Sentence 1 AktG, to propose candidates to the Annual General Meeting. The appointment of the employee representatives is carried out by the SE Works Council in accordance with the agreement on employee participation reached between company management and the European employee representatives on July 15, 2010. With regard to the appointment of those members to be appointed by the SE Works Council, the Supervisory Board has no right to make proposals; it is – as is the case for the Annual General Meeting as well – not involved in the selection procedure for the employee representatives in the Supervisory Board. Members of the

Supervisory Board all have the same rights and obligations and are not bound by instructions or orders.

The Supervisory Board advises and monitors the Executive Board in its management of the company and is responsible for the appointment and dismissal of Executive Board members, their employment contracts and remuneration, including the Executive Board remuneration system. At the proposal of the Presiding Committee, it sets the remuneration target, targets for the variable remuneration components of the Executive Board's remuneration and their fulfillment and reviews the appropriateness of the overall remuneration together with the remuneration system for the Executive Board on a regular basis. The Supervisory Board is also involved in decisions of fundamental importance to the company and discusses – generally with the Executive Board – business development and planning as well as strategy and its implementation at regular intervals. For transactions of fundamental importance or which have been otherwise classified as particularly significant, such as major acquisitions, disposals, capital expenditures and finance measures, the Articles of Association and Rules of Procedure stipulate that approval is required from the Supervisory Board or one of its committees. The Supervisory Board, taking into account the external auditors and the audit reports submitted by them as well as the proposals of the Audit Committee, also undertakes a detailed examination, as required by law, of the individual financial statements, the consolidated financial statements and combined management report of Bilfinger SE and the Group, the non-financial report and the non-financial declaration as well as of the proposal of the Executive Board on the appropriation of profits. Within the scope of its responsibilities, the Supervisory Board also monitors the company's compliance with legal provisions, official regulations and internal guidelines. In general, it receives reports from the Executive Board at regular intervals on issues provided for by law and other relevant topics. The information and reporting obligations of the Executive Board to the Supervisory Board, its committees and – between Supervisory Board meetings – to the Chairman of the Supervisory Board were defined in greater detail by the Supervisory Board in an information regulation.

The Supervisory Board executes its tasks in accordance with legal requirements, the Articles of Incorporation, its Rules of Procedure and its resolutions. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board. To prepare the Supervisory Board meetings, separate preparatory meetings of the shareholder and employee representatives are held as required. The Supervisory Board meets regularly on relevant topics, also without the Executive Board. The resolutions of the Supervisory Board are made primarily in Supervisory Board meetings but can also be made in written procedures or through other methods of communication. Insofar as nothing else is compulsory under the law, Supervisory Board resolutions require the simple majority of votes cast. In the event of a tied vote and a renewed voting which also leads to a tied vote, the Chairman of the Supervisory Board has a casting vote. In financial year 2021, 12 meetings (thereof four extraordinary meetings) of the Supervisory Board took place.

Each member of the Supervisory Board must disclose conflicts of interest to the Supervisory Board. Information on conflicts of interest that have arisen and how they are dealt with is provided in the Report of the Supervisory Board. Special on-boarding events are held for new Supervisory Board members to familiarize them with the company's business model and the structures of the Bilfinger Group. Further information on support for Supervisory Board members during their induction and on training and development measures can be found in Chapter *A.3 Report of the Supervisory Board*.

The Supervisory Board evaluates the efficiency of its activities and those of its committees either internally or with the support of external consultants on a regular basis or at least every two years. In reporting year 2021, the Supervisory Board conducted a self-assessment with the support of ECBE - European Center for Board Efficiency GmbH as an external, independent consultant. This assessment covered all key aspects of the Supervisory Board's work, including its committees, using an online questionnaire. The results of the review, which the Supervisory Board dealt with in depth at its meeting on November 9, 2021, revealed a positive to very positive opinion on all topics. Specific comments and suggestions as well as recommendations for action are continuously implemented. Potential for further optimization of the work in the plenum and the committees in individual areas was identified and relevant measures were initiated. The next self-assessment of the Supervisory Board and its committees is scheduled for financial year 2023.

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

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

Supervisory Board committees

In order to enhance the efficiency of its activities, the Supervisory Board in the reporting year formed a Presiding Committee, an Audit Committee, a Nomination Committee, a Strategy Committee and, since January 8, 2021, on a temporary basis, a Special Committee. With the exception of the Nomination Committee, all committees have equal representation.

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

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

Presiding Committee of the Supervisory Board

The Presiding Committee of the Supervisory Board, consisting of four members, includes Dr. Eckhard Cordes (Chairman of the Presiding Committee), Mr. Stephan Brückner (Deputy Chairman of the Presiding Committee), Dr. Bettina Volkens (since April 15, 2021; until April 15, 2021, Dr. Ralph Heck) and Mr. Rainer Knerler. The main tasks of the Presiding Committee include, in particular, regulating the personnel issues of the Executive Board and its remuneration, unless the provisions of the German Stock Corporation Act and the GCGC stipulate that they are to be regulated by the plenum of the Supervisory Board, as well as conflicts of interest. In particular, the Presiding Committee submits proposals for the appointment and dismissal of Executive Board members, including remuneration and changes to remuneration, and is responsible for concluding, amending, extending and terminating employment contracts with members of the Executive Board, unless the Supervisory Board is mandatorily responsible. When making proposals for the appointment of members of the Executive Board, the Presiding Committee pays attention in particular to compliance with the requirements profile and diversity concept defined by the Supervisory Board for the Executive Board, including the defined target for the proportion of women on the Executive Board (see the following section *Joint diversity concepts and competence profiles for the cooperation between the Executive and Supervisory Boards and long-term succession planning*), as well as long-term succession planning and diversity. In this context, relevant resolutions of the Supervisory Board are prepared and recommendations for important resolutions are submitted to the Supervisory Board. In financial year 2021, 11 meetings (thereof four extraordinary meetings) of the Presiding Committee took place.

Audit Committee

The Audit Committee, consisting of four members, includes Mr. Frank Lutz (Chairman of the Audit Committee), Ms. Vanessa Barth (since April 15, 2010; until April 15, 2021, Ms. Susanne Hupe) (Deputy Chairwoman of the Audit Committee), Dr. Roland Busch (since April 15, 2021; until April 15, 2021, Ms. Dorothée Deuring) and Mr. Jörg Sommer. In the reporting year, the Committee was composed of two independent members, Mr. Frank Lutz as Chairman and Dr. Roland Busch who, in accordance with Section 100 Subsection 5 of the German Stock Corporation Act (AktG), have expert knowledge in the areas of accounting and auditing and have particular experience in the application of internal control procedures due to their training and previous activities, including as CFO and in other audit committees.

The Audit Committee deals, among other things, with questions of accounting and the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system, the internal auditing system and compliance as well as with the audit of the consolidated financial statements. It is responsible for the preliminary audit of the annual and consolidated financial statements and the combined management report of Bilfinger SE and the Group. On the basis of the auditor's report on the audit of the financial statements, the Audit Committee submits proposals for the adoption of the annual financial statements of Bilfinger SE and approval of the consolidated financial statements by the Supervisory Board following its own preliminary review. The Audit Committee is responsible for discussing the quarterly statements and the half-year financial report with the Executive Board and the auditors, and for dealing with the auditors' reports on the review of the consolidated half-year financial statements and the interim Group management report. It deals with the selection and the independence of the auditor, issues the audit assignment for the annual financial statements and the consolidated financial statements to the auditor elected by the Annual General Meeting, makes a fees agreement with the auditor and also reviews the additional services provided by the auditor as well as the quality of the audit. The Audit Committee is also responsible for Environmental, Social and Governance (ESG) and sustainability. In financial year 2021, five meetings of the Audit Committee took place.

Nomination Committee

In accordance with the recommendation of the GCGC, the Supervisory Board also established a Nomination Committee consisting exclusively of shareholder representatives. The Nomination Committee, which has three members, includes Dr. Eckhard Cordes (Chairman of the Nomination Committee), Mr. Robert Schuchna and Mr. Frank Lutz. The committee proposes suitable candidates to the Supervisory Board for its proposals to the Annual General Meeting for the election of shareholder representatives to the Supervisory Board. On top of the necessary knowledge, skills and professional experience of the proposed candidates, the Committee gives due consideration to the objectives designated by the Supervisory Board for its composition and the adopted diversity concept, including in particular independence and diversity, while at the same time striving to meet the competence profile. Attention is also paid to the appropriate participation of women and men in accordance with the statutory requirements on gender quotas and ensuring that members of the Supervisory Board as a whole are familiar with the sector in which the company operates. The committee convened twice in the 2021 reporting year.

Strategy Committee

The Strategy Committee, consisting of six members, includes Dr. Eckhard Cordes (Chairman of the Strategy Committee), Mr. Stephan Brückner (Deputy Chairman of the Strategy Committee), Mr. Werner Brandstetter (since April 15, 2021; until April 15, 2021, Ms. Susanne Hupe), Mr. Rainer Knerler, Mr. Robert Schuchna, and Mr. Frank Lutz (since April 15, 2021; until April 15, 2021, Dr. Ralph Heck). It accompanies the corporate strategy and Group organization (with the exception of personnel issues), including their fundamental implementation. In this context, the Strategy Committee prepares any potential resolutions of the Supervisory Board and should formulate relevant recommendations for the Supervisory Board. In addition, it has responsibility for decisions on assigned legal business and transactions that require approval. The committee convened seven times in the 2021 reporting year (thereof two extraordinary meetings).

Special Committee

The Supervisory Board formed a Special Committee of the Supervisory Board for current special projects with effect from January 8, 2021. The Special Committee consists of four members and has equal representation. The members of the Special Committee are Mr. Frank Lutz (Chairman of the Special Committee), Ms. Vanessa Barth (since April 15, 2021; until April 15, 2021, Dr. Janna Köke), Mr. Rainer Knerler and Mr. Robert Schuchna. The Special Committee is responsible for monitoring special projects as they arise and preparing relevant topics and resolutions for the full Supervisory Board. The Special Committee did not hold any regular meetings in financial year 2021; instead, it coordinated issues relating to current special projects as and when required. The work of the Special Committee was initially suspended in mid-2021 and has been so ever since.

Equal participation of women and men in executive positions

In relation to the law on the equal participation of women and men in management positions in the private sector and in the civil service and its implementation in Sections 17 Subsection 2 SE Implementation Act, 76 Subsection 4 and 111 Subsection 5 of the German Stock Corporation Act (AktG), Bilfinger has set the following targets for the period until December 31, 2023, and achieved the following status with regard to the targets set as of December 31, 2021.

Management levels 1 and 2 below the Executive Board include employees who, according to the company's internal definition, fall under management levels 1 and 1a or management level 2. The Executive Board had decided to achieve a target of 10 percent women in management levels 1 and 2 of Bilfinger SE by December 31, 2023.

On November 26, 2020, the reporting date for the definition of the target figure, this proportion was 8 percent in management level 1 and nearly 5 percent in management level 2. As of December 31, 2021, the proportion of women in management level 1 was 6 percent, while in management level 2 it was 8 percent.

As of December 15, 2020, the Supervisory Board set a target for the proportion of women on the Executive Board of 30 percent by December 31, 2023, i.e., at least one woman on the Executive Board consisting of three members. Since December 1, 2018, Christina Johansson has been a member of the Executive Board, which means that the requirement was met as of the balance sheet date of December 31, 2021.

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

For the Supervisory Board, a minimum requirement as of December 31, 2021, remains the statutory gender quota of a 30 percent share of women and men. This requirement has been fulfilled with a share of women in the Supervisory Board of 33 percent (four women, eight men) as of the balance sheet date December 31, 2021.

Joint diversity concepts and competence profiles for the composition of the Executive and Supervisory Boards and long-term succession planning

Pursuant to Sections 289f Subsection 2 No. 6, 315d Sentence 2 HGB, Bilfinger SE shall report on the diversity concept it follows for the composition of the Executive Board and Supervisory Board, its objectives, the form of its implementation and the results achieved in the reporting year. The Supervisory Board has combined the diversity concept with the requirements of the German Act on Equal Participation of Women and Men in Executive Positions and the targets defined in the fulfillment of relevant targets for the composition of the boards in the overall skills and requirements profile for the Executive Board and the Supervisory Board described below. These serve as the basis for long-term succession planning.

Executive Board

With regard to the composition of the Executive Board, the Supervisory Board has adopted a diversity concept integrated into an overall requirements profile. The objective of the requirements profile for the Executive Board of Bilfinger SE is to ensure that the composition of a strong Executive Board is as diverse and complementary as possible. When selecting members of the Executive Board, the Supervisory Board considers their personal suitability, leadership qualities, international experience and integrity, as well as their professional qualifications. Diversity is an important selection criterion when filling Executive Board positions, also with regard to aspects such as age, gender as well as educational and professional background. As part of its decisions in the filling of Executive Board positions, the Supervisory Board also considers the following aspects, whereby the Supervisory Board, as well as the Presiding Committee, primarily consider the fulfillment of the following requirements profile including a diversity concept, whereby the Supervisory Board in the filling of a specific Executive Board position always gives weight to the circumstances of each individual case and is guided by the interests of the company. The Supervisory Board considers the following aspects in particular when selecting the members of the Executive Board:

- The members of the Executive Board should have specific specialist knowledge and many years of leadership and management experience, including in large corporations or groups, and, if possible, possess knowledge and experience from different educational and professional backgrounds.
- In view of the international structure and orientation of the company, the composition of the Executive Board should take into account an international character, also in the sense of different cultural backgrounds or international experience gained through several years spent abroad, whereby, if possible, at least one member of the Executive Board should be of international origin.

- The Executive Board as a whole should have experience in the business sectors of importance to Bilfinger SE, in particular the process industry. Furthermore, the Executive Board in its entirety should have many years of experience in the areas of technology, services, compliance, finance and personnel management.
- Integrity should be a high priority for each individual Executive Board member.
- The Supervisory Board has defined a target for the proportion of women in the Executive Board. This is described in the section *Equal participation of women and men in executive positions* and is taken into account when filling Executive Board positions.
- In accordance with the recommendation of the GCGC, the Supervisory Board has defined an age limit for members of the Executive Board at the age of 67, which is the statutory retirement age. Deviations from the age limit in individual cases are to be justified. Regardless of this rule, the Supervisory Board pays attention to a sufficient mix of ages among the members of the Executive Board.

Implementation of the requirements profile including the diversity concept for the Executive Board

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

The composition of the Executive Board as of December 31, 2021, meets the requirements of the requirements profile, including the diversity concept, even considering the composition of two members in the reporting year. The two members of the Executive Board have a broad spectrum of knowledge and experience as well as educational and professional backgrounds and possess international experience. Brief curricula vitae of the current members of the Executive Board can be found in Chapter *A.2 Executive Board of Bilfinger SE* and are available on the company's website at https://www.bilfinger.com/en/about-us/management/executive-board/. It can be seen from this that the Executive Board of Bilfinger SE even with two members has a diverse and experienced composition. The members of the Executive Board have many years of management experience, including in international groups, and bring with them experience from various careers. The Executive Board has the knowledge and experience considered essential in light of the services that Bilfinger provides, including personnel expertise. Mr. Hall has a professional background in the process industry with a focus on the oil and gas sector. Ms. Johansson, as an experienced financial expert, has many years of experience in the field of finance. Compliance and integrity are a top priority for all members of the Executive Board. No Executive Board member has reached the age of 67 and there is sufficient diversity among the Executive Board members.

With due consideration given to the requirements profile including the diversity concept, the Supervisory Board of Bilfinger SE appointed Dr. Thomas Schulz as Chairman of the Executive Board on November 9, 2021, with effect from March 1, 2022. Through him, the requirements profile will be met to an even greater extent and the Executive Board will be strengthened by his skills and experience. Dr. Schulz has many years of international management experience in listed industrial groups and in business areas that are important for Bilfinger, and particular expertise in the sustainable positioning of energy-intensive industries – an important sector for Bilfinger in the future.

Succession planning for the Executive Board

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

Supervisory Board

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

Pursuant to Recommendation C.1 of the GCGC, the Supervisory Board should name specific targets for its composition and develop a competence profile including the diversity concept for the entire committee. For its composition, it is expected that, within the framework of the specific company situation, the international activities of the company, potential conflicts of interest, the number of independent members of the Supervisory Board, an age limit that is to be defined for members of the Supervisory Board and a standard time limit for membership of the Supervisory Board as well as diversity will all be appropriately considered. In addition to an appropriate consideration of women, this also includes diversity in terms of cultural origin, educational and professional backgrounds as well as experience and ways of thinking. The GCGC also recommends that proposals from the Supervisory Board to the Annual General Meeting take these objectives into consideration and, at the same time, that the fulfillment of the competence profile for the full Supervisory Board should be pursued. The status of the implementation shall be published in the declaration of corporate governance.

Against this backdrop, the Supervisory Board, within the framework of the specific situation of the company, has defined the following goals for its composition, including the competence profile and diversity concept:

Competence profile

- Integrity should be a high priority for each individual Supervisory Board member.
- At least two members should, as a result of their international experience, embody to a significant extent the criterion of internationality.
- Ideally, three members should have detailed knowledge and experience gained within the company itself.
- While at least one independent member of the Supervisory Board is required to have special knowledge and experience in the field of accounting and at least one other member of the Supervisory Board is required to have expertise in the field of auditing, at least two others are required to have special knowledge and experience in business administration.
- At least two members should possess particular experience from leading positions in industrial or services companies.
- The Supervisory Board should, if possible, have, as representatives of the shareholders, three entrepreneurs or personalities who have already acquired experience in the management or monitoring of another medium-sized or large company.
- The members should, as a whole, be familiar with the sector in which the company operates.
- In their entirety, members of the Supervisory Board should have different educational levels, professional and socio-economic backgrounds as well as geographic presences.

Independence

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

- No member should exercise a management or consulting function for a significant competitor of the company. In addition, they should have no consulting or management function for clients, suppliers, creditors or other business partners, nor should they hold any position which could lead to a conflict of interest.

Age limit and term of office

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

Diversity

- Overall, the members should represent a sufficient degree of diversity. In this regard, this diversity concept is to be taken into consideration for a correspondingly diverse composition.
- The Supervisory Board should have a balance of male and female members; in this regard, the statutory minimum number of women and men is to be observed.

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

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

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

In the opinion of the Supervisory Board, its current composition satisfies the objectives of the composition and, in particular, also satisfies the competence profile and the diversity concept. The members of the Supervisory Board have the professional and personal qualifications deemed necessary. In addition, they are in their entirety familiar with the sector in which the company operates and have the knowledge, skills and professional experience essential for Bilfinger to properly perform their duties.

The current composition as well as length of service of the Supervisory Board and the committees can be seen in Chapter *D.4 Boards of the company*. The CVs of current members of the Supervisory Board are available on the company's website under https://www.bilfinger.com/en/about-us/management/supervisory-board/. It can thus be seen from this information on the members that the Supervisory Board has a very diverse composition. In their entirety, members of the Supervisory Board have different educational levels, professional and socio-economic backgrounds as well as geographic presences. In the 2021 financial year, the Supervisory Board had four female members (until April 15, 2021, five), two of them on the shareholder representative side and two on the employee representative side. This corresponds to a proportion of female members on the Supervisory Board of 33 percent.

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

In the assessment of the shareholder representatives on the Supervisory Board, the appropriate number of independent shareholder representatives in the Supervisory Board under consideration of the ownership structure is four. All shareholder representatives, in particular Dr. Roland Busch, Dr. Silke Maurer (from April 15, 2021; until April 15, 2021, Ms. Dorothée Deuring), Mr. Frank Lutz and Dr. Bettina Volkens are classified by the Supervisory Board as independent as defined by the GCGC, i.e., independent of the company, the Executive Board and any controlling shareholder. As a correspondingly independent member, Mr. Frank Lutz also serves as Chairman of the Audit Committee. In this context, all shareholder representatives are further classified as independent of the company and the Executive Board. Given that the Supervisory Board does not regard mere employee status or an existing employment relationship as grounds for excluding independence, four employee representatives in particular, Ms. Agnieszka Al-Selwi, Ms. Vanessa Barth, Mr. Werner Brandstetter and Mr. Jörg Sommer, are also classified as independent of the company and the Executive Board, whereby all employee representatives are considered to be independent of any controlling shareholder. No member of the Supervisory Board was previously a member of the Executive Board. The company also has no controlling shareholder within the meaning of the GCGC in conjunction with the German Stock Corporation Act. Even if Bilfinger's major shareholder Cevian were to be considered accordingly, at least the four aforementioned shareholder representatives on the Supervisory Board, Dr. Roland Busch, Dr. Silke Maurer (from April 15, 2021; until April 15, 2021, Ms. Dorothée Deuring), Mr. Frank Lutz and Dr. Bettina Volkens, as well as the employee representatives would also be considered independent in this respect.

Not least, no member of the Supervisory Board should exercise a management or consulting function for a significant competitor of the company.

Shareholders and the Annual General Meeting

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

Pursuant to Section 1 (2) of the Act on Measures in Corporate, Cooperative, Association, Foundation and Condominium Law to Combat the Effects of the COVID-19 Pandemic of March 27, 2020, (Federal Law Gazette I No. 14 2020, p. 570), the validity of which was prolonged by the Ordinance on the Extension of Measures in Corporate, Cooperative, Association and Foundation Law to Combat the Effects of the COVID-19 Pandemic of October 20, 2020, (Federal Law Gazette I No. 48 2020, p. 2258) was extended until December 31, 2021, the Annual General Meeting on April 15, 2021, was held as a virtual Annual General Meeting without the physical presence of shareholders or their proxies, but with the possibility of participation by means of electronic communication, due to the special circumstances of the COVID-19 pandemic.

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

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

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

Financial loss liability insurance

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

Mannheim, March 8, 2022

Bilfinger SE

The Executive Board The Supervisory Board

A.5 Bilfinger in the capital market

The Bilfinger share in stock market year 2021

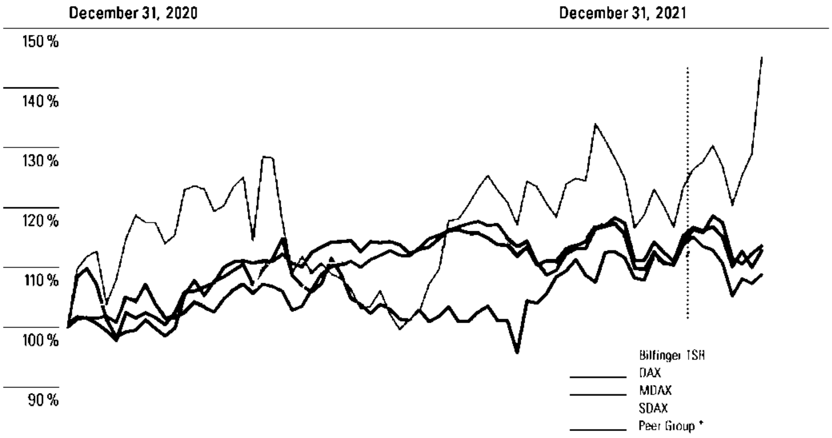
Despite the ongoing COVID-19 pandemic, rising inflation rates and increasing supply chain bottlenecks, the stock market year 2021 was, generally speaking, one of recovery. The German share indices DAX, MDAX and SDAX all set new highs, peaking in mid-November 2021. Overall, the DAX, MDAX and SDAX thus recorded significant gains. The DAX closed out the trading year with a gain of around 16 percent, the MDAX was up about 14 percent and the SDAX gained around 11 percent. Since September 20, 2021, the DAX has consisted of 40 companies, while the number of companies listed in the MDAX was reduced to 50. The Bilfinger share continues to be listed on the SDAX index of Deutsche Börse.

Internationally active, listed companies in the industrial services sector also initially profited from the recovery in the market climate. The Bilfinger share started the new year on the basis of the closing price of €25.86 on December 30, 2020, and in the first months of 2021 it was trading with gains that were significantly higher than the indices. This advantage dissipated at the beginning of May, however, and the share price fell back to the level of its peers, reaching its lowest price for the year of €23.20 on July 19, 2021. Thereafter, however, Bilfinger's share price once again began to outperform the indices and peer companies. Contributing to the growing confidence of the capital market, in addition to the strong business performance and the associated increase in the earnings forecast for 2021, was the decision communicated on August 11, 2021, on the use of the available surplus capital. The proposal to the 2022 Annual General Meeting calls for a special dividend of €3.75 to be paid in addition to the regular dividend of €1.00, and for the authorization to buy back shares. A corresponding program with a volume of up to €100 million will be initiated as soon as approval is received.

Bilfinger's share price reached its high for the year of €32.94 on November 5, 2021, and traded at a level of around €30 per share until the end of the year. The closing price of the share on December 31, 2021, was €29.90, corresponding to a year-on-year increase of 23 percent.

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

RELATIVE PERFORMANCE OF SHARES
1 YEAR



* Weighted index of peer group companies by market capitalization (Fluor, KBR, Matrix Services, Mistras, Petrofac, Spie, Team, Wood Group, Worley Parsons) as of December 31, 2020, for the period from January 1, 2021, to February 16, 2021. Weighted index of peer group companies by market capitalization from February 17, 2021 (Fluor, KBR, Matrix Services, Mistras, Petrofac, Spie, Team, Technip Energies, Wood Group, Worley Parsons)

KEY FIGURES ON OUR SHARES

	2017	2018	2019	2020	2021
in € per share					
Earnings[1]	-2.01	-0.59	0.60	2.47	3.19
Adjusted earnings[2]	-0.19	0.87	1.23	-0.20	2.19
Cash flow per share	-2.71	1.21	2.74	2.99	2.76
Dividend[3]	1.00	1.00	0.12	1.88	1.00
Special dividend[3]					3.75
Dividend yield[4]	2.5%	3.9%	0.3%	7.3%	15.9%
Highest price	40.72	46.58	34.58	34.50	32.94
Lowest price	32.89	25.08	22.00	13.06	23.20
Year-end price	39.57	25.48	34.58	25.86	29.90
Book value[5]	32.65	30.24	28.92	30.01	31.66
Market value / book value[4,5]	1.2	0.8	1.2	0.9	0.9
Market capitalization in € million[4,7]	1,749	1,126	1,529	1,143	1,227
SDAX weighting [6,8]	2.6%	1.5%	1.7%	1.1%	0.8%
Price-to-earnings ratio[4,9]	-208.26	29.29	28.11	-129.30	13.65
Number of shares (in thousands)[6,7]	44,209	44,209	44,209	44,209	41,037
Average XETRA daily volume (no. of shares)	208,084	166,739	153,241	168,876	115,571

Unless stated otherwise, all information relates to continuing operations.
All price details refer to XETRA trading.
1 Includes continuing and discontinued operations
2 Includes only continuing operations. Adjusted for special items. Explanation: see Chapter B.2.2 Results of operations, adjusted earnings per share. Also adjusted for amortization of intangible assets from acquisitions and goodwill. In addition, the tax rate was normalized to 31%, from 27% in 2019.
3 Intended dividend proposal, subject to a corresponding resolution from the Annual General Meeting
4 Based on the year-end closing price
5 Balance sheet shareholder's equity excluding minority interest
6 Based on year-end
7 Including treasury shares
8 SDAX with 70 companies since 2018
9 Based on adjusted earnings per share

BILFINGER SHARE

ISIN / stock exchange symbol	DE0005909006 / GBF
WKN	590 900
Main listing	XETRA / Frankfurt
Deutsche Börse segment	Prime Standard
Share indices	SDAX, DAXsubsector Industrial Products & Services Idx., Euro STOXX

Shareholder structure

At the beginning of financial year 2021, the number of outstanding shares was 44,209,042. This number decreased, however, to 41,037,328 shares on November 9, 2021, due to the cancellation of treasury shares representing 7.17 percent of the shares issued. As a result, the remaining treasury shares amounted to 0.78 percent at the end of the year. The largest shareholder is Cevian Capital with a reported 26.67 percent of outstanding shares. The second largest shareholder is ENA Investment Capital LLP with a reported holding of 12.00 percent.

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

Dividend policy

Bilfinger pursues a sustainable dividend policy with the objective of allowing shareholders to participate appropriately in the Group's success. Due to the high levels of gross liquidity resulting from the sale of our stake in Apleona, the Executive Board and Supervisory Boards will propose a special dividend of €3.75 per share to shareholders at the 2022 Annual General Meeting, in addition to the regular dividend of €1.00 per share. In relation to the share price at the end of 2021, this represents a dividend yield of 15.9 percent.

Our dividend policy targets the payment to our shareholders of between 40 and 60 percent of adjusted net profit, depending on the foreseeable medium-term development of the company.

Communication with the capital market

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

Despite the limitations imposed by the COVID-19 pandemic, dialogue with investors and analysts continued to be maintained to a great extent, primarily through virtual meetings. These talks, many of which were conducted with the participation of the Executive Board, totaled over 141 individual contacts with more than 70 different institutions over the entire year.

Annual General Meeting 2021

Due to the impact of the COVID-19 pandemic, the Annual General Meeting of Bilfinger SE on April 15, 2021, was once again held as a virtual Annual General Meeting without the physical presence of shareholders.

Around 54 percent (previous year: 47 percent) of the share capital was represented at the Annual General Meeting as defined by the Articles of Incorporation. All agenda items were adopted in line with management's intentions.

The opportunity to pose questions to the Executive Board and Supervisory Board in advance was again widely used at the virtual Annual General Meeting 2021. A total of 100 questions were submitted on time, and all questions were answered by the Executive Board and Supervisory Board.

Corporate bond and S&P credit rating

The corporate bond issued in June 2019 with a volume of €250 million carries an annual interest coupon of 4.5 percent. The Bilfinger bond closed out the 2021 market year at 107.61 percent, significantly above the level of the previous year (105.42 percent).

Currently, the rating agency Standard & Poor's gives Bilfinger a credit rating of BB, stable outlook. In May, the rating was raised from BB- to BB.

BILFINGER BOND 06/2024

ISIN / stock exchange symbol	DE000A2YNQW7
WKN	A2YNQW
Listing	Luxembourg (official trading)
Issue volume	€250 million
Interest coupon	4.500%
Maturity	June 14, 2024
Year-end closing price (Bloomberg)	107.61

B Combined management report

B.1 The Bilfinger Group

B.1.1 Business model

Bilfinger is an internationally active industrial services provider. The objective of our business activities is to enhance the efficiency of plants in the processing industry, to secure high availability, to lower emissions and to reduce maintenance costs. In this context, the organization of customers' sustainable production processes is becoming increasingly important. Bilfinger's portfolio covers the value chain from consulting, engineering, manufacturing, construction and maintenance through to the expansion of plants and turnarounds. Services also include environmental technologies and digital applications.

B.1.2 Legal form and management

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

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

B.1.3 Organization, strategy and objectives

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

The operating companies deliver their services for the most part in customers' plants. The business processes are therefore largely organized in a decentralized manner and this also applies to sales structures and procurement markets. In order to continuously improve process and cost efficiency, Bilfinger implements general business development concepts in relevant positions in the sales area. Central instruments also play an important role in procurement. Such instruments include the bundling of buying processes and the use of e-procurement platforms.

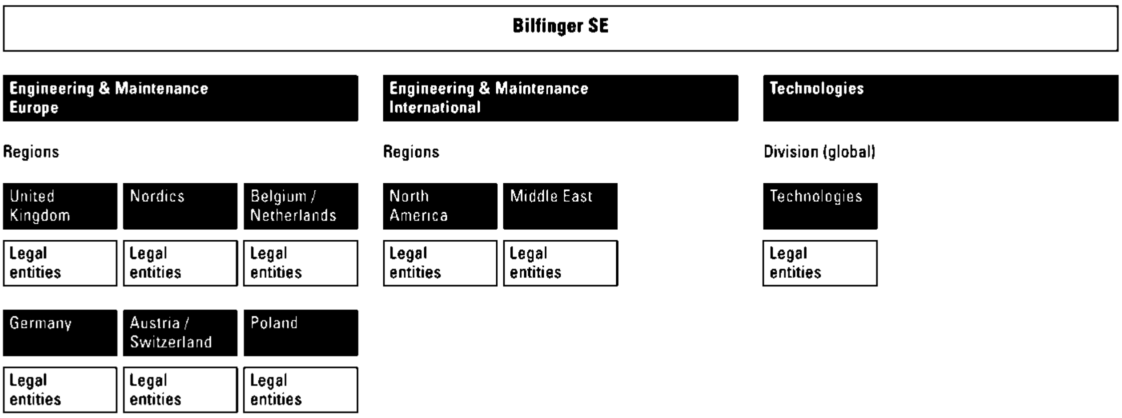
Input factors for the business are quantified in Chapter *B.2.4 Financial position – origin and distribution of value creation*. With a comprehensive range of services for plants in the process industry, an organizational structure that is aligned with the needs of our customers and the focus on defined customer industries, the foundation for the successful development of the company is created. Information on research and development activities is included in Chapter *B.2.7 Innovation (research and development report)*.

Service lines, core regions and industries

Bilfinger delivers its services in the service lines Engineering & Maintenance as well as Technologies. Activities are concentrated on the core regions of Europe, the Middle East and North America, and on defined core industries: The Group has exceptional competences and particularly strong customer relationships in the industrial sectors chemicals & petrochemicals, energy & utilities as well as oil & gas, which account for the majority of revenue. Bilfinger also focuses on the pharma & biopharma industry and is active in the metallurgy and cement sectors.

Reportable segments

REPORTABLE SEGMENTS FINANCIAL YEAR 2021



Bilfinger reports on business development in 2021 in the three segments Engineering & Maintenance Europe, Engineering & Maintenance International and Technologies. The range of services in the two Engineering & Maintenance segments is offered locally and includes services for the maintenance, engineering, extension, new construction and operation of industrial plants – all from a single source. While the majority of revenue in the Engineering & Maintenance business is generated from service and framework agreements, the Technologies segment is almost entirely dominated by project orders. The most important pillars are projects and components for the nuclear industry and biopharmaceutical plants.

Engineering & Maintenance Europe

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

Engineering & Maintenance International

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

Technologies

Activities in the Technologies segment are positioned globally and there is a Group-wide coordination of market development. The range of products and services offered by the prevailing project business is characterized by technological expertise in the nuclear and biopharmaceutical markets, both of which are growth areas for the Group.

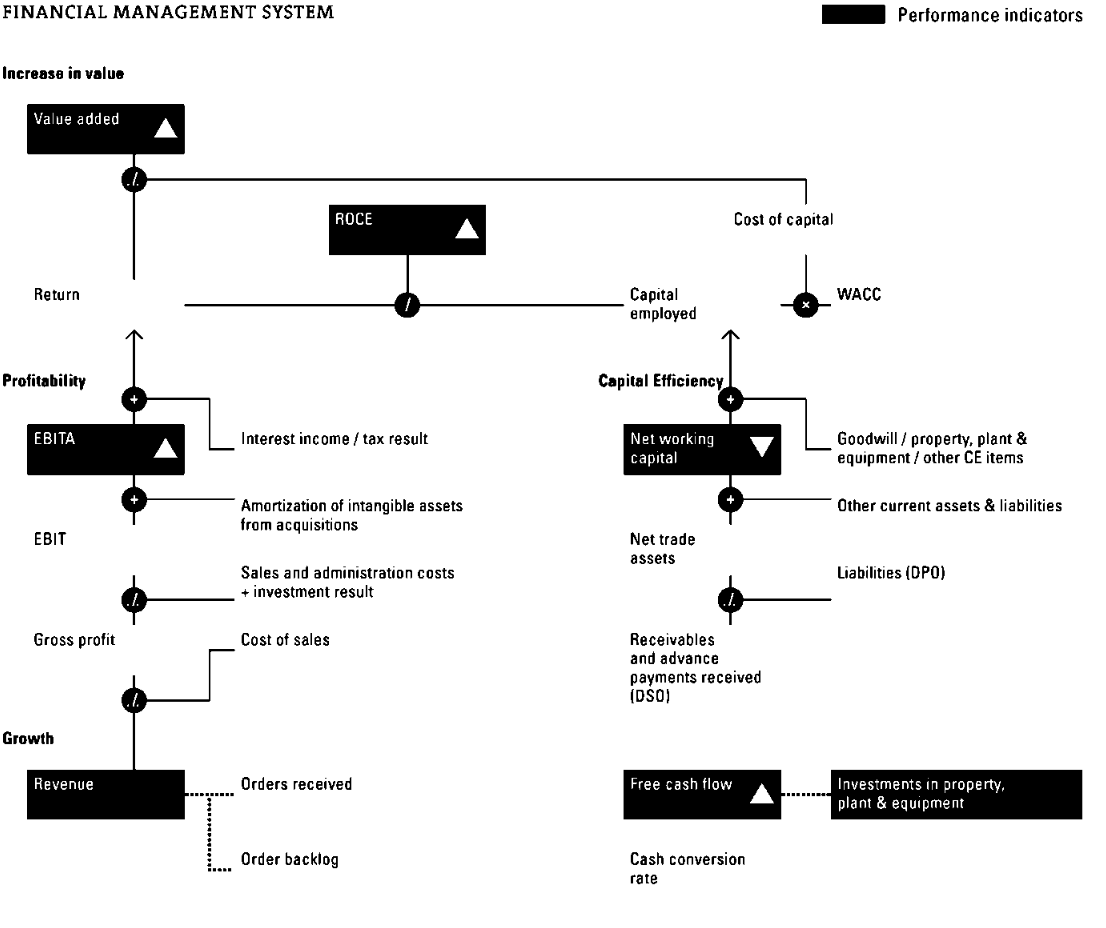
Other Operations

Bilfinger reports on operating units that are active outside the defined business segments, regions and industries under Other Operations. These units are not part of the strategic regional and technological positioning of the Group; they will be managed independently for value until a suitable owner has been found. Other Operations consisted of three individual entities as of January 1, 2021. The selling process for one of these companies was completed in the course of 2021 so that two companies remain in Other Operations at the end of the year.

B.1.4 Financial management system

The key financial management metrics for financial year 2021 include figures for growth, profitability, capital efficiency as well as for liquidity and capital structure. Revenue, EBITA, adjusted EBITA, return on capital employed (ROCE) and free cash flow serve as the most important key figures for financial management.

FINANCIAL MANAGEMENT SYSTEM



Simplified presentation

B.1.4.1 Growth

Revenue

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

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

B.1.4.2 Profitability

EBITA / adjusted EBITA

The indicator of operating profit of the corporate units and of the Group, and thus the measure of earnings for segment reporting, is 'earnings before interest, taxes and amortization' (EBITA).

Against the background of the ongoing transformation process, Bilfinger continues to focus on 'adjusted EBITA' – or EBITA adjusted for special items – in financial year 2021. For better comparability of operating performance over time, special items are eliminated. These include gains on disposals, restructuring measures as well as expenses in connection with the further development of the IT landscape and the compliance system. In view of the advanced stage of the transformation, these special items declined as planned in financial year 2021, so that from financial year 2022 onwards reported EBITA will serve as the primary measure of operating profit.

Net profit

Net profit consists of operating profit plus / minus amortization of intangible assets from acquisitions, financial income and expense and taxes. Also with regard to net profit we made reference to *adjusted net profit* in the reporting year with adjustments made for the above-mentioned special items as well as for amortization of intangible assets from acquisitions. In addition, a normalized tax rate is assumed here.

When it comes to net profit, as is the case with EBITA, we will also consider the reported figure as the main indicator from financial year 2022.

B.1.4.3 Capital efficiency

Free cash flow / adjusted free cash flow / net working capital

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

Also in the reporting year, adjusted free cash flow was considered at Group level. As described above, it is calculated on the basis of cash inflow from operating activities less net investment in property, plant and equipment under adjustment for special items. These special items logically correspond to the approach taken in EBITA.

Investments

Although compared with some industries the Group's business is not very capital intensive, planned additions to property, plant and equipment are subject to intensive investment controlling.

B.1.4.4 Value enhancement

Value added and ROCE

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

B.1.4.5 Capital structure and liquidity

Net debt and dynamic gearing ratio

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

Note on pro-forma key figures / alternative performance measures

As explained, in addition to the key performance indicators prepared in accordance with IFRS, Bilfinger also reports pro-forma key figures. These alternative performance measures include reported EBITA, adjusted EBITA, EBITA margin, adjusted EBITA margin, adjusted earnings per share, adjusted net profit, adjusted cash flow from operating activities and adjusted free cash flow. They are not within the scope of, and are not subject to, financial reporting requirements.

Pro-forma key figures are to be seen as a supplement, but not as a substitute for the disclosures required by IFRS and are based on the definitions set out in this Annual Report. They are used for management purposes because they are based on purely operational development and therefore offer a considerable degree of transparency as relates to the actual business development of the Group. At the same time, a perspective that includes special items is also reported.

The quantitative reconciliation of the special items in the earnings key figures is explained in Chapter *B.2.2 Results of operations*; the quantitative reconciliation of the special items in cash flow figures is explained in Chapter *B.2.4 Financial position*.

Other companies may calculate these key figures differently.

B.2 Economic report

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

PLAN / ACTUAL COMPARISON	Actual 2021	Forecast Interim Report H1 2021	Forecast Annual Report year-end 2020	Actual 2020
Revenue				
Group	€3,737.4 million	significant growth	significant growth	€3,461.0 million
Engineering & Maintenance Europe	€2,517.7 million	significant increase	significant increase	€2,220.6 million
Engineering & Maintenance International	€553.3 million	significant growth	significant growth	€521.2 million
Technologies	€559.9 million	significant increase	significant increase	€498.0 million
EBITA adjusted				
Group	€137.2 million	substantial improvement	substantial improvement	€19.8 million
Engineering & Maintenance Europe	€130.7 million	significant improvement	significant improvement	€68.9 million
Engineering & Maintenance International*	-€13.9 million	significant improvement to a positive result	significant improvement to a positive result	-€20.8 million
Technologies	€20.3 million	significant improvement to a clearly positive result	significant improvement to a clearly positive result	-€10.5 million
Net profit	€129.5 million	positive, but below prior-year figure	positive, but below prior-year figure	€99.4 million
Adjusted net profit from continuing operations	€89.0 million	significant improvement	significant improvement	-€8.0 million
Free cash flow	€114.8 million	positive, but below prior-year figure	positive, but below prior-year figure	€93.3 million
Return on capital employed (ROCE)	7.4%	lower figure (after taxes)	lower figure (after taxes)	6.9%

* The outlook for Engineering & Maintenance International was adjusted on November 11, 2021 in the course of reporting on the third quarter of 2021. Because progress in volumes and project execution in North America was slower than expected, an improvement compared with the prior year was still expected, although at a negative level. This adjustment had no impact on the Group's overall outlook because the the decrease at Engineering & Maintenance International was offset by positive developments in the other segments.

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

With the figures achieved in 2021, Bilfinger again delivered on its full-year outlook and has thus left behind the years of transition and major restructuring.

On the heels of the restrictions inflicted in the previous year by the COVID-19 pandemic and the volatile development of the oil price, business recovered as expected in the reporting year. We saw especially profitable growth in our engineering and maintenance activities in our European markets and in our nuclear and biopharmaceuticals businesses.

At the end of the year we met or even exceeded the forecasts made in the Annual Report 2020 and the 2021 half-year report, supported by one-time effects: Net income, free cash flow and return on capital employed (ROCE) were higher than initially forecast. There was an adverse deviation from our forecast in the Engineering & Maintenance International segment, where the earnings forecast was adjusted in November 2021. As progress in volumes and project execution in North America was slower than expected, an improvement on the prior year was still expected, albeit with a continuing negative figure. This adjustment had no impact on the Group's overall earnings forecast as the decline at Engineering & Maintenance International was offset by positive developments in the other segments.

Bilfinger again made significant progress toward achieving its set strategic imperatives in financial year 2021. The measures already introduced over the longer term to reduce costs and enhance agility have taken effect. As a result, we achieved an increase in capacity utilization and, subsequently, a significant improvement in our gross margin. There were positive contributions to EBITA in all four quarters of the financial year. This applies to both the adjusted and reported figures and is a clear indication that the measures taken to reduce the seasonality of earnings development are proving successful. The working capital position was also further improved. Implementation of harmonized Group-wide processes and systems was also largely completed.

In addition, the Executive and Supervisory Boards are pursuing a balanced and shareholder-friendly approach in the use of available financial resources, including the inflow of €458.4 million from the resale of Apleona, which remains in line with Bilfinger's long-standing financial policy. In October 2021, we repaid the variable-interest tranches of outstanding promissory note loans in the amount of €108.5 million ahead of schedule. These would have been due in April 2022. Furthermore, the Executive and Supervisory Boards will propose to the Annual General Meeting in May 2022 an additional distribution of €3.75 per share from Bilfinger SE's unappropriated net profit in addition to the regular dividend for the 2021 financial year. This corresponds to an additional dividend payout of approximately €150 million. Moreover, the Executive Board intends to propose to the Supervisory Board a share buyback program with a volume of up to €100 million from summer 2022. The basis for this step is a corresponding authorization that will also be put to the vote at the Annual General Meeting in May 2022.

The sound balance sheet and the expected positive free cash flow in the coming years will make it possible to invest several hundred million euros in organic growth and bolt-on acquisitions to strengthen the Group's market positions, particularly in attractive sectors and regions.

One focus in 2021 was the further development of Bilfinger's sustainability strategy. The Group has been reporting its carbon footprint for Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol since financial year 2021. In addition, we have set the goal of achieving a 'net zero' value in these categories by 2030 at the latest. We also see significant growth potential for our activities that help customers reduce their energy consumption and emissions with our sustainable industrial services.

As expected, the effects of the COVID-19 pandemic on Bilfinger's markets and business activities diminished significantly in the reporting year. The respective developments are presented in detail, specifically in Chapters *B.2.1.1 Economic environment, B.2.2 Results of operations, B.2.4 Financial position* and *B.2.3 Net assets* as well as in Chapter *B.3 Opportunity and risk report* and in Chapter *B.4 Outlook*. Government grants received in financial year 2021 (in accordance with IAS 20) are described in Chapter *C.6.3.2 Government grants and other measures in connection with the COVID-19 pandemic*.

Business development

Orders received for Bilfinger Group in 2021 increased by 8 percent (organically 9 percent) to €4,007.8 million (previous year: €3,724 million), thus exceeding the €4 billion mark. This was mainly due to good demand in our European markets. The order backlog grew organically by

12.2 percent to €2,946.3 million (previous year: €2,584.7 million), while the book-to-bill ratio of 1.07 underpins Bilfinger's growth ambitions for 2022.

Group revenue grew by 8 percent (organically 11 percent) to €3,737.4 million (previous year: €3,461.0 million). The gross margin improved to 10.4 percent (previous year: 8.6 percent), as did gross profit, which grew significantly to €387.0 million from a low level (previous year: €296.1 million). Despite top-line growth, adjusted SG&A expenses remained in the prior-year range at €285.6 million (previous year: €291.3 million). They were thus below the expected run rate of approximately €300 million, due also to one-time effects such as lower travel expenses because of COVID-19. The adjusted SG&A ratio measured against revenue was 7.6 percent (previous year: 8.4 percent).

Bilfinger increased adjusted EBITA in 2021 to €137.2 million (previous year: €19.8 million), which corresponds to an adjusted EBITA margin of 3.7 percent (previous year: 0.6 percent). A gain of €30.4 million from non-operational real estate disposals contributed to this improvement. Reported EBITA amounted to €121.2 million (previous year: -€57 million) after adjustments of -€16 million (prior year: -€76.8 million).

At Engineering & Maintenance (E&M) Europe, orders received increased by 4 percent (organically 3 percent) to €2,552 million (previous year: €2,449.0 million). Revenue increased by 13 percent (organically 12 percent) to €2,517.7 million (previous year: €2,220.6 million) and the book-to-bill ratio was above 1. The segment's adjusted EBITA improved to €130.7 million (previous year: €68.9 million), which corresponds to an EBITA margin of 5.2 percent (previous year: 3.1 percent). This reflects the progress made in improving the sales mix as well as further increasing the utilization rate.

Orders received at E&M International increased by 44 percent (organically 48 percent) to €633.9 million (previous year: €440.6 million). Revenue grew by 6 percent (organically 10 percent) to €553.3 million (previous year: €521.2 million). Adjusted EBITA remained negative at -€13.9 million (previous year: -€20.8 million) but with a positive result in the fourth quarter. Here, better capacity utilization and strategic progress toward increasing the share of service contracts as well as small and mid-sized projects are showing some effects. The adjusted EBITA margin was -2.5 percent (previous year: -4.0 percent).

In Technologies, orders received decreased by 17 percent (organically -16 percent) to €596.8 million (previous year: €718.8 million). The prior-year figure was largely supported by a higher amount in call-off orders for the Hinkley Point C nuclear power plant project in the United Kingdom. A book-to-bill ratio clearly above 1 as well as order backlog growth of 10 percent are evidence of the healthy demand experienced by this segment. Revenue increased by 12 percent (organically 14 percent) to €559.9 million (previous year: €498.0 million). The segment's adjusted EBITA was €20.3 million (previous year: -€10.5 million) and the adjusted EBITA margin improved to 3.6 percent (previous year: -2.1 percent).

Net income increased to €129.5 million (previous year: €99.4 million), driven by the improvement in EBITA and also supported by tax refunds in the amount of €46.2 million. Adjusted for special items and with the application of a normalized tax rate, adjusted net profit improved to €89.0 million (previous year: -€8.0 million).

This also had an impact on return on capital employed (ROCE), which improved to 7.4 percent (previous year: 6.9 percent).

Free cash flow of €114.7 million (previous year: €93.2 million) made further progress compared with 2020 despite a higher cash-out from special items and for investments. Cash inflows from tax refunds, particularly in December, of in total €29.0 million contributed to this number. This was in addition to inflows from real estate disposals of €56.6 million. Another major impact, however, also came from the strong development of working capital in the last quarter of 2021, with 67 days of sales outstanding (DSO) established as the new benchmark.

B.2.1.1 Economic environment

Economy as a whole

With strong growth of 5.2 percent in 2021, the euro zone economy was able to recover a substantial share of the severe prior-year recession (-6.4 percent) (DG ECFIN, p. 154, Eurostat). The recovery that began after the end of the hard lockdowns in the second quarter was driven by strong government spending, by consumers eager to spend and by surprisingly dynamic global trade. Business investment rose again strongly, increasing by 10.1 percent (DG ECFIN, p. 159). The upswing was, however, slowed by global supply bottlenecks, disruptions in international logistics chains and soaring energy and intermediate product prices. In the course of this development, there was a sharp rise in the euro inflation rate to over 4 percent.

The European Central Bank continued its highly expansionary approach with a zero interest rate policy and extensive purchases of securities, citing what it sees as only temporary inflationary pressures. Renewed high infection levels of the COVID-19 pandemic caused containment setbacks in Europe in the fall and winter and renewed revenue losses in some particularly affected service sectors. While the EU countries of Southern Europe have not yet been able to fully recover from their particularly drastic economic crash of the previous year, economic output in Eastern European countries such as Poland and Hungary is already well above the 2019 level again.

Important German industrial sectors such as automotive and mechanical engineering were particularly hard hit by supply bottlenecks, with the result that the recovery in Germany was comparatively weak, with GDP growth of 2.7 percent. Even though the recession in Germany caused by COVID-19 was less severe in 2020 with -4.6 percent than the European Union average (-5.9 percent), it was still not possible to return to the pre-crisis level (DG ECFIN, p. 154). Outside the European Union, the United Kingdom recovered more strongly with an increase of 6.9 percent, but this was set against an extremely severe prior-year recession of -9.7 percent triggered by the combination of Brexit and the pandemic, so that here, too, the pre-crisis level was not yet reached (DG ECFIN, p. 154).

The USA experienced a much milder recession than Europe in the previous year (-3.4 percent, DG ECFIN, p. 154) and recovered much more quickly from this slump. By the second quarter of 2021, economic activity was already back at pre-pandemic levels (DG ECFIN, p. 128). This was due not only to the expansionary policy of the Federal Reserve, but also to massive additional government spending through the American Rescue Plan. The government deficit was still 11 percent of GDP in 2021. The rapid recovery, combined with high energy prices and global supply constraints, pushed inflation up to 7 percent by December (BLS).

The broad upturn in the global economy was accompanied by a sweeping recovery in oil and gas prices, which had been highly volatile in the previous year. After prices fell to levels of around US$20 in May 2020, quotations of up to US$85 per barrel of Brent were reached again at times in the course of 2021. The significantly higher average prices compared with the previous year have enabled an economic recovery in the oil-producing countries of the Middle East. Following a GDP contraction of 4.2 percent in the previous year, the region’s economic output likely grew again by 4.5 percent in the reporting year (WEO, p. 40).

Engineering & Maintenance Europe

The market for industrial services in Europe recovered well from the sharp downturn in the previous year. Projects that had initially been put on hold immediately after the outbreak of the COVID- 19 pandemic to avoid personal contact were increasingly made up for. In addition to these short-term effects, development was boosted by a structural increase in demand for the wide range of services in the context of the decarbonization of European industry. Even stronger growth in the services markets was, however, prevented by supply bottlenecks which led to delays in major investment projects by industrial customers. Nevertheless, the slump in sales in the industrial services sector in the previous year was largely offset. According to industry estimates, sales of all suppliers in Germany expanded by 11 percent in 2021, after falling by 10 percent in the previous year (Lün, p. 13). The chemical and petrochemical sectors continued to slightly expand their role as by far the most important customer group, with their share of the German market for industrial services now estimated at 46 percent (Lün, p. 73).

The European chemical sector benefited greatly from the strong recovery in the global industrial economy. However, despite a significantly improved order situation, production was also noticeably hampered by disruptions in supply chains. At mid-year, 50 percent of the companies surveyed by the German Chemical Industry Association (VCI) reported severe disruptions in operations due to bottlenecks in supply chains and logistics (VCI member survey). Among the customer sectors of the chemical industry, the automotive industry in particular was adversely affected by the prevailing chip shortage and had to sharply curtail its production and thus also purchases of precursors.

Despite these frictions, chemical production in Europe expanded by 9.4 percent year-on-year from January to November 2021 (VCI WCR). The recovery in chemical production was often a mirror image of the previous year's development. Where there had been particularly sharp declines in 2020 due to especially extensive lockdowns, there were particularly significant increases in 2021. Once again, the Eastern European sites recorded the strongest momentum. Chemical production in Poland was up 13 percent year-on-year in the year to November, with the extensive expansion investments of recent years having an impact here (VCI WCR).

Following a situation characterized by oversupply and a drastic fall in prices in the previous year, the oil and gas sector in the United Kingdom and Norway saw the reverse, with supply shortages and very sharp price increases in the reporting year. Surprisingly rapid growth in demand for liquefied natural gas, particularly in Asia, low inventories following a cold winter and unfavorable offshore wind conditions led to significant distortions on the gas markets, especially in the United Kingdom, with the result that prices for natural gas increased more than fivefold from the start of the year to their peak in October (Trading Economics Gas). Despite rising prices triggered by pandemic-related production cuts, oil and gas production fell even more sharply than in the previous year, dropping from a combined 87 million tons in the previous year to 73 million tons of oil equivalent (UK Oil & Gas Authority PEP). At the same time, the high prices caused the profitability of oil and gas producers to rise surprisingly strongly at average production costs of US$14 per barrel (UK Oil & Gas Authority PEP). This development stabilized the industry's capital expenditure for operating expenses and for decommissioning, which recovered slightly year-on-year from GBP 11.3 billion to GBP 11.8 billion. However, this level was still significantly below the 2019 figure of GBP 14.1 billion (UK Oil & Gas Authority PEP). Exploration and exploratory drilling expenditures are also still more than 50 percent below pre-COVID-19 pandemic levels; a further significant decline in production is expected in the coming years. Unlike in the UK fields, production volumes in the Norwegian Shelf have remained constant. The higher-than-expected production capacity of the Johan Sverdrup field, which went into production in 2019, has contributed significantly to this stable development (Norwegian Petroleum).

During the reporting year, the energy and utilities industry was characterized by agreement on more ambitious national, European and global climate policy targets. This development further increased the pressure toward increased energy efficiency and the reduction of fossil energy in industry and power generation. In Germany, the Federal Constitutional Court ruled that the Climate Protection Act of December 2019 was unconstitutional because the reduction targets for greenhouse gas emissions were too vague (Bundesverfassungsgericht). The German government responded to this ruling by amending the Climate Protection Act to make reduction targets more precise and bring them forward. Accordingly, emissions must fall by 65 percent by 2030 compared to 1990; previously, a reduction target of 55 percent applied. Germany is now expected to achieve climate neutrality by 2045, compared with the previous target of 2050 (German government). With a new emergency program worth €8 billion, the German government has made funds available for decarbonizing industry and for green hydrogen, among other things.

The tightening of Germany's emissions targets should also be seen as a response to stricter EU climate targets. The European Parliament and the Council finally agreed on a new EU emissions target under which climate-damaging emissions are to be reduced by at least 55 percent by 2030 (previously a reduction target of 40 percent applied) (Handelsblatt EU climate target).

In November, the UN Climate Change Conference in Glasgow committed to the objective of limiting global warming to 1.5 degrees. The nearly 200 countries participating in the Paris Climate Agreement have committed to tightening their previously inadequate climate protection targets by the end of 2022 (COP26).

With climate policy that is particularly ambitious in Europe and North America, there is growing potential for the industrial services market in the area of energy transformation. In Europe, carbon reduction is also becoming increasingly economical due to the planned increase in the carbon emission price. Prices in the European emissions trading system, for example, increased very sharply in the reporting year from an average of €24.7 per metric ton of CO_2 in 2020 to more than €80 at the end of 2021, thus reaching historic highs (BDEW, p. 46, Trading Economics Carbon). The average electricity price for industrial customers rose from 17.8 ct/kWh in the previous year to 19.1 ct/kWh on average for the year (BDEW, p. 26), with a particularly sharp price spike at the end of the year.

Engineering & Maintenance International

In the USA, prospects for CO_2 reduction projects in industry and the energy sector have greatly improved again since the Biden administration took office and the USA returned to the Paris Climate Agreement. This about-face in U.S. climate policy has further strengthened U.S. industry's willingness to invest in renewables-based power generation, energy storage and greater energy efficiency.

In the USA, developments in the chemical and pharmaceutical industries varied. The pharmaceutical industry developed very dynamically with an increase of 10.8 percent, benefiting strongly from high demand for vaccines and other pharmaceutical products in the context of the COVID-19 pandemic. By contrast, production growth in the chemical industry was subdued with an increase of 1.5 percent from January to November (VCI WCR). In addition to global supply bottlenecks, U.S. production was hampered by the winter storms in the Gulf of Mexico. Stronger positive demand impetus came from dynamic demand for construction chemicals as a result of the extensive economic stimulus programs and for battery chemicals as a result of rapidly increasing electric vehicle production (GTAI USA Chemicals).

Despite an across-the-board recovery in prices, the U.S. oil and gas sector was still affected by the previous year's price slump, when 46 producing companies in the sector had to file for bankruptcy (Haynes Boone). While more than 1,000 production facilities were active at times in 2019, that number had plummeted to 250 by the summer of 2020. By the end of 2021, however, 586 production sites had been counted again (Baker Hughes). While nationwide crude oil production declined slightly (-1.3 percent), also due to the production losses caused by Hurricane Ida in August, growth in liquefied natural gas production continued (+3.5 percent) (EIA). Thanks to new infrastructure coming on stream and driven by strong demand from Asia, U.S. liquefied natural gas exports continued to grow very strongly (+50 percent, EIA).

The financial situation of the Gulf states, which had been strained in the previous year, improved profoundly as a result of stabilized oil and gas prices. In Saudi Arabia, the budget deficit fell from $78 billion to just $18 billion (GTAI Saudi Arabia). The renewed strong growth in export revenues enabled the Gulf states to accelerate their project awards again for the strategic diversification of their economies and the necessary expansion of energy infrastructure. In Saudi Arabia, the expansion and diversification of downstream industries (chemicals and petrochemicals) is a key element of the development strategy, along with the strong expansion of green power production via wind and solar power plants, which can now be realized at an accelerated pace again. In view of the sharp rise in demand for electricity, the country is also pressing ahead with plans to build two nuclear power plants.

Technologies

In the course of the German energy transition and the impending shutdown of the last nuclear power plants at the end of 2022, investments in flexible conventional power plants will continue to be critical in view of the volatile generation of wind and solar power. In spring 2021, 20 conventional power plant projects had been approved (including seven already under construction) or were in the middle of the approval process. Apart from three hydroelectric power plants, these new projects are predominantly gas-fired power plants (UBA). The energy industry in Germany, however, plays only a minor role in the market for externally contracted services, accounting for just 6.9 percent of the total (Lün, p. 34). Dismantling nuclear facilities will remain a stable sector for the foreseeable future.

In the EU, France, Finland and a number of Eastern European countries such as the Czech Republic, Slovakia, Hungary, Poland, Slovenia, Romania and Bulgaria are also relying on nuclear power in their decarbonization strategies (Handelsblatt - Atomkraft). To cope with the phase-out of coal-fired power generation, Poland plans to build six nuclear reactors in addition to investing heavily in the use of renewable energy sources (GTAI Poland new energy policy), with the first scheduled to come on line in 2033. The country can use €14 billion from the EU COVID-19 reconstruction plan to decarbonize its energy sector (GTAI Poland promotion). These funds will be used to further expand wind power and green hydrogen production, among other projects. However, conflict over the constitutionality of Polish laws with the EU is jeopardizing the approval and disbursement of these funds.

France, one of the world's largest producers of nuclear power, is pushing ahead with upgrading its existing nuclear facilities. In November, President Emmanuel Macron announced that the country would not only invest in extending the operating lives of existing plants but also build new nuclear reactors as it moves toward its goal of climate neutrality by 2050 (Tagesschau).

The UK government allocated £1.7 billion in October enabling it to make the final investment decision on another new nuclear power plant alongside Hinkley Point C, which is currently under construction, before the end of this parliamentary term (Nuclear Engineering - funds for nuclear). Hinkley Point C is currently scheduled by operator EDF for commissioning in June 2026, and current cost estimates for the overall project are £22-23 billion (at 2015 prices, EDF). In addition to these large-scale plants, the UK government is also pushing ahead with the development of smaller nuclear reactors as part of its "Net Zero Strategy." In November, Rolls-Royce announced the raising of £200 million in private funding, which it plans to use to realize the first "Small Modular Reactors" (SMRs) within the next decade (Economist).

The breakthrough of mRNA technology in the development of successful COVID-19 vaccines provided a very strong boost to the biopharma industry. With revenue in 2021 in the order of €45 billion for the two mRNA vaccines from Biontech/Pfizer and Moderna (Evaluate, p. 27) and a massive influx of capital into the industry, there has been a surge in investment in European sites. In a short time, high production capacities for these innovative vaccines have been created here in close cooperation with industrial service providers. As a result of this development, the global share of biotechnologically manufactured pharmaceutical products rose from 30 percent in the previous year to 34 percent in 2021 (Evaluate, p. 18). Due to the pandemic-related high demand, the global sales volume of prescribed medicines has increased very strongly (+14.3 percent) (Evaluate, p. 17).

Sources

Baker Hughes: Baker Hughes Rig Count, figures from December 31, 2021.
BDEW: BDEW electricity price analysis June 2021, June 10, 2021.
BLS: Bureau of Labor Statistics, Consumer Price Index December 2021, January 12, 2022.
Federal Government: Climate Protection Act 2021 Intergenerational Contract for the Climate, www.bundesregierung.de/breg-de/themen/klimaschutz/klimaschutzgesetz-2021-1913672, accessed: November 27, 2021.
Federal Constitutional Court: Constitutional complaints against climate protection law partially successful, press release No. 31/2021, April 29, 2021.
COP26: COP26 Keeps 1.5C Alive and Finalizes Paris Agreement, November 13, 2021.
DG ECFIN: European Economic Forecast, Autumn 2021, European Economy, Institutional Paper 160, November 2021.
Economist: Nuclear power, Can Smaller Reactors Make Nuclear Power Economic?, November 13, 2021.
EDF: Hinkley Point C Project Update (1), EDF Press Release, January 27, 2021.
EIA: U.S. Energy Information Agency, Short-term Energy Outlook, November 9, 2021 https://www.eia.gov/outlooks/steo/data.php?type=figures
Eurostat: GDP rises in the euro zone 0.3% the EU, 0.4%, press release 15/2022 from January 31, 2022.
Evaluate: EvaluatePharma, World Preview 2021, Outlook to 2026, 14th Edition, July 2021.
GTAI Polish funding: Funding under the Build-up and Resilience Facility, GTAI, August 2, 2021.
GTAI Poland new energy policy: Poland adopts new energy policy, GTAI, March 1, 2021.
GTAI Saudi Arabia: Economic environment, Saudi Arabia, Corona crisis subsiding, GTAI, September 24, 2021.
GTAI US Chemicals: Industry compact, USA, chemical industry, GTAI, October 25, 2021.
Handelsblatt EU climate target: EU climate target for 2030 set: Greenhouse gases to fall by at least 55 percent, April 21, 2021.
Handelsblatt Nuclear Power: Nuclear power will come back - whether Germany wants it or not, October 20, 2021.
Haynes Boone: Oil Patch Bankruptcy Monitor, September 30, 2021.
Lün: Industrial Services Companies in Germany, An Analysis of the Industrial Services Market for the Process and Manufacturing Industries in Germany, Lünendonk Study 2021.
Nuclear Engineering - Funds for Nuclear: UK Budget Allocates Some Funds for Nuclear, October 29, 2021.
Tagesschau: Macron Announces Construction of New Nuclear Power Plants, November 10, 2021.
Trading Economics Gas: https://tradingeconomics.com/commodity/uk-natural-gas, accessed November 20, 2021.
Trading Economics Carbon: https://tradingeconomics.com/commodity/carbon, accessed February 5, 2022.
UBA: Federal Environment Agency, Conventional power plant projects approved or in the approval process, as of 3/2021.
UK Oil & Gas Authority PEP: Production and Expenditure Projections, September 2021.
VCI WCR: World Chemistry Report, January 2022.
VCI Member Survey: VCI member survey on economic situation, input bottlenecks slow down industry, August 10, 2021.
WEO: International Monetary Fund, World Economic Outlook, Recovery During a Pandemic, Health Concerns, Supply Disruptions, and Price Pressure, October 2021.

B.2.1.2 Factors influencing business development

In the course of the reporting year, the Bilfinger Group’s operating business largely recovered from what was at times a severe negative impact of the COVID-19 pandemic and volatile oil price developments in the prior year.

The activities of the Engineering & Maintenance Europe, Engineering & Maintenance International and Technologies segments in the core regions of Europe, North America and the Middle East are each subject to specific influencing factors in the individual sectors of industry. In the key sectors, the following main trends were recorded in the reporting period:

FACTORS INFLUENCING BUSINESS DEVELOPMENT

	Chemicals & Petrochem	Energy & Utilities	Oil & Gas	Pharma & Biopharma
Group*	Share of revenue: 30%	Share of revenue: 20%	Share of revenue: 20%	Share of revenue: 10%
Engineering & Maintenance Europe	Share of revenue: 40%	Share of revenue: 10%	Share of revenue: 20%	
	• Demand for combined services constantly increasing	• ESG climate change drivers still hold, e.g. CO_2 limits, emissions, decentralized power generation	• OPEX stabilized and recovery underway from a low base following relief from COVID-19 restrictions	
	• Larger investments expected going forward especially associated with renewables/carbon reduction	• Green energy investment projects emerging as anticipated (e.g. renewables, hydrogen, carbon capture etc.)	• Offshore consolidation continues with return to managed services contracts	
	• Large turnaround and OPEX activities restarted and distributed over the next two, three years	• Nuclear power revival in several countries as part of their "net zero" strategy		
	• Increasing demand for sustainable industrial services			
Engineering & Maintenance International	Share of revenue: 25%	Share of revenue: 20%	Share of revenue: 15%	
	• Trend for expansion and modernization projects in ME intact	• Continued growth in ME population and industry drives further development of alternative and nuclear energy concepts as well as water solutions	• Large oil & gas and LNG investment plans in several ME countries (e.g. UAE, Qatar, Kuwait) for the upcoming years	
	• Attractive project pipeline in NA (e.g. petrochemical companies and refineries put larger emphasis on Maintenance projects)	• In NA, more positive outlook for energy investment emerging on energy storage, wind, solar and CO2 reduction	• Industry constrained by ESG-focused investment priorities	
	• Increasing demand for sustainable industrial services			
Technologies		Share of revenue: 35%		Share of revenue: 30%
		• Energy transition focus in all our regions, esp. Europe and NA		• Mega trends remain unchanged, increased vaccine type CAPEX projects due to COVID-19
		• Nuclear demand for new builds and maintenance increasing, esp. in France, UK, Finland and demand increasing for decommissioning in Germany		• Positive outlook on pharma OPEX; Trend to outsource services and production is increasing
				• Strong growth in continuous process and single use technology. Regionalization of production capabilities

* In addition, in 2021, 20 percent of Group revenue was accounted for by the metallurgy and cement sectors as well as industries outside the defined core industries. Remaining shares are accounted for by these industrial sectors also in the individual segments.

In the Engineering & Maintenance Europe segment, the importance of service and framework agreements was highest with a roughly 75 percent share of segment sales. Revenue in the project business totaled 25 percent.

At Engineering & Maintenance International, service and framework agreements accounted for about 65 percent of revenue while the project business accounted for approximately 35 percent.

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

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

B.2.2 Results of operations

OVERVIEW OF ORDERS AND REVENUE

in € million	2021	2020	Δ in %
Orders received	4,007.8	3,724.1	8
Order backlog	2,946.3	2,584.7	14
Revenue	3,737.4	3,461.0	8

In financial year 2021, orders received for the Bilfinger Group of €4,007.8 million were 8 percent above the prior-year figure; organically, the increase was 9 percent. This was mainly due to a good demand level in European markets. The market environment in 2021 largely recovered from the effects of the COVID-19 pandemic that began in the previous year, showing a generally positive trend. At the end of the year, order backlog amounted to €2,946.3 million, and was thus 14 percent above the figure for the prior year (organically: 12 percent). Revenue increased by 8 percent to €3,737.4 million; organically it increased by 11 percent. Here, too, the expected recovery following the COVID-19 pandemic materialized, particularly in our activities in Europe. By contrast, development in the markets outside Europe was slower.

REVENUE BY REGION

in € million		2021		2020	Δ in %
Germany	1,019.4	27%	932.6	27%	9
Rest of Europe	2,029.8	54%	1,877.7	54%	8
America	452.5	12%	409.0	12%	11
Africa	123.0	3%	105.1	3%	17
Asia	112.7	3%	136.7	4%	-18
Total	**3,737.4**		**3,461.0**		**8**

In the reporting year, about 82 percent of revenue was accounted for by our European markets. Germany contributed 27 percent of sales volume; the focus in European countries outside Germany remained Scandinavia, the United Kingdom, the Netherlands and Belgium as well as Austria. In North America, we generated 12 percent of our revenue, while Asia and Africa each contributed 3 percent.

REVENUE BY BUSINESS SEGMENT

in € million	2021	2020	Δ in %
Engineering & Maintenance Europe	2,517.7	2,220.6	13
Engineering & Maintenance International	553.3	521.2	6
Technologies	559.9	498.0	12
Reconciliation Group	106.5	221.2	-52
thereof Other Operations	167.2	262.5	-36
thereof headquarters / consolidation / other	-60.7	-41.3	47
Total	**3,737.4**	**3,461.0**	**8**

Engineering & Maintenance Europe

ENGINEERING & MAINTENANCE EUROPE

in € million	2021	2020	Δ in %
Orders received	2,552.5	2,449.0	4
Order backlog	1,768.8	1,706.8	4
Revenue	2,517.7	2,220.6	13

In the Engineering & Maintenance Europe segment, orders received of €2,522.5 million were 4 percent (organically: 3 percent) higher than at the end of the prior year. Order backlog also increased to €1,768.8 million. The segment recorded a 13 percent (organically: 12 percent) increase in revenue to €2,517.7 million as a result of recovery from the adverse effects of the COVID-19 pandemic. All regions contributed to this growth, and the upswing also has a broad base in the customer industries.

ENGINEERING & MAINTENANCE EUROPE: REVENUE BY REGION

in € million	2021		2020		Δ in %
Germany	779.9	31%	688.2	31%	13
Rest of Europe	1,731.4	69%	1,525.2	69%	14
Other	6.3		7.2		-12
Total	**2,517.7**		**2,220.6**		**13**

In 2021, about 31 percent of revenue generated in the Engineering & Maintenance Europe segment came from Germany. 69 percent of segment revenue was accounted for by European countries outside Germany – with a focus on Scandinavia, the United Kingdom, the Netherlands and Belgium as well as Austria.

Engineering & Maintenance International

ENGINEERING & MAINTENANCE INTERNATIONAL

in € million	2021	2020	Δ in %
Orders received	633.9	440.6	44
Order backlog	489.6	323.8	51
Revenue	553.3	521.2	6

Engineering & Maintenance International grew significantly in the reporting year compared with the very low level of the previous year. Orders received in this segment increased by 44 percent (organically: 48 percent) to €633.9 million, with equally high growth rates in both North America and the Middle East. Order backlog at the end of the year amounted to €489.6 million. Revenue increased by 6 percent (organically: 10 percent) to €553.3 million, although the trend in both North America and the Middle East was more subdued than initially expected. In the project business in North America in particular, high inflation and supply bottlenecks played a major role, resulting in some customers postponing investment decisions. Nevertheless, in line with the strategy in this region, important contracts were signed for service agreements and medium-sized projects.

ENGINEERING & MAINTENANCE INTERNATIONAL: REVENUE BY REGION

in € million	2021		2020		Δ in %
America	448.4	81%	403.0	77%	11
Asia	104.9	19%	118.1	23%	-11
Total	**553.3**		521.2		**6**

Our business outside Europe is bundled in the Engineering & Maintenance International segment. In the reporting year, 81 percent of revenue was generated in the North American market, while the Middle East contributed 19 percent to segment revenue, thereby continuing to decline in terms of importance.

Technologies

TECHNOLOGIES

in € million	2021	2020	Δ in %
Orders received	596.8	718.8	-17
Order backlog	617.3	559.6	10
Revenue	559.9	498.0	12

In Technologies, orders received decreased by 17 percent (organically: -15 percent) to €596.8 million compared with the exceptionally high prior-year figure. The comparative figure was impacted in particular by major orders received for the construction of the new Hinkley Point C nuclear power plant in the United Kingdom. Nevertheless, at €617.3 million, the order backlog at the end of the reporting year was significantly higher than a year earlier. Revenue also improved, rising by 12 percent (organically: 14 percent) to €559.9 million. The activities in the growth areas of nuclear power and (bio)pharmaceuticals had a significant impact on this development.

TECHNOLOGIES:
REVENUE BY REGION

in € million	2021		2020		Δ in %
Germany	268.5	48%	227.1	46%	18
Rest of Europe	285.7	51%	252.9	51%	13
America	2.0	0%	2.3	0%	-11
Africa	-0.5	0%	1.0	0%	-148
Asia	3.1	1%	14.5	3%	-79
Total	**559.9**		**498.0**		**12**

In the Technologies segment, 48 percent of revenue was attributable to Germany, and 51 percent of volume was generated in European countries outside Germany with a focus on France, Austria and the United Kingdom. Our markets in the Middle East, Africa and North America accounted for a total of around 1 percent of segment revenue.

Reconciliation Group

RECONCILIATION GROUP

in € million	2021	2020	Δ in %
Orders received	224.6	115.6	94
thereof Other Operations	252.9	232.6	9
thereof headquarters / consolidation / other	-28.3	-117.0	76
Revenue	106.5	221.2	-52
thereof Other Operations	167.2	262.5	-36
thereof headquarters / consolidation / other	-60.7	-41.3	-47

Bilfinger reports on operating units that are active outside the defined business segments, regions and industries under Other Operations. These units are not part of the strategic positioning of the Group; they will be managed independently for value until a suitable owner has been found. As of January 1, 2021, Other Operations included three individual units. The selling process for one of these companies was completed in the course of 2021 so that two companies remained in Other Operations at the end of the year.

In Other Operations, orders received increased by 9 percent (organically: 37 percent) to €252.9 million. Revenue declined by 36 percent (organically: +2 percent) to €167.2 million. This reflects significant deconsolidation effects resulting from the company disposals, while organic development was slightly positive.

Revenue

CONSOLIDATED INCOME STATEMENT
(ABRIDGED)

in € million	2021	2020
Revenue	**3,737.4**	**3,461.0**
Cost of sales	-3,350.4	-3,164.9
Gross profit	**387.0**	**296.1**
Selling and administrative expense	-290.7	-309.7
Impairment losses and reversals of impairment losses in accordance with IFRS 9	-2.8	-6.5
Other operating income and expense	24.6	-57.9
Income from investments accounted for using the equity method	3.1	12.5
Earnings before interest and taxes (EBIT)	**121.2**	**-65.5**
Financial result	-5.9	181.1
Earnings before taxes	**115.3**	**115.6**
Income taxes	8.1	-7.5
Earnings after taxes from continuing operations	**123.4**	**108.0**
Earnings after taxes from discontinued operations	**6.8**	**-7.0**
Earnings after taxes	130.2	101.0
thereof non-controlling interests	0.7	1.6
Net profit	**129.5**	**99.4**
Basic earnings per share (in €)	3.19	2.47
thereof from continuing operations	3.02	2.64
thereof from discontinued operations	0.17	-0.17
Diluted earnings per share (in €)	3.16	2.44
thereof from continuing operations	2.99	2.61
thereof from discontinued operations	0.17	-0.17

Group revenue recovered from the negative impact of the COVID-19 pandemic and the volatile oil price development in the previous year. It rose by 8 percent to €3,737.4 million (previous year: €3,461.0 million). Revenue includes in particular revenue from the provision of services and from production orders.

Cost of sales

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

Cost of sales increased by 6 percent to €3,350.4 million (previous year: €3,164.9 million), and in relation to revenue was 90 percent (previous year: 91 percent). Of that total, material and personnel expenses accounted for 77 percentage points (previous year: 78 percentage points). In the previous year, cost of sales included amortization of intangible assets from acquisitions in the amount of €1.7 million; no further amortization was carried out in the reporting year. Depreciation of property, plant and equipment and the amortization of other intangible assets amounted to €49.1 million (previous year: €59.3 million). This includes impairment losses of €0.5 million (previous year: €6.9 million). Depreciation and amortization on rights of use from leases amounted €51.8 million (previous year: €56.4 million). This figure includes impairment losses in the amount €2.1 million (previous year: €3.3 million).

Gross profit

Gross profit increased by 31 percent to €387.0 million (previous year: €296.1 million). In addition to increased revenue, this is primarily attributable to improvements in capacity utilization as well as improvements in order processing. The gross margin accounted for a share of 10.4 percent of revenue (previous year: 8.6 percent).

Selling and administrative expense

Selling, general and administrative expense continued to decline significantly to €290.7 million (previous year: €309.7 million). This is primarily the result of lower burdens from special items, in particular from the harmonization of IT systems and from restructuring expenses in the amount of €5.1 million (previous year: €18.4 million). Selling and administrative expenses adjusted for these special items continued to improve to €285.6 million (previous year: €291.3 million). COVID-19-related one-time effects such as lower travel expenses continued to have a positive impact in the reporting year.

The share of selling and administrative expenses in revenue was reduced further to 7.8 percent (previous year: 8.9 percent). Adjusted for special items from the harmonization of IT systems and restructuring expenses, the ratio improved significantly to 7.6 percent due to the revenue growth (previous year: 8.4 percent).

Other operating income and expense

The balance from other operating income and expense was positive at €24.6 million (previous year: -€57.9 million).

Income in the reporting year totaled €68.4 million (previous year: €47.8 million). The increase resulted mainly from the disposal of non-operational real estate in the amount of €30.4 million (previous year: €1.0 million). Disposals from property, plant and equipment thus increased to a total of €34.5 million (previous year: €4.3 million). Other income decreased to €8.5 million (previous year: €27.7 million). In the previous year, this figure included income of €16.7 million from a settlement agreement with former Executive Board members of Bilfinger SE.

Other operating expenses fell considerably in the reporting year to -€43.8 million (previous year: -€105.7 million). This was mainly due to significantly lower restructuring expenses of -€16.7 million – these had totaled -€66.9 million in the previous year due to the effects of the COVID-19 pandemic. Other expenses decreased to €7.7 million (previous year: €18.0 million). In financial year 2020, this item included impairment losses on goodwill from Other Operations amounting to €6.8 million.

Income from investments accounted for using the equity method

Income from investments accounted for using the equity method is composed of income and expenses from associates and joint ventures. It fell to €3.1 million (previous year: €12.5 million). This mainly reflects the sale of the stake in a joint venture in Oman.

EBITA / adjusted EBITA / EBIT

Following the severe impact of the COVID-19 pandemic and volatile oil price development in the previous year, adjusted EBITA increased significantly again in the reporting year. The increase to €137.2 million (previous year: €19.8 million) was mainly due to the expected business recovery. In addition, proceeds from the disposal of property and real estate in the amount of €30.4 million (previous year: €1.0 million) had an impact. In relation to the increase in sales, the adjusted EBITA margin improved to 3.7 (previous year: 0.6) percent. Exchange rate effects again had only an insignificant impact, amounting to €1.8 million (previous year: -€0.4 million).

ADJUSTED EBITA BY BUSINESS SEGMENT

	Adjusted EBITA in € million		Adjusted EBITA margin in %	
	2021	2020	**2021**	2020
Engineering & Maintenance Europe	130.7	68.9	5.2	3.1
Engineering & Maintenance International	-13.9	-20.8	-2.5	-4.0
Technologies	20.3	-10.5	3.6	-2.1
Reconciliation Group	0.2	-17.8		
thereof Other Operations	2.3	6.2	1.4	2.4
thereof headquarters / consolidation / other	-2.1	-24.0		
Continuing operations	**137.2**	**19.8**	**3.7**	**0.6**

While the COVID-19 pandemic and volatile oil price developments had a tangible impact on the results of our segments in the previous year, the expected recovery materialized in the reporting year. After the number of employees had to be reduced by around 5,000 Group-wide in the course of 2020, it was stable overall in the reporting year. The number of European employees on short-time work was also no longer significant in the financial year.

Government support measures were still mainly utilized in the Netherlands, the United Kingdom, Poland and Austria. In accordance with the net method selected, government grants, which under IAS 20 are classified as government grants related to profit or loss, were recognized as a reduction of the corresponding personnel expense, in the amount of about €9 million (previous year: €36 million). Details can be found in Chapter *C.6.3.2 Government grants and other measures in connection with the COVID-19 pandemic*.

Adjusted EBITA in the Engineering & Maintenance Europe segment improved to €130.7 million (previous year: €68.8 million); the adjusted EBITA margin rose to 5.2 percent (previous year: 3.1 percent). This reflected the success in improving the sales mix as well as further increasing the utilization rate.

Adjusted EBITA in the Engineering & Maintenance International segment was negative at -€13.9 million (previous year: -€20.8 million), but with a positive result in the fourth quarter. Here, better capacity utilization and strategic progress toward increasing the share of service contracts as well as from small and mid-sized projects are showing some effects. The adjusted EBITA margin in this segment was -2.5 percent (prior year: -4.0 percent).

At Technologies, adjusted EBITA improved to a clearly positive €20.3 million (previous year: -€10.5 million). This corresponds to an adjusted EBITA margin of 3.6 percent (previous year: -2.1 percent). In this segment, structural measures already initiated in the previous year led to a sustained reversal of the trend in earnings development.

Adjusted EBITA not allocated to the segments showed a break-even result of €0.2 million (previous year: -€17.7 million) in the reporting year as a result of proceeds from the sale of land and real estate. The Other Operations also included in this position provided a positive earnings contribution.

Reported EBITA of the Group – not including the special items described in *B.2.2 Results of operations - adjusted earnings per share* – improved substantially as compared to the prior year, increasing to €121.2 million (previous year: -€57.0 million). It is important to note that this figure in the prior year was impacted in particular by necessary restructuring charges in connection with the COVID-19 pandemic and volatile oil price developments.

Reported EBITA of the individual segments including restructuring charges also improved across the board. Accordingly, EBITA at Engineering & Maintenance Europe was €115.5 million (previous year: €36.0 million), at Engineering & Maintenance International -€17.6 million (previous year: -€34.5 million) and at Technologies €19.2 million (previous year: -€36.0 million).

EBITA not allocated to the business segments amounted to €4.1 million (previous year: -€22.5 million). It also includes restructuring costs and expenses for projects related to process and system harmonization as well as income from the disposal of investments in the course of portfolio adjustments.

Because there was no amortization of intangible assets from acquisitions in the reporting year, Group EBIT of €121.2 million (previous year: -€65.5) was in line with reported EBITA.

Financial result

The financial result declined significantly to -€5.9 million (previous year: €181.1 million). This is mainly due to the income from the mark-to-market valuation of the preferred participation note recognized in income in the previous year following the sale of Apleona. Bilfinger's former Building and Facility Services business (now: Apleona) was sold to financial investor EQT in September 2016. Bilfinger had participated in the resale as agreed in December 2020, which under IFRS led to an appreciation of the preferred participation note of €209.7 million in the 2020 consolidated financial statements. Following completion of the transaction in April 2021 it will now be recognized in income under the German Commercial Code (HGB) in Bilfinger SE's consolidated financial statements for financial year 2021.

Interest income increased in the reporting year to €17.2 million (previous year: €1.4 million), mainly as a result of particularly high income in the reporting year from interest on late payment of tax receivables and from the investment of cash and cash equivalents with variable interest rates.

The current interest expense amounted to -€22.1 million (previous year: -€20.5 million). This is mainly incurred on financial debt with fixed and variable interest rates. In October 2021, tranches of the promissory note loans with variable interest rates due in April 2022 with a nominal value of €108.5 million were repaid early. The interest expense on lease liabilities in accordance with IFRS 16 amounted to -€5.7 million (previous year: -€4.5 million).

Declining income from securities in the amount of €8.4 million (previous year: €209.7 million) is mainly due to the valuation difference between the final proceeds realized on disposal and the preferred participation note for Apleona, which was upgraded in the previous year.

The interest expense from an increase in the retirement benefit obligation – offset against income from plan assets – amounted to -€2.0 million (previous year: -€3.6 million). The interest expense for minority interest was -€1.7 million (previous year: €1.4 million).

Earnings before and after taxes

Earnings from continuing operations before taxes of €115.3 million (previous year: €115.6 million) were at the level of the previous year. This means that the effect in 2020 from the revaluation of the preferred participation note for Apleona was offset in the reporting year by improved operating earnings including the positive one-time effects from the disposal of properties described above.

In financial year 2021, the Group recorded tax income of €8.1 million (previous year: -€7.5 million), including tax refunds of around €31 million from tax audits for the years 2001-2009. Income after taxes amounted to €123.4 million (previous year: €108.0 million).

Income after income taxes from discontinued operations improved to €6.8 million (previous year: -€7.0 million) due to the resolution of several disputes and issues in connection with subsidiaries sold in previous years and the associated elimination of the need for risk provisions.

Non-controlling interests

Non-controlling interests amounted to €0.7 million (previous year: €1.6 million).

Net profit / earnings per share

Consolidated net income increased to €129.5 million (previous year: €99.4 million) as a result of the improvement in EBITA and also supported by tax refunds. This surpassed the previous year's figure, which was impacted in particular by the special item resulting from the revaluation of the preferred participation note for Apleona. Basic earnings per share increased to €3.19 (previous year: €2.47), while diluted earnings per share also rose to €3.16 (previous year: €2.44).

Net profit from continuing operations adjusted for amortization of intangible assets from acquisitions and goodwill impairments and for the special items described below amounted to €89.0 million (previous year: -€8.0 million); adjusted earnings per share from continuing operations were €2.17 (previous year: €0.20). The figure relates to diluted earnings per share.

Dividend

The Executive and Supervisory Boards will propose to the Annual General Meeting that an increased dividend of €4.75 (prior year: €1.88) per share be distributed. The amount results from the minimum dividend of €1.00 per share and an additional distribution of €3.75 per share from the proceeds from the sale of Apleona in Bilfinger SE's distributable earnings.

Adjusted earnings per share

The calculation of earnings per share in accordance with IFRS is presented in the income statement. Earnings per share after adjusting for exceptional items and the amortization and impairment of intangible assets is a metric that is suited to enabling comparability over time and forecasting future profitability.

RECONCILIATION OF ADJUSTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

in € million	2021	2020
Earnings before taxes	115.3	115.6
Special items in EBITA	16.0	76.9
Special items in financial income	-8.4	-209.7
Amortization of intangible assets from acquisitions and goodwill impairment	0	8.5
Adjusted earnings before taxes	**122.9**	**-8.7**
Adjusted income tax income / expense	-33.2	2.3
Adjusted earnings after taxes from continuing operations	**89.7**	**-6.4**
thereof non-controlling interests	0.7	1.6
Adjusted net profit from continuing operations	**89.0**	**-8.0**
Average number of basic shares (in thousands)	40,645	40,297
Adjusted basic earnings per share from continuing operations (in €)	**2.19**	**-0.20**
Average number of diluted shares (in thousands)	40,973	40,814
Adjusted diluted earnings per share from continuing operations (in €)	**2.17**	**-0.20**

SPECIAL ITEMS IN EBITA

€ million	2021	2020
EBIT	**121.2**	**-65.5**
Amortization of intangible assets from acquisitions and goodwill	0.0	8.5
EBITA	**121.2**	**-57.0**
Restructuring and efficiency enhancement expense	18.0	76.8
Income / expense for improvement of the compliance system	0.0	-17.1
Process and system harmonization expense	6.5	13.2
Income / expense from the disposal of investments	-8.5	3.9
Total special items	**16.0**	**76.8**
Adjusted EBITA	**137.2**	**19.8**

Special items in EBITA fell substantially to €16.0 million (previous year: €76.8 million). Expenses for restructuring and efficiency enhancement of €18.0 million (previous year: €76.8 million) and for process and system harmonization of €6.5 million (previous year: €13.2 million) were offset by income from disposals of investments of €8.5 million (previous year: expenses of -€3.9 million). In the previous year, there was also income of €17.1 million from the settlement with former members of the Executive Board.

Unusually high special items in the financial result in the previous year related to earnings from the measurement of our preferred participation note for Apleona.

Amortization of intangible assets from acquisitions and goodwill was not recognized in the reporting year (prior year: €8.5 million).

Adjustments for income taxes reflect Bilfinger's specific situation in the context of the transformation and take into account the high level of tax loss carryforwards, some of which were not capitalized. To establish operational comparability, Bilfinger examines what a normalized average Group tax rate would be. After taking into account the above-mentioned circumstances, Bilfinger estimates this to be 27 percent on average in the long term.

Adjusted earnings is a metric that is not defined under IFRS. Their disclosure is to be regarded as supplementary information.

Value added

VALUE ADDED IN THE BUSINESS SEGMENTS	Capital employed in € million		Return in € million		ROCE in %		Cost of capital in %		Value added in € million	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Engineering & Maintenance Europe	890.4	821.1	97.5	37.2	11.0	4.5	8.2	8.3	24.5	-31.2
Engineering & Maintenance International	309.1	324.3	-18.3	-34.1	-5.9	-10.5	8.9	9.1	-45.8	-63.5
Technologies	246.9	246.4	17.8	-36.8	7.2	-14.9	10.3	11.6	-7.7	-65.3
Reconciliation Group	642.6	613.3	57.9	171.7	–	–	–	–	5.6	122.2
thereof Other Operations	43.6	66.4	1.4	-5.1	3.3	-7.7	13.6	11.9	-4.5	-13.0
thereof headquarters / consolidation / other	599.0	546.9	56.5	176.8	–	–	–	–	10.1	135.2
Continuing operations	**2,088.9**	2,005.0	**154.9**	138.0	**7.4**	6.9	**8.5**	8.8	**-23.4**	-37.9

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

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

The average capital employed of continuing operations increased to €2,088.9 million in the reporting year (previous year: €2,005.0 million). The return for continuing operations improved to €154.9 million (previous year: €138.0 million).

The weighted average cost of capital (WACC) for the Group was 8.5 percent after taxes (previous year: 8.8 percent). Overall, ROCE improved to 7.4 percent (previous year: 6.9 percent); value added in absolute terms improved further to -€23.4 million (previous year: -€37.9 million).

B.2.3 Net assets

CONSOLIDATED BALANCE SHEET

	2021	2020
in € million		
Assets		
Non-current assets		
Intangible assets	780.6	765.2
Property, plant and equipment	258.7	269.7
Right of use assets from leases	176.7	189.3
Investments accounted for using the equity method	11.4	19.4
Other non-current assets	7.3	14
Deferred taxes	46.7	55.8
	1,281.4	**1,313.4**
Current assets		
Inventories	64.9	59.8
Receivables and other current assets	909.1	865.6
Current tax assets	20.3	10.9
Other assets	40.2	46.0
Securities	0.0	450.0
Marketable securities	189.9	0.0
Cash and cash equivalents	642.9	510.6
Assets classified as held for sale	0.0	0.0
	1,867.3	**1,942.9**
Total	**3,148.7**	**3,256.3**
Equity & liabilities		
Equity		
Share capital	132.6	132.6
Capital reserve	771.8	770.6
Retained and distributable earnings	403.1	468.3
Other reserves	5.5	-12.7
Treasury shares	-12.2	-149.5
Equity attributable to shareholders of Bilfinger SE	1,300.8	1,209.3
Minority interest	-11.8	-10.7
	1,289.0	**1,198.6**
Non-current liabilities		
Provisions for pensions and similar obligations	306.5	340.0
Other provisions	20.7	22.2
Financial debt	395.1	521.3
Other liabilities	2.5	0.0
Deferred taxes	4.2	2.9
	729.0	**886.4**
Current liabilities		
Current tax liabilities	21.9	23.9
Other provisions	215.8	300.3
Financial debt	54.3	46.9
Trade and other payables	641.4	579.2
Other liabilities	197.3	221.0
Liabilities classified as held for sale	0.0	0.0
	1,130.7	**1,171.3**
Total	**3,148.7**	**3,256.3**

The company's net assets remain sound. The balance-sheet total decreased only slightly to €3,148.7 million (previous year: €3,256.3 million).

On the assets side, non-current assets decreased to €1,281.4 million (previous year: €1,313.4 million). In this context, intangible assets of €780.6 million (previous year: €765.2 million) were well above the prior-year figure. Goodwill included in this figure increased to €777.7 million (previous year: €761.5 million) mainly due to changes in exchange rates. The annual impairment test in accordance with IAS 36 is conducted at the level of the operating segments or individual groups in *Other Operations*. It did not reveal any need for impairment. An event-driven impairment test was not conducted in the reporting year, as there were no indications of a possible impairment of a cash-generating unit. In the reporting year, non-current assets included property, plant and equipment amounting to €258.7 million (previous year: €269.7 million), while rights of use from leases in accordance with IFRS 16 totaled €176.7 million (previous year: €189.3 million).

Other non-current assets decreased to €65.4 million (previous year: €89.2 million), with deferred tax assets comprising the largest item at €46.7 million (previous year: €55.8 million).

Current assets decreased to €1,867.3 million (previous year: €1,942.9 million). Receivables and other current assets recorded a growth-related increase to €909.1 million (previous year: €865.6 million), with receivables from work in progress rising to €317.0 million (previous year: €262.4 million). In the previous year, securities held as current assets included the preferred participation note for Apleona with a value of €450.0 million; this item was reversed following the resale of the company in the reporting year. Part of the payment received in this connection was invested in financial instruments with a maximum term of 12 months; this led to an increase in other financial investments to €189.9 million. Cash and cash equivalents increased overall to €642.9 million (previous year: €510.6 million) in the year under review.

On the liabilities side, equity increased to €1,289.0 million (previous year: €1,198.6 million). Positive earnings after taxes of €129.5 million (previous year: €99.4 million) had an increasing effect. The equity ratio was 41 percent at the balance-sheet date (previous year: 37 percent).

Non-current liabilities totaled €729.0 million (previous year: €886.4 million). Non-current financial debt decreased significantly to €395.1 million (previous year: €521.3 million). This is due to the early repayment in October 2021 of tranches of the promissory note loans with a nominal value of €108.5 million due in April 2022. Non-current financial debt also includes a bond in the amount of €250.0 million maturing in June 2024. Non-current lease liabilities in accordance with IFRS 16 totaled €139.9 million (previous year: €146.3 million). Current financial debt amounted to €54.3 million (previous year: €46.9 million) and mainly relates to current lease liabilities under IFRS 16 of €45.0 million (previous year: €46.6 million). Net liquidity amounted to €383.4 million (previous year: -€57.5 million) as of the reporting date.

Current liabilities amounted to €1,130.7 million (previous year: €1,171.3 million). Other provisions decreased to €215.8 million (previous year: €300.3 million). Working capital totaled -€41.9 million (previous year: €307.9 million). Trade payables increased to €337.2 million (previous year: €293.3 million), while advance payments received remained unchanged at €143.5 million (previous year: €142.1 million).

Pension provisions amounted to €306.5 million (previous year: €340.0 million), based on an increased discount rate of 1.05 percent (previous year: 0.7 percent) in the euro zone.

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

B.2.4 Financial position

Principles and objectives of financial management

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

Management of market price change risks as well as creditworthiness risks of financial counterparties is also carried out by means of a Group-wide limit and control system. To this end, financial derivatives are also used to a limited extent. We report on the management of financial risks in Chapter *B.3.2.3 Risk and opportunity report – Financial risks* and in detail in the notes to the consolidated financial statements in Chapter *C.6.30 Risks related to financial instruments, financial risk management and hedging transactions*.

GROUP FINANCIAL STATUS RECOURSE LIABILITIES AND LIABILITIES FROM LEASE OBLIGATIONS	Credit facility	Availment	Credit facility	Availment
		2021		2020
in € million				
Bank guarantees	**905.6**	**477.9**	**948.6**	**495.7**
thereof with residual term < 1 year	905.6	477.9	948.6	495.7
Syndicated credit facilities	**335.0**	**0.0**	**335.0**	**0.0**
thereof with residual term < 1 year	85.0	0.0	85.0	0.0
Operating loans	**1.9**	**1.9**	2.2	2.2
thereof with residual term < 1 year	0.3	0.3	0.3	0.3
Corporate bond / promissory note loan	**262.5**	**262.5**	**373.0**	**373.0**
thereof with residual term < 1 year	9.0	9.0	0.0	0.0
Liabilities from lease obligations	**185.0**	**185.0**	**192.9**	**192.9**
thereof with residual term < 1 year	45.0	45.0	46.6	46.6

Financing

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

For the purpose of general corporate financing, which is carried out under consideration of matching maturities, our main banks have provided a syndicated credit facility of €250 million, which had not been utilized at the balance-sheet date. Availability of the facility is firmly committed until December 2023. The respective interest rate for drawings depends on the interest rate period selected; the credit margin is oriented toward a rating grid. The syndicated cash credit line includes a financial covenant in the form of a limitation of the dynamic gearing ratio (adjusted net debt / adjusted EBITDA). We also have additional short-term bilateral credit commitments of approximately €85 million.

In addition, we issued a bond in 2019 with a nominal value of €250.0 million, maturity in June 2024 and a fixed interest rate over the entire period. Moreover, several promissory note loans totaling €123.0 million maturing in April 2022 and in October 2024 with partly variable and partly fixed interest rates over the term to maturity were also taken out, whereby the variable tranches totaling €108.5 million were repaid early during the reporting year. The tranches with fixed interest rates amounting to €14.5 million remained as of the reporting date.

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

We have credit by way of bank guarantees of €905.6 million from various banks and bonding insurers available to meet the needs of the operating business, which are not fully utilized. Information on existing financial debt is provided in Chapter *C.6.26 Financial debt*.

Financial debt totaled €449.4 million (previous year: €568.1 million) at the reporting date, including lease liabilities of €184.9 million (previous year: €192.9 million) in accordance with IFRS 16. In terms of the financial debt, €395.1 million (previous year: €521.3 million) related to non-current liabilities and €54.3 million (previous year: €46.9 million) to current liabilities. We do not utilize off-balance sheet financing instruments. Bank balances of €2.1 million (previous year: €2.8 million) were pledged as of the reporting date.

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

Investments

Investments in property, plant and equipment and intangible assets – not including intangible assets from acquisitions in accordance with IFRS 3 – rose again to a sustainable level in the reporting year, following a significant reduction in the previous year against the backdrop of economic uncertainty and declining revenue. They amounted to €61.3 million (previous year: €36.6 million), of which €45.4 million (previous year: €21.6 million) related to operating and office equipment, €9.3 million (previous year: €7.2 million) to technical equipment and machinery, €3.2 million (previous year: €2.8 million) to real estate and €0.7 million (previous year: €1.6 million) to intangible assets. Depreciation and amortization amounted to €49.0 million (previous year: €59.3 million). This figure includes impairment charges of €0.0 million (previous year: €6.9 million).

INVESTMENTS / DEPRECIATION BY BUSINESS SEGMENT	Investments	Depreciation	Investments	Depreciation
		2021		2020
in € million				
Engineering & Maintenance Europe	54.6	35.6	26.2	36.0
Engineering & Maintenance International	2.1	5.5	2.8	6.3
Technologies	3.2	3.0	2.5	3.0
Reconciliation Group	1.4	4.9	5.1	14.0
thereof Other Operations	0.9	1.6	3.0	5.5
thereof headquarters / consolidation / other	0.5	3.3	2.1	8.5
Total	**61.3**	**49.0**	**36.6**	**59.3**

The Engineering & Maintenance Europe segment accounted for investments in the amount of €54.6 million (previous year: €26.2 million). At €44.1 million, they related in particular to operating and office equipment, of which scaffolding accounted for €32.8 million. A further €8.1 million was invested in technical equipment and machinery and €2.1 million in real estate.

In the Engineering & Maintenance International business segment, we invested €2.1 million (previous year: €2.8 million), of which €0.9 million was invested in operating and office equipment, €0.2 million in technical equipment and machinery, €0.9 million in real estate and €0.1 million in intangible assets.

In the Technologies segment, investments amounted to €3.2 million (previous year: €2.5 million). Of that amount, €1.0 million went to operating and office equipment, €1.7 million to technical equipment and machinery and €0.2 million to intangible assets.

Investments in Other Operations totaled €0.9 million (previous year: €3.0 million).

INVESTMENTS IN PROPERTY,
PLANT AND EQUIPMENT BY REGION

in € million	**2021**	2020	Δ in %
Germany	26.5	13.1	102
Rest of Europe	32.0	20.5	56
America	1.5	2.1	-29
Africa	0.8	0.2	300
Asia	0.5	0.7	-29
Total	**61.3**	**36.6**	**67**

The regional focus of investment was again on Europe, which accounted for 96 percent of the total (previous year: 92 percent). Germany accounted for 43 percentage points of European investment (previous year: 36 percentage points).

Investments in financial assets amounted to €2.4 million in the financial year (previous year: €0.0 million). In this context, the activities of a Dutch specialist for rope access to industrial plants at great heights were acquired in the E&M Europe segment as part of an asset deal with effect from January 1, 2021, and transferred to the newly established subsidiary Bilfinger Height Specialists B.V., Netherlands.

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS
(ABRIDGED VERSION)

in € million	2021	2020
Cash flow from operating activities of continuing operations	**112.5**	120.4
thereof special items	-52.2	-43.3
Adjusted cash flow from operating activities of continuing operations	164.7	163.7
Capital expenditure on P, P & E and intangible assets	-61.3	-36.6
Proceeds from the disposal of property, plant and equipment	63.5	9.4
Net cash outflow for property, plant and equipment / intangible assets	**2.2**	-27.2
Free cash flow from continuing operations	**114.7**	93.2
thereof special items	-52.2	-43.3
Adjusted free cash flow from continuing operations	166.9	136.5
Payments made / proceeds from the disposal of financial assets	**14.9**	8.3
Investments in financial assets	**-2.4**	0.0
Changes in marketable securities	**268.4**	0.0
Cash flow from financing activities of continuing operations	**-266.5**	-82.2
Share buyback	0.0	0.0
Dividends	-78.5	-7.3
Payments from changes in ownership interest without change in control	-1.9	-0.3
Borrowing	0.0	0.0
Repayment of financial debt	-158.5	-51.8
Interest paid	-27.6	-22.8
Change in cash and cash equivalents of continuing operations	**129.1**	19.3
Change in cash and cash equivalents of discontinued operations	**2.4**	-6.5
Change in value of cash and cash equivalents due to changes in foreign exchange rates	**0.8**	-2.0
Change in cash and cash equivalents	**132.3**	10.8
Cash and cash equivalents at January 1	510.6	499.8
Change in cash and cash equivalents of assets classified as held for sale	0.0	0.0
Cash and cash equivalents at December 31	**642.9**	510.6

The cash flow from operating activities of continuing operations fell slightly to €112.5 million (prior year: €120.4 million) due to an increase in special items. Cash flow from operating activities adjusted for special items, on the other hand, was stable at €164.7 million (previous year: €163.7 million). The main factor contributing to this development was successful working capital management, with a further improvement in net working capital in relation to the significant increase in revenue. Tax refunds amounting to €29.0 million also had a significantly positive impact on the cash effect of taxes.

Special items increased to a total of -€52.2 million (previous year: -€43.3 million). While payments for restructuring were only slightly lower than in the previous year, significantly fewer funds were used for process and system harmonization. The prior-year figure, however, included cash inflows from the settlement reached with former members of the Executive Board.

SPECIAL ITEMS IN CASH FLOW

in € million	2021	2020
Cash flow from operating activities of continuing operations	**112.5**	**120.4**
Restructuring expense	45.1	47.1
Income / expense for improvement of the compliance system	0.0	-16.5
Process and system harmonization expense	7.1	12.7
Total special items*	52.2	43.3
Adjusted cash flow from operating activities of continuing operations	**164.7**	**163.7**

* Special items of €52,2 million (previous year: €43,3 million) relate in an identical amount to the adjustment of free cash flow.

Investments in property, plant and equipment and intangible assets increased significantly to €61.3 million (previous year: €36.6 million). These outflows were offset by an equally sharp increase in cash inflow of €63.5 million (previous year: €9.4 million), primarily due to the disposal of various non-operational properties and land (inflow of €57.1 million). Net capital expenditures were thus negative, declining to -€2.2 million (previous year: €27.2 million). Contrary to original expectations, these non-recurring effects contributed to a significant increase in free cash flow to €114.7 million (previous year: €93.2 million). Adjusted free cash flow also improved to €166.9 million (previous year: €136.5 million).

Against the backdrop of the COVID-19 pandemic, we took advantage in the previous year of the option to defer social security contributions and tax payments to improve the liquidity situation over the course of the year. At the end of 2020, these liabilities, which as of June 30, 2020, amounted to a total in the high double-digit million-euro range, had been nearly fully settled. In the reporting year, this option was used only to a limited extent. Details are explained in Chapter *C.6.3.2 Government grants and other measures in connection with the COVID 19 pandemic*.

Disposals of financial assets resulted in a cash inflow of €14.9 million (previous year: €8.3 million), primarily due to the sale of Muscat Engineering Consultancy LLC, Oman. Investments in financial assets were incurred in the amount of €2.4 million (previous year: €0.0 million). They related to the acquisition of the activities of a Dutch specialist for rope access to industrial plants at great heights as part of an asset deal with effect from January 1, 2021, and the transfer to the newly established subsidiary Bilfinger Height Specialists B.V., Netherlands.

Cash outflow from financing activities increased significantly to -€266.5 million (previous year: -€82.2 million). From the repayment and taking of loans there was a net outflow of €158.5 million (previous year: €51.8 million). In the reporting year, dividend payments including payments to minority shareholders of €78.5 million (previous year: €7.3 million) were significantly higher than the previous year's outflows, because at that time the dividend had been reduced to the statutory minimum of €0.12 to improve the liquidity situation in view of the economic uncertainty caused by the COVID-19 pandemic. This reduction was made up for in the reporting year following the stabilization of business performance, with the basic dividend of €1.00 per share being additionally increased by the €0.88 reduction from the previous year, resulting in a dividend of €1.88 per share being paid out to the shareholders of Bilfinger SE. Interest payments increased to €27.6 million (previous year: €22.8 million).

Continuing operations resulted in a net cash inflow of €129.1 million (previous year: €19.3 million).

Cash flows from discontinued operations amounted to €2.4 million (previous year: -€6.5 million).

Changes in exchange rates resulted in an arithmetical increase in cash and cash equivalents of €0.8 million (previous year: decrease of €2.0 million). Cash and cash equivalents of activities classified as held for sale in the reporting year amounted to €0.0 million as was the case in the previous year. In total, cash and cash equivalents at the end of the year increased to €642.9 million (previous year: €510.6 million).

Origin and distribution of value creation

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

In the distribution of value creation in 2021, 93 percent was accounted for by employees (previous year: 93 percent), 1 percent by creditors (previous year: 1 percent). The remaining value creation resulted in a corresponding increase in equity.

ORIGIN OF VALUE CREATION

in € million, continuing operations and discontinued operations	2021	2020
Revenue	3,739	3,463
Income from investments accounted for using the equity method	4	8
Other operating income	76	60
Depreciation and amortization	-101	-124
Cost of materials	-1,255	-1,138
Other costs related to value added	-458	-283
Value added	**2,005**	**1,986**

DISTRIBUTION OF VALUE CREATION

in € million, continuing operations and discontinued operations	2021	in %	2020	in %
To employees	1,856	93	1,852	93
To the state	-9	0	7	0
To creditors	28	1	25	1
To minority interest	1	0	2	0
To shareholders (dividend for the respective financial year)	76	4	5	0
Change in equity	**53**	**3**	**95**	**5**

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

Results of operations

INCOME STATEMENT OF BILFINGER SE (HGB)

in € million	2021	2020
Revenue	114	139
Other operating income	76	40
Personnel expense	-47	-43
Amortization of intangible assets / depreciation of P, P & E	-1	-1
Other operating expense	-105	-200
Earnings from financial assets	354	90
Interest result	-2	-23
Earnings before taxes	**389**	**2**
Income tax expense	30	4
Net income (previous year: net loss)	**419**	**6**
Profit carryforward	7	39
Release from other retained earnings	-209	38
Distributable earnings	**217**	**83**

The income statement of the company financial statements of Bilfinger SE is characterized by its holding function. Revenue amounted to €114 million (previous year: €139 million) and resulted almost solely from output volume charged to companies of the Group as well as from rental income. Revenues from services charged to other companies in the Group are comprised of the costs of these services plus an adequate margin. As a result of efficiency enhancements at headquarters and thus the associated cost savings, revenue was significantly lower than in the previous year while the margin remained constant.

Other operating income of €76 million (previous year: €40 million) mainly related to income from the sale of non-operational properties, the reversal of other provisions and write-ups of receivables from associates. The significant increase compared with the previous year was due in particular to substantial book gains on the disposal of real estate.

The increase in personnel expenses from €43 million to €47 million was mainly due to higher management bonuses and other compensation in connection with the increase in corporate earnings following a weak performance in 2020 due to the Corona pandemic.

Other operating expenses of €105 million (previous year: €200 million) were mainly made up of non-personnel administrative expenses, IT costs, rents and leases, insurance premiums, legal and consulting fees, additions to other accruals, losses from the disposal of investments and impairment losses on current assets. The significant decrease is mainly due to the fact that write-downs on receivables from associates were significantly lower than in the previous year and losses on the disposal of investments were significantly higher in the previous year. Consulting costs were also further reduced.

Income from financial assets of €354 million (previous year: €90 million) mainly comprised the book gain of €263 million (previous year: €0 million) from inflows in the spring of 2021 from the preferred participation notes in connection with the sale of the former Building and Facility business segment (Apleona) completed in 2016, which were recognized in income in spring 2021 with effect under commercial law. Also included are earnings from profit and loss transfer agreements, dividends received from Group companies, and write-downs on investments. The significant increase is mainly due to the above-mentioned inflows recognized in income from the preferred participation notes, but also to lower write-downs on the carrying amounts of investments in associates compared with the prior year.

The sharp increase in net interest income is partly due to interest income from tax refunds in connection with completed tax audits, but also to higher net interest income from pensions and plan assets due to a positive performance of plan assets.

Earnings before taxes thus increased from €2 million to €389 million.

In terms of the income tax expense, it should generally be kept in mind that distributions as well as income and expense from investment measurement and disposals are mainly tax-neutral. The reported income of €30 million (previous year: €4 million) results from tax refunds and the reversal of tax accruals in connection with completed tax audits totaling €33 million (previous year: €4 million) and current tax expense for the financial year totaling €3 million (previous year: €0 million).

Distributable earnings in the amount of €217 million result from the annual profit of +€419 million (previous year: +€6 million) and retained earnings in the amount of €7 million (previous year: €39 million) with a release from retained earnings in the amount of €209 million (previous year: €38 million). It will be proposed that a dividend for financial year 2021 of €4.75 per share be paid out. This represents a dividend distribution of approximately €193 million in relation to the number of shares entitled to a dividend as of March 7, 2022.

Net assets and financial position

BALANCE SHEET OF BILFINGER SE (HGB / ABRIDGED)

in € million	Dec. 31, 2021	Dec. 31, 2020
Assets		
Non-current assets		
Intangible assets and P, P & E	14	16
Financial assets	1,680	1,797
	1,694	**1,813**
Current assets		
Receivables and other assets	456	247
Cash and cash equivalents	651	473
	1,107	720
Accrued expenses	**1**	**1**
Excess of plan assets over pension liabilities	**1**	**1**
Total	**2,803**	**2,535**
Equity & liabilities		
Equity	**1,680**	**1,325**
Provisions	**86**	**111**
Liabilities	**1,037**	**1,099**
Total	**2,803**	**2,535**

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

Assets totaling €2,803 million (previous year: €2,535 million) mainly comprised financial assets of €1,680 million (previous year: €1,797 million), receivables and other assets of €456 million (previous year: €247 million) as well as cash and cash equivalents of €651 million (previous year: €473 million).

Intangible assets and property, plant and equipment decreased by €2 million, in particular due to the sale of non-operational properties.

The €117 million decrease in financial assets to €1,680 million was mainly due to the disposal of the preferred participation notes, which were capitalized at a carrying amount of €195 million, as already mentioned in the section on the results of operations. This was partly offset by an increase of €73 million from the intra-Group purchase of a subsidiary in Scandinavia in connection with an optimization of the shareholding structure in Scandinavia and the UK.

Receivables and other assets of €297 million (previous year: €230 million) mainly comprised receivables from subsidiaries in connection with the Group's centralized corporate financing. Also included in this figure is a fixed-term deposit of €140 million (previous year: €0 million) invested for twelve months on a non-cancelable basis as part of the cash inflow from the sale of the preferred participation notes. Cash and cash equivalents recorded a significant increase of €178 million to €651 million, largely due to of the inflow from the preferred participation notes the sale of properties. This was partly offset by a €93 million reduction in promissory note financing.

Prepaid expenses resulted from a discount on the bond issued in 2019 and are reduced in proportion to the maturity.

The excess of plan assets over pension liabilities relates to existing surplus cover of partial retirement benefit obligations through plan assets.

The other side of the balance sheet included equity of €1,680 million (previous year: €1,325 million), provisions of €86 million (previous year: €111 million) and liabilities of €1,037 million (previous year: €1,099 million).

The significant increase in equity resulted from the annual profit for 2021, which exceeded the dividend payment for 2020 which was paid in 2021. The equity ratio thus increased from 52 percent to 60 percent.

Provisions included defined-benefit obligations in the amount of €26 million (previous year: €22 million), tax provisions of €21million (previous year: €4 million) and other provisions of €39 million (previous year: €85 million).

The increase in pension provisions results from a decrease in net plan assets due to a payout in the amount of the pension payments of the previous year. Another factor was the fact that the discount rate decreased further compared with the previous year.

The increase in tax provisions results from a reclassification of tax provisions relating to units sold in previous years, which were previously reported under other provisions. This was offset by reversals of provisions for corporate income tax and trade tax in connection with the results of the tax audit.

The significant decrease in other provisions is mainly due to the reclassification of tax provisions relating to disposed units mentioned in the previous section and the resolution of several disputes and issues in connection with subsidiaries sold in previous years.

Liabilities mainly relate to bond and promissory note financing, which was reduced from €358 million to €255 million in the financial year, and liabilities to affiliated companies from cash investments in the central cash pooling system amounting to €742 million (prior year: €712 million).

Opportunities and risks

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

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

Outlook

As the parent company of the Group without any business operations of its own, Bilfinger SE receives revenue primarily from its subsidiaries. Expectations with regard to the Group's business development will therefore generally significantly affect the earnings of Bilfinger SE. For financial year 2022, we expect a positive but significantly lower result, given that the special item from the inflow from the preferred participation notes had a significantly positive impact on the result for financial year 2021.

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

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

B.2.6 Employees

At the end of 2021, the Bilfinger Group workforce numbered 29,756 (previous year: 28,893) employees. The increase must be considered against the background of the business recovery following the impact of the COVID-19 pandemic in the previous year.

In Germany, the number of employees decreased to 6,425 (previous year: 6,909), while outside Germany it increased to 23,331 (previous year: 21,984). There were 6,721 employees in countries outside Europe (previous year: 5,524). A significant increase in the number of employees, particularly in North America, was noticed here.

EMPLOYEES BY REGION

	2021	2020	Δ in %
Germany	6,425	6,909	-7
Rest of Europe	16,610	16,460	1
North America	3,281	2,048	60
Africa	762	714	7
Asia	2,678	2,762	-3
Group	**29,756**	**28,893**	**3**

EMPLOYEES BY BUSINESS SEGMENT

	2021	2020	Δ in %
Engineering & Maintenance Europe	20,210	19,914	1
Engineering & Maintenance International	5,951	4,800	24
Technologies	2,088	2,274	-8
Reconciliation Group			
Headquarters / other	484	523	-7
Other Operations	1,023	1,382	-26
Group	**29,756**	**28,893**	**3**

EMPLOYEE GROUPS	Salaried	Industrial employees	Total	Salaried	Industrial employees	Total
			2021			2020
Engineering & Maintenance Europe	6,094	14,116	20,210	5,752	14,162	19,914
Engineering & Maintenance International	1,557	4,394	5,951	1,636	3,164	4,800
Technologies	1,489	599	2,088	1,634	640	2,274
Reconciliation Group						
Headquarters / other	484	0	484	523	0	523
Other Operations	451	572	1,023	561	821	1,382
Group	**10,075**	**19,681**	**29,756**	**10,106**	**18,787**	**28,893**

Bilfinger is an internationally focused Group that provides what tend to be highly diversified services. We therefore depend on employees who bring a broad range of experience, qualifications and perspectives to their jobs and help us to successfully take advantage of market opportunities.

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

EMPLOYEES BY GENDER	Male	Female	Total	Male	Female	Total
			2021			2020
Engineering & Maintenance Europe	18,299	1,910	20,209	18,095	1,819	19,914
Engineering & Maintenance International	5,433	518	5,951	4,397	403	4,800
Technologies	1,752	329	2,081	1,927	347	2,274
Reconciliation Group						
Headquarters / other	317	177	494	341	182	523
Other Operations	829	192	1,021	1,167	215	1,382
Group	**26,630**	**3,126**	**29,756**	**25,927**	**2,966**	**28,893**

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

Employee development programs implemented over the course of the reporting year are described in Chapter *B.5. Non-financial Group declaration.*

B.2.7 Innovation (research and development report)

The focus of Bilfinger's innovation activities in the reporting year remained in the area of digitalization. The development of new solutions was carried out in line with the decentralized corporate structure both at the operating companies and through central departments, which implement Group-wide digitalization projects. New requirements of the operating companies were addressed, advanced in the context of joint developments and introduced in the operating business.

In the reporting year, Bilfinger implemented innovation projects with a total expense of €5.8 million (previous year: €8.1 million).

RESEARCH AND DEVELOPMENT EXPENSES

in € million	2021	2020
Total expense	5.8	8.1
thereof digitalization	4.4	5.5
thereof industry	1.5	2.4
thereof other	0.0	0.2

The majority of the expense, as was the case in previous years, was incurred in the digitalization field of innovation, with both solutions for our customers as well as for internal digitalization being further developed. On the Bilfinger platform BCAP (Bilfinger Connected Asset Performance), plant data is used for Internet of Things (IoT) applications while solutions based on artificial intelligence are also developed. This enhances overall equipment effectiveness (OEE) and, in particular, the energy efficiency of our customers' plants. The focus is on the reduction of quality deviations, improvement of plant availability as well as the optimization of energy management and product throughput. The user interface of the BCAP platform has been redesigned, organized by user groups to make it more user-friendly and equipped with the respective role-specific programs and information content. New Edge solutions for installation in our customers' plants expand the safe deployment options of the BCAP platform, increase performance and reduce the operational costs of the IoT solutions.

In addition, the BCAP platform has also been further developed for internal use by the company's own business units and implemented operationally. Asset management, for example, is supported with digital solutions in the Bilfinger Maintenance Concept (BMC) and extensive evaluations for control and optimization are provided automatically. The units involved in industrial scaffolding and inspection services also use the platform as a customer portal to optimize their operating business and communicate with customers.

For the monitoring and optimization of production processes, we have developed our solutions with cognitive sensors that facilitate product quality tracking during the manufacturing process using acoustic perception. This leads to an increase in the efficiency of production plants and reduces fluctuations in product quality. Blockchain technology is now being used to increase the security of plant data.

Bilfinger's digital application PIDGraph uses artificial intelligence to transfer existing asset diagrams from paper form to a digital format and supports our customers in the necessary digitalization of the extensive documentation of existing assets. The technology can also be used to build a modern object-oriented, digital structure for asset management from existing inventory documentation. Initial developments in this area have already been successfully implemented with customers.

In the year under review, the program's performance was significantly enhanced and the interfaces to engineering programs used by customers were expanded. PIDGraph also forms the basis for the implementation of 'digital twins' of real plants and contributes to the creation of a central digital 'single place of truth' with remote access to required information.

The focus on developing digital solutions has proven to be forward-looking in light of the COVID-19 pandemic. Using such solutions to monitor our customers' production processes will require less personnel on site at the respective plants in the future.

Our new digital service offerings also include the 'Variation App'. It can be used, for example, to efficiently record, communicate and document changes in plant conditions, additional services in projects, maintenance and turnarounds.

Overall, the trend toward applying digital solutions in our customers' plants continues unabated.

B.3 Risk and opportunity report

The recognition of opportunities and risks is an integral part of the management processes in all of our units, both operational and administrative. We define risks as potential negative deviations and opportunities as potential favorable deviations from our plans.

Bilfinger has a systematic management system for the integrated identification, evaluation and management of risks and opportunities. This is intended in particular to avoid a threat to the existence of the company as a going concern and to achieve a sustained improvement in its earnings situation.

For reasons of consistency with Chapter *B.4 Outlook*, the underlying timeline for the likelihood of risks and opportunities includes financial year 2022.

B.3.1 Risk management

B.3.1.1 Basic principles

The Group-wide risk management system serves to identify, evaluate and control significant risks in a targeted manner. It is focused on achieving the goals of the company in the context of the strategy developed for the Group.

The risk management process covers all activities for the systematic handling of risks in the Group. At Bilfinger, risk management is not an isolated process that runs parallel to company activities, but rather an integral part of existing company and business processes.

The systematic approach to identifying, evaluating and managing relevant risks is based on the Enterprise Risk Management – Integrated Framework (2004) of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Opportunities and risks are reported with the help of a top-down / bottom-up process established throughout the Group – an essential component of risk management at Bilfinger. On the IT side, risk management is extensively supported by a special risk management tool. Another key element of the risk management organization at Bilfinger is the definition of clear roles and responsibilities.

The risk strategy for the Bilfinger Group is formulated by the Executive Board in the context of the planning process and also includes the definition of parameters to assess which risks the company should take in order to achieve its desired goals, for example, by determining risk classes for projects and framework agreements. The starting point is the company's risk capacity. This describes the amount of risk the Group can take on without jeopardizing its continued existence. To summarize, the following applies:

- Individual risks that put the Group in jeopardy may not be taken. This also applies if liquidity cannot be quickly restored when a risk occurs.
- Possible combinations of significant individual risks are reviewed as to whether they represent an existential threat in total. This creates an informative overall picture of the risk profile.
- Risks from large projects and services contracts are subject to a special review, among others by Corporate Project Controlling.
- Insurable risks are, where financially viable, transferred centrally to external insurance companies.

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

- **Supervisory Board and Audit Committee**
  The Audit Committee monitors the risk situation and the functionality of the risk management system for the Supervisory Board on the basis of the risk report provided each quarter by the Executive Board. The Audit Committee is also informed of the results of the monitoring activities carried out by Corporate Internal Audit & Investigations and Corporate Compliance. The Supervisory Board and Audit Committee may make decisions regarding additional internal or external reviews.

- **Executive Board**
  The Executive Board assumes overall responsibility for the functionality of the risk management system. It monitors the risk management cycle, carries out the final review and prioritization of significant Group risks and reports to the Audit Committee and the Supervisory Board in this regard.

Bilfinger is oriented toward the *Three Lines of Defense* model, with operations and functional supervision structured under Group headquarters and Corporate Internal Audit & Investigations. Bilfinger's responsibilities and tasks are clearly defined at these levels:

- First Line: Operational

  - Division / Region Heads (Executive President / Financial Director)
    Divisional / regional management is responsible for the functionality of the risk management system and its monitoring at divisional / regional levels and in the local units. Divisional / regional management regularly itemizes risks, as well as providing the final evaluation and prioritization of significant risks for the divisions / regions. This also includes the classification of risks to a defined risk owner and the approval of a division's / region's risk portfolio in the context of the quarterly reporting process.

  - Division / Region Risk Officer
    In its entirety, specific responsibility for the operational implementation of the risk management process and for monitoring and identifying risks lies with the Division / Region Risk Officer. This function is normally performed by a division's / region's financial director. The tasks of the Division / Region Risk Officer include, among other things, the plausibility of the overall risk situation with regard to its completeness and the evaluation of significant risks as well as the appropriateness and effectiveness of the risk mitigation measures – including the evaluation of necessary investments or expenses – and regular updates on the risk situation.

  - Division / Region Risk Coordinator
    Division / Region Risk Coordinators consolidate the individual risks at divisional levels in the course of risk inventory. They support the heads of the divisions / regions in the consistent application of risk management methods and in reporting to Corporate Risk Management or the Group Risk Organization.

- Risk Owner
  Risk Owners are responsible for the identification, analysis and evaluation of individual risks. This also includes the evaluation and implementation of appropriate risk mitigation measures and the regular analysis and monitoring of the current situation regarding individual risks. This also comprises the evaluation of necessary investments and other expenses.

- Second Line: Functional supervision of headquarters

  - Bilfinger Risk Committee
    The Bilfinger Risk Committee generally meets every quarter on behalf of the Executive Board. Members include the Chief Financial Officer (CFO), the Financial Directors of the divisions / regions, the Group Risk Organization as well as the heads of Corporate Accounting, Controlling & Tax, Corporate Treasury, Corporate Legal & Insurance, Corporate Compliance, Corporate Internal Audit & Investigations and the Head of Internal Control Systems. If necessary, the Bilfinger Risk Committee is supplemented with further experts from other specialist areas.
    The committee establishes plausibility for the risk reports quarterly and submits these to the Executive Board. It supports the design of a pragmatic risk management system, shares best-practice approaches and assumes responsibility for superordinate quality assurance of the quarterly risk report for significant Group risks. The Risk Committee also fulfills an important advisory function and contributes recommendations on the design of the risk management system.

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

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

- Third Line: Independent review

  - In accordance with the *Three Lines of Defense* model, Corporate Internal Audit & Investigations, as an independent monitoring body, has the task of regularly reviewing the effectiveness and appropriateness of the risk management system and the internal control system on an incident-related or ad-hoc basis. The risk owner regularly monitors the evaluation of the identified risks in order to determine significant changes.

As part of the audit of the annual financial statements, external auditors also carry out a review of the appropriateness of the system in order to detect early threats to the continued existence of the Group.

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

B.3.1.2 Identification

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

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan (n+1)
Risk workshops			at least one workshop per division annually										
Bottom-up update			●			●			●			●	
Alignment – Bilfinger Risk Committee				●			●			●			●
Audit Committee meetings					●			●			●		●
Fast track (part of the reporting process)			incident-related										

As of the balance-sheet date, the following significant risks result from the parameters of impact and likelihood: Directly following this, the Bilfinger Risk Committee convenes, performs quality assurance on the quarterly risk report and forwards it for processing in the Executive Board and for submission to the Audit Committee.

Any significant risk is documented with a high degree of transparency and described comprehensibly. The description indicates cause and effect clearly.

The operating companies and divisions / regions as well as units at headquarters entrusted with company-wide functional supervision immediately report relevant short-term risks to the responsible Corporate Central Functions and, if relevant, to the Executive Board.

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

B.3.1.3 Evaluation

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

The evaluation primarily takes place using a qualitative approach. At times, an additional monetary evaluation is made. However, this is assigned a subordinate value.

Evaluation scale of impact

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

Evaluation scale of likelihood within the next 12 months

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

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

B.3.1.4 Control

Additional measures to manage risks, where reasonable and necessary, are taken on the basis of risks that have been identified and evaluated. Depending on the scope and value, this takes place in consultation with those in the companies defined as responsible for the risk management process or according to line functions.

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

- Avoid
  Incalculable risks or risks with a disadvantageous risk-return ratio are avoided, for example by not accepting projects in a high risk category or ensuring that these risks are explicitly eliminated by means of contractual provisions.
- Transfer
  Depending on the situation, risks are contractually transferred to third parties such as insurers, subcontractors and customers outside the Group.
- Manage
  Manageable risks or their impact are reduced or limited by better operational execution, strengthened control or other risk mitigation measures (hedging etc.).
- Accept
  Remaining risks are accepted as such in their current respective form whenever further risk mitigation measures are not economically viable.

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

The transparency necessary to control risks is achieved by communicating significant risks in the risk report, at least quarterly, to the Executive Board and to the Audit Committee of the Supervisory Board. Risks from framework agreements in the services business relate primarily to business in the engineering & maintenance sector.

B.3.2 Significant risks

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

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

Risk title	Rank	Risk field	Evaluation Impact (1-5) Likelihood (1-5)
Risks from projects and framework agreements	1	Operational	●● ●●●●
Lack of adequate personnel	2	Operational	●● ●●●●
Adverse market developments	3	Strategic	●● ●●●
COVID-19 pandemic	4	Operational	●● ●●●
Legal disputes and completed legacy projects	5	Compliance	●● ●●●
Serious HSEQ incident	6	Operational	●● ●●
Insufficient agility	7	Operational	● ●●●
IT-related risk	8	Operational	● ●●●
Insufficient progress in working capital / cash management	9	Financial	● ●●●
Dependence on single customers in some businesses	10	Strategic	● ●●

The individual risks compiled under semantically aggregated risk titles in the fields of strategic risks, operational risks, financial risks and compliance risks are described in the following. Unless otherwise stated, the risks presented affect the entire Group. Risks specific to business segments include an appropriate indication.

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

B.3.2.1 Strategic risks

Adverse market developments

Bilfinger depends on the general economic situation and the development of its markets. Bilfinger evaluates the risk from project and framework agreement risks in their effect overall as relevant. Bilfinger is also smaller than a range of its customers, who try to exploit their relative market strength, particularly in the context of new tenders.

In addition to this general situation and in light of continued major activities in the oil and gas segment, Bilfinger – despite the ongoing expansion of its service portfolio including in areas such as renewable energies and hydrogen technologies – is dependent on the development in the price of oil and its effect on the spending behavior of customers in this market segment. Increasing efforts to decarbonize operations can also tend to lead to a decline in demand in the oil and gas sector.

Bilfinger continued to face restrictions in its operating business in reporting year 2021 as a result of the ongoing global COVID-19 pandemic, such as the limitation of occupancy capacities on oil and gas platforms in the North Sea. These did not, however, have a significant impact on our business activities.

In the course of the pandemic, Bilfinger last year prepared itself for a scenario in which the oil price only returns to a historical level of between US$ 55 and US$ 75 per barrel in the medium term. Fortunately, however, we saw a recovery in the price of oil to the level forecast in the 2021 reporting year. Development of the price of oil, its volatility in particular or even its longer-term decline, remain a potential risk for our activities.

Furthermore, the efforts made at the end of financial year 2019 to make the organization more efficient and agile are paying off, enabling Bilfinger to meet the ongoing challenges from a position of greater agility and strength.

We continue to counter these risks by gradually strengthening our product range, by regularly expanding the customer base and by actively managing productivity and capacity to minimize potential sunk costs, in addition to intensive cooperation with customers. In general, Bilfinger's strategy targets a balanced distribution of the business between the six core industries and eight regions.

A delay in planned projects in the area of nuclear energy represents an additional risk in the development of our markets. A further risk lies in the scarcity of resources in the area of special materials. Increases in raw material costs for our customers in the chemical sector, a long-term increase in the price of oil, for example, could also have negative effects on their spending behavior regarding investments and maintenance. The latter may be partially offset by additional revenue in the oil and gas sector. And, not least, a further acceleration of the energy transition and a departure from conventional energy, particularly in Germany, could lead to additional overcapacities on the one hand, but also to additional opportunities in new sectors. However, the start of the projects depends heavily on the duration of the approval processes or procedures for funding.

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

Bilfinger counters the risk arising from adverse market developments through, among other things, a highly diversified portfolio of customers and industries, whereby growth in sustainability areas in particular will also be pursued. Overall, Bilfinger's assessment of the risk from future adverse market developments is unchanged compared with the previous reporting period and therefore remains within the range of possibility with a relevant impact.

Dependence on individual customers in some business sectors

Steady increases in inflation also cannot be readily carried over to the customer in full. A deterioration or loss of customer relationships could have a negative impact on regional business or assets.

In view of the necessary productivity increases, Bilfinger continues to assess the risk as relevant in terms of its impact, with the likelihood being within the possible range. Our customer relationships are also cultivated through effective customer relationship management. Overall, Bilfinger continues to assess the risk of dependence on individual customers in some business segments as low in terms of both likelihood and effect.

B.3.2.2 Operational risks

Risks from projects and framework agreements

When planning and executing projects, significant calculation and execution risks exist that are often larger than in the service business due to the project volumes and higher degree of technical complexity. Risks from the project business therefore relate primarily to the Technologies segment but are becoming increasingly relevant for the maintenance and repair units due to the growing project business.

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

Bilfinger assumes significant technical guarantees for some orders in the project area. Plant construction projects carried out in this way are often complex and require a large purchasing volume and qualified project management. Such project contracts are typically concluded with the obligation to provide turnkey construction of the plant. A key risk lies in the fact that the calculated prices are inadequate for the contractual performance for diverse reasons (e.g., construction site conditions, delays due to weather conditions, mistakes by subcontractors) and that further claims cannot be obtained from the customer. This can result in a decreased profit margin and in some cases can lead to significant losses from the contract.

The limitation of risks is a key task of the unit responsible for the individual project at Bilfinger. There are thus minimum requirements which a project must fulfill in order to be accepted by the responsible unit. Depending on the bid volume and specific risk categories, the independent corporate departments of Project Compliance, Corporate Project Audit and Corporate Legal & Insurance must be involved as additional supervisory authorities – until the Executive and Supervisory Boards have given their approval.

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

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

The basis for the management of risks in the service sector is a profound understanding of the customer, the services being provided and of the contract conditions that have been agreed. For the execution of the work, our operative companies have competent, reliable and experienced staff. Wage increases, which are partly influenced by external factors, primarily wage settlements, will be partially absorbed by the indexing of contractual remuneration.

In view of the high degree of involvement in the business processes of our customers, we pay particular attention to the appropriate level of qualification of the persons assigned. Precise knowledge of the specific conditions in the plants we manage is a decisive factor for our business success. Service contracts above a certain volume must be subject to a regular review by Corporate Project Audit over the contract period.

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

Lack of adequate personnel

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

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

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

Overall, the situation on the labor market for skilled workers is becoming increasingly difficult, which is why we have raised our assessment of the probability of occurrence by one level compared with the previous year, with the impact remaining relevant.

COVID-19 pandemic

In the reporting year 2021, there was no significant impact on our business activities due to the global COVID-19 pandemic. The emergence of new virus mutations, however, continues to generate increased uncertainty. One example is that COVID-19 protection measures could result in reduced production activities on oil and gas platforms, as well as possible travel restrictions and quarantine obligations. In our view, however, a severe negative economic impact in our target markets is not expected in the coming year. If, contrary to Bilfinger's expectations, significant distortions in business activity were to occur again, this could certainly lead to material effects on the Group's net assets, financial position and results of operations, taking into account the elimination of state compensation funds in particular.

In view of the global dimension and the limited predictability of the pandemic, Bilfinger will continue to monitor the situation very closely and will make every effort to mitigate any negative effects on the Group. These include, in particular, agility measures and comprehensive occupational safety and hygiene concepts for our employees.

Bilfinger currently assumes a relevant impact with a downward tendency. We consider the probability of occurrence to be within the realm of possibility.

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

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

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

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

With an accident rate of 0.21 per 1,000,000 working hours, lost-day incidents are at an internationally leading level for our industry. Our 2021 global safety campaign "Line of Fire", which raised awareness of the Bilfinger Life Saving Rules among our employees and managers, was also a contributing factor here. In the coming year, we will continue to focus intensively on work content as we continue this global safety campaign and help make ourselves even more successful.

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

Details on HSEQ management at Bilfinger are described in the non-financial Group declaration in Chapters *B.5.3.2 Employee development and diversity*, *B.5.5.1 Customer focus and B.5.5.2 Quality management*.

Insufficient agility

The achievement of our medium-term margin goals requires a significant increase in productivity in both direct and indirect functions. By contrast, market and margin pressure remain high as customers demand that any cost reductions achieved be passed on. Steady increases in inflation also cannot be readily carried over to the customer in full. Newly accepted framework agreements in the Engineering & Maintenance business segment are less profitable due to set-up costs and the initial training necessary for a specific plant in the start phase.

Due to productivity improvements already achieved as well as the leaner organization, Bilfinger assesses the risk in terms of its impact as low and therefore one level lower than in the previous year, while the probability remains within the realm of possibility.

The situation requires constant and careful management of the cost base and regular review of the status quo. Productivity management is initially the responsibility of all those with operational responsibility. To further support achievement of these goals, measures are being intensified within the Group to obtain new personnel resources from alternative sources and to train them thoroughly in central training centers. Transparency regarding key resources is also being increased Group-wide and flexibility is being enhanced.

To ensure an ongoing improvement in operating performance, Bilfinger continues to identify so-called transformation units within the Group that are initially subject to increased monitoring and undergo a comprehensive reorganization program.

IT-related risk

Information is a key component of our business processes and thus represents an important corporate asset that must be protected in an appropriate manner against unauthorized access. The ever-increasing global networking of computer systems, however, makes it increasingly difficult to protect our information from abuse, manipulation, espionage or theft. This is a general trend in the business world and Bilfinger is by no means immune to it. The most serious risk in this regard is posed by hostile attacks on Bilfinger IT systems (so-called cyber attacks), which are becoming increasingly prevalent as a result of increasing digitalization. These cyber attacks can have malicious intent including disrupting processes, attempting to gain access to internal and confidential information or even blackmailing to release data. The result can be significant system failures and disruptions to operational processes.

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

We counter the risks in the cyber security environment with a broad package of measures, such as increased monitoring of incoming and outgoing e-mail traffic to prevent malicious e-mails with a cloud-based e-mail gateway. In the event of specific threats, we work together closely with the relevant authorities. The central data centers were migrated to Microsoft Azure and will continue to be subject to ISO 27001 certification. In addition, measures to make network access more stringent are checked by means of regular vulnerability analyses, e.g., through so-called friendly hacking.

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

In addition to the risks from the cyber security environment mentioned above, risks relating to potential breaches of the European General Data Protection Regulation (GDPR) on the IT side are also significant. Measures to comply with the requirements of the General Data Protection Regulation with regard to the use of personal data in Bilfinger's IT processes that may not have been fully implemented could result in severe penalties if breaches are identified. In order to counteract possible violations, Bilfinger has a uniform Group Data Protection Policy based on the regulations of the European Union's General Data Protection Regulation and on globally accepted principles of data protection law for the processing of personal data from employees, customers, suppliers and other business partners. Compliance with the requirements is monitored by means of regular audits, among other things.

Overall, Bilfinger classifies IT-related risks as having a low impact. We consider the probability of occurrence to be within the realm of possibility.

B.3.2.3 Financial risks

Inadequate focus on working capital / cash management

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

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

The mitigation measures focus on a consistent local management of receivables and liabilities, which is formalized in the Group policy on minimum standards in working capital management, to which all employees are bound. This extends comprehensively to the order-to-cash (OtC) and purchase-to-pay (PtP) processes. In addition, the objective of the ongoing comprehensive process and system harmonization within the Group is to contribute to greater transparency with regard to improvement potential and an increased Group-wide exchange of best practices in working capital management. In addition, there has been a Group-wide program at Bilfinger since 2019 to optimize working capital management, including training and awareness measures as well as the definition of specific measures in individual units. Significant improvements in order-to-cash demonstrate the effectiveness of the program, which is why it will be continued in the future.

In addition to working capital, Bilfinger monitors all financial risks with proven control mechanisms that allow for timely and transparent reporting. The Group's reporting system guarantees the regular identification, analysis, assessment and management of financial risks by Corporate Treasury. All relevant equity interests and joint ventures are included in this monitoring.

As a result of an unexpected negative business development, increased financing needs can occur in the operating units. At the same time, a negative business development can entail a change in Bilfinger's creditworthiness, particularly from rating agencies and banks, which can lead to more difficult and expensive financing or a more difficult and expensive provision of securities and guarantees. External financing can also result in a worsening of the dynamic gearing ratio that was pledged to be maintained through the financial covenant. Any breach of the financial covenant can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis and can thereby also lead to an unplanned loss of liquidity.

We counter this risk by centrally monitoring liquidity development and risks in the Group using an ongoing cash-flow planning and introducing countermeasures at an early stage. Within the context of central financing, Bilfinger SE makes necessary liquidity available to its subsidiaries. Notwithstanding economically less relevant regions, the Group's internal equalization of liquidity in Europe and in the United States is supported by cross-border cash pooling.

Investment financing is carried out with consideration of matching maturities. To finance working capital, we have a €250 million pre-approved syndicated credit line at attractive conditions that is in place until December 2023. This includes a standard market financial covenant in the form of a limitation of the dynamic gearing ratio adjusted net debt / adjusted EBITDA. The value as of December 31, 2021, is below the contractually agreed cap. If, in the case of a significant worsening, adjustment does not take place in agreement with the lender, any breach of the financial covenant can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis.

The sureties available for the execution of our project and service business with a volume of €906 million are sufficiently dimensioned to accompany the further development of the company. In addition, we have a U.S. surety program in the amount of US$ 750 million for the execution of our business in North America. All credit commitments can be called due prematurely in the case of a change of control.

In addition, Bilfinger has issued a €250 million bond maturing in June 2024 and several promissory note loans totaling €14.5 million maturing in April 2022 and October 2024.

Bilfinger's assessment of the risk from insufficient progress on working capital management / cash management remains unchanged with regard to possible occurrence and an impact classified as low.

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

B.3.2.4 Compliance risks (including legal risks)

Legal disputes and completed legacy projects

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

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

In connection with an explosion incident at a gas station in Austria in 2017, the public prosecutor is investigating a Bilfinger company and other involved parties and has now filed charges. The reason for the accident has not yet been determined. In the summer of 2019, an expert commissioned by the public prosecutor's office determined that the gas accident was due to technical defects in the plant for which the relevant Bilfinger company was responsible. Another court-appointed expert basically concurred with this view on causation in the report he submitted in summer 2021. Bilfinger has disputed these findings. The main public hearing started in December 2021. From today's perspective, we expect that in case of a civil law availment by injured parties, we would, if necessary, have sufficient insurance coverage. In individual projects in various countries, clients, subcontractors, public authorities or consortium partners are asserting claims in the mid triple-digit million-euro range against Bilfinger for various reasons. The objects of the disputes are, among other things, the appointment of blame for the causes of construction delays, disruptions to the construction process, defects and disagreements related to the technical features of the plants. It was possible to bring large volume cases to a close in various countries over the course of the 2021 reporting year.

Bilfinger is also asserting claims against customers in various countries for payment of outstanding compensation claims in the mid double-digit million-euro range and sees opportunities in this regard.

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

Due to the positive developments, Bilfinger assesses the risk from legal disputes and legacy projects as relevant and therefore one level lower than in the prior year, with a simultaneous limited likelihood of occurrence.

B.3.3 General assessment of the risk situation

The evaluation of overall risk is the result of a consolidated consideration of all significant individual risks. Bilfinger expects that the general risk situation of the Group in reporting year 2021 did not change significantly as compared with the previous year.

The pandemic-related recession in the global economy was followed this year by a worldwide economic upturn, during which the price of oil also rose again due to demand – in some cases even exceeding pre-crisis levels – which benefited our business in the oil & gas sector in particular.

The challenges associated with the COVID-19 pandemic continue to be an issue that should not be underestimated, although Bilfinger does not currently expect any major setbacks. Furthermore, Bilfinger was able to successfully conclude another major legal case in the fall of this year without incurring any financial losses. At the same time, it is becoming apparent in some units that risks in project execution can still have an impact as can an increasing scarcity of personnel resources. The inflationary trends currently being observed could also have a negative impact on our business if customers become more reluctant to award projects due to higher costs.

Overall, however, Bilfinger is convinced that the existing risks are sustainable for the Group as a result of the instruments put in place to manage them.

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

B.3.4 Opportunity management

B.3.4.1 Principles, identification, evaluation and control

We understand opportunities as potential positive deviations from our planning. Their occurrence may have additional positive impacts on our net assets and financial position.

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

Opportunities are identified by Bilfinger's employees and management in the course of their daily processes and market observations. In addition, a strategic planning process at regular intervals supports a fundamental annual analysis of the opportunities presented to us.

In the overall context of the company, opportunities that are considered advantageous to Bilfinger's development and, with it, to the interests of shareholders, should be – where it makes financial sense – encouraged and realized using targeted measures. These are managed by established planning and forecasting processes as well as by projects.

B.3.5 Significant opportunities

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

1 Opportunities from tax matters
2 Advantageous market developments
3 Digitalization and business development
4 Positive outcomes of pending legal cases and disputes
5 Effective project and contract execution
6 Optimization of personnel availability and costs
7 Compliance and safety culture as a positive differentiation feature
8 Portfolio rotation (value contribution through the purchase and sale of companies and shares in companies)
9 Accelerated implementation of productivity measures
10 Growth opportunities in sustainability areas

Like risks, the opportunities described below fall under the four core areas of the COSO framework and generally relate to the entire Group. Segment-specific opportunities are declared as such.

B.3.5.1 Strategic opportunities

Advantageous market developments

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

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

An additional revival of demand in the area of nuclear energy as a result of targets on the reduction of CO_2 emissions could also open further earnings potentials in selected national markets.

Bilfinger considers additional opportunities in this area to be relevant, which is one level lower than the previous year's assessment. This is, however, against the background that additional positive market developments and additional growth opportunities in sustainable areas have been reported separately since this year. We continue to assess the probability of occurrence of favorable market developments as low compared with the previous year.

Portfolio rotation (value contribution through the sale of companies and shares in companies)

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

In the case of the selling of these companies or for other strategic considerations, cash inflows can have an additional positive effect on the liquidity of the Group and can be put to use for the expansion of growth areas (portfolio rotation). With only two units remaining in this group as of December 31, 2021, the impact of the opportunity is still considered low, with a low likelihood of occurrence. Should it come to a sale with proceeds below the current carrying amount, this would even be associated with a corresponding disposal loss. At the same time, the proceeds from the sale of the preferred participation note to Apleona and the current financial position, as communicated, allow for acquisitions in the amount of several hundred million euros. Should the purchase price be significantly lower than the value contribution of the asset, on a stand-alone basis or due to synergies, this could have a positive impact on our net assets, financial position and results of operations.

Growth opportunities in sustainability areas

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

We provide support through services in hydroelectric power and district heating, and in innovative areas including the production of (green) hydrogen, carbon capture, utilization and storage (CCUS), battery production or energy efficiency. In this context, Bilfinger is constantly developing its capabilities so that it can better serve its customers along the entire value chain. A major part of the growth opportunities in sustainability areas is already included in our planning, which is why we assess additional opportunities beyond the planning as low, with a simultaneously low probability of occurrence.

B.3.5.2 Operational opportunities

Digitalization and business development

The digitalization of processes in our customer industries is being driven forward with a high degree of commitment under the keyword ‘Industry 4.0’. We see ourselves as a full service provider for the process industry in the development and ongoing enhancement of existing and new digital solutions. We act as a liaison between industrial companies and pure IT providers. We want to actively shape the transformation and, among other things, to contribute to enabling digitally networked production, even for medium-sized companies. To this end, we have established a competence center and make targeted investments in this area (see Chapter *B.2.7 Innovation (research and development report).* Furthermore, the Global Development Organization was established as part of an organizational adjustment at the beginning of the 2020 financial year. This organization reports directly to Bilfinger’s Chief Operating Officer and coordinates Group-wide business development programs related to both new products and the greater integration of services across organizational boundaries. In the course of these efforts, the digital competence center was placed under the control of the Global Development Organization. The objective is to more aggressively market Bilfinger’s existing innovative products.

An accelerated customer demand for our digital solutions that goes beyond our underlying planning can, along with an additional boost in growth, also lead to a business that can more easily be scaled and thus to the use of economies of scale. Both can have a significant positive impact on Bilfinger’s financial position. The perspective of opportunities that go beyond planning in this regard includes relevant effects with a limited likelihood of occurrence.

Effective project and contract execution

Supplementary earnings opportunities arise from constant improvement of project execution and the identification of additional potential contracts resulting from this. The realization of these potentials relies on the nearly optimal application of project management processes and instruments, which are also used in the mitigation of project risks. This also requires a profound understanding of the underlying contracts in each case. Bilfinger therefore utilizes professional project managers with comprehensive experience and training. Bilfinger continues to assess the likelihood of this opportunity occurring within the realm of possibility, while the impact, compared with the previous reporting period, is one level lower and therefore considered low.

Optimization of personnel availability and costs

A positive deviation from the underlying planning on the availability of cost-efficient personnel resources presents an opportunity for Bilfinger. In particular, the possibilities here are in a more effective integration of qualified suppliers and subcontractors as well as in a moderate development of labor and incidental wage costs in our focus regions. There are also additional modern methods for personnel deployment as part of a better process and system landscape, among other things, with regard to an even more effective administration of necessary training. Current measures to further optimize personnel availability include the development of new source markets and training at central training centers, thus creating additional opportunities. Generally speaking, however, the potential positive effects are considered low and thus unchanged compared with the previous year. The likelihood of occurrence also remains within the realm of possibility.

Accelerated implementation of productivity measures

The achievement of our medium-term margin goals depends on a substantial increase in productivity in all areas of the Group. To this end, Bilfinger implemented significant further measures in the prior year, also as a result of the COVID-19 pandemic, to make personnel resources in particular more flexible. The Group also benefits from our internal Global Excellence Team, which is responsible Group-wide for the establishment and implementation of additional productivity-enhancing measures.

Moreover, in the coming 12-18 months, more employee training on operational excellence and lean management will be carried out in order to firmly establish the concept of 'lean' in the organization and culture. We expect the improvement measures that have been initiated to take effect and to contain relevant potential opportunities, but these have already been incorporated to a significant extent in our medium-term planning.

Bilfinger continues to assess the probability of realizing relevant opportunities beyond this as very low. If the measures can be implemented more quickly or effectively, this would generate additional finance and earnings potentials for Bilfinger.

B.3.5.3 Financial opportunities

Opportunities from tax matters

In the Bilfinger Group there are substantial tax-loss carryforwards for which no deferred taxes have been capitalized because the conditions pursuant to IFRS are not currently given. The majority of these loss carryforwards is attributable to the German tax group of Bilfinger SE. Despite the positive taxable income of Bilfinger SE in 2021, no loss carryforwards have yet been capitalized as the results are to a significant extent attributable to one-time items. In the event of a further increase in profitability in the operating companies, non-capitalized loss carryforwards could be utilized, thus improving the Group's financial and earnings planning beyond the current planning.

Further opportunities from appeals against tax assessments following tax audits were realized in 2021, as key aspects of the appeals were upheld. These effects led to an improvement in the financial position, net assets and results of operations of the Bilfinger Group. Approximately two-thirds of the expected income has also already been recognized. Further opportunities still exist in a change in the valuation of the interest position.

With regard to the outstanding issues, the appeal proceedings are suspended until the highest court decides on these legal questions. These additional effects have a much smaller material scope. The prospects of success are in some cases good and in others considered to be rather low. Overall, Bilfinger estimates the additional expected effects from tax matters to be low, with an increased probability of occurrence.

B.3.5.4 Compliance opportunities

Positive outcomes for pending legal cases and disputes

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

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

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

Compliance and safety culture as a positive differentiation feature

Our customers place a greater focus on compliance and HSEQ performance when choosing their partners. In light of the measures for optimization of integrity and HSEQ culture described in Chapter *B.5.2.2 Counteracting corruption and bribery*, Bilfinger rigorously meets these requirements and can gain an important positive differentiation feature in the competitive environment. This is proven by the contracts awarded to Bilfinger, for which the compliance system was an important factor in the customer's decision. This trend opens up additional growth and earnings potential for us. The opportunity from this is still considered small in terms of its effect. This also applies to the probability of occurrence.

B.3.6 General assessment of the opportunities situation

Our current planning for 2022 and beyond already provides for a substantial improvement in the Group's net assets, financial position and results of operations through the realization of possible opportunities, meaning that further opportunities beyond this planning tend to be limited.

Compared with the prior year, Bilfinger's overall opportunity situation has weakened somewhat because relevant elements of the opportunities have already been realized, in particular with the sale of the preferred participation note to Apleona. Inflows from the sale as well as the current financial situation do, however, offer the opportunity for potential acquisitions, which in turn could generate positive value added for the Group. As a result of the economic upturn, the oil price has also risen sharply recently and was quoted above the pre-crisis level, which has benefited our oil & gas business. In addition, Bilfinger offers a comprehensive portfolio of services and products in sustainability areas, which is why we also see potential for additional growth here.

Irrespective of this, Bilfinger continues to work on the ongoing development of its opportunities portfolio, including through the established BTOP platform.

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

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

Accounting process

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

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

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

Internal control and risk management system

Taking into account legal requirements and customary industry standards, Bilfinger has established a Group-wide internal control system (ICS) for the identification and mitigation of potential risks. This system is continuously expanded and developed. The internal control system consists of principles, procedures and measures to secure the effectiveness, efficiency and accuracy of the company's accounting as well as the observance of applicable legal requirements. This also includes the internal auditing system insofar as it relates to accounting. On this basis, the observance of fundamental controlling principles such as separation of tasks and functions, four-eyes principle or lawful access regulations in the IT systems will be ensured for the accounting and consolidation process. The ICS at the Bilfinger Group for both the companies included and for the consolidation is based on the COSO standard 2017.

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

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

- The IT systems used in accounting are protected from unauthorized access through appropriate security measures.
- Uniform accounting is defined in Group-wide guidelines, which are regularly updated.
- Accounting data is randomly reviewed on a regular basis for completeness and accuracy. Programmed plausibility audits are carried out by software that is designed for that purpose.
- Appropriate controls have been implemented for all accounting-relevant processes (including the dual-control principle, functional separation and analytical audits). They are also regularly reviewed by Corporate Compliance / Corporate Internal Control System (ICS).
- On the basis of the reports received from the external auditors and from Corporate Compliance / Corporate Internal Control System (ICS), the Supervisory Board, through its Audit Committee, reviews the functionality of the internal control and risk management system as relates to the accounting process.

The methodical support of the ICS is organized in accordance with the structure of the Group. Responsible persons for the ICS are determined at a Group, regional or division and company level. Their tasks include reporting on the status of the ICS to the respective management, which has overall responsibility for the ICS, and supporting the implementation of further development of the system.

The effectiveness of the internal control system is monitored through annual effectiveness checks (tests). The tests are carried out by Corporate Compliance / Corporate Internal Control System (ICS) and by the units themselves (control self-assessments). By means of regular training measures, it is ensured that all those involved in the internal control system have current and valid information available. This forms the basis for the evaluation of the appropriateness and effectiveness of the Group-wide control system by the Executive Board at the end of the financial year. Recommendations for improvement become part of the ongoing development of the internal control system.

Within the scope of the internal control and risk management system with regard to the accounting and consolidation process, Bilfinger has taken the measures described above for the identification and evaluation of risks such as the inappropriate exercise of assessment latitude as well as violations against standards and regulations. The requirement of a conceptual framework and the establishment of quality-assuring control and monitoring mechanisms in particular serve to limit risks that exist with regard to the Group accounting processes. Given their inherent limitations, however, internal controls cannot completely prevent potential errors in the Group accounting process and do not provide absolute certainty with regard to the achievement of control objectives.

B.4 Outlook

B.4.1 Economy as a whole

Recent high infection rates led to renewed restrictions for contact-intensive service industries including tourism and hospitality in Europe and the U.S. as 2021 drew to a close. With setbacks in the fight against the COVID-19 pandemic, economic risks have begun to intensify again. The euro zone and the USA can both expect real economic growth of just over 4 percent in 2022 (DG ECFIN, p. 154). This development is conditional, however, on the COVID-19 pandemic remaining under control, also with regard to new virus mutations, and on the current supply bottlenecks and disruptions in global logistics gradually easing. In this case, growth momentum may be supported by continued strong business investment and catch-up effects. In Europe, the start-up of project financing from the EU reconstruction plan is providing growth impetus through additional investment in digital infrastructure and the energy transition. One risk to the economic outlook is the development of inflation: If inflationary pressure proves to be unexpectedly persistent, the European Central Bank could be forced to scale back its monetary policy support for the recovery through its securities purchases and zero interest rate policy earlier than expected. The development of the oil price will be heavily dependent on global economic developments. The price of oil is likely to be stable in the scenario of a further broad-based recovery of the global economy, but more volatile again in the event of economic setbacks.

Engineering & Maintenance Europe

The European industrial services market will experience further structural growth impetus in the coming years from the ambitious climate policy under the European Green Deal. The new tighter European and national emission reduction targets, combined with further increases in CO_2 prices, will lead to significant investment in the decarbonization of European industry. Industry will invest extensively in energy efficiency improvements, distributed generation and innovative carbon capture and storage processes. The chemical & petrochemical sector is expected to grow +1.5 percent in Europe in 2022 (VCI Business Worldwide).

A key role in the industry's gradual phase-out of fossil energy will be played by the production and use of climate-neutral hydrogen. The EU and its member states are providing considerable support for the development of a European hydrogen value chain through the European Hydrogen Strategy and national funding instruments. In addition to the US$ 37 billion in public funding already committed internationally, announced private sector investments total US$ 300 billion (FAZ). In the EU, there are already more than 400 funding projects in 18 countries (BMWI IPCEI). These projects relate to the production of hydrogen, the infrastructure from transport to storage and the applications in industry and mobility. In Germany, the new federal government has set itself the goal of making the country the lead market for hydrogen technologies. More than 60 major projects have been selected for funding under the national hydrogen strategy (BMWI IPCEI). In this transformation process, there is increasing demand from industry for integrated services to create the hydrogen infrastructure on site and to adapt plants and processes to the new energy carrier. Industrial service providers are increasingly becoming industry's transformation partners here.

Another trend in the context of the Green Deal with high potential for European industrial services relates to electromobility and the surge in demand for batteries. Extensive investments in new European battery factories have started, and even more are at the planning stage. A total of 40 projects have been announced for the next 10 years, 17 of them – with a total investment of €25.5 billion – already have a concrete financing concept (Handelsblatt Elektromobilität). The EU and its member states are promoting these investments in order to reduce dependence on the import of batteries from Asia. Not least, recent experience with the possible unreliability of global supply chains has increased the willingness of policymakers and industry to secure sufficient production capacity for strategically important products at European locations (Lün, p. 46).

In view of these very positive long-term demand-side trends and the high level of technical expertise required, the shortage of skilled workers will increasingly prove to be a restricting factor for growth opportunities in the European services market. In industry surveys, the lack of qualified personnel is ranked first as the most important obstacle to business development in the medium term, ahead of other limiting factors such as growing price and competitive pressure (Lün, p. 37).

United Kingdom

Due to the low level of exploration activity in recent years, a further decline in oil and gas production in the UK production fields is inevitable. For oil production, the UK Oil & Gas Authority expects crude oil production to decline by 25 percent and gas production to decline by 15 percent in the years from 2021 to 2025 (UK Oil&Gas PEP). However, if oil prices remain stable, exploration activities are expected to pick up again slightly. In the short term, the business will also benefit from catch-up effects. For example, projects to decommission production facilities that were postponed during the COVID-19 pandemic are gradually being caught up. In addition, expenditures to extend the service life of existing plants in particular are expected to increase. A permanently growing role will be played by carbon capture and storage projects, with which the oil industry aims to contribute to climate neutrality in the UK.

The country is already the world’s largest offshore wind power producer with its capacity of 10 gigawatts. This capacity is expected to quadruple by 2030 (OGUK Business Outlook). With investment recently hampered by supply bottlenecks and input price increases, demand for inspection and maintenance is expected to rise in light of high public and private investment.

Scandinavia

On the Norwegian Shelf, oil and gas production is still expected to increase slightly until 2025, after which it is forecast to decline gradually (Norwegian Petroleum). Although the new government, which took office in 2021, intends to continue to allow new developments of production fields in the oil industry, the energy policy focus is on an expansion of offshore wind energy and on the further development of green hydrogen production (Reuters, Windpower).

Chemical and petrochemical industries in Scandinavia are benefiting from a sharp increase in the willingness on the part of the companies there to invest, with a focus on petrochemicals, battery chemistry and the hydrogen economy (GTAI Norway). Significantly lower electricity prices than in Western Europe are boosting development in addition to the expected global recovery of the chemical markets.

Belgium / the Netherlands

Belgian pharmaceutical sites play a key role in the European production of COVID-19 vaccines and will consequently also benefit substantially from the associated ongoing upswing in the biopharma sector. The Belgian government presented its hydrogen strategy in the fall of 2021, according to which it will further expand the country's European role in hydrogen technology and develop the infrastructure for the necessary hydrogen imports (Allan & Overy).

The chemical industry, together with the pharmaceutical sector, will remain Belgium's industrial backbone. In 2022, this significant chemical hub, with its excellent integration into global chemical logistics, is expected to benefit strongly from the anticipated global recovery of customer industries. Future growth is also backed by substantial investments currently underway in propylene and ethylene production capacity in the Antwerp cluster (GTAI Belgium).

The Netherlands expects to gain a particular advantage from the know-how and infrastructure of the existing gas industry when switching to green hydrogen. This infrastructure offers potential for conversion to hydrogen, which will require significant investment on the part of the industry (GTAI Netherlands Hydrogen).

Dutch chemical companies' expectations for 2022 are optimistic, despite supply chain issues. 40 percent of chemical companies expect sales to increase, with only 3 percent expecting a decline in sales (GTAI Netherlands Industry Check).

Germany

Higher growth rates are also expected for the German market for outsourced industrial services in the coming years than in previous years, which were still strongly characterized by the loss of importance of the fossil power plant market. Partly as a result of the catch-up effects following the COVID-19 recession, the services sector is expecting strong revenue growth of 11 percent in 2022 and then further strong growth rates of 8 percent in subsequent years (Lün, p. 13). The climate policy of the new German government is expected to provide additional impetus. Under the coalition agreement, the new federal government will make the expansion of renewable energies a central project of its work. Offshore wind energy in the North Sea and Baltic Sea is to be expanded to a capacity of at least 70 gigawatts by 2045 (Coalition Agreement). The expansion of modern gas-fired power plants to safeguard the energy turnaround is to be accelerated, and these are to be convertible to climate-neutral gases at a later date. The import and transport infrastructure for green hydrogen will be expanded. Although the deadline for the phase-out of coal-fired power generation has not yet been set as binding, according to the coalition agreement, the phase-out should "ideally" be brought forward to 2030 (Coalition Agreement, p. 5). With the exception of the business associated with the indispensable flexible gas-fired power plants, the service market for fossil-fired power plants in Germany will thus finally become a phase-out model.

The German chemical and pharmaceutical industry is concerned that production will continue to be hampered by a lack of upstream products and disruptions to global logistics until at least the summer of 2022. The industry is also concerned about the very sharp price increases for electricity and gas, which can only be passed on to customers with a delay and not in full. Nevertheless, in view of the good order situation, the industry association VCI expects production to increase by 2 percent and sales by 5 percent in 2022 (VCI balance sheet).

Austria / Switzerland

The chemical and pharmaceutical locations in Switzerland and Austria continue to have high potential in the coming years due to high productivity and innovative capacity.

The 2021 breakdown of negotiations between Switzerland and the EU on a comprehensive framework agreement could hinder the integration of Swiss industry into the EU internal market in the coming years (BAK). It is true that the existing bilateral agreements currently still provide a good basis for largely smooth trade in the single market. However, without a contractual follow-up solution, there would no longer be continuous alignment with changing EU standards. This would create increasing obstacles for exports and imports by Swiss industry. However, further negotiations are to be expected here because both sides have a strong interest in a pragmatic solution.

The Austrian chemical industry, almost two-thirds of whose exports go to the EU's internal market (CEFIC), will benefit strongly from the expected industry recovery in Europe due to this interdependence. However, high energy costs and problems in the supply chains also remain key challenges for the medium-sized Austrian chemical industry in 2022.

Poland

Poland's chemical industry plans to expand its already significant investment activity by 15 percent in 2022 (GTAI Poland supply bottlenecks). Extensive investments continue to take place in both chemicals and petrochemicals. However, supply bottlenecks for important components, a shortage of skilled workers and high energy costs are hampering investment activity. Important EU-funded support programs in the area of infrastructure development and energy transformation could be delayed due to the conflict between the Polish government and the EU over the rule of law. If the country were to permanently lose parts of the promised high payments from the regular EU budget and the EU's COVID-19 reconstruction plan, this would lead to a clouding of investment dynamics in the country (GTAI Poland EU membership).

Engineering & Maintenance International

North America

Chemicals and petrochemicals are expected to expand robustly in the USA in 2022 with growth of 5 percent (VCI Business Worldwide). The expected positive development will be favored by the abundant availability of energy at prices that are competitive by international standards. In addition, the extensive economic stimulus programs that have been launched are leading to substantial additional demand in the construction chemicals sector. In addition, as in Europe, significant investments in battery factories are taking place due to the turn toward electromobility, with a growing demand for battery chemicals (GTAI US Chemie).

Although recovering oil and gas prices are leading to a short-term stabilization of investments in the oil and gas sector, the longer-term outlook for the sector is uncertain given the country's climate policy objectives (GTAI Oil and Gas Fracking). On the financing side, growing investor reluctance to finance fossil activities is weakening future development opportunities. On the path to reducing emissions, industry investment is increasing for the capture and industrial use of associated gases from extraction. In addition, the volume of projects for carbon storage in former oil and gas reservoirs is growing.

Middle East

The region's population growth is accompanied by a continued sharp rise in demand for electricity. This is creating stable demand for services to upgrade and build new power plants. The strategic objective of oil producers in the Gulf to reduce their one-sided dependence on oil revenues is accompanied by extensive investment in the expansion of downstream industries, the use of renewable energy sources and nuclear power. Among fossil fuels, the region's producers will rely more heavily on gas in the future and will be extensively expanding their export infrastructure for liquefied natural gas.

Technologies

In France, the United Kingdom, Finland and some Eastern European countries, the construction of new nuclear power plants is part of national energy strategies on the road to climate neutrality. These investments and the ongoing work to modernize and extend the operating lives of existing nuclear plants will result in a stable market for services in the coming years.

In the German market, demand for dismantling services for nuclear power plants will continue to rise in the coming years. At the end of 2021, the Grohnde, Gundremmingen C and Brokdorf nuclear power plants will be decommissioned. The three newest German plants, Isar 2, Emsland and Neckarwestheim 2, will be shut down by the end of 2022 at the latest (German government). In view of the long periods required for the decommissioning of a nuclear power plant, this means that the development of this market is predictably stable over a time horizon of more than a decade. The current provisions of power plant operators for dismantling amount to €21.6 billion (year-end 2020). Of this amount, €5.5 billion is earmarked for actual dismantling and €7.6 billion for residual material processing and packaging (German Bundestag). These figures provide reliable indications of the importance of this market segment to be expected in the coming years.

The biopharma industry is likely to experience a further boost thanks to its successes in the COVID-19 pandemic. Not only has the willingness of venture capitalists to finance innovative methods grown strongly. Even more, digitization and innovative new trial methods have greatly increased the speed of clinical trials (Evaluate, p. 4). These learning effects will shorten the time to approval of innovative drugs.

Sources

Allan & Overy: The Belgian Federal Hydrogen Vision and Strategy, https://www.allenovery.com/en-gb/global/news-and-insights/publications/the-belgian-federal-hydrogen-vision-and-strategy, accessed: November 27, 2021.

BAK: Swiss Export Economy at Risk, BAK Media Release, May 21, 2021.

BMWi IPCEI: German Federal Ministry for Economic Affairs and Energy, IPCEI Hydrogen: Creating a European Hydrogen Market Together, https://www.bmwi.de/Redaktion/DE/Artikel/Energie/ipcei-wasserstoff.html, accessed: November 27, 2021.

Evaluate: EvaluatePharma, World Preview 2021, Outlook to 2026, 14th Edition, July 2021.

CEFIC: Austria, Fact Sheet, https://cefic.org/a-pillar-of-the-european-economy/landscape-of-the-european-chemical-industry/austria/, accessed: January 5, 2022.

FAZ: The stuff dreams are made of, Frankfurter Allgemeine Zeitung, November 27, 2021.

GTAI Belgium: Belgium Chemicals Sector Report, INEOS to build huge chemical plant in Antwerp, Belgium, GTAI, January 30, 2019.

GTAI Netherlands Industry Check: Industry check Netherlands, many industries experience strong upswing, GTAI November 15, 2021.

GTAI Netherlands Hydrogen: Hydrogen technology helps meet energy targets, GTAI, April 27, 2021.

GTAI Norway: Industry check Norway, on to new heights, GTAI, December 5, 2021.

GTAI Oil and Gas Fracking: Industries, U.S., Energy, U.S. ushers in end to oil and gas fracking, GTAI, July 20, 2021.

GTAI Poland EU Membership: Economic environment, Poland, EU membership, It's more than the billions from Brussels, GTAI, October 14, 2021.

GTAI Poland Supply Bottlenecks: Industry check Poland, Supply bottlenecks are not the only problem, GTAI, November 9, 2021.

GTAI US Chemicals: Industry compact, USA, chemical industry, GTAI, October 25, 2021.

Handelsblatt Elektromobilität: Europa droht eine Batterie-Blase, 2. November 2021.

Koalitionsvertrag: Mehr Fortschritt wagen, Bündnis für Freiheit, Gerechtigkeit und Nachhaltigkeit, Koalitionsvertrag zwischen SPD, Bündnis 90/Die Grünen und FDP.

Lün: Industrial Services Companies in Germany, An Analysis of the Industrial Services Market for the Process and Manufacturing Industries in Germany, Lünendonk Study 2021.

Norwegian Petroleum: Production Forecasts, https://www.norskpetroleum.no/en/production-and-exports/production-forecasts/

OGUK Business Outlook: Oil & Gas UK, Business Outlook 2021:

Reuters: Norway to Keep Searching for Oil and Gas, New Centre-Left Government Says, October 13, 2021.

UK Oil & Gas Authority PEP: Production and Expenditure Projections, September 2021.

VCI track record: Successfully weathering fierce headwinds, track record of the chemical-pharmaceutical industry, press release Dec. 16, 2021.
VCI Business Worldwide: The economic situation of the global chemical industry in Q2 2021, Good demand situation on chemical markets, September 2021.
Windpower: Windpower Monthly, New Norwegian Government Promises Strategy for Offshore Wind Development, November 24, 2021.

B.4.2 Assumptions

COVID-19 pandemic

The pandemic continues to generate an increased level of uncertainty throughout the world. Our outlook, however, is based on the assumption that it will not have a material impact on our business activities in the course of financial year 2022. More detailed information can be found in Chapter *B.3 Risks and opportunities report* as well as in Chapter *C.6.15.1 Goodwill*.

Russia-Ukraine conflict

After the end of the reporting year, Russia launched an attack on Ukraine. Bilfinger's business activities in Russia and Ukraine are very limited and the conflict therefore has no significant direct impact on the Group's economic situation. It is, however, currently not possible to assess the short and medium-term consequences of the conflict, in particular regarding its length and any potential sanctions or further escalations, which means that uncertainties exist with regard to further developments.

Oil price

We expect the oil price to fluctuate between US$ 60 and US$ 80 per barrel in 2022.

Competitive situation

We continue to expect intense competition in our business segments. In addition to its direct impact on the macroeconomic environment, the COVID-19 pandemic has also led to growing price sensitivity on the part of our customers. This is already included in our planning, and we are countering it with the cost-cutting and efficiency-enhancing measures described above. In consultation with our customers, we identify potential savings to relieve the pressure on their overall budgets.

Currency effects

We are subject to currency translation effects, primarily with regard to the U.S. dollar including the currencies influenced by the dollar in the Middle East, as well as with regard to the British pound, the Norwegian krone, the Polish zloty and the South African rand. Our planning is based on the assumption that the exchange rates will be within the range of the average level from 2020.

Brexit

In addition to possible impacts on currency developments and overall economic demand, Brexit does not have any significant specific risks for our business because value creation in the United Kingdom takes place nearly entirely within the country itself. No significant impact is expected on the major Hinkley Point C project, either.

Inflation

Bilfinger expects moderate cost increases in the medium term which can be passed on at least in part to customers, in particular with regard to wage developments in the main markets.

B.4.3 Expected business development in 2022

Based on the assumptions above, we expect business to develop as follows in financial year 2022:

OUTLOOK 2022	Initial situation financial year 2021	Outlook financial year 2022
Revenue	€3,737.4 million	significant growth
EBITA	€121.2 million	significant operational improvement
EBITA margin	3.2%	significant operational improvement
Free cash flow	€114.7 million	at prior-year level

The positive development of revenue and earnings is expected to continue in 2022. It is anticipated that Bilfinger's growth will be accompanied by further earnings improvements in all three segments. We now measure this on the basis of EBITA and the EBITA margin, and no longer – as was the case in the reporting year – on the basis of adjusted figures, a clear indication that the transformation and restructuring phases have now been completed.

Revenue

For 2022, the Bilfinger Group expects significant revenue growth (2021: €3,737.4 million).

In the Engineering & Maintenance Europe segment, revenue (2021: €2,517.7 million) will grow slightly following a strong recovery in the reporting year, with growth potential limited by the personnel resources that are currently available, particularly in Germany, Belgium/Netherlands and Poland.

By contrast, Engineering & Maintenance International (2021: €553.3 million) is expected to achieve significant revenue growth from a very low level. Key factors here will be the progress in implementing the strategy to expand both the service business as well as the continued focus on smaller and medium-size projects.

At Technologies, a significant increase in revenue (2021: €559.9 million) is also expected due to the high order backlog and continued strong development of the nuclear power and biopharma markets.

In Other Operations (2021: €167.2 million), revenue is expected to be significantly below the level of the previous year due to deconsolidation effects.

Order backlog as of December 31, 2021, amounted to €2,946.3 million for the Group. We expect that most of this amount will translate into revenue in 2022.

EBITA

The special items required in the past for transforming the Group will no longer be incurred in a significant amount from 2022 as these processes were largely completed in 2021. Bilfinger is therefore now focusing on reported EBITA as the key earnings indicator. Here, the Group expects a significant increase (2021: €121.2 million). The absence of restructuring charges will also significantly increase the EBITA margin. In this context, the gains from the disposal of property and real estate incurred in the reporting year will be offset by improved operating results in 2022.

For Engineering & Maintenance Europe (2021: €115.5 million), Bilfinger anticipates a stable operating performance. Overall, the segment's EBITA margin will improve significantly due to the fact that restructuring expenses will no longer be incurred in 2022. At Engineering & Maintenance International (2021: -€17.6 million), EBITA is anticipated to increase significantly to at least break-even due to higher capacity utilization. A further significant improvement in EBITA is also expected at Technologies (2021: €19.2 million).

For the items summarized in the Reconciliation Group (2021: €4.1 million), we expect EBITA in 2022 to be significantly lower than in the reporting year, when it was strongly impacted by gains on real estate and property disposals. Excluding this effect, a generally stable level is expected.

Net profit

As with EBITA, the reported figure for net profit will also be regarded as the primary measure from financial year 2022. Due to a financial result without positive special items and a normalized tax rate, it will be significantly lower than the figure for the reporting year (2021: €129.5 million) despite improved EBITA.

Return on capital employed

In 2022, we expect a slightly lower return on capital employed after taxes despite significantly improved EBITA, because the figure in the reporting year (2021: 7.4 percent) was positively influenced by special items from taxes.

Free cash flow

We anticipate free cash flow in 2022 to be at the good level of the reporting year (2021: €114.7 million), which was influenced by positive cash inflows from real estate disposals and tax refunds. This will be offset by increased operating cash flows in 2022.

Investments in property, plant and equipment

We expect investments in property, plant and equipment to be slightly above the sustainable level of 1.5 percent of sales in 2022 due to investments undertaken to support growth.

Financing

We have a syndicated cash credit line of €250 million available which is due in December 2023. We expect that the limit defined in the loan agreement for the financial covenant (dynamic gearing ratio = adjusted net debt / adjusted EBITDA) will be maintained at all times.

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

In financial year 2022, we expect a positive development of the Bilfinger Group, although increased inflation and the lack of availability of skilled workers pose particular challenges in individual markets. We generally assume that the competitive situation will remain intense. In financial year 2021, Bilfinger clearly demonstrated that the company is very well positioned, particularly in Europe, to continue growing profitably.

At the same time, in 2021 we managed to successfully conclude measures that had originally been planned for the longer term. Not least among these were the finalized harmonization of Group-wide ERP systems, a further reduction in the number of legal entities and the disposal of a further unit in Other Operations.

It is thus wholly consistent to formulate the earnings forecast for the coming year 2022 on the basis of the key performance indicators EBITA and EBITA margin, and no longer – as was the case in the reporting year – on the basis of adjusted figures, a clear indication that the transformation and restructuring phases have now been completed. This puts us in a strong position to achieve our targets for financial year 2022 – to significantly grow revenue in the financial year while at the same time significantly improving the EBITA margin at operating level.

In addition to higher profitability, we will also continue to focus our attention on sustainably increasing our free cash flow. The measures initiated to further reduce costs and improve cash flow generation will be important factors when it comes to achieving our medium-term targets.

B.5 Non-financial Group declaration

B.5.1 Non-financial Group declaration pursuant to Sections 315c in conjunction with 289c to 289e of the German Commercial Code (HGB)

B.5.1.1 About this declaration

This non-financial Group declaration from Bilfinger SE relates to financial year 2021. In terms of structure and content, the declaration follows the provisions of the German Commercial Code (HGB) and the corresponding formulation of the German Accounting Standards (DRS 20). It fulfils the content requirements pursuant to Sections 315c in conjunction with 289c to 289e HGBand of Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation"). For this declaration, we focus on the interests of our stakeholders. In view of the multitude and heterogeneity of frameworks, none of the currently existing frameworks appear to be suitable and therefore, in the interest of focused reporting, we have refrained from using a specific framework.

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

B.5.1.2 Business model of Bilfinger SE

Bilfinger is an internationally active industrial services provider. Our services help to enhance the efficiency of plants in the processing industry, to secure high availability and to reduce maintenance costs. In this context, the organization of customers' sustainable production processes is becoming increasingly important. The portfolio covers the entire value chain from consulting, engineering, manufacturing, construction, maintenance, and plant expansion to turnarounds and also includes construction and digital networking of components.

Bilfinger delivers its services in the segments Engineering & Maintenance Europe, Engineering & Maintenance International as well as Technologies. Bilfinger is active in the core regions Europe, North America and the Middle East. Process industry customers primarily come from the sectors chemicals & petrochem, energy & utilities, oil & gas, pharma & biopharma, metallurgy and cement. At the end of financial year 2021, Bilfinger employed about 30,000 people and generated revenue of approximately €3.7 billion.

More detailed explanations on the organization, strategy and goals as well as the management system of the company can be found in Chapter *B.5.1 The Bilfinger Group*.

B.5.1.3 Sustainability at Bilfinger

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

We have firmly anchored the concept of sustainability in our corporate structures. It is defined as a goal in our Mission Statement and is an integral part of our Code of Conduct as well as a number of internal Group Policies. We have been reporting on our sustainability activities annually in sustainability reports since 2011, in particular in the areas of HSEQ, Compliance, Procurement and Human Resources.

Bilfinger has published an externally audited non-financial Group declaration since 2018, the company is a member of the *UN Global Compact initiative,* supports the *UN Sustainable Development Goals* and issues an annual declaration of conformity with the German Sustainability Code.

With regard to sustainability, Bilfinger is evaluated by several external institutions; we are in regular active contact with MSCI-ESG, ISS-ESG, Sustainalytics, CDP and Ecovadis, among others.

B.5.1.4 Sustainability management

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

Members of *SustaiNet* are heads of selected corporate departments whose areas of responsibility relate to sustainability issues (including Strategy, Compliance, Human Resources, Procurement, Communications, Accounting & Controlling), heads of other functional units with a Group-wide governance function (HSEQ, Business Development) as well as managing directors of operational regional and divisional management teams.

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

B.5.1.5 Determination of materiality

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

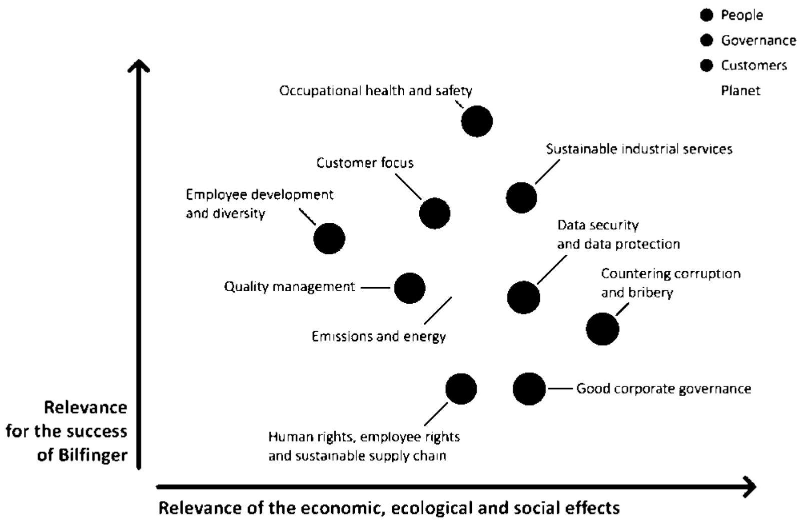
In 2020, Bilfinger *SustaiNet* conducted a new materiality analysis with the involvement of the Group's stakeholders. The results of the survey were reviewed again by SustaiNet and the Board of Directors in the 2021 reporting year. To review the content of our Non-Financial Group Declaration, we looked at these areas of activity both in terms of their business relevance and in terms of their impact on the materiality of the economic, environmental and social consequences listed in the HGB. In particular, we looked at the costs and risks associated with the topics, the extent to which they affect our business and our environment, and the degree to which we are able to influence each aspect.

The principal sustainability topics were confirmed. The dialog with the Group's stakeholders – employees, customers, suppliers and capital market representatives as well as social institutions – did not result in any new topic clusters.

The relationship of the topics to each other and the absolute positioning in the matrix were updated for selected points as compared to the previous year.

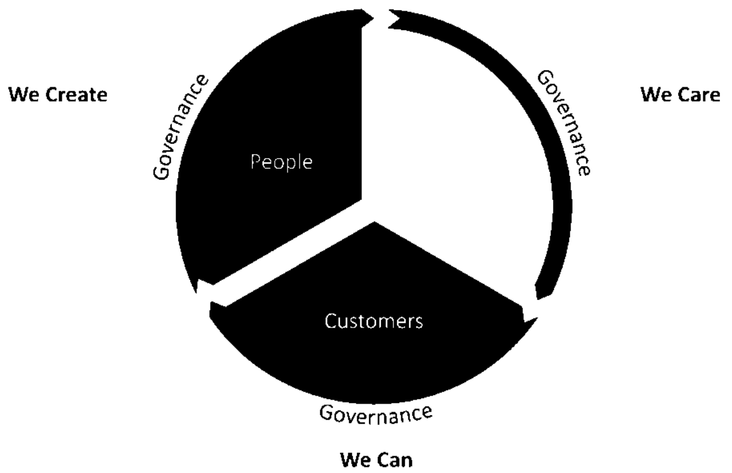
The result of the 2021 materiality analysis is presented in our current materiality matrix.

BILFINGER SE MATERIALITY MATRIX



To structure the content and structure of this year's non-financial Group declaration, individual topics have been grouped into obvious topic areas and divided into the four main chapters *People, Planet, Customers* and *Governance*. These topics establish a direct link to the Bilfinger Group's Mission Statement.

BILFINGER SUSTAINABILITY TOPICS



B.5.1.6 Sustainability goals of the Bilfinger Group

In its commitment to sustainability, Bilfinger acknowledges defined targets for each of its sustainability topics.

THE BILFINGER SUSTAINABILITY COMMITMENT

People		Customers	Governance
Occupational safety: Zero is possible **Supply Chain:** Broaden scope of code of conduct and its Enforcement	**Energy & emissions:** Become "net zero" in GHG Scopes 1 and 2 by 2030 at the latest	**Sustainable industrial services:** Target revenue of €1 bn by 2024	**Compliance:** Never compromise on integrity

People

- The physical well-being of all our employees is our top priority, which is why occupational safety is such a crucial factor in all our activities. It is our goal to be a leader in occupational safety in our industrial sector. Our 'Zero is possible' objective serves as a guideline for continuously improving occupational safety in all areas and preventing as many occupational accidents as possible.
- We firmly believe that suppliers play a vital role in achieving sustainability goals. This also applies to us as part of our customers' supply chain. We therefore want to further strengthen the issues of human rights and the environment in our Code of Conduct. With our established compliance system, we have an effective tool to meet growing supply-chain-related requirements.

Planet

- In the course of our daily work, we pay close attention to the careful use of valuable resources and address the urgent task of limiting climate change to the greatest extent possible. The focus in this regard is on efforts to reduce our own energy consumption, gradually substitute the use of fossil fuels with renewable energy sources and thus sustainably limit atmospheric pollution with harmful greenhouse gases. In terms of GHG emissions caused by our activities, our target is to achieve 'net zero' for Scopes 1 and 2 by 2030 at the latest.

Customers

- We want to deliver services that help our customers achieve their sustainability goals. We will therefore further expand our product range in high-growth markets. This includes measures to enhance energy efficiency and reduce CO_2 emissions at our customers' existing production sites, plants for the use of hydroelectric power and district heating as well as nuclear energy. New technologies such as the production and transport of hydrogen, carbon capture and storage as well as the construction and maintenance of production facilities for electric battery components are also generating growth potential for us.

  Our objective is to double our revenue from these sustainable industrial services from the current level of around €500 million to around €1 billion by 2024.

Governance

- Responsible conduct is essential for us in our dealings with all of the company's stakeholders. We never compromise when it comes to integrity and compliant behavior. We will vigorously maintain and further develop our first-class Compliance System.

With our sustainability approach, we support ten of the United Nation's seventeen Sustainable Development Goals.

Based on the sustainability topics of the Group, this non-financial declaration is divided into the following chapters, which are assigned to the aspects defined in the German Commercial Code (HGB) as follows:

CHAPTERS OF THE NON-FINANCIAL REPORT

	Significant topics	HGB / CSR-RUG *
Governance	Good corporate governance	*Additional reported aspect*
	Countering bribery & corruption	Countering bribery & corruption
	Data security & data protection	*Additional reported aspect*
People	Occupational health and safety	Employee matters
	Employee development and diversity	Employee matters
	Human rights, employee rights and sustainable supply chain	Observing human rights and employee matters
	Emissions and energy	Environmental matters
Customers	Customer focus	*Additional reported aspect*
	Quality management	*Additional reported aspect*
	Sustainable industrial services	Social matters

* CSR Guidelines Implementation Law

B.5.1.7 Risk reporting

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

Our Group-wide risk management system is described in Chapter *B.3.1 Risk management* in the management report of the Annual Report. Corporate Accounting, Controlling & Tax, is responsible for Bilfinger's Group-wide risk management system and conducted a survey of the Group's sustainability risks at the end of the 2021 financial year. In order to identify and assess these risks, the operating units and the heads of the corporate departments concerned were surveyed about them and they were assessed at the regular meeting of the Bilfinger Risk Committee (see Chapter *B.3.1 Risk management* in the management report of the Annual Report). The assessment of risks was based on the probability of occurrence and the possible extent of damage.

We have not identified any reportable risks related to the relevant topics.

B.5.2 Governance

B.5.2.1 Good corporate governance

Within the scope of our activities, we observe the generally recognized principles of responsible corporate governance. For Bilfinger, good corporate governance most importantly means responsible behavior toward shareholders, employees, business partners, society and the environment. It also determines the actions of executives and the management and supervisory bodies of Bilfinger SE in particular and, in line with general understanding, encompasses the entire system of management and supervision of a company, including its organization, its business principles and guidelines as well as the internal and external control and monitoring mechanisms. A comprehensive and transparent corporate governance ensures the responsible, value-oriented and sustainable management and control of the company. It forms the foundation for sustainable business success and fosters trust among our shareholders, employees, customers and other business partners as well as the financial markets. We view good corporate governance as an all-encompassing topic, one that is inseparable from non-financial topics.

The executive bodies and the management of the Group, the basic structure of the Bilfinger Group and the framework and rules for governance in the Group are described in greater detail below.

Management committees and leadership

Bilfinger SE, a European stock corporation headquartered in Germany, has a dual management and control structure consisting of the executive bodies Executive Board and Supervisory Board. While the Executive Board is responsible for managing the business of the Company and the Group, the Supervisory Board supervises it and has personnel authority over the members of the Executive Board. The two committees work in close cooperation for the benefit and in the interest of the company. The third corporate body is the Annual General Meeting, which, in accordance with the law, is primarily responsible for fundamental decisions.

In the course of implementing corporate governance, Bilfinger follows the recognized standards of the German *Corporate Governance Code (GCGC)*. The Executive and Supervisory Boards of Bilfinger issue an annual declaration of compliance with regard to the application of the recommendations of the GCGC.

The declaration of compliance with the GCGC and further details on the duties and responsibilities of the boards of the company are provided in Chapter *A.4.1 Declaration of corporate governance and corporate governance report* of the Annual Report.

Executive Board

The Executive Board has established specific committees to implement and ensure corporate governance in the company and the Group. In particular, this includes the *Bilfinger Risk Committee*, the *Safety Council*, the *Compliance Review Board* and the *Independent Allegation Management Committee*.

Bilfinger Risk Committee

The Bilfinger Risk Committee (BRC) meets at the behest of the Executive Board and advises it on issues related to risk assessment. It consists of the Chief Financial Officer (CFO), the Financial Directors of the individual regions / divisions, and selected Heads of Corporate Departments. The BRC supports the organization of an effective and pragmatic risk management system and the monitoring of general risk developments. The assessment of non-financial risks to society and the environment that could arise from Bilfinger's activities is also carried out as part of the BRC processes. The BRC thus contributes to general process quality as well as to the identification, treatment and reporting of significant Group risks.

Safety Council

The Safety Council is the responsibility of the Chief Operating Officer (COO) as a member of the Executive Board and is the exploratory and decision-making body for HSEQ-related issues at Bilfinger. Members of the Safety Council include the COO, the Executive Presidents of the individual regions / divisions and the Head of Corporate HSEQ. The Safety Council is responsible, for example, for the Group-wide, topic-specific minimum HSEQ requirements and determines the annual HSEQ targets for the Group. The Safety Council thus makes a significant contribution to the implementation of the HSEQ objectives in the Group.

Compliance Review Board

The Compliance Review Board (CRB) manages and monitors the organization and implementation of our compliance management system. It is comprised of the full Executive Board as well as selected heads of the corporate departments and meets quarterly under the chairmanship of the Chief Compliance Officer. The CRB has a central role in ensuring the ongoing effectiveness of our compliance management system.

Independent Allegation Management Committee

The Independent Allegation Management Committee (IAMC) is comprised of the heads and the representatives of the corporate departments of Legal, Compliance, Internal Audit, Tax and Human Resources. Under the chairmanship of the Chief Compliance Officer, the committee controls and monitors the conduct of internal investigations into possible serious violations of our Code of Conduct. The IAMC also advises on necessary responses to identified violations, including process changes, control activities and disciplinary measures.

Disciplinary Committee

The Disciplinary Committee consists of the Heads of Corporate Compliance and Corporate Human Resources. The committee is chaired by the Head of Corporate Human Resources and evaluates the severity of any proven misconduct. In the event of a serious violation of the Bilfinger Code of Conduct, the Disciplinary Committee defines disciplinary measures to be taken with respect to the relevant Bilfinger employee.

Supervisory Board

In accordance with Article 11 of the Articles of Incorporation, the Supervisory Board of Bilfinger SE consists of 12 members, including equal representation of the shareholders and the employees. The Supervisory Board advises and monitors the Executive Board and is responsible for the appointment and dismissal of Executive Board members, their employment contracts and remuneration. Monitoring also includes the topics of sustainability and Environmental, Social & Governance (ESG) as well as the corresponding reporting.

In addition to legal provisions and the Articles of Association, the Supervisory Board has adopted Rules of Procedure which set out, among other things, the tasks, items that require approval as well as other requirements for Supervisory Board members, together with the formalities for preparing, convening and holding meetings and adopting resolutions. This is reviewed on a regular basis and updated when necessary. It is available on the Bilfinger SE website.

The Supervisory Board has established various committees in order to ensure more efficient operations. Information about the committees can be found in Chapter *A.4.1 Declaration of corporate governance and corporate governance report* of the Annual Report. Among other things, the Supervisory Board has transferred supervision and preparation of the topics of sustainability and Environmental, Social & Governance (ESG) to the Audit Committee, whereas the overall and final responsibility for this remains with the Supervisory Board.

Basic structure of the Bilfinger Group

The Bilfinger Group is organized decentrally and hierarchically. It is managed by Bilfinger SE as parent company and headquarters. Headquarters is responsible for the fundamental structural and functional management and administration of the Bilfinger Group. It is divided into corporate departments, in part with corporate functions as sub-units with each assigned to the area of responsibility of a member of the Executive Board. Operationally, the Group is divided into two service lines (Engineering & Maintenance and Technologies) and within these into eight regions and two divisions, to which in turn the individual Group companies are allocated. Within the framework of the decentralized structure, the regions and divisions are granted a high degree of entrepreneurial autonomy.

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

This organizational form facilitates short decision-making paths and lean administration. Governance at Bilfinger is organized in line with this structure.

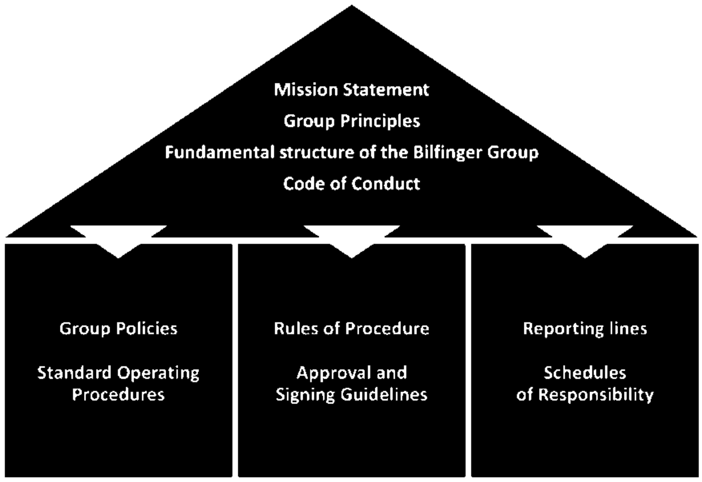
Frameworks and regulations

Our frameworks and regulations for the implementation of governance in the Group go beyond statutory requirements for the management of German listed companies. We provide both guidelines and binding regulations for the actions of each individual, oriented on the needs of our business.

Bilfinger governance is essentially defined and implemented by its various elements, including the governance documents and the regulations they contain as well as their relationship to each other. This governance structure was further enhanced in the reporting year and a new Governance Portal was implemented. The Governance Portal makes all key governance documents available to Bilfinger employees in a bundled and transparent form. This is designed to effectively help employees use and implement Bilfinger governance in their daily work.

There is a clear and transparent structuring of Bilfinger governance (as summarized in the illustration below).

IMPLEMENTATION OF GOVERNANCE IN THE GROUP



Mission Statement, Group Principles, Code of Conduct

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

Our corporate values are specified in the Mission Statement and Group Principles. Integrity and security serve as the foundation and are of the utmost priority. The Mission Statement also describes our passion, values and competences and illustrates the cornerstones of our corporate culture. On this basis, our Group Principles set out behavioral guidelines in abstract form for all employees, in particular for the areas of HSEQ and risk-conscious behavior.

The principles laid out in the Code of Conduct serve as a further benchmark for our actions. The Bilfinger Code of Conduct applies to activities throughout the world and has been translated into a total of 18 languages. It provides specific guidance for responsible, compliant and integrity-oriented behavior in everyday business and is mandatory for all managers and employees – regardless of where they work and what job they do. It is valid throughout the Group and relates to how we deal with each other and how we deal with customers and business partners. In addition to the general principles of behavior in the area of compliance, the Code of Conduct includes, among other things, rules related to integrity as well as the handling of conflicts of interest, and prohibits corruption and discrimination of any kind. The individual topics are substantiated by corresponding Group Policies. The Code of Conduct and the substantiated Group Policies are regularly reviewed and adjusted for current needs and developments.

The elements of Bilfinger governance also lay out specific guidelines for the management and organization of the Group. These can be divided into three pillars – content and process specifications (Group Policies and Standard Operating Procedures), specifications for the framework and limits for actions and measures (rules of procedure as well as approval and signature requirements) and further specifications for responsibility and organization (reporting lines and schedules of responsibility).

Group Policies and SOPs

In addition to the Group's specific guidelines on the Code of Conduct, all other specialized issues and processes classified as requiring regulation throughout the Group are also set out in Group policies. Specific processes are, in turn, regulated in Standard Operating Procedures (SOPs), which are binding for all employees. In each case, local requirements must be taken into account. In individual cases, these permit more specific implementation regulations and, in exceptional cases, deviations. Responsibility for the Group Policies and SOPs lies with the corporate and specialist departments and Group functions at Group headquarters. The review of Group Policies and SOPs begun in the course of the realignment of the Group structure in 2020 was largely completed in the reporting year. In this context, the fundamental Group Policies on governance at Bilfinger were also updated. The Group Policies and SOPs are regularly reviewed to ensure they are up-to-date and adjusted as necessary.

Rules of Procedure as well as approval and signature requirements

In addition to the content of the Group Policies and SOPs, the actions of individual Bilfinger employees and managers in the Group are guided by rules of procedure and approval requirements. The regional or division head as well as the managing director or other executive representative of a Bilfinger company each has Rules of Procedure which define, among other things, the reporting line, internal approval requirements for certain actions and measures. Approval requirements exist for each unit and level of the Group, whereby the approval requirements in the regions and divisions are determined by the respective management in its framework for action. In addition, binding requirements and limits exist for each Group unit for the signing or other drafting or issuing of business-relevant documents and declarations by Bilfinger employees. These elements ensure a clear framework for action for each individual Bilfinger employee and manager. Approval and signature requirements are regularly reviewed to determine whether they are up-to-date, most recently in the reporting year. They are also adjusted if necessary.

Schedules of responsibility and reporting lines

The Rules of Procedure also contain the respective reporting lines as well as procedural regulations, for example the possible allocation of responsibilities and requirements for joint decisions in the relevant body of the Group company or the regional or divisional management. Reporting lines also exist for each Bilfinger employee. In principle, the reporting line corresponds to the disciplinary responsibility, but it can also be divided if the employee is assigned to a different function.

The regulations in the Rules of Procedure are supplemented by a mandatory schedule of responsibility, in which the responsibilities for each member of the executive body of a Group company or a regional / divisional head are clearly assigned. This ensures that there is clear accountability and organization for each respective manager.

The described implementation of governance at Bilfinger serves as a structural guide in the design of the respective key factors that are organized by the corresponding specialist departments. The concepts are described in greater detail in the following chapters.

B.5.2.2 Counteracting corruption and bribery

Bilfinger is committed to the fight against corruption and bribery. Corrupt behavior is contrary to our values. We are also convinced that corruption undermines business relationships, distorts competition and exposes companies and individuals to unnecessary risks.

Concept

Counteracting corruption and bribery is a central component of our compliance management system. For this reason, *Corporate Compliance* is responsible for the framework to counteract corruption and bribery at Bilfinger.

Bilfinger's compliance management system covers all areas of the business and pursues the objective of preventing compliance violations through preventive measures, recognizing early any type of misconduct and, in the case of confirmed violations, reacting quickly and consistently punishing misconduct.

The Bilfinger compliance management system is illustrated in, among other places, the Code of Conduct, which is binding for all employees worldwide. In the Code of Conduct, we prohibit bribery and corruption among our employees. They may not hold out the prospect of or grant to our customers, suppliers or other business partners money or anything of value, either directly or indirectly, to influence their decisions or to gain any improper advantage. This principle also applies in reverse: No one acting for or on behalf of Bilfinger can allow him- or herself to be corrupted or bribed through the acceptance of unfair economic advantages from business partners. Accepting small payments to secure or accelerate routine official acts (*acceleration payments*) is also prohibited for our employees.

In our Code of Conduct, we also describe constellations that are often associated with a risk of corruption in business life. These include donations, sponsoring activities, gifts, hospitality and entertainment, dealing with public officials and accounting.

Corporate Compliance is headed by the *Chief Compliance Officer*. He reports directly to the Chairman of the Executive Board or, on an interim basis during the reporting period, to the COO and has an additional reporting line to the Supervisory Board and its Audit Committee. Managers have a special role to play in the implementation of our Code of Conduct and the compliance management system: they must act as role models. The annual performance evaluation of managers therefore includes an individual integrity assessment that then forms part of the annual dialogue on career development. In addition, variable remuneration for managers at management levels 1 and 2 includes an individual integrity factor. This factor is determined and taken into consideration annually with regard to the extent a manager implements the topics of integrity and compliance into his daily actions and how much he actively supports and promotes them in his environment.

To manage and monitor the design and implementation of our compliance management system, the Executive Board has established a Compliance Review Board (CRB), whose tasks and composition are described in Chapter *B.5.2.1 Good corporate governance*.

Our subsidiaries are supported by compliance managers and compliance officers at both the regional and divisional levels. In addition, each regional and divisional management, each executive management and each department head at Bilfinger assumes responsibility for the effectiveness of the compliance management system including the Internal Control System (ICS) in their respective area of responsibility.

The international network of Compliance Representatives ensures that employees in the business units have an additional local compliance contact person. The *Compliance Representatives* are specially trained employees who, in addition to their primary functions in the company, support their colleagues with compliance and integrity questions and thus strengthen the presence and visibility of the topic of compliance at their locations. The Compliance Representatives maintain a regular exchange of information with Corporate Compliance and contribute experience and challenges of the individual locations to the further development of the respective Compliance program.

Performance indicators

To prevent future misconduct, we employ, among other things, practical compliance advice from Compliance Managers and Officers as well as the Compliance Help Desk, guidelines, supporting compliance IT tools as well as training and communication measures.

Our compliance training modules include both on-site training and e-learning programs in which knowledge is conveyed and case studies are discussed. The total number of people in the target group of the individual trainings sometimes varies greatly from year to year as a result of a multi-year training concept.

NUMBER OF PERSONS TRAINED IN COMPLIANCE-RELATED QUESTIONS	Total number of persons in target group		Number of trained persons (absolute)		Share of trained employees (relative)	
	2021	2020	2021	2020	2021	2020
E-learning module 'Anti-corruption & bribery'[1]	4,220	12,048	4,123	11,660	98%	97%
E-learning module 'Code of Conduct'[2]	8,662	4,204	8,427	4,036	97%	96%
On-site training module 'General Compliance Training'3	2,944	273	2,937	262	100%	96%

1 2020: For all employees with a PC workstation and access to the Bilfinger network
2021: For all new employees with a PC workstation and access to the Bilfinger network as well as for existing employees with a PC workstation and access to the Bilfinger network whose job requires increased compliance awareness. An abbreviated training is used for existing employees.

2 2020: For all new hires with a PC workstation and access to the Bilfinger network, as well as for current employees whose job requires increased compliance awareness
2021: For all new employees with a PC workstation and access to the Bilfinger network as well as for existing employees with a PC workstation and access to the Bilfinger network whose work does not require increased compliance awareness. An abbreviated training course is used for existing employees

3 2020: for all employees who as new hires or as a result of a change in positions have taken up a job at Bilfinger that requires increased compliance awareness
2021: For all employees whose work requires increased compliance awareness

All employees also have access to a central Compliance Help Desk that offers support in all compliance-related questions.

NUMBER OF INQUIRIES TO THE COMPLIANCE HELP DESK	Number		Share	
	2021	2020	**2021**	2020
Tool – gifts, entertainment and hospitality (e.g. reporting on gifts, entertainment and hospitality, tool administration)	84	161	28%	41%
Tool – third-party due diligence (e.g. integrity hits, re-opening scope check and risk assessment, tool administration)	76	148	26%	37%
Group policies and internal standards (e.g. Code of Conduct, compliance review in hiring and promotion process, delegation trips, third-party due diligence, gifts, entertainment and hospitality, conflicts of interest, donations for charitable purposes and sponsoring)	27	17	9%	4%
Tool - Sponsorship and Donations	24	0	8%	0%
Indications of potential violations of the Code of Conduct (e.g. bullying, discrimination, harassment, conflicts of interest, fraud, breach of trust, theft, embezzlement, money laundering, illegal employment, personnel issues)	6	12	2%	3%
Compliance trainings	2	9	1%	2%
Inquiries related to other compliance topics	77	50	26%	13%
Total	**296**	**397**	**100%**	**100%**

In order to deliver our services as a company, we are dependent on cooperation with numerous business partners. Because the compliant behavior of our business partners is an indispensable prerequisite for us, we use a risk-based, IT-supported process to review our potential business partners before entering into a business relationship (so-called third-party due diligence). When carrying out such integrity audits, the business units of Bilfinger are supported by the compliance department in the risk evaluation.

In addition to prevention, the rapid identification of any misconduct and an appropriate response to such misconduct are essential components of our compliance management system. There is a whistleblower system in place for the receipt, documentation and processing of suspicious cases in connection with possible violations of our Code of Conduct: Our employees and external parties can, on a confidential basis and if desired also anonymously, provide information on potential misconduct on the part of Bilfinger employees.

NUMBER OF NOTICES OF COMPLIANCE VIOLATIONS	2021	2020
Indications of compliance violations[1]	70	80
thereof: indications of corruption and bribery	1	1
Investigations initiated	20	24
Disciplinary measures as a result of investigations	7	4

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

A department within Corporate Internal Audit & Investigations specialized in internal investigations deals with all notifications related to suspicious cases from internal and external sources and, in cooperation with the compliance organization, conducts a preliminary review of the notifications received. If the suspicions of a violation are confirmed, an internal investigation is initiated. Particularly serious allegations are forwarded to the Independent Allegation Management Committee for assessment and for a decision on further action. The composition and duties of this body, which is appointed by the Executive Board, are described in Chapter *B.5.2.1 Good corporate governance*.

In the extremely rare event that an employee is found to have engaged in serious misconduct, the Disciplinary Committee, chaired by Corporate Human Resources, decides on disciplinary action and sanctions to be taken. These range from informal warnings through to immediate termination including negative financial consequences. If misconduct on the part of a business partner is identified, the Independent Allegation Management Committee decides on necessary measures. These measures can include, among other things, termination of the business relationship, assertion of civil claims or the filing of an official complaint.

B.5.2.3 Data security and data protection

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

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

Concept

Data security

Employees, customers and other stakeholders must be able to rely on the fact that the data entrusted to Bilfinger is protected against abuse and loss. Bilfinger has therefore adopted targeted regulations with regard to information security and data protection and has taken appropriate organizational measures.

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

In addition to the Group Policy on Information Security , various Standard Operating Procedures (SOPs) have been defined with the goal of implementing the Group Policy on Information Security in all Group companies. These include, for example, SOPs on the topics of information management standard, physical protection of data, emergency security and IT audit.

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

We counter the risks in the *cyber security* environment with a broad package of measures, such as increased monitoring of incoming and outgoing e-mail traffic to prevent malicious e-mails with a cloud-based e-mail gateway. In the event of specific threats, we work together closely with the relevant authorities. The central data centers were migrated to *Microsoft Azure* in the *cloud* and will continue to be subject to ISO 27001 certification. In addition, measures to make network access more stringent are checked by means of regular vulnerability analyses, e.g., through so-called *friendly hacking*. To monitor security-relevant incidents, Bilfinger uses a *Security Information and Event Management System (SIEM)* which collects all central logs and evaluates them for anomalies. Another focus of our efforts is the swift closure of newly reported weaknesses from software manufacturers, such as the hafnium vulnerability in Microsoft's Exchange software. In this case, the security vulnerability was closed within a few days and there were no longer any visible indications of a potential breach. In addition, training requirements have been defined for all employees with computer workstations to raise awareness of the increasing risk.

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

Data protection

In order to create a uniform standard for handling personal data in accordance with the European General Data Protection Regulation, a standardized Group Privacy Policy applies in our Group. It is based on the provisions of the European General Data Protection Regulation and on globally accepted basic data protection principles for the processing of the personal data of employees, customers, suppliers and other business partners. The policy describes the tasks and responsibilities of the external Data Privacy Officer, the internal Data Privacy Officer as well as the Data Privacy Coordinator. It also outlines the data protection principles, specifications for data transmission and commissioned data processing, the rights of data subjects and the responsibilities of Group companies.

The policy is binding for all Group companies and is intended to ensure that the data protection standards described in the policy are not undercut. It also applies to Group companies in countries that do not have their own statutory data protection regulations.

If data protection violations occur or are suspected, the Group Privacy Policy lays out a procedure for the reporting of data protection violations. A reporting form is available for employees as a guideline for this purpose. For further processing and for the purposes of evaluation, the reports are fed into a database in which the (suspected) data protection violation is described.

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

Performance indicators

NUMBER OF DATA PROTECTION VIOLATIONS

	2021	2020	Δ in %
Data protection incidents	4	7	-43
thereof reportable data protection violations	1	0	n/a

B.5.3 People

B.5.3.1 Occupational health and safety

Concept

The health of our employees is the number one priority for Bilfinger. No employee's health shall be adversely affected by his or her work. There are different management approaches for the topics of occupational health and safety. While there are uniform Group-wide standards and centrally coordinated occupational safety campaigns, health protection is not managed centrally.

Programs to maintain or review employee health, such as ergonomics programs, psychological demands and burdens as well as preventive medical check-ups are the responsibility of the units and are therefore organized on a decentralized basis. When incidents of particular relevance occur, Corporate HSEQ assumes a coordinating role, as has been the case with the COVID-19 pandemic, which also had a significant impact on our business in 2021.

Occupational safety

Aspects of occupational safety are of key importance to whatever activities we pursue. In addition, safe work processes, reporting of key figures on occupational safety as well as the execution of occupational safety campaigns are important criteria that, with increasing frequency, are being surveyed by our customers prior to the awarding of orders. Through its central governance function, Corporate HSEQ establishes the conditions for Group-wide HSEQ management and coordinates occupational safety in the Group together with regional and local HSEQ specialists. Group companies are thus supported in their efforts to comply with occupational safety standards and in implementing and further developing programs and measures. The occupational health and safety standards drawn up by Corporate HSEQ are reflected in uniform Group-wide guidelines. Responsibility for compliance with these policies lies with local unit managers who must also take local laws and working conditions into consideration. Occupational safety committees are established in the independent companies in accordance with the legal provisions. To be able to record, process and communicate HSEQ incidents worldwide in accordance with uniform standards, we use a management software (Synergi Life, referred to at Bilfinger as *ACTIVE*). All types of HSEQ incidents can be captured by executives and employees using an app, allowing them to be promptly recorded on site. Event analysis is key to ongoing improvement. An IT-based workflow helps employees and supervisors analyze root causes and facilitates the development of corrective actions to avoid similar situations in the future. Workplace safety is the subject of the HSEQ quarterly report that is submitted to the Executive Board. Particularly serious accidents are reported immediately to the Executive Board. It is informed on an ongoing basis regarding their analysis as well as necessary corrective measures. The objective pursued by all the measures we take is to continually improve occupational safety. Our objective, '*Zero is possible,*' helps us to consistently reduce the number of accidents.

To achieve this objective, we pursue a twofold approach: we take the technical and organizational measures this requires, and we address occupational safety again and again in a variety of communications channels in order to raise awareness for HSEQ issues. We draw the attention of all employees to general occupational safety issues and current accident statistics in the form of monthly Safety Moments memos, for example. In addition, monthly contributions are published in Bilfinger's employee newsletter, Bilfinger Update, addressing a variety of topics. The commitment of executives all the way up to the members of the Executive Board is a key building block of success. For example, it is the responsibility of managers throughout the Group to regularly carry out a number of safety walks, depending on their area of responsibility, to address risks and hazards, to make employees aware of occupational safety issues and to document their inspections. The results of these safety walks may be recorded on the go, as the walks are progressing, and will then be directly input into our central HSEQ software. An important measure for raising awareness regarding topics of occupational safety is our safety program Safety Works! including the information campaigns that were developed in this context. In 2021, we carried out a safety campaign based on the revised Life Saving Rules and titled 'Line of Fire'. The goal of the campaign is to familiarize our employees with the six most important hazards covered by the Life Saving Rules. For the first time, QR codes will also be used to show short videos on the respective topics. Our annual Safety Award recognizes both outstanding safety initiatives and innovative ideas for the continuous improvement of safety performance. The Group-wide award is intended to commend all employees and managers who have contributed to this result while also encouraging them to work toward safe working conditions and the protection of all employees' health.

As part of Bilfinger Matrix certification, 39 companies with 144 locations have been certified pursuant to the occupational health and safety standard DIN EN ISO 45001 and nine companies with 42 locations have been certified pursuant to the *Safety Certificate Contractors Petrochemical* (SCCP) standard.

We conduct regular internal audits in all our subsidiaries, which took place only to a limited extent in 2021 due to the COVID-19 pandemic. In addition to these internal audits, there are further external audits, including by certifiers, authorities or customers, that were conducted partially also remotely due to the pandemic.

Performance indicators

For the topic of *occupational safety*, we use the indicators *LTIF* and *fatalities*. The LTIF indicator increased slightly compared to the previous year, but at a figure of 0.21, it is still below the industry average*.

Regrettably, we had one fatality in 2021 and have lost 15 (2020/2 and 2021/13) employees globally so far due to the pandemic.

---

* as of 2020.

OCCUPATIONAL SAFETY INDICATORS

	2021	2020	Δ in %
LTIF[1]	0.21	0.16	31
Fatalities[2]	1	1	0

1 The indicator used by Bilfinger "LTIF" (Lost Time Injury Frequency – accidents per 1,000,000 working hours performed) includes all accidents Group-wide with at least one lost day from employees and temporary workers.
2 Work-related accidents of employees and temporary workers resulting in death.

Health protection

In the year under review, health protection focused on dealing with the COVID-19 pandemic, which had a significant impact on our company's business development. This is explained in detail in Chapter *B Combined management report*. In line with our decentralized organization, responsibility for the specific measures related to the respective local COVID-19 situation lay with our units. To help guide the response, the Corona Intervention Team was established at headquarters immediately after the outbreak of the pandemic in Europe. Dealing with the COVID-19 pandemic was also a major focus of internal corporate communications in financial year 2021. For this purpose, Corporate HSEQ created an informative dashboard in the ACTIVE management software to provide an up-to-date status of all COVID-19 cases in the entire Group at any time. For the Group as a whole, we record the number of employees who have contracted COVID-19, the severity of the disease, quarantine status as well as the number of employees who have recovered and returned to work. Selection and implementation of measures to deal with the pandemic are managed at the local level. A specific reaction to local developments was and is possible in a timely and effective manner. Depending on the type of job and the intensity of contact among employees, a measured approach is taken with the objective of minimizing the impact on the health of our employees and their families.

B.5.3.2 Employee development and diversity

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

Concept

Group-wide human resources governance is based on minimum standards that are firmly anchored in our Group Policies and therefore apply to all employees. They cover areas such as reporting, remuneration and talent management. The so-called Business Partners in the Group companies are responsible for the implementation of minimum requirements. They serve as contact persons for management and for employees of the individual companies. Regional personnel managers appointed for the individual regions act as links between Corporate Human Resources and the Group companies.

Among the most important longer-term personnel initiatives was implementation of the *SAP SuccessFactors* human resources management software (known internally as *HRcules*), which was completed in 2020. This system provides us with a company-wide and integrated process and system landscape on the basis of which reporting and control functions can be further developed. In 2021, for example, the first central human resources performance indicators were defined as part of the *Basic KPIs* initiative to enable valid measurement in the years ahead. The reporting functions in *SAP SuccessFactors* will be further developed in 2022 so that a simplified visualization of the collected data will be possible in the future.

With a view to the issue of employee satisfaction at Bilfinger, the Executive Board launched the *Meet the Board* initiative in 2021. In 14 cross-regional and cross-hierarchical roundtable discussions in financial year 2021, the Executive Board outlined key messages relating to Bilfinger's strategic orientation, gathering opinions and sentiment in the process. Based on the findings, initiatives will now be derived to address the focus topics that were identified.

Employee development

Central human resources management processes are outlined in our *HR Calendar*. They relate, for example, to the annual performance assessment, development planning and salary review in the course of the financial year. *HRcules* helps us track our annual performance and development cycle also in digital form. Corporate HR provides discussion guides for the annual employee appraisals, which employees, industrial workers and their supervisors use to reflect on what has been achieved and to define resulting development measures in a structured manner. Salaried employees also set individual goals for the year ahead.

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

As part of the annual Talent Review, the potential of employees is evaluated and calibrated. Structured interviews are used to identify potential successors for key positions, thus supporting long-term succession planning. The Talent Review process is carried out in cooperation among supervisors and local HR departments together with Corporate Human Resources and the Executive Board. The Talent Review's identification of potential is followed by a nomination to the global management development programs, which serve to promote the development of management and specialist competences as well as networking. An overhaul of these global leadership development programs was conducted in 2021, in particular to accommodate hybrid learning formats.

In addition to the management development programs, the *Bilfinger Academy* bundles the internal further training programs for all employees. A Group-wide *Digital Learning Week* is held twice annually and employees, in consultation with their supervisors, can register online for workshops, seminars and training. In 2021, the topics covered included IT applications, project management, communication and intercultural competence, for example. In addition, as part of the learning week, we have included internal facilitators of expertise in the series of events in addition to externally sourced trainers. We thus promote the exchange of knowledge and professional networking among employees across regional and functional boundaries.

For the special fostering of project management skills which, in Bilfinger's business model, are applied in many areas, we have introduced a qualification series together with external trainers that offers training in accordance with the internationally recognized standard of the Project Management Institute (PMI).

At the regional and local levels, Bilfinger's operating units offer additional development and training opportunities depending on local requirements.

---

* Management levels at Bilfinger are structured on the basis of budget responsibility, size of executive scope or strategic importance in the position held. The level below the Executive Board is management level 1.

Diversity

Employee diversity is of fundamental value for the Bilfinger Group. An international outlook and cultural diversity are part of everyday life in our internationally active company. We are an internationally oriented Group with a range of regions, languages and nationalities. We understand diversity as differences in origin, age, gender, religion, marital status, skills as well as personality and education. We are firmly convinced that it is precisely this level of diversity in talents, attitudes, perspectives, strengths, skills and characteristics among our employees that makes Bilfinger unique and contributes to creativity, innovation and long-term business success.

In the interest of promoting innovation and employee development, we want to create a non-discriminatory working environment characterized by openness and inclusion.

We have anchored the prohibition of discrimination in our Code of Conduct. In this context, we pay particular attention to the provisions of the German General Equal Treatment Act (AGG). More information on how to deal with violations of the Code of Conduct, including discrimination, is provided in Chapter *B.5.2 Governance*. Bilfinger has reaffirmed this attitude toward cultural diversity and equal opportunity – combined with the obligation to promote their implementation in the company – by joining the "Diversity Charter" association in the 2021 financial year.

The preparation of a concept was initiated in financial year 2021, the development phase of which will be continued in the coming financial year. With regard to the sustainable integration of diversity at Bilfinger, the concept focuses on the following three areas: Recruiting & Succession Planning, Training & Development as well as Communication. In accordance with the model of the seven diversity dimensions of the Diversity Charter, Bilfinger pursues a comprehensive approach with a broad range of measures to promote diversity. This does not focus exclusively on individual, selected diversity factors, but also includes experience, knowledge and skills in addition to individual personal characteristics.

We promote diversity in order to take full advantage of employee potential and encourage the conscious development of personal diversity in the sense of an appreciative and productive approach to differences in the Group.

Within the framework of the focus areas mentioned above, it was possible to expand existing individual measures in a bundled framework in the 2021 financial year. At the same time, additional measures were initiated. The measures in the focus area “Recruiting & Succession Planning” target a more intensive consideration of diversity in recruiting and promotion processes. The latter was supported in particular by the establishment of a new global role, “Talent Partner”, and global, internal marketplaces.

The focus of the global Bilfinger Mentoring Program, relaunched in financial year 2021, fosters the exchange of experience between less experienced and professionally experienced employees from different business segments and countries in order to support the transfer of knowledge as well as perspective changes in a sustainable manner within the Bilfinger Group. We believe that the Bilfinger Mentoring Program is a perfect addition to the existing mentoring program to promote women in management positions.

An international outlook and cultural diversity are part of everyday life at a globally active company like Bilfinger, with employees from a total of 115 nations. In order to strengthen intercultural cooperation and reduce unconscious bias, employees are offered a wide range of further education and training opportunities. In addition, the Group supports temporary assignments to international locations or special job rotation programs that promote the transfer of knowledge between different locations while at the same time facilitating cultural openness.

In order to make diversity at Bilfinger visible and tangible for current and future employees, the "People@Bilfinger" and "TeamBilfinger" portrait series introduces employees from different regions or backgrounds through various internal and external communication channels, thus providing a model approach to strengthening diversity at Bilfinger.

In the future, collaboration with the individual managers responsible for HR processes will be intensified to review our HR processes, identify further measures, and ensure that these processes reflect the diverse skills and talents of all employees as well as our own performance objectives.

Performance indicators

The proportion of women in management positions is established as an indicator at Bilfinger. At the end of November 2020, the Executive Board resolved to achieve a target of 10 percent women in each of the management levels 1 and 2 at Bilfinger below the Executive Board by December 31, 2023, in accordance with Section 76 Paragraph 4 of the German Stock Corporation Act (AktG).

On November 26, 2020, the reporting date for the definition of the target figure, this proportion was 8 percent in management level 1 and nearly 5 percent in management level 2. As of December 31, 2021, the proportion of women at management level 1 was 6 percent, while the figure for management level 2 was 8 percent.

The Supervisory Board has set a target of 30 percent women and men on the Executive Board by December 31, 2023, which means with an Executive Board of three members, at least one woman and one man.

Further information can be found in Chapter *A.4.1 Declaration of corporate governance and corporate governance report*, which is also available on the website www.bilfinger.com under *Company / Corporate Governance*.

PROPORTION OF WOMEN IN MANAGEMENT POSITIONS

in %	2021	2020	Target 2023
Executive Board	50%	33%	33%
Management level 1	6%	8%	10%
Management level 2	8%	5%	10%

B.5.3.3 Human rights, labor rights and sustainable supply chain

We are committed to the United Nations Universal Declaration of Human Rights and the UN Global Compact initiative. We want to be fully committed to respect for observing human rights wherever we operate. This applies with a view to

- our own employees;
- the employees of our direct and indirect suppliers as well as those of our business partners;
- our customers, and
- other regional stakeholders.

The measures in relation to our supply chain are described in the section *Observing human rights in our supply chain*.

Concept

Observing human rights within the Group

The basis of all our activities with regard to observing human rights is our Code of Conduct. This also represents our fundamental declaration on observing human rights. The Code of Conduct was approved by company management and is publicly available on our website in both German and English. 18 different language versions are available for internal Group-wide use. The Code of Conduct defines the principles of acting with integrity toward both other employees as well as toward external persons and organizations and is aimed throughout the Group at all of our managers and employees – regardless of where they work and what job they do. In the section *Responsibility to society and the environment*, observing human rights is firmly anchored in our Code of Conduct.

Our managers and employees are obligated to adhere to the principles formulated in the Code of Conduct and to confirm in writing that they have received and familiarized themselves with it. In addition, the contents of the Code of Conduct are refreshed and expanded within the scope of e-learnings and through various other activities (see also Chapter *B.5.2.2 Counteracting corruption and bribery)*. We do not tolerate violations of our Code of Conduct.

In addition to direct reporting to Corporate Compliance, a proprietary whistleblower system is used to receive suspected cases of possible violations of our Code of Conduct, including the principle of respect for human rights principles that it contains: Both our employees and external parties can, on a confidential basis and, if desired, also anonymously provide information on potential misconduct in the environment of our business activities. The whistleblower system can be accessed through our website and is available in 26 languages. Information can also be given by mail, telephone or directly. Availability of the whistleblower system is ensured through an external service provider. Our objective is to process suspected cases confidentially, objectively and independently. In the case of a confirmed violation, disciplinary and corrective measures are initiated, ranging from informal warnings through to termination without notice.

Observing employees' rights

We consider observing employee rights an important aspect of human rights. This is based in particular on our commitment to Principles 3 to 6 of the UN Global Compact initiative, which applies throughout the Group. They relate to employees' rights to freedom of association and collective bargaining, the elimination of all forms of forced labor and child labor, and the elimination of discrimination in respect of employment and occupation. The rights of employees to freedom of association and collective bargaining find expression in particular in the – depending on local law – company or trade union employee representative bodies, which work to safeguard employee rights, including through the conclusion of collective agreements, and with which management maintains a regular and constructive dialog.

In the reporting year, we generated the vast majority of our revenue in regions where employee rights are guaranteed by law: more than 80 percent of our revenue was generated in the EU as well as the United Kingdom, Switzerland and Norway. Here, at the end of the year around 80 percent of our people were employed.

Observing human rights in our supply chain

We depend on suppliers and subcontractors for the delivery of our services. In our Supplier Code of Conduct, available to the public from our website, we formulate the clear expectations that we have of them to respect human rights. Our guidelines require that this Code of Conduct is a fundamental component of our supplier contracts. Through this Code of Conduct, we also require our suppliers to demand that their suppliers and subcontractors also comply with internationally accepted principles and standards on human rights.

Bilfinger follows national legal requirements for the protection of human rights. These include the UK Modern Slavery Act, which requires us to report on how we manage relevant risks in our business activities and, in particular, in our supply chain.

We pursue a Group-wide supplier management system – *HANDLE Procurement Suppliers* – with Corporate Procurement maintaining responsibility for its definition, organization, development and monitoring. This is described in detail in our Procurement Policies and Standard Operating Procedures (SOPs) and is binding for all our subsidiaries. One of the objectives of this Group-wide regulation is to ensure that compliance rules – including observing human rights – are observed.

In addition to the standardized assessment as part of our supplier management system, we review the integrity, which also includes observing human rights, of our business partners who exceed a defined value limit and all sales intermediaries using a risk-based and IT-supported due diligence tool (see also Chapter *B.5.2.2 Counteracting corruption and bribery*).

We have also commissioned an independent agency to obtain a self-disclosure from selected suppliers, among other things as relates to respect for human rights. The selection of these suppliers is carried out on the basis of a risk-based approach. In 2021, Bilfinger commissioned the agency with about 260 self-assessments from suppliers.

The sanctions list check we conduct on all contractual partners is also designed to ensure that we do not enter into any business relationships with third parties that have been listed on the basis of human rights violations.

If a violation of the Bilfinger Code of Conduct for Suppliers or a negative result is found in an integrity check, the supplier is blocked on a Group-wide basis. If such an incident should occur or become known, our employees are obligated to report it. A Group policy defines the process of barring suppliers and thus ensures a uniform Group-wide policy. Corporate Procurement informs all companies of the Bilfinger Group ad hoc regarding new blocks and also provides a list of all current blocks at least once a month.

Performance indicators

NUMBER OF INDICATIONS OF VIOLATIONS OF HUMAN RIGHTS[1]

	2021	2020	Δ in %
Indications of violations[2]	14	14	0
Investigations initiated	5	4	25
Disciplinary measures as a result of investigations	5	3	67

[1] The number of indications of human rights compliance violations is a partial quantity to the number of indications of compliance violations presented in Chapter *B.5.2.2 Counteracting corruption and bribery*.

[2] Reports classified as relevant in the period from January 1 to December 31 of a respective year. The references in 2021 relate to bullying, discrimination and sexual harassment.

B.5.4 Planet

With our Mission Statement and our Code of Conduct, we clearly commit to responsibility for society and the environment. Our business model consists predominantly of services provided by our employees or subcontractors at customers' sites. We also have a number of workshops for on-site repair work, as well as smaller production facilities that manufacture special plant components, depending on customer requirements.

Bilfinger attaches particular importance to climate protection. Although we use significantly less energy than manufacturing companies, we want to contribute to a reduction in greenhouse gases.

In addition, we intend to make a contribution with our product portfolio and support our customers in their energy transition efforts. This is presented in the section *Customer* in Chapter *B.5.5.3 Sustainable industrial services*.

The emissions generated by Bilfinger and the associated energy use are presented below.

B.5.4.1 Emissions and energy

Concept

In the Bilfinger Group, energy consumption data is collected at the level of the operating units. 39 Group companies with 131 locations are certified in accordance with the international environmental management standard DIN EN ISO 14001. That is how operational units have been meeting the requirements of their regional and local customers for many years.

To calculate the associated GHG emissions, we have established a structured data collection process and enabled internal reporting of energy consumption and greenhouse gas (GHG) emissions in accordance with the *Greenhouse Gas (GHG) Protocol.*

We have thus implemented the concept developed in the 2020 financial year for reporting in 2021. We work with *WeSustain's Enterprise Sustainability Management (ESM)* software.

Energy requirements have the greatest direct impact on our greenhouse gas emissions. The most significant share of energy requirements comes from our properties as well as the Bilfinger vehicle fleet.

We distinguish between the energy that we primarily generate for business processes and that which we purchase from utilities. Primary energy sources include, for example, natural gas, which is used to generate heat in properties, or diesel, which is burned as fuel for vehicles. As secondary energy, we procure electricity, steam and cooling at our Group-wide sites from local suppliers.

ENERGY CONSUMPTION AND SHARE PER ENERGY SOURCE

	2021	2020
Total energy consumption GWh[1]	217	200
Of which: Fuel consumption in the vehicle fleet (in %)	40	41
Fuel consumption for machines (in &)	11	11
Heating energy (in %)[2]	28	26
Electricity consumption (in %)[3]	21	22

1 1 Based on direct and indirect energy consumption classified as relevant for Scope 1 and Scope 2 of GHG emissions in accordance with the GHG Protocol.
2 Includes directly generated heating energy predominantly from natural gas as well as indirect heating energy purchased from utilities in the form of district heating.
3 Includes the volume of purchased electricity used in the properties. In the case of electric heating or cooling and the charging of machines and equipment, for the relevant sites this is also included.

Compared with the previous year (2020), the Group's total energy consumption increased by 9 percent to 217 GWh (2021). The lower level in 2020 is predominantly due to the effects of the COVID-19 pandemic. This situation led to a reduction in activities at some sites in 2020, with these activities resuming again in 2021.

Primary and secondary energy consumption is reported here, which, in accordance with the *Greenhouse Gas Protocol*, has been classified as relevant for Scope 1 and Scope 2 of GHG emissions. In the case of non-calendar billing, for example if the annual billing was not yet available, the data was completed for the 2021 values based on the 2020 values. For fixed-rate leases, the average consumption value per square meter was calculated in the same way as for similar sites.

For GHG reporting, we established *organizational boundaries* in accordance with the *Greenhouse Gas Protocol* methodology. We have adopted the *financial control approach*. This means that reporting is based on the financial organization and takes into account all fully consolidated companies with the exception of those that are in the process of being sold (Other Operations).

Direct greenhouse gas emissions originate from sources that are owned or financially controlled by Bilfinger, including purchased in leases relevant to IFRS 16.

For Scope 1, this refers to:

- Combustion of natural gas, oil and other materials for heating the properties
- Emissions of hydrofluorocarbons (HFCs) from the use of air-conditioning systems in the properties
- Combustion in owned or leased vehicles and machinery

Scope 2 includes greenhouse gas emissions from the generation of electricity, steam, heating and cooling purchased by the company from utilities (indirect emissions). This includes:

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

In reporting on indirect emissions (Scope 2), we distinguish between *market-based* and *site-based* methods, following the *GHG Protocol Scope 2 Guidance*. For financial years 2020 and 2021, we have reported Scope 2 emissions using the *site-based* method. This method uses emission factors as an average country value for the relevant sites. We use a database from the provider *Ecoinvent* for this purpose. The basis for the calculation is the value from the methodology developed by the *Intergovernmental Panel on Climate Change (IPCC) 2013-climate change-GWP 100a-(kg CO_2-Eq) per 1 unit of reference product*. Emissions are reported in CO_2 equivalents.

The additional determination in accordance with the market-based method, in which the actual electricity mix is taken into account by the respective supplier, will be added gradually beginning in 2022.

GHG EMISSIONS IN ACCORDANCE WITH SCOPE 1 AND SCOPE 2

	2021	2020
GHG Scope 1 (tCO_2e)[1,3]	35,608	34,844
GHG Scope 2 (tCO_2e)[1,2,3]	23,765	21,292

1 The calculation method is based on the GHG Protocol using the financial control approach. Scope 1 and Scope2 include direct and indirect emissions from all fully consolidated companies. Companies that are in the process of being sold are excluded. This applies to the entire Other Operations.
2 Scope 2 is calculated according to the site-specific method of the Guideline for Scope 2 measurement of the GHG Protocol.
3 The CO_2 conversion factors for a substantial part of the calculations come from specialized database provider Ecoinvent. In individual cases, the emission factors for 2020 published by the UK Department for Environment, Food & Rural Affairs (DEFRA) were used.

Compared to 2020, Bilfinger's Scope 1 and Scope 2 relevant greenhouse gas emissions (CO2 equivalents) in 2021 increased 5 percent to 59,373 metric tons of CO_2 equivalents (previous year 56,136 tCO2e).

Within the scope of our sustainability strategy, we have set the goal of gradually reducing our GHG emissions and achieving net-zero emissions by the end of 2030 at the latest. In terms of unavoidable emissions, this includes the offsetting mechanism of investing in additional CO_2-reducing projects as well as *carbon credits*. In the coming financial year, we intend to conduct a detailed analysis of the data that was collected for the first time in 2021 in order to derive appropriate measures and sub-targets and to manage the development of our GHG emissions.

Internally, we rely on a participatory approach. It is important to us to involve the entire workforce in the implementation process at all levels. This also enables us to take account of regional differences in regulations and legislation. Various instruments will be used to ensure the goals are firmly anchored, for example by defining personal goals accordingly or positioning the sustainability strategy as a focus topic at management events and executive development programs.

From today's perspective, the main levers for achieving the net zero target are the electrification of the fleet - especially passenger cars - and a change in the purchased electricity mix toward more renewable energies.

In addition, we want to further develop the collection of our GHG emissions. We plan to design the setup of Scope 3 data collection and then implement it step by step in our system. However, due to the significantly greater complexity compared to Scope 1 and Scope 2, this is not expected to be completed in 2022. This applies equally to the definition of differentiated sub-targets. In this context, we also want to address the requirements of the *science-based targets* initiative and evaluate the possible implications for Bilfinger.

B.5.5 Customers

For Bilfinger as a service provider, customers are the focus of its business activities. The relationship with our customers and their satisfaction with the work that we do is of utmost importance for our business development. Bilfinger is integrated into their value-added processes as a strategic partner. The quality of our customer relationships is decisive when it comes to continuing or intensifying cooperation and thus influences our order situation and our economic success.

We have a broad customer base with customers that have been placing their trust in us for many years. Customer proximity encompasses our industry expertise combined with trusting, cooperative interaction with our clients. We pay particular attention to the quality of our services and to delivering a range of products and services that is consistently aligned with the needs of our customers. Through our services we want to support the sustainable value creation of our customers and thus contribute to both their long-term competitiveness as well as our own.

B.5.5.1 Customer focus

Concept

The governance function for supporting cross-regional customers, so-called key accounts, is the responsibility of Corporate Global Development. For the coordinated management of our customer relationships and our business opportunities, we use the customer relationship management (CRM) software *Salesforce*. We also use this software to conduct system-based customer satisfaction surveys. As part of the questionnaire-based measurement, satisfaction is surveyed within various categories and documented in the system during an ongoing maintenance contract or project. The key account managers responsible for the contract integrate the survey feature into their regular customer dialog at least once a year.

The use of the Salesforce system to measure customer satisfaction will be gradually rolled out to other customers, thereby establishing a basis for comprehensive evaluations.

In line with our decentralized business model, the satisfaction survey for customers with whom we work at regional level is the responsibility of the respective regional operating unit. Here we pursue our approach of consistently putting responsibility for local business in the hands of our local units. Customer satisfaction is also a component of our quality management system.

B.5.5.2 Quality management

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

Concept

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

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

Performance indicators

In addition, Bilfinger has had a cross-regional matrix certificate since 2015 which helps ensure uniform quality standards in the Group and which, by the end of 2021, included 149 locations in 43 Bilfinger companies. The process of further extending the matrix certificate to all relevant Bilfinger companies in Europe and the Middle East has now been completed. Our HSEQ processes and operating units are audited and certified by external companies.

NUMBER OF OPERATING COMPANIES WITHIN THE MATRIX WITH CERTIFIED QMS IN ACCORDANCE WITH DIN EN ISO 9001		Number
	2021	**2020**
Operating companies with certified QMS	43	47

B.5.5.3 Sustainable industrial services

Concept

Increasing awareness of climate change and the need for accelerated initiation of worldwide initiatives for the energy transition are opening up new attractive market opportunities for Bilfinger as a leading industrial services provider. This is all the more true given that a major share of our customers are active in energy-intensive industries. They face the immediate task of securing their future energy supply and significantly reducing their carbon footprint in the process. On this basis, it is a key component of Bilfinger's growth strategy, which envisages a higher share of sales from energy transition projects and carbon reduction.

Markets and industries

Bilfinger's largest customer groups are the industrial sectors of chemicals and petrochemicals, energy and utilities as well as oil and gas. As a result of socially and politically mandated energy transition and climate protection measures in all key stages of the value chain, these industries are all facing fundamental innovative leaps. Bilfinger has set the goal of accompanying and actively shaping these essential changes.

The *chemical and petrochemical industry* is undergoing a transformation of its production in many areas. Traditional source materials such as oil, naphtha, gas and coal are increasingly being supplemented by recycled materials such as plastics, other consumer waste and biomass. Basic chemicals are produced in traditional steam crackers and, in the future, in e-crackers and through chemical recycling. The energy required for production is increasingly coming from renewable sources. Innovative hydrogen and carbon capture technologies are needed to use these efficiently. It is not only production that will shift to a lower-carbon environment, but also the transport and distribution of products. Pipelines, low-carbon transport and sustainable fuels will play an important role in the transition to a low carbon economy for Bilfinger and our clients in the future.

Energy companies and utilities have a central role to play in the energy transition. The share of renewable energy in Europe's energy mix will likely increase from 27 percent in 2019 to 38 percent in 2030. This will require the creation of 2,400 gigawatts of new renewable capacity – an increase of more than 90 percent compared to 2019. The largest share will be provided by solar energy with 1,400 gigawatts followed by wind energy with 700 gigawatts. In a number of countries, there is also an ongoing or renewed trend toward nuclear energy as a low-carbon form of energy generation.

Oil and gas will play an important role in the energy mix in both the short and medium term despite the energy transition. Even in the most sustainable scenario in the International Energy Agency's World Energy Outlook, almost half of the world's total energy demand will continue to be met by oil and gas in 2040. The focus of oil and gas companies, however, is shifting fundamentally. There will be a major shift from oil to gas, while production, processing and distribution will have to meet much stricter environmental requirements.

Portfolio of sustainable industrial services along the customer value chain

With a view to the energy transition, Bilfinger provides sustainable industrial services along the value chain of its customers: On the one hand, the company focuses on areas of activity in which it is already established, including nuclear power, hydropower and district heating networks. There are also areas of growing strategic importance, such as the production, transport and storage of hydrogen, carbon capture and storage and battery production. With its portfolio of services, the Group is addressing the imminent decarbonization of energy-intensive production, transport and processing operations and increasing energy efficiency at all stages of the customer value chain. Low-carbon energy production and the reduction of energy consumption and emissions are the central tasks here.

Hydrogen:

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

In hydrogen production projects, Bilfinger acts as an independent system integrator. Its engineering, prefabrication and installation expertise has been put to the test in a wide range of projects, including the construction of new electrolysis plants in Germany and Austria and as a partner in the Energy North Sea Program for the design of hydrogen plants on planned North Sea energy islands. The goal is to produce and store green hydrogen, i.e. hydrogen produced on the basis of renewable energies.

In the transport and storage of hydrogen, Bilfinger mainly supports the expansion or conversion of existing gas infrastructure. Bilfinger's experience and capabilities in the field of gas treatment – for example in gas drying – position it as a competent partner for technology companies. Bilfinger works with the pioneering company Hydrogenious LOHC, for example. As part of a cooperation agreement, solutions will be developed to enable the storage and transport of hydrogen in liquid form using liquid organic hydrogen carriers (LOHC). This process reduces energy consumption compared to conventional solutions, as hydrogen no longer needs to be cooled for transport.

Carbon capture and storage:

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

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

Nuclear power:

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

The focus is currently on the United Kingdom, where Bilfinger is involved in the construction of the new Hinkley Point C nuclear power plant. As a 'Tier 1' supplier to operator Electricité de France (EDF), the Group is well equipped to also participate in the construction of the country's nuclear power plants that are planned for the future.

France is the world's largest exporter of electricity, with 70 percent of its electricity generated from nuclear plants. Bilfinger is involved in several nuclear power plant projects through the export of its know-how. These include the construction of the new power plant unit 3 in Flamanville, participation in the "*Grand Carénage*" program for the modernization of operator EDF's current nuclear power plants and six new pressurized water reactors which are still in the early planning stage.

Finland also sees nuclear power as a bridging technology and plans to further expand existing capacity. In Germany, on the other hand, the focus is on the dismantling of nuclear power plants and the safe handling of residues. In connection with the planned clearing of the Asse mine in Lower Saxony, Bilfinger, together with other participants, is developing innovative specialist tools that can be operated remotely. These will be used to retrieve drums containing radioactive waste from the mine, thus facilitating safe final disposal.

Bilfinger is well positioned in the growing nuclear market as a partner for the entire lifecycle of nuclear power plants.

Hydroelectric power:

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

Battery production:

The majority of batteries required in Europe for electric vehicles are currently produced in Asia. This will change in the near future, however, because major investments to expand capacities are currently being made in Germany, Poland, Hungary and Scandinavia. Initiatives are also expected in other European countries. This dynamic growth market is being driven by the trend toward a sustainable reduction of CO_2 emissions. The business opportunities for Bilfinger can be found in the engineering and construction of plants for the processing of essential raw materials as well as facilities for the sophisticated chemical production of battery components. Bilfinger is already successfully represented in this market; in Northern Europe, the Group is involved in the construction of a production plant for a major European chemicals group. A basic product for batteries for electric vehicles will be produced there in the future. In addition, Bilfinger is involved in the construction of new battery production plants in Scandinavia and Poland on behalf of another well-known battery manufacturer.

District heating networks:

Optimizing municipal supply networks is a key component when it comes to more efficient energy use. District heating networks in particular offer the possibility of taking waste heat – from industrial processes, for example – and transferring it to different locations for use. The company has many years of experience in this area, particularly in German-speaking regions. The *ScaleGrid* approach, which Bilfinger helped develop, combines a site-specific potential analysis of diverse heat sources with the development of options for demand-oriented use as a source of energy.

Energy efficiency:

Despite major investments in new projects, CO_2 emissions in the decade ahead will be largely dominated by existing industrial plants. These must be optimized and modernized to reduce energy consumption and emissions with the same level of utilization.

Measures that can be executed within the framework of the existing infrastructure include, for example, improved thermal insulation. A certified analysis procedure *Thermal Insulation Performance (TIP) Check* illustrates energy and heat loss resulting from poorly insulated components – and thus helps with the identification and implementation of appropriate measures such as the application of insulation to these components.

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

Sustainable industrial services as a growth market

Bilfinger believes that, with the service portfolio described, it is very well positioned in the growth market for sustainable industrial services.

Bilfinger's objective is to increase sales with sustainable industrial services to around €1 billion by 2024. In 2021, revenue generated with the services described above amounted to around €500 million.

The basis for measuring the Group's sustainable economic activity is a detailed recording of customer contracts by plant type and trade. This classifies the activities that relate to the contents outlined above and measures them from 2022 onward. The value as of 2021 is the result of a manual survey and is intended to serve as a benchmark for the baseline.

Growth is being driven by increasing demand from customers, something that the company is addressing with a targeted sales approach and dedicated competences.

Bilfinger is helping its customers with their energy transition, for example with the maintenance and modernization of their current plants with the aim of a more energy-efficient and lower-emission utilization at the same level of capacity utilization. Around €250 million is attributable to this area for the year 2021.

On the other hand, Bilfinger sees growth opportunities arising from the technological shift from fossil fuels to alternative sources of energy. The greatest sales volumes are in the area of nuclear energy with around €100 million, battery production with around €45 million and hydroelectric power with around €25 million.

The portfolio is therefore bringing together services that make a contribution to the energy transition at different types of plants. The Bilfinger definition is tailored to an industrial services provider in the process industry and deviates in part from the specifications of the environmentally sustainable activities as defined in the Regulation (EU) 2020/852 Taxonomy Regulation ("EU

Taxonomy") explained below. For example, in accordance with this regulation, energy efficiency and insulation work can be included in the EU Taxonomy if they are carried out on buildings, but not if they are carried out on industrial facilities.

Consolidated disclosures pursuant to Article 8 of the EU Taxonomy Regulation

Article 8 EU Taxonomy Regulation

The EU Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows in more sustainable economic activities. It represents an important step forward in achieving climate neutrality for Europe by 2050. The EU Taxonomy serves as a classification system for environmentally sustainable economic activities.

In the following, we as a non-financial parent company present the share of our Group revenue, capital expenditures (capex) and operating expenditures (opex) for the reporting period 2021 that relate to taxonomy-eligible economic activities in connection with the first two environmental objectives (climate protection and adaptation to climate change) in accordance with Article 8 of the Taxonomy Regulation and Article 10 (2) of the delegated act on Article 8.

A taxonomy-eligible economic activity is an economic activity described in the delegated acts that supplement the EU Taxonomy Regulation (i.e., the current delegated act on climate), regardless of whether that economic activity meets some or all of the technical assessment criteria set forth in those delegated acts. A taxonomy-non-eligible economic activity is any economic activity that is not described in the delegated acts that supplement the EU Taxonomy Regulation.

Our economic activities

PROPORTION OF TAXONOMY-ELIGIBLE AND TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES IN TOTAL REVENUE CAPEX AND OPEX	Total € million	Proportion of taxonomy-eligible economic activities in %	Porportion of taxonomy-non-eligible economic activities in %
Revenue	3,737.4	2	98
Capital expenditure (Capex)	109.2[1]	21[2]	79
Operating expenditure (Opex)	105.2	0	100

1. In addition to investments in property, plant and equipment as well as intangible assets, the definition of capital expenditure (CAPEX) also includes capitalization of rights of use from leases. This definition is in line with the requirements of the delegated act on Article 8 of the EU Taxonomy Regulation and is only used in the context of reporting on EU Taxonomy.
2. The share of capital expenditures related to taxonomy-eligible economic activity is subject to the broad interpretation of the CAPEX calculation published in the second FAQ section on Art. 8 of the EU Taxonomy Regulation by the Platform on Sustainable Finance on February 2, 2022. In line with this broad interpretation, additions to property, plant and equipment and to rights of use from leases relating to land and buildings in the amount of €22 million have been included in CAPEX from taxonomy-eligible economic activity. Without this amount, CAPEX related to taxonomy-eligible economic activity would be 1 percent of total CAPEX.

For the most part, the economic activities of the Bilfinger Group as an industrial services provider in the process industry are not covered by the delegated act on the EU Taxonomy Regulation. They can only be allocated to the economic activities mentioned in the delegated act to a limited extent and designated as taxonomy-eligible. These taxonomy-eligible economic activities relate to the following activities listed in Appendix I of the delegated act on the climate targets of the EU Taxonomy Regulation:

4.5. *Generation of electricity from hydropower: construction or operation of electricity generation plants that produce electricity from hydropower*
In the reporting year, Bilfinger generated taxonomy-eligible revenue of €24 million with the construction of power generation plants that generate electricity from hydroelectric power. This mainly involves the construction of special pipelines in hydroelectric power plants in the E&M Europe segment, particularly in Austria.

7.1 *Construction and real estate: New construction*
With €15 million in taxonomy-eligible revenue, new construction of real estate is the second most represented economic activity in the EU Taxonomy Regulation. This mainly includes construction projects in the E&M International segment in North America.

5.1 *Construction, expansion and operation of water extraction, treatment and supply systems*
In the reporting year, Bilfinger generated €7 million in taxonomy-eligible revenue from the construction, expansion and operation of water extraction, treatment and supply systems. This includes the construction of pipelines in the E&M Europe segment.

3.1 *Manufacture of technologies for renewable energy*
In the reporting year, Bilfinger generated €5 million in taxonomy-eligible revenue from the manufacture of technologies for renewable energy. This includes revenue from companies in the Technologies segment.

7.3 *Installation, maintenance and repair of energy-efficient equipment*
In the reporting year, economic activity 7.3, with €4 million in taxonomy-eligible revenue represented at Bilfinger. At Bilfinger, this includes insulation work on buildings as well as work on the installation, replacement, maintenance and repair of heating, ventilation and air-conditioning systems (HVAC).

Accounting and calculation of the key figures
The key figures presented in accordance with the delegated act on Article 8 of the EU Taxonomy Regulation are based on the consolidated financial statements of Bilfinger SE in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and the supplementary provisions of commercial law applicable in accordance with Section 315e (1) of the German Commercial Code (HGB).

The determination of the key figures in accordance with the EU Taxonomy Regulation was carried out for reporting year 2021 through the assignment of the customer's plant types as well as the activities carried out by Bilfinger to the customer contracts. As a consequence, orders were classified according to their economic activity and compared with those in the delegated act on the climate targets of the EU Taxonomy Regulation. When allocating economic activities to the activities specified in the delegated act on climate targets, particular attention was paid to the activity description in the delegated act itself. As an additional aid to interpretation, the relevant technical assessment criteria were also taken into account. If these are not applicable to the economic activities of the Bilfinger Group, they were not identified as taxonomy-eligible. This relates, for example, to the classification of insulation work on pipelines and industrial plants, which was not recorded as taxonomy-eligible because the technical evaluation criteria of *Activity 7.3. installation, maintenance and repair of energy-efficient equipment* only cover the insulation of buildings in a very narrow sense.

Revenue

Total revenue of €3,737.4 million corresponds to Group revenue in the consolidated income statement. Total revenue from taxonomy-eligible economic activities in the reporting year was €67 million. This corresponds to a share of 2 percent of total revenue. Revenue from taxonomy-eligible activities is the external revenue generated in the reporting year that relates to customer contracts classified as taxonomy-eligible.

Capital expenditures (capex)

In the Bilfinger Group, as a result of the asset-light business model, capex plans are negligible. There are capital expenditures relating to assets or processes associated with taxonomy-eligible economic activities and capital expenditures relating to the acquisition of production from taxonomy-eligible economic activities. The volume of capital expenditures relating to assets or processes associated with taxonomy-eligible economic activities was determined for the reporting year using the following estimate: The total amount of capital expenditure (capex) comprises investments in property, plant and equipment (see Chapter C.6.16 Additions to property, plant and equipment) and intangible assets (see Chapter C.6.15 Additions to intangible assets), as well as capitalization of rights of use from leases (see Chapter C.6.17 Additions to rights of use), and amounts to €109.2 million in the reporting year. After subtracting investments in land and buildings, total capital expenditure amounted to €87.5 million. Land and buildings were excluded from the calculation of capital expenditure relating to assets or processes associated with taxonomy-eligible economic activities, because these are primarily administrative buildings that are not directly used to generate sales. If this amount is related to the share of taxonomy-eligible sales in Group sales of 2 percent, this results in capex of €1.6 million that can be approximately allocated to this. This corresponds to 1 percent of the total capital expenditure of €109.2 million. On the basis of the broad interpretation of the determination of capex as published in the second part of the FAQs on Article 8 of the EU Taxonomy Regulation by the Platform on Sustainable Finance on February 2, 2022, additions to property, plant and equipment and to rights of use from leases relating to land and buildings in the amount of €22 million should also be included in the capex from taxonomy-eligible economic activity. This relates to the acquisition of production from taxonomy-eligible economic activities. Due to the publication of the above-mentioned FAQs at short notice, this broad interpretation was only applied to land and buildings in the reporting year. Thus, the total amount of capital expenditures related to taxonomy-eligible economic activity is €23 million and the share of total capex is 21 percent.

Operating expenditures (opex)

Bilfinger's business model as a service provider without significant production activities asset-light. The share of property, plant and equipment and of the rights of use from leases in total assets is thus at 13.8 percent. Operating expenses (opex) as defined in the delegated act on Article 8 of the EU Taxonomy Regulation as well as the other operating expenses included in the definition are therefore not significant for Bilfinger. As a result, the Group is exempt from determining the share of taxonomy-eligible operating expenses and reports this as 0 percent. The total amount of operating expenses in the reporting year is €105.2 million.

B.5.6 Auditor's report

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting [1]

To Bilfinger SE, Mannheim

We have performed a limited assurance engagement on the non-financial group statement of Bilfinger SE, Mannheim, (hereinafter the "Company") for the period from 01 January to 31 December 2021 (hereinafter the "Non-financial Group Statement") included in section "Non-financial Group Declaration" of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement..

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Group Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "Sustainable industrial services" of the Non-financial Group Statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Non-financial Group Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section [x] of the "Sustainable industrial services" of the Non-financial Group Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

1 PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the non-financial group statement and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Sustainable industrial services" of the Non-financial Group Statement.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Group Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Group Statement
- Identification of likely risks of material misstatement in the Non-financial Group Statement
- Analytical procedures on selected disclosures in the Non-financial Group Statement
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Non-financial Group Statement

- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Non-financial Group Statement

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Group Statement of the Company for the period from 01 January to 31 December 2021 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “Sustainable industrial services” of the Non-financial Group Statement. We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt/Main, 08 March 2022
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke	ppa. Birgit Applis
Wirtschaftsprüfer	
[German public auditor]	

B.6 Takeover-relevant information pursuant to Section 289a and Section 315a of the German Commercial Code (HGB)

Structure of subscribed capital

The subscribed capital of €132,627,126 is divided into 41,037,328 bearer shares with an arithmetical value of €3.23 per share. Each share entitles its holder to one vote at the Annual General Meeting.

Limitations relating to voting rights or the transfer of shares

We are not aware of any limitations to voting rights beyond the legal limitations – such as in accordance with Sections 136 and 71b of the German Stock Corporation Act (AktG).

Shareholdings in Bilfinger exceeding 10 percent of voting rights

Investment company Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, notified us on November 12, 2021, that its shareholding in Bilfinger on November 9, 2021 was 26.67 percent of the voting rights. In accordance with Section 34 of the German Securities Trading Act (WpHG), these voting rights were assigned to Cevian Capital II GP Limited through Cevian Capital Partners Limited with 24.98 percent of the voting rights.

Investment company ENA Investment Capital LLP, London, United Kingdom, notified us on November 7, 2020, that its shareholding amounted to 12.00 percent of the voting rights in our capital as of November 6, 2020. In accordance with Section 34 of the German Securities Trading Act (WpHG), these voting rights are attributable to Mr. George Kounelakis, born November 13, 1973.

Shares with special rights

There are no Bilfinger shares with special rights conferring powers of control.

Control of voting rights of employee shares with indirect exercise of controlling rights

Within the scope of the employee share program, there are employee shareholdings from current and former employees who do not exercise their control rights directly, but have transferred these to a shareholder association that represents their interests. The proxies can be revoked at any time. On the balance-sheet date, a total of 18,710 voting rights had been transferred to the association.

Statutory requirements and provisions of the Articles of Incorporation on the appointment and dismissal of members of the Executive Board and changes to the Articles of Incorporation

The appointment and dismissal of members of the Executive Board are subject to the statutory provisions of Section 39 of the SE Regulation, Section 16 of the SE Implementation Act and Sections 84 and 85 of the German Stock Corporation Act (AktG), as well as the provisions of Article 8 of the Bilfinger SE Articles of Incorporation. Accordingly, members of the Executive Board are appointed by the Supervisory Board for a maximum period of five years. Re-appointments are permitted. The Supervisory Board can dismiss a member of the Executive Board when there is good cause for the dismissal. The Supervisory Board decides on the appointment or dismissal of a member of the Executive Board by simple majority. In the event of a tied vote, also in a second voting, the Chairman has a casting vote.

Any amendments to the Articles of Incorporation of Bilfinger SE are subject to the statutory provisions of Section 59 Subsection 1 of the SE Regulations (SE-VO) and Sections 133 and 179 of the AktG, as well as the provisions of Article 21 Section 2 of the Articles of Incorporation of Bilfinger SE. Accordingly, a majority of two-thirds of the valid votes cast or, provided that at least half of the share capital is represented, a simple majority of the valid votes cast is sufficient to amend the Articles of Incorporation. This does not apply to a change in the object of the company, for which a resolution in accordance with Section 8 Subsection 6 SE-VO is required as well as for cases in which a greater voting or capital majority is stipulated by law. Pursuant to Article 25 of the Articles of Incorporation, the Supervisory Board is authorized to make resolutions concerning amendments and supplements that affect only the wording of the Articles of Incorporation.

Authorization of the Executive Board with regard to the buyback and issue of shares

The Annual General Meeting of May 24, 2017, lifted the authorization for the purchase of the company's own shares granted to the Annual General Meeting of May 7, 2015. The authorizations in the Annual General Meeting resolution of May 7, 2015, on the use of the company's own shares remain unaffected. The Annual General Meeting held on May 24, 2017, authorized the Executive Board, with the consent of the Supervisory Board, to acquire the company's own shares until May 23, 2022, in the total amount of up to 10 percent of the share capital of the company under the condition that the shares to be acquired on the basis of this authorization, together with other shares held by the company which the company has already acquired and which are still in its possession or attributable to the company in accordance with Sections 71d and 71e AktG, at no time exceed 10 percent of the share capital of the company. Furthermore, the requirements of Section 71 Subsection 2 Sentences 2 and 3 AktG are also to be observed. The authorization can be exercised for any legally permissible purpose; the acquisition may not be used for the purpose of trading in treasury shares. Acquisition is to take place in accordance with the principle of equal treatment (Section 53a AktG) through the stock exchange or by means of a public offer to buy addressed to all shareholders.

In the case of acquisition through the stock exchange, the price paid (excluding incidental costs) may not be more than 10 percent higher or 20 percent lower than the stock exchange price of Bilfinger shares with the same rights resulting from the opening auction in the XETRA trading system of the Frankfurt Stock Exchange (or a comparable successor system). In the case of a public purchase offer, the company can either publish a formal offer or publicly request the issue of offers from the shareholders. In both cases, the company defines a purchase price or a purchase price range per share, whereby in the latter case the final purchase price is calculated on the basis of the current declarations of acceptance and / or sales offers. The purchase price per share of the company (excluding incidental costs) in the case of the issue of a formal offer by the company may not be more than 10 percent higher or 20 percent lower than the average stock exchange price of Bilfinger shares on the last three days of stock exchange trading before the day the offer is made public, calculated on the basis of the arithmetical average of the price of Bilfinger shares in the closing auction of the XETRA trading system of the Frankfurt Stock Exchange (or a comparable successor system). In the case of an adjustment to the offer, the day of the publication of the offer to buy shall be replaced by the day of publication of the adjustment to the offer. If the company publicly requests the submission of offers to sell, the day of the publication of the offer to buy or the adjustment to such offer shall be replaced by the day of the accepting of offers to sell by the company.

The Annual General Meeting of May 24, 2017, authorized the Executive Board to offer the own shares acquired by means of this authorization for sale to all shareholders under consideration of the principle of equal treatment or to sell them through the stock exchange. It also authorized the Executive Board to sell the own shares acquired as a result of this authorization with the approval of the Supervisory Board in a way other than over the stock exchange or through an offer to sell to all shareholders if the shares are sold in return for a cash payment at a price that is not significantly lower than the average stock market price of the share of the company on the previous three trading days prior to the final determination of the selling price by the Executive Board, calculated on the basis of the arithmetical average of the closing auction price of the Bilfinger share in the XETRA trading system of the Frankfurt Stock Exchange (or a comparable successor system); this authorization is limited to a total of 10 percent of the current share capital of the company at the time of the resolution of the Annual General Meeting on May 24, 2017, or – if this figure is lower – 10 percent of the share capital of the company. The authorized volume is reduced by the proportionate part of the share capital which is attributable to shares or to which conversion and / or option rights or conversion and / or option obligations apply under bonds which were issued or sold, subject to an exclusion of subscription rights, on or after May 24, 2017, pursuant to Section 186 Subsection 3 Sentence 4 AktG either directly, analogously or mutatis mutandis. The shares may also be used within the scope of corporate mergers or acquisitions or the purchase of assets associated with such mergers or acquisitions, recalled without any further resolution by the Annual General Meeting, or used for the fulfillment of conversion and / or option rights or obligations under bonds. In addition, they can be used for the execution of a so-called scrip dividend for which the shareholder receives an offer to transfer to the company their dividend entitlement either wholly or partially as payment in kind in return for the granting of shares in the company. The shares can also, with the approval of the Supervisory Board, be offered for sale, pledged or transferred within the scope of a contractual remuneration agreement to employees of Bilfinger SE and of those subordinated subsidiary companies in the sense of Sections 15 ff. of the German Stock Corporation Act as well as to the management of subordinated subsidiary companies in the sense of Sections 15 ff. of the German Stock Corporation Act.

The Annual General Meeting of May 24, 2017, also authorized the Supervisory Board to use treasury shares that are acquired as a result of this authorization to meet the rights of members of the Executive Board to the granting of shares of Bilfinger SE which the Supervisory Board had granted as part of Executive Board remuneration.

The purchase of shares may be fully or partially carried out through (i) the sale of options to third parties which obligate the company to acquire shares in the company upon the exercise of the option ("put option"), (ii) the purchase of options which give the company the right to acquire shares of the company upon exercise of the option ("call option"), (iii) forward purchases with which the company acquires own shares at a certain point of time in the future, and (iv) use of a combination of put and call options and forward purchases (together "derivatives"). Derivative transactions may only be concluded with one or more credit institutes or other companies that meet the conditions of Section 186 Paragraph 5 Sentence 1 of the German Stock Corporation Act. Through the conditions of the derivative transaction it must be ensured that the company is only supplied with shares which are acquired under consideration of the principle of equal treatment (Section 53a AktG). All share acquisitions under the use of derivatives are to be limited to shares in a maximum volume of 5 percent of the current share capital at the time of the resolution of the Annual General Meeting on this authorization or – if it is lower – the share capital of the company at the time of the utilization of this authorization. The terms of the derivatives must end at the latest on May 23, 2022, whereby the term of the individual derivatives may each not exceed 18 months and it must be ensured that an acquisition of shares of the company in the exercise or fulfillment of the derivative is carried out no later than May 23, 2022. The option fees paid by the company for call options and collected for put options may not be significantly above or below the theoretical market value of the respective option, calculated in accordance with a recognized financial mathematic method, for which the calculation, among other things, of the agreed exercise price is to be taken into account. The purchase price to be paid for the exercise of the options or upon maturity of forward purchase agreements per share of the company (not including supplementary purchase costs but under consideration of the paid or received option fees), may not be 10 percent higher or 20 percent lower than the average price of the share of the company with the same rights in the closing auction of the XETRA trading system of the Frankfurt Stock Exchange (or a comparable successor system) during the previous three stock exchange trading days prior to the conclusion of the relevant option or futures transaction. If own shares under the use of derivatives under consideration of the aforementioned requirements are acquired, a right of the shareholders to conclude such derivative transactions with the company, in appropriate application of Section 186 Paragraph 3 Sentence 4 AktG, is ruled out. Shareholders have the right to tender their shares to the company only insofar as the company is obligated on the basis of the derivative transaction to accept their shares.

On September 6, 2017, the company started a program to buy back its own shares, which was completed on October 31, 2018. The share buyback took place under the authorization granted by the Annual General Meeting on May 24, 2017. The program called for the buyback of a maximum of 10 percent of the share capital at a purchase price of up to €150.0 million. Within the scope of the program, a total of 3,942,211 own shares (8.92 percent of the capital stock of Bilfinger SE) at a total value of €149,999,972.62 (not including supplementary costs of acquisition) were acquired. This corresponds to an average price of €38.05 (not including supplementary costs of acquisition) per re-acquired share. The authorization from the Annual General Meeting of May 24, 2017, also regulates all options for a possible use of the shares acquired.

On October 21, 2021, the Executive Board of Bilfinger SE resolved, using this authorization, to cancel 3,171,714 appropriately acquired treasury shares in Bilfinger SE by way of a simplified cancellation procedure not involving a reduction of the share capital by increasing the proportionate notional amount of the remaining bearer shares in the share capital of the company pursuant to Section 71 Paragraph 1 Number 8 Sentence 6 AktG in conjunction with Section 237 Paragraph 3 Number 3 AktG. This corresponds to approximately 7.17 percent of the bearer shares issued by the company prior to cancellation. The Supervisory Board of Bilfinger SE approved the Executive Board's resolution by way of a resolution dated November 9, 2021, thus allowing the cancellation to take effect.

The Executive Board and Supervisory Board intend to propose to the Annual General Meeting in 2022 that a new authorization be granted to acquire own shares up to a maximum volume of 10 percent of the company's share capital. On the basis of this authorization, the Executive Board intends to propose to the Supervisory Board a share buyback program with a volume of up to €100 million to be initiated in the summer of 2022.

Approved capital

The Annual General Meeting of May 15, 2018, lifted the authorization for the creation of approved capital resolved by the Annual General Meeting of May 8, 2014, and included in Section 4 Paragraph 3 of the Articles of Incorporation (approved capital 2014). By resolution of the Annual General Meeting of May 15, 2018, the Executive Board was authorized for a period ending on May 14, 2023, to increase the company's capital stock, subject to the consent of the Supervisory Board, by up to €66,313,563 by issuing new no-par value bearer shares on one or more occasions (approved capital 2018). Such issue of new shares may be effected against cash or non-cash contributions. The new shares are to be offered to the shareholders for subscription. An indirect subscription right within the meaning of Section 186 Subsection 5 of the AktG shall suffice in this context.

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

Conditional capital

The Annual General Meeting of April 15, 2021, lifted the conditional capital increase resolved by the Annual General Meeting of May 24, 2017, and included in the company's Articles of Incorporation (conditional capital 2017). By resolution of the Annual General Meeting of April 15, 2021, the share capital was conditionally increased by up to €13,262,712 through the issue of up to 4,420,904 new bearer shares (conditional capital 2021). The conditional capital increase serves the granting of shares under the exercise of conversion and / or option rights or under conversion and / or option obligations under promissory notes that are issued or guaranteed by the company or a Group company by April 14, 2026. The issue of the new shares is carried out according to the aforementioned authorization resolution each at certain conversion and/or option prices.

The conditional capital increase will only be carried out to the extent that holders of bonds make use of their conversion or option rights or fulfill their obligations to exercise conversions or options, and the conditional capital is required in accordance with the conditions of the promissory notes. Each new share issued as a result of the exercise of the conversion or option right or the fulfillment of the conversion or option right participates in the profit from the beginning of the financial year in which it is created.

Agreements related to a change of control

In the case of a change of control resulting from an offer to take over Bilfinger SE, as is common business practice, termination possibilities exist for the providers of credit for our syndicated cash credit lines of €250 million and bank guarantees covering the sum of about €900 million, as well as for the investors in our promissory note loan of €14 million and our corporate bond of €250 million.

Compensation agreements in the case of an offer to take over the company

In the case of a change of control and if certain other conditions are fulfilled, the members of the Executive Board have a special right to terminate their contracts of service. In the event of termination due to a change of control, those members of the Executive Board who were in office in the reporting year receive a severance payment. For new members of the Executive Board appointed and employed from February 9, 2021, the revised Executive Board remuneration system does not provide for any severance payment in the event of a change of control. At the same time, in the event of an extension of the appointment of a current member of the Executive Board, the Supervisory Board shall remain entitled to continue the agreement on the change of control with a severance payment commitment to a maximum of the previously agreed amount. More details on this can be found in the remuneration report 2021, which will be submitted to the Annual General Meeting 2022 for approval and published on the company's website at https://www.bilfinger.com/en/investors/corporate-governance/remuneration-executive-and-supervisory-boards/.

C Consolidated financial statements

C.1 Consolidated income statement

in € million

	Notes	2021	2020
Revenue	(6)	3,737.4	3,461.0
Cost of sales		-3,350.4	-3,164.9
Gross profit		**387.0**	**296.1**
Selling and administrative expense		-290.7	-309.7
Impairment losses and reversals of impairment losses in accordance with IFRS 9	(7)	-2.8	-6.5
Other operating income	(8)	68.4	47.8
Other operating expense	(9)	-43.8	-105.7
Income from investments accounted for using the equity method	(18)	3.1	12.5
Earnings before interest and taxes (EBIT)		**121.2**	**-65.5**
Interest income	**(12)**	**17.2**	**1.4**
Interest expense	**(12)**	**-29.8**	**-28.6**
Other financial result	(12)	6.7	208.3
Earnings before taxes		**115.3**	**115.6**
Income taxes	(13)	8.1	-7.5
Earnings after taxes from continuing operations		**123.4**	**108.0**
Earnings after taxes from discontinued operations	**(5.1)**	**6.8**	**-7.0**
Earnings after taxes		130.2	101.0
thereof non-controlling interests		0.7	1.6
Net profit		**129.5**	**99.4**
Basic earnings per share (in €)	(14)	3.19	2.47
thereof from continuing operations		3.02	2.64
thereof from discontinued operations		0.17	-0.17
Diluted earnings per share (in €)	(14)	3.16	2.44
thereof from continuing operations		2.99	2.61
thereof from discontinued operations		0.17	-0.17

C.2 Consolidated statement of comprehensive income

in € million	2021	2020
Earnings after taxes	**130.2**	**101.0**
Items that will not be reclassified to the income statement		
Gains / losses from remeasurement of net defined-benefit liability (asset)		
Unrealized gains / losses	19.4	-10.0
Income taxes on unrealized gains / losses	-1.0	-0.1
	18.4	**-10.1**
Gains / losses from fair-value measurement of equity instruments in accordance with IFRS 9.5.7.5		
Unrealized gains / losses	0.0	0.0
Income taxes on unrealized gains / losses	0.0	0.0
	0.0	**0.0**
	18.4	**-10.1**
Items that may subsequently be reclassified to the income statement		
Currency translation differences		
Unrealized gains / losses	21.3	-38.3
Reclassifications to the income statement	-3.1	-7.6
Income taxes on unrealized gains / losses	0.0	0.0
	18.2	**-45.9**
	18.2	**-45.9**
Other comprehensive income after taxes	**36.6**	**-56.0**
Total comprehensive income after taxes	**166.8**	**45.0**
attributable to shareholders of Bilfinger SE	166.1	41.6
Minority interest	0.7	3.4

See also further explanations on the components of other comprehensive income in Note 23 of the notes to the consolidated financial statements.

C.3 Consolidated balance sheet

in € million

		Notes	Dec. 31, 2021	Dec. 31, 2020
Assets	**Non-current assets**			
	Intangible assets	(15)	780.6	765.2
	Property, plant and equipment	(16)	258.7	269.7
	Right-of-use assets from leases	(17)	176.7	189.3
	Investments accounted for using the equity method	(18)	11.4	19.4
	Other assets	(19)	7.3	14.0
	Deferred taxes	(13)	46.7	55.8
			1,281.4	**1,313.4**
	Current assets			
	Inventories	(20)	64.9	59.8
	Receivables and other financial assets	(21)	909.1	865.6
	Current tax assets		20.3	10.9
	Other assets	(22)	40.2	46.0
	Securities		0.0	450.0
	Marketable securities	(29.1)	189.9	0.0
	Cash and cash equivalents	(29.1)	642.9	510.6
	Assets classified as held for sale	(5)	0.0	–
			1,867.3	**1,942.9**
			3,148.7	3,256.3
Equity & liabilities	**Equity**	**(23)**		
	Share capital		132.6	132.6
	Capital reserve		771.8	770.6
	Retained and distributable earnings		403.1	468.3
	Other reserves		5.5	-12.7
	Treasury shares		-12.2	-149.5
	Equity attributable to shareholders of Bilfinger SE		**1,300.8**	**1,209.3**
	Minority interest		-11.8	-10.7
			1,289.0	**1,198.6**
	Non-current liabilities			
	Provisions for pensions and similar obligations	(24)	306.5	340.0
	Other provisions	(25)	20.7	22.2
	Financial debt	(26)	395.1	521.3
	Other liabilities	(27)	2.5	0.0
	Deferred taxes	(13)	4.2	2.9
			729.0	**886.4**
	Current liabilities			
	Current tax liabilities	(13)	21.9	23.9
	Other provisions	(25)	215.8	300.3
	Financial debt	(26)	54.3	46.9
	Trade and other payables	(27)	641.4	579.2
	Other liabilities	(28)	197.3	221.0
	Liabilities classified as held for sale	(5)	0.0	–
			1,130.7	**1,171.3**
			3,148.7	**3,256.3**

C.4 Consolidated statement of changes in equity

in € million

	Equity attributable to shareholders of Bilfinger SE									Attributable to minority interest	Equity
				Other reserves							
	Share capital	Other reserves	Retained and distributable earnings	Reserve from the fair-value measurement of debt instruments	Reserve from the fair-value measurement of equity instruments	Reserve from hedging transactions	Currency translation reserve	Treasury shares	Total		
Balance at January 1, 2020	**132.6**	**768.7**	**379.4**	**0.0**	**0.0**	**0.0**	**34.5**	**-149.9**	**1,165.3**	**-12.4**	**1,152.9**
Earnings after taxes	0.0	0.0	99.4	0.0	0.0	0.0	0.0	0.0	99.4	1.6	101.0
Other comprehensive income after taxes	0.0	0.0	-10.1	0.0	0.0	0.0	-47.7	0.0	-57.8	1.8	-56.0
Total comprehensive income	**0.0**	**0.0**	**89.3**	**0.0**	**0.0**	**0.0**	**-47.7**	**0.0**	**41.6**	**3.4**	**45.0**
Dividends paid out	0.0	0.0	-4.8	0.0	0.0	0.0	0.0	0.0	-4.8	-0.8	-5.6
Share-based payments	0.0	1.9	5.0	0.0	0.0	0.0	0.0	0.4	7.3	0.0	7.3
Changes in ownership interest without change in control	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	-0.3	0.0	-0.3
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	-0.3	0.0	0.0	0.0	0.5	0.0	0.2	-0.9	-0.7
Balance at December 31, 2020	**132.6**	**770.6**	**468.3**	**0.0**	**0.0**	**0.0**	**-12.7**	**-149.5**	**1,209.3**	**-10.7**	**1,198.6**
Balance at January 1, 2021	**132.6**	**770.6**	**468.3**	**0.0**	**0.0**	**0.0**	**-12.7**	**-149.5**	**1,209.3**	**-10.7**	**1,198.6**
Earnings after taxes	0.0	0.0	129.5	0.0	0.0	0.0	0.0	0.0	129.5	0.7	130.2
Other comprehensive income after taxes	**0.0**	**0.0**	**18.4**	**0.0**	**0.0**	**0.0**	**18.2**	**0.0**	**36.6**	**0.0**	**36.6**
Total comprehensive income	0.0	0.0	147.9	0.0	0.0	0.0	18.2	0.0	166.1	0.7	166.8
Dividends paid out	0.0	0.0	-76.5	0.0	0.0	0.0	0.0	0.0	-76.5	-1.0	-77.5
Share-based payments	**0.0**	**1.2**	**-13.4**	**0.0**	**0.0**	**0.0**	**0.0**	**15.9**	**3.7**	**-0.1**	**3.6**
Changes in ownership interest without change in control	0.0	0.0	-2.0	0.0	0.0	0.0	0.0	0.0	-2.0	-0.3	-2.3
Cancelation of treasury shares	0.0	0.0	-121.4	0.0	0.0	0.0	0.0	121.4	0.0	0.0	0.0
Other changes	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.2	-0.4	-0.2
Balance at December 31, 2021	**132.6**	**771.8**	**403.1**	**0.0**	**0.0**	**0.0**	**5.5**	**-12.2**	**1,300.8**	**-11.8**	**1,289.0**

For explanations of the development of Group equity see Note 23 of the notes to the consolidated financial statements. For explanations on changes to share-based payment, see Note 34.

C.5 Consolidated statement of cash flows

in € million

	Notes	2021	2020
Earnings before taxes from continuing operations		115.3	115.6
Interest income and expense and other financial result	(12)	5.9	-181.1
Amortization of intangible assets from acquisitions and goodwill impairments	(11)	0.0	8.5
EBITA		**121.2**	**-57.0**
Depreciation of property, plant and equipment, amortization of intangible assets (excluding from acquisitions) and right-of-use assets	(11)	99.5	115.0
Gains / losses on disposals of non-current assets	(8), (9)	-41.2	0.9
Income from investments accounted for using the equity method	(18)	-3.2	-12.7
Dividends received		10.8	18.7
Interest received		6.5	1.4
Income tax payments		7.2	4.5
Change in advance payments received		12.8	3.0
Change in trade receivables and work in progress		-74.7	129.4
Change in trade payables and advance payments made		34.0	-77.0
Change in net trade assets		**-27.9**	**55.4**
Change in current provisions		-51.4	5.6
Change in other current assets (including other inventories) and liabilities		5.0	-1.6
Change in working capital		**-74.3**	**59.4**
Change in non-current assets and liabilities		-14.0	-9.8
Cash flow from operating activities of continuing operations		**112.5**	**120.4**
Cash flow from operating activities of discontinued operations		2.5	-6.4
Cash flow from operating activities, total		**115.0**	**114.0**
Investments in property, plant and equipment and intangible assets		-61.3	-36.6
Payments received from the disposal of property, plant and equipment and intangible assets		63.5	9.4
Acquisition of subsidiaries net of cash and cash equivalents acquired	(4.2)	-2.4	0.0
Payments from the disposal of subsidiaries net of cash and cash equivalents disposed of	(4.3)	5.0	8.2
Payments received / investments in other financial assets		9.9	0.1
Divestment / Investments in marketable securities	(29.1)	268.4	0.0
Cash flow from investing activities of continuing operations		**283.1**	**-18.9**
Cash flow from investing activities of discontinued operations		0.0	0.0
Cash flow from investing activities, total		**283.1**	**-18.9**
Dividends paid to the shareholders of Bilfinger SE	(23.1)	-76.5	-4.8
Dividends paid to minority interest		-2.0	-2.5
Investments in changes in company shares (control maintained)	(4.4)	-1.9	-0.3
Borrowing	(26)	0.0	0.0
Repayment of financial debt	(26)	-158.5	-51.8
Interest paid		-27.6	-22.8
Cash flow from financing activities of continuing operations		**-266.5**	**-82.2**
Cash flow from financing activities of discontinued operations		-0.1	-0.1
Cash flow from financing activities, total		**-266.6**	**-82.3**
Change in cash and cash equivalents		**131.6**	**12.8**
Change in value of cash and cash equivalents due to changes in foreign exchange rates		0.8	-2.0
Cash and cash equivalents at January 1		510.6	499.8
Cash and cash equivalents classified as assets held for sale at January 1 (+)		0.0	0.0
Cash and cash equivalents classified as assets held for sale at December 31 (-)		0.0	0.0
Cash and cash equivalents at December 31		**642.9**	**510.6**

C.6 Notes to the consolidated financial statements *

* Values in € million unless stated otherwise

1 Segment reporting

As in the previous year, segment reporting has been prepared in accordance with IFRS 8. The reportable segments of the Bilfinger Group reflect the internal reporting structure. Segment reporting depicts the Group's continuing operations. The definition of the segments is based on products and services.

Segment reporting continues to consist of the following three reportable segments:

- *Engineering & Maintenance Europe*
- *Engineering & Maintenance International*
- *Technologies*

The reportable segment *Technologies* is both a division and a business segment. The reportable segment *Engineering & Maintenance Europe* comprises the six regions *E&M United Kingdom, E&M Nordics, E&M Belgium / Netherlands, E&M Germany, E&M Austria / Switzerland* and *E&M Poland*, which constitute business segments. The reportable segment *Engineering & Maintenance International* includes the regions E&M North America and E&M Middle East, which constitute business segments.

The segment *Technologies* is positioned globally and focuses on products and technologies that it offers throughout the world. Examples include components for biopharma plants (skids) as well as components for the nuclear industry. The division concentrates on growth areas in which Bilfinger demonstrates technological expertise, enabling us to benefit from sustainable global trends. *Technologies* coordinates Group-wide market development in these growth areas.

The service line *Engineering & Maintenance* is positioned regionally and services for engineering, maintenance, expansion and operation are therefore offered on a local basis. Due to the similarity of the markets, the economic environment as well as the financial parameters – particularly growth expectations and the extent of the margins – we combine the reporting of the regions *E&M United Kingdom*, *E&M Nordics*, *E&M Belgium / Netherlands*, *E&M Germany*, *E&M Austria / Switzerland* and *E&M Poland* in the *Engineering & Maintenance Europe* reporting segment. The *Engineering & Maintenance* activities of the regions *E&M North America* and *E&M Middle East* in our strategic growth regions outside of Europe make up the reportable segment *Engineering & Maintenance International*. Here, we expect similar growth rates and margins in the planning period.

The companies in *Other Operations* as well as headquarters, consolidation effects and other items are presented under *Reconciliation Group*. *Other Operations* includes operating units that are active outside of the business segments, regions or customer groups defined above. These units are not a focus of the strategic positioning of the Group, but rather are up for sale in the short term or independently managed for value with the goal of a later sale. Accordingly, the reporting classification of the units in *Other Operations* is not primarily based on the similarity of products, customers, regions, etc., but on this strategic classification. The division therefore does not constitute a business segment. Revenue is mainly generated in the industrial sectors energy & utilities as well as oil & gas.

Adjusted *earnings before interest, taxes and amortization of intangible assets from acquisitions* (EBITA adjusted and EBITA) is the key performance indicator for the business units and the Group, and thus the metric for earnings in our segment reporting. EBIT is also presented. The reconciliation of EBIT to earnings before taxes from continuing operations is derived from the consolidated income statement. Internal revenue reflects the supply of goods and services between the segments. These are invoiced at the usual market prices. In the reconciliation to the consolidated financial statements, the Group's internal expenses and income as well as intra-Group profits are eliminated. Consolidation includes the consolidation of business transactions between the business segments. The reconciliation also includes income and expenses from headquarters as well as other items that cannot be allocated to the individual segments according to our internal accounting policies. The allocation of external revenue to the regions is carried out according to the location of the service provision.

The reconciliation of segment assets in particular includes cash and cash equivalents as well as the non-current and current assets that are not allocated to the business segments. The segment liabilities shown in the reconciliation include, in particular, the liabilities of Group headquarters and interest-bearing liabilities such as debt and provisions for pensions and similar obligations. In addition, items that, in accordance with our internal reporting principles, cannot be allocated to individual segments are presented in the two reconciliations.

The reconciliation Group below was expanded in the reporting year and now corresponds to the presentation in the subsequent reporting by business segment.

RECONCILIATION GROUP	Other Operations		Headquarters		Consolidation		Reconciliation Group	
in € million	**2021**	2020	**2021**	2020	**2021**	2020	2021	2020
External revenue	166.5	260.1	13.2	15.9	-0.5	0.0	179.2	276.0
Internal revenue	0.7	2.4	62.2	66.7	-135.6	-123.9	-72.7	-54.8
Total revenue	**167.2**	**262.5**	**75.4**	**82.6**	**-136.1**	**-123.9**	106.5	221.2
EBITA adjusted	2.3	6.2	1.4	-18.6	-3.5	-5.3	0.2	-17.7
Special items	0.0	-3.1	3.9	-1.7	0.0	0.0	3.9	-4.8
EBITA	**2.3**	3.1	**5.3**	-20.3	**-3.5**	-5.3	**4.1**	-22.5
Amortization of intangible assets from acquisitions and impairment of goodwill	0.0	-6.8	0.0	0.0	0.0	0.0	0.0	-6.8
EBIT	**2.3**	**-3.7**	**5.3**	**-20.3**	**-3.5**	**-5.3**	**4.1**	**-29.3**
Segment assets	57.8	75.2	861.3	1,060.2	0.0	0.0	919.1	1,135.4
Segment liabilities	33.3	48.5	842.5	1,065.7	0.0	0.0	875.8	1,114.2

SEGMENT REPORTING BY BUSINESS SEGMENT	Technologies		Engineering & Maintenance Europe		Engineering & Maintenance International		Total of reportable segments		Reconciliation Group		Total continuing operations	
in € million	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
External revenue	555.4	489.3	2,449.5	2,174.6	553.3	521.1	3,558.2	3,185.0	179.2	276.0	3,737.4	3,461.0
Internal revenue	4.5	8.7	68.2	46.0	0.0	0.1	72.7	54.8	-72.7	-54.8	0.0	0.0
Total revenue	**559.9**	498.0	**2,517.7**	2,220.6	**553.3**	521.2	**3,630.9**	3,239.8	**106.5**	221.2	**3,737.4**	3,461.0
EBITA adjusted (segment earnings)	**20.3**	-10.5	**130.6**	68.8	**-13.9**	-20.8	**137.0**	37.5	**0.2**	-17.7	**137.2**	19.8
Special items	-1.1	-25.5	-15.1	-32.8	-3.7	-13.7	-19.9	-72.0	3.9	-4.8	-16.0	-76.8
EBITA (segment earnings)	**19.2**	-36.0	**115.5**	36.0	**-17.6**	-34.5	**117.1**	-34.5	**4.1**	-22.5	**121.2**	-57.0
Amortization of intangible assets from acquisitions and impairment of goodwill	0.0	-0.1	0.0	-0.3	0.0	-1.3	0.0	-1.7	0.0	-6.8	0.0	-8.5
EBIT	**19.2**	-36.1	**115.5**	35.7	**-17.6**	-35.8	**117.1**	-36.2	**4.1**	-29.3	**121.2**	-65.5
therein depreciation of property, plant and other intangible assets	-3.0	-3.0	-35.6	-36.0	-5.5	-6.3	-44.1	-45.3	-4.9	-14.0	-49.0	-59.3
therein depreciation of right-of-use assets from leases	-4.6	-4.7	-29.9	-29.5	-5.2	-5.7	-39.7	-39.9	-12.2	-16.5	-51.9	-56.4
therein income from investments accounted for using the equity method	0.0	0.0	1.0	0.2	1.0	11.3	2.0	11.5	1.1	1.0	3.1	12.5
Segment assets December 31	**385.1**	364.5	**1,386.1**	1,305.4	**458.4**	451.0	**2,229.6**	2,120.9	**919.1**	1,135.4	**3,148.7**	3,256.3
thereof investments in associates and joint ventures accounted for using the equity method	0.0	0.0	1.9	1.0	0.8	9.8	2.7	10.8	8.7	8.6	11.4	19.4
Segment liabilities December 31	**212.7**	234.9	**599.0**	545.0	**172.1**	163.6	**983.8**	943.5	**875.8**	1,114.2	**1,859.6**	2,057.7
Investments in property, plant and equipment and intangible assets	**3.2**	2.5	**54.6**	26.2	**2.1**	2.8	**59.9**	31.5	**1.4**	5.1	**61.3**	36.6
Capitalization of right-of-use assets from leases	**3.3**	1.3	**21.0**	25.5	**5.3**	4.6	**29.6**	31.4	**6.5**	5.8	**36.1**	37.2
Employees December 31	**2,088**	2,274	**20,210**	19,914	**5,951**	4,800	**28,249**	26,988	**1,507**	1,905	**29,756**	28,893

SEGMENT REPORTING BY REGION	Germany		Rest of Europe		America		Africa		Asia		Australia		Total continuing operations	
in € million	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
External revenue	1,019.4	932.6	2,029.8	1,877.7	452.5	409.0	123.0	105.1	111.5	136.4	1.2	0.3	3,737.4	3,461.0
Non-current assets at December 31	589.2	595.4	388.3	412.5	205.8	198.9	5.2	4.9	27.5	12.5	0.0	0.0	1,216.0	1,224.2

Special items in EBITA adjusted are comprised as follows:

SPECIAL ITEMS IN EBITA

€ million	2021	2020
EBIT	**121.2**	**-65.5**
Amortization of intangible assets from acquisitions and goodwill	0	8.5
EBITA	**121.2**	**-57.0**
Restructuring and efficiency enhancement expense	18.0	76.8
Income / expense for improvement of the compliance system	0	-17.1
Process and system harmonization expense	6.5	13.2
Income / expense from the disposal of investments	-8.5	3.9
Total special items	**16.0**	**76.8**
Adjusted EBITA	**137.2**	**19.8**

In addition to a positive effect from the sale of Muscat Engineering Consultancy LLC, Muscat, Oman, special items are mainly attributable to restructuring measures as well as system and process harmonization in the E&M Europe segment.

2 General information

Bilfinger SE is a stock company in accordance with European law (Societas Europaea – SE) and, in addition to German stock corporation law, is also subject to specific SE regulations and the German law on implementing a European company as well as the German SE Employee Involvement Act. The company is registered with the Commercial Register of the Mannheim District Court under HRB 710296 and has its headquarters at Oskar-Meixner-Strasse 1, 68163 Mannheim, Germany. Bilfinger is an internationally oriented industrial services company, which offers engineering and other industrial services to customers in the process industry. The consolidated financial statements of Bilfinger SE for financial year 2021 were released for publication by the Executive Board on March 8, 2022. The consolidated financial statements of Bilfinger SE have been prepared in accordance with International Financial Reporting Standards (IFRSs), as they are to be applied in the European Union, and the complementary guidelines that are applicable pursuant to Section 315e Subsection 1 of the German Commercial Code (HGB), and are published in the electronic version of the German Federal Gazette ('Bundesanzeiger'). All amounts are shown in millions of euros (€ million) unless stated otherwise.

3 Accounting policies

3.1 Judgments and estimates based on the COVID-19 pandemic

Judgments and estimates made by management can affect the measurement and disclosure of assets and liabilities and the reported amounts of revenue and expenses for the reporting period. Due to the global consequences arising from the COVID-19 pandemic, which are still not entirely foreseeable, these management judgments and estimates are subject to increased uncertainty. Actual amounts may differ from management judgments and estimates. Changes to these management judgments and estimates may have a material impact on the consolidated financial statements.

Within the framework of updating management judgments and estimates, all available information on expected economic developments and country-specific government countermeasures was included. This information was also included in the analysis of the recoverability and collectability of assets and receivables. As the pandemic continues to evolve, it is difficult to predict its duration and the extent of its impact on assets, liabilities, results of operations and cash flows. We do not, however, expect the COVID-19 pandemic to have a material impact on our business activities over the course of financial year 2022.

Further details on the impact of the COVID-19 pandemic on our business activities can be found in sections *B.2 Economic report*, *B.3.2 Significant risks* and *B.4 Outlook* in the combined management report and in Notes 3.2 and 15.1.

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

Bilfinger has reviewed existing or newly established government support measures in various countries aimed at mitigating the effects of the COVID-19 pandemic and subsequently applied for and made use of appropriate measures.

These primarily relate to support measures for personnel costs such as compensation payments to employees or benefits for Bilfinger Group companies, which partially compensate for the underutilization of capacities in the affected areas as a result of the significant decline in business activities. These government support measures were used primarily in the United Kingdom, the Netherlands and Poland. In accordance with the net method applied by Bilfinger, government support measures that are classified as performance-related government grants in accordance with IAS 20 were recognized as a reduction of the corresponding personnel expenses as of December 31, 2021, in the amount of €9 million (previous year: €36 million). There is reasonable assurance that the conditions associated with the grants will be met and that the grants will be received. In some cases, official audits and approvals of the grants are still pending.

Furthermore, options for deferring social security contributions and tax payments were utilized, which essentially have no effect on earnings but have contributed and continue to contribute to an improvement in the liquidity situation. The deferred amounts total €3 million as of December 31, 2021 (previous year: €13 million).

3.3 New and amended IFRSs

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

Amended IFRSs relevant to Bilfinger and applied as of January 1, 2021, are:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform (phase 2)*
- Amendment to IFRS 16 *COVID-19-Related Rent Concessions beyond June 30, 2021*

The effects of these changes are as follows:

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform (phase 2)*
The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 provide for simplifications in the presentation of changes to contractual cash flows and hedging relationships required as part of the "IBOR reform".

IFRS 16 *Leases*

The amendment to IFRS 16 *COVID-19-Related Rent Concessions beyond June 30, 2021* extends the optional relief available to lessees in assessing whether a rental concession (e.g., rent deferral or forgiveness) is a modification in the context of COVID-19. Bilfinger does not apply this option.

IFRSs already published but not yet applied:

IFRS 17 *Insurance Contracts*

IFRS 17 was published in May 2017 and will replace IFRS 4 in the future for accounting for insurance contracts. IFRS 17 aims at unifying and standardizing recognition and measurement principles for insurance contracts. The standard stipulates three approaches to accounting for insurance contracts: Building Block Approach, Premium Allocation Approach and Variable Fee Approach. In June 2020, the initial application date was postponed to January 1, 2023.

IFRS 3 *Business Combinations*

The amendment to IFRS 3 *Reference to the Conceptual Framework* updates references to the conceptual framework as revised in March 2018 (initial application on January 1, 2022).

IAS 1 *Presentation of Financial Statements*

The amendment to IAS 1 *Classification of Liabilities as Current or Non-Current* only affects the presentation of liabilities rather than the amount or timing of the recognition of assets, liabilities, income or expenses or the disclosures that companies make about those items. In July 2020, the initial application date was postponed to January 1, 2023.

The further amendment to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* clarifies that, in the future, disclosures are only required on material accounting policies, not on only significant ones. Materiality is determined by the usefulness of the information for decision-making by the users of the financial statements (initial application on January 1, 2023).

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendment to IAS 8 *Definition of Accounting Estimates* includes clarifications on the distinction between accounting policies and accounting estimates in order to make it easier for entities to differentiate between the two. The distinction is critical because changes in accounting policies are generally accounted for retrospectively, while changes in accounting estimates are accounted for prospectively (initial application on January 1, 2023).

IAS *12 Income Taxes*

The amendment to IAS 12 *Deferred Taxes Relating to Assets and Liabilities Arising from a Single Transaction* restricts the first-time adoption exception. Accordingly, it does not apply to transactions that give rise to deductible and taxable temporary differences of equal amounts upon initial recognition (initial application on January 1, 2023).

IAS 16 *Property, Plant and Equipment*

The amendment to IAS 16 *Proceeds Before Intended Use* prohibits deducting from the cost of an item of property, plant and equipment the proceeds arising from the disposal of items that are produced while being brought to the location and condition necessary for them to be used in the manner intended by management. Instead, proceeds from such disposals and the cost of producing these items are to be recognized in operating profit (initial application on January 1, 2022).

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

The amendment to IAS 37 *Onerous Contracts - Cost of Fulfilling a Contract* specifies that the "cost of fulfilling a contract" comprises "costs that relate directly to the contract". Costs that relate directly to a contract may be either incremental costs to fulfill that contract (such as direct labor, materials) or an allocation of other costs that relate directly to contract fulfillment (such as an allocation of depreciation expense for an item of property, plant, and equipment used in fulfilling the contract). Initial application is on January 1, 2022.

Annual Improvements to IFRSs, cycle 2018-2020

The improvements in the collective standards published in the context of the Annual Improvements Process include improvements to several IFRSs (IFRS 1, IFRS 9, IFRS 16 and IAS 41), mainly to remove inconsistencies and to clarify wording (initial application on January 1, 2022).

As of the balance-sheet date, amendments to IAS 1, IAS 8 and IAS 12 had not yet been endorsed by the EU Commission as part of the endorsement process. Unless otherwise stated, the future application of the standards is unlikely to have any material effect on the financial position, cash flows or profitability of the Bilfinger Group. Bilfinger intends to apply those IFRSs as of the mandatory date of application insofar as they have been endorsed.

3.4 Significant accounting policies

Intangible assets with a finite life are capitalized at cost of acquisition and amortized over their expected useful lives on a straight-line basis. The expected useful life is generally regarded as being between three and eight years. Goodwill and intangible assets with an indefinite or unlimited useful life are subjected to regular annual impairment tests, which are also carried out during the year if there are indications of a lasting reduction in value.

Property, plant and equipment are valued at the cost of acquisition or production. Their loss in value is accounted for by systematic, straight-line depreciation, except in some exceptional cases where a different method of depreciation reflects the use of the asset more adequately. Production costs include all costs that are directly or indirectly attributable to the production process. Repair costs are always expensed as incurred.

Buildings are depreciated over a useful life of 20 to 50 years using the straight-line method. The useful life of technical equipment and machinery is generally between three and 20 years; other equipment including office and factory equipment is usually depreciated over three to 12 years.

For intangible assets and property, plant and equipment, an impairment charge is recognized wherever the recoverable amount of an asset has fallen below its carrying value. The recoverable amount is the higher of an asset’s fair value less cost of disposal (net selling price) and the present value of estimated future cash flows (value in use). If the reason for an impairment loss recognized in prior years no longer applies – except in the case of impaired goodwill – the carrying value is increased again accordingly, at the most up to the amount of the amortized cost of acquisition. Impairment tests are carried out at the level of the smallest cash-generating unit.

A **lease** is a contract that transfers the right to control the use of an identified asset for a period of time in exchange for consideration. A lessee generally has to recognize a right-of-use asset and a lease liability for all leases. Upon initial recognition, the lease liability is recognized in the amount of the present value of the lease payments that are not paid at the commencement date and that are due over the lease term. The lease term is determined considering extension or termination options, provided that the requirements of IFRS 16 for reasonable certainty of exercise or non-exercise are met. Lease payments to be taken into account during the lease term include fixed payments less lease incentives payable by the lessor, index-linked variable payments, expected amounts from residual value guarantees, exercise prices of purchase options if the exercise of the option was deemed reasonably certain, and penalties for termination of a lease if the exercise of the termination option was taken into account to determine the lease term. Discounting is carried out using the incremental borrowing rate at the commencement date. In the subsequent measurement, the carrying amount of the lease liability is increased by the interest expense and reduced by the lease payments made. The right-of-use asset is measured at cost at initial recognition. This corresponds to the amount of the lease liability less the lease incentives received from the lessor plus the lease payments to be made on or before the commencement date, the initial direct costs as well as the estimated costs for any restoration obligations. In the subsequent measurement, the right-of-use asset is recognized less accumulated depreciation and, if relevant, under consideration of impairment losses. The right-of-use asset is generally depreciated over the lease term using the straight-line method. If ownership of the underlying asset is transferred to the lessee at the end of the lease term or if the cost of the right-of-use asset includes payments for a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. Bilfinger makes use of the recognition exemption for leases of underlying assets of low value, i.e., for assets with a value when new that does not exceed the magnitude of €5 thousand, and for short-term leases. Lease payments from these leases are recognized as an expense using the straight-line method over the lease term.

Investments accounted for using the equity method – associates and jointly controlled entities – are valued with consideration of the prorated net asset change of the company as well as any impairments which may have been recognized.

Joint arrangements are contractual agreements in which two or more parties carry out a business activity under joint control. These include not only joint ventures, which also comprise construction consortiums, but also joint operations. The share of assets, liabilities, income and expenses of joint operations allocable to Bilfinger under the arrangement is recognized in the consolidated financial statements.

Deferred taxes are recognized for any deviations between the valuation of assets and liabilities according to IFRS and the tax valuation in the amount of the expected future tax charge or relief. In addition, deferred tax assets are recognized for the carryforwards of unused tax losses if their future realization is probable. Deferred tax assets and liabilities from temporary differences are offset provided that offsetting is legally possible.

The accounting for uncertain tax treatments is carried out in accordance with IFRIC 23. This clarifies the recognition and measurement requirements of IAS 12 in the event of uncertainty regarding income tax treatment. In accordance with the rules of IFRIC 23, depending on which approach better predicts the resolution of the uncertainty, it must be determined whether each uncertain tax treatment needs to be considered individually or together with one or more other uncertain tax treatments. It is assumed that the tax authorities will examine all uncertain tax treatments and have all relevant information at their disposal. On this basis, an assessment is conducted to determine whether it is probable that the tax authority will accept the uncertain tax treatment.

If this is deemed probable, the taxable profit or loss, tax bases, unused tax losses and tax rates are determined in accordance with the treatment used in the income tax return. However, if it is not considered probable that the tax authorities will accept an uncertain tax treatment, the most likely amount, or, in the case of a large number of similar obligations, the expected value of the tax treatment in determining taxable profit or tax loss, tax bases, unused tax losses and tax rates should be used. Discretionary decisions and estimates are reviewed regularly to determine whether facts or circumstances have changed.

Inventories of merchandise and real estate held for sale, finished and unfinished goods, raw materials and supplies are measured at cost of purchase or production or at net realizable value on the balance-sheet date if this is lower. If the net realizable value of inventories that were written down in the past has risen again, their carrying values are increased accordingly. Production costs include all costs that are directly or indirectly attributable to the production process. Overheads are calculated on the basis of normal employment. Financing costs are not taken into consideration.

Other assets comprise non-financial assets that are not allocated to any other balance-sheet item. They are measured at the lower of cost of acquisition or fair value.

The purchase, sale or withdrawal of treasury shares are recognized directly in equity. At the time of acquisition, treasury shares are entered in equity in the amount of the acquisition costs.

Provisions for pensions and similar obligations are measured for defined-benefit pension plans using the projected-unit-credit method, with consideration of future salary and pension increases. For significant pension plans, duration-specific interest rates used for discounting the obligation are applied to determine the current service cost and the net interest. As far as possible, pension-plan assets are set off. Net interest expense or income resulting from the net pension obligations is presented within financial income / expense. Actuarial gains or losses from pension obligations and gains or losses on the remeasurement of plan assets are recognized in other comprehensive income.

Other provisions are recognized if there is a present obligation resulting from a past event, its occurrence is more likely than not, and the amount of the obligation can be reliably estimated. Provisions are only recognized for legal or constructive obligations toward third parties. Provisions are measured at their settlement amounts, i.e., with due consideration of any price and / or cost increases, and are not set off against profit contributions. In the case of a single obligation, the amount of the most likely outcome is recognized as a liability. If the effect of the time value of money is material, provisions are discounted using the market interest rate for risk-free investments.

The amounts of provisions are estimated with consideration of experiences with similar situations in the past and of all knowledge of events up to the preparation of the consolidated financial statements. The general conditions can be very complex, in particular with provisions for risks relating to contracts and litigation as well as warranty risks. For this reason, uncertainty exists with regard to the timing and exact amounts of obligations.

Other liabilities comprise non-financial liabilities that are not allocated to any other balance-sheet item. They are measured at cost of acquisition or settlement value.

Financial instruments are contracts that simultaneously give rise to a financial asset of one entity and an equity instrument or financial liability of another entity. A financial instrument is to be recognized in the balance sheet as soon as an entity becomes a party to the contractual provisions of the instrument. Initial recognition – with the exception of trade receivables – shall be made at fair value and, in the case of financial assets and financial liabilities not measured at fair value through profit or loss, under consideration of transaction costs. At initial recognition, trade receivables are measured at the transaction price. Subsequent measurement of financial instruments is either at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income (with and without reclassification to profit or loss), depending on the classification of the instrument according to IFRS 9.

IFRS 9 divides financial assets on the basis of the intention to hold (“business model”) and the contractual cash-flow characteristics (“SPPI test”) into the following **categories**:

Category	Business model	Contractual cash-flow characteristics
Measurement at amortized cost (FA-AC)	Hold the financial assets to collect the contractual cash flows (hold)	Solely payments of principal and interest on specified dates (basic lending arrangement or receivable, SPPI)
At fair value through other comprehensive income – with reclassification to profit or loss (FA-FVtOCI-DI)	Hold the financial assets both to collect the contractual cash flows and to sell them (hold & sell)	Solely payments of principal and interest on specified dates (basic lending arrangement or receivable, SPPI)
Measurement at fair value through profit or loss (FA-FVtPL)	Held for trading or neither “hold” nor “hold & sell” (or application of the “fair-value option”)	(not relevant)
	(not relevant)	Not solely payments of principal and interest on specified dates (derivative, equity instrument, convertible bond, etc.)
Measurement at fair value through other comprehensive income – without reclassification to profit or loss (FA-FVtOCI-EI)	Not held for trading (financial investments in equity instruments of other entities) and exercise of the option in accordance with IFRS 9.5.7.5	Equity instrument of another entity

For financial assets that are measured “at amortized cost” (FA-AC) or “at fair value through other comprehensive income with reclassification to profit or loss” (FA-FVtOCI-DI), impairments for expected credit losses (ECL) or write-downs as well as interest income are to be recognized according to the effective-interest method.

The option in accordance with IFRS 9.4.1.4 and IFRS 9.5.7.5 for the classification of financial investments in the equity instruments of other entities as “measured at fair value through other comprehensive income without reclassification to profit or loss” (FA-FVtOCI-EI) can generally be irrevocably exercised separately for each individual equity instrument at the time of initial recognition. Bilfinger generally exercises the option for all shares held. In one material individual case (equity-like participation rights in Triangle Holding II S.A.), the option was not exercised, so that these participation rights are classified as “measured at fair value through profit or loss”. These equity-like participation rights were sold in the reporting year.

No use has been made of the option to designate financial instruments upon initial recognition to be measured at fair value through profit or loss (fair-value option).

Financial liabilities are divided into the following **categories**:

- Measurement at amortized cost (FL-AC)
- Measurement at fair value through profit or loss (FL-FVtPL)

Financial liabilities are to be generally classified as “measured at amortized cost” (FL-AC). Derivatives with negative market values and liabilities from contingent considerations recognized in a business combination in accordance with IFRS 3 are, however, to be classified as “measured at fair value through profit or loss” (FL-FVtPL).

Initial recognition of non-derivative financial assets is at the settlement date. Initial recognition of derivative financial instruments is at the trading date.

The **amortized cost** of a financial asset or a financial liability is the result of the carrying amount at initial recognition minus principal repayments, plus or minus the accumulated amortization of any differences between the original amount and the amount repayable at maturity under application of the effective-interest method as well as, for financial assets, adjusted for any loss allowance. With current receivables and liabilities, amortized cost is equal to the nominal value or the redemption amount.

Expected credit losses are the credit losses weighted with their respective probabilities (difference between all contractual payments and the expected incoming payments, discounted using the original effective interest rate). The calculation of the default probabilities as a significant input variable for the determination of expected credit loss is carried out on the basis of external, debtor-specific ratings. For trade receivables (including receivables from partial payment invoices and work in progress) as well as receivables from leases, the expected credit losses are measured over the entire term. With all other financial assets for which impairments for expected credit risks are to be recognized, the time horizon to be considered for the determination of impairment depends on the risk of default or its change since initial recognition. If the default risk since initial recognition has not increased significantly, the time horizon is 12 months. Otherwise, the time horizon to be considered corresponds to the entire residual period (lifetime). Financial assets with a low default risk are those with a rating in the “investment grade” range. Bilfinger assumes that there is a significant increase in the default risk since initial recognition if the external rating worsens by at least one bandwidth (that means, for example, from “investment grade / lower medium grade” to “non-investment grade” or from “non-investment grade” to “highly speculative”) as compared to the rating score at initial recognition and if it is below “investment grade”. Default events include, for example, the insolvency of the issuer of the financial asset (in contrast to a foreseeable insolvency). Default events are generally defined on the basis of the external rating (“in default with little prospect for recovery” and worse). In addition, on the basis of experience to date (in particular payment behavior in certain countries and regions as well as the nature of our business and our customers), it is assumed there is a default event after an overdue period of 365 days or more. A financial asset is credit-impaired when one or more events that have a detrimental impact on its estimated future cash flows have occurred. Indicators for credit impairment include, among other things, information on the following observable events: significant financial difficulties of the issuer or borrower, breach of contract, such as, for example, default or past due event, concessions such as deferral or reduction of payments, and foreseeable insolvency or other financial reorganization.

Fair value is the (market) price that could be obtained on the hypothetical transfer of a certain asset or a certain liability in an orderly (market) transaction in the respective accessible primary market or in the most advantageous market between market participants at the measurement date. For the measurement of fair value, the valuation technique is to be applied which is the most appropriate to the given circumstances and which makes use of as much objective and / or observable information as possible. Depending on the type of asset or liability to be measured, this is the market-price method (e.g., for traded financial instruments), the replacement method (e.g., for property, plant and equipment) or the discounted-cash-flow method (e.g., for OTC derivatives and shares in non-listed companies). For investments with an immaterial carrying amount, the acquisition cost (taking into account any impairment losses) is considered to be the best estimate of fair value.

Equity interests shown under **other non-current financial assets** are classified as “measured at fair value through profit or loss” (FA-FVtPL) or “at fair value through other comprehensive income – without reclassification to profit or loss” (FA-FVtOCI-EI). For financial assets classified as FA-

FVtOCI-EI, unrealized gains and losses from changes in fair value are recognized, with due consideration of deferred taxes, in retained earnings (reserve from the market valuation of equity instruments).

Receivables and other financial assets are measured at amortized cost, with the exception of derivative financial instruments. A loss allowance is recognized for expected credit losses. Irrecoverable receivables are written off.

Trade receivables (including receivables from partial payment invoices and services not yet invoiced) are valued at initial recognition with the transaction price of the (partially) met performance obligations. Unconditional rights to consideration from customers are presented as receivables, even if the corresponding performance obligation was not (yet) fully met. (Partially) settled performance obligations for which there is not yet an unconditional right to consideration are recognized as customer contract assets (services not yet invoiced). The amount of the recognized receivables, which exceeds the amount of the recognized revenue of the corresponding performance obligation, is recognized as a customer contractual liability. Payments received that exceed the amount of the realized revenue of the corresponding performance obligation are also recognized as a customer contractual liability.

Present obligations from onerous contracts with customers are, in accordance with IAS 37, recognized at the time they become known in their full amount and are presented as provisions.

Listed securities are measured at fair value. Non-listed securities are measured at fair value using a suitable valuation technique. Changes in the market prices of securities held for trading (FA-FVtPL) are recognized in profit or loss. Market-value changes in securities that are measured at fair value through profit or loss with reclassification to profit or loss (FA-FVtOCI-DI) are, with due consideration of deferred taxes, presented in other reserves (reserve from the market valuation of securities).

Cash and cash equivalents, primarily comprising cash at banks and cash in hand, are measured at amortized cost (FA-AC).

Financial liabilities primarily comprise **financial debt** as well as **trade and other payables**. With the exception of derivative financial instruments, they are measured at amortized cost (FL-AC).

Derivative financial instruments are used solely to hedge against interest-rate and currency exchange-rate risks. Purely speculative transactions without any underlying basic transaction are not undertaken. The most important derivative financial instruments are currency futures and currency options. In accordance with IFRS 9, derivative financial instruments are recognized at their fair values as assets (positive fair value) or liabilities (negative fair value). The fair values of the derivatives used are calculated on the basis of recognized financial-mathematical methods (discounted cash-flow method and option-pricing model). Derivative financial instruments that are not related to a hedging instrument as defined by IFRS 9 are deemed to be financial assets or financial liabilities held for trading (FA-FVtPL or FL-FVtPL). For these financial instruments, changes in fair value are recognized through profit or loss.

Share-based payments as defined by IFRS 2 are measured on the basis of the share price on the balance-sheet date with consideration of a discount due to the lack of dividend entitlement. Here, the Monte Carlo Simulation method is also used. Expenses from share-based payments are recognized on a pro-rata basis in the relevant vesting period. In accordance with the provisions for equity-settled share-based remuneration, the offsetting entry is made in equity; in the case of share-based remuneration for members of the Executive Board, in the capital reserve, and in the case of other share-based remuneration, in retained earnings.

Non-current assets held for sale and **disposal groups** as well as **related liabilities** are classified as such and presented separately in the balance sheet. Assets are classified as held for sale if the carrying amounts are primarily to be realized through a sale transaction rather than through continuing use. The sale must be highly probable and the assets or disposal groups must be immediately sellable in their present condition. These assets and disposal groups are measured at the lower of carrying amount or fair value less cost to sell, and are no longer systematically depreciated or amortized. Impairment losses are recognized if the fair value less cost to sell is lower than the carrying amount. Any reversals of impairment losses due to an increase in fair value less cost to sell are limited to the previously recognized impairment losses. Impairment charges allocated to the carrying amount of goodwill are not reversed.

Assets and liabilities of discontinued operations are treated as disposal groups. A discontinued operation is a separate major line of business or geographical area of operations which is held for sale. In addition, earnings after taxes from discontinued operations are presented separately in the income statement.

Revenue from contracts with customers is recognized when the performance obligations have been satisfied, i.e., with the transfer of the contractually agreed goods or services to the customer (transfer of control to the customer). Performance obligations can be satisfied over a certain period (revenue recognition over time) or at a certain point in time (revenue recognition at a point in time). Bilfinger satisfies its performance obligations in the project and services businesses almost exclusively over a certain period of time in the course of the service provision. Depending on reliability, the measurement of progress for this type of performance obligations is carried out on the basis of the ratio of the revenue already delivered at the end of the reporting period to the total revenue to be delivered (output oriented) or on the basis of the ratio of costs already incurred to the estimated total contract costs (cost-to-cost method). If the outcome of a performance obligation satisfied over time cannot be reasonably measured, revenue is calculated using the zero-profit method in the amount of the contract costs incurred and probably recoverable. Revenue from the sale of goods is recognized at the time of delivery to the customer (transfer of significant risks and rewards of ownership). As a lessor, Bilfinger recognizes lease income from operating leases in accordance with IFRS 16 on a straight-line basis over the lease term.

In the services business, in accordance with the contractual arrangements, there is typically a monthly invoice with the usual payment targets of 30 to 60 days, with some longer payment targets also agreed. In the project business, we generally seek advance payments so that the project, over the course of its execution, does not show a negative cash position; this, however, depends on the specific compensation structure and is not always achievable. Invoicing in the project business is also often tied to the achievement of certain milestones or project progress. Performance-related compensation components play only a minor role.

A description of the type of contractually agreed goods or services can be found in the disclosures on segment reporting.

There are no significant redemption, reimbursement or similar obligations.

The warranties granted by Bilfinger to customers generally comply with the legal requirements on liability for defects and thus do not represent expanded guarantees (independent performance obligations). Provisions are established for corresponding identifiable obligations.

In general, the transaction price corresponds to the contractually agreed consideration. Variable consideration components are such parts of the consideration that are not fixed in terms of the amount at the contract signing. Examples of variable consideration components are discounts, rebates, reimbursements, credits, bonuses, penalties (i.e., price reduction), escalation clauses and indexing processes. Variable consideration components are measured either as the probability-weighted expected value or the most likely amount, depending on which method provides the better estimated value. The measurement of the variable consideration component is limited to the amount which is highly probable to be achieved. An adjustment to the consideration for effects of the time value of money is carried out when the contractually agreed price deviates significantly from the cash selling price because the service provision by Bilfinger and the payment by the customer deviate significantly in terms of time (time lag of more than one year) and the market interest rate shows a relevant magnitude (greater than 3 percent).

If a customer contract comprises several separate performance obligations, the transaction price is allocated to the individual separate performance obligations in relation to the relative stand-alone selling prices of the relevant separate performance obligations. The stand-alone selling price of a separate performance obligation corresponds to the price at which the separate performance obligation alone would have been sold to the customer. If there is no directly observable selling price, this is to be estimated as best as possible using the available information, e.g., on the basis of common market prices or production costs plus an appropriate margin.

Development expenses are to be capitalized as internally generated intangible assets if the corresponding criteria in accordance with IAS 38 are met. This is generally not the case at Bilfinger. In the reporting period, research and development expenses, which are incurred in particular for digital solutions in the process industry, in the amount of €5.8 million (previous year: €8.1 million) were recognized.

Borrowing costs that can be directly allocated to the acquisition, construction or production of an asset which requires a considerable period of time to be put into its intended condition for use or for sale are capitalized as part of that asset’s cost of acquisition or production. All other borrowing costs are expensed in the period in which they are incurred. In the year under review, no borrowing costs were capitalized, as in the prior year.

Summary of selected measurement methods:

Balance-sheet items	Measurement method
Goodwill and intangible assets with an indefinite or unlimited useful life	Cost of acquisition (no amortization, regular and indication-induced impairment tests)
Intangible assets with a specific useful life	Amortized cost (straight-line amortization, indication-induced impairment tests)
Property, plant and equipment	Depreciated cost of acquisition or production (systematic depreciation, normally straight-line, indication-induced impairment tests)
Right-of-use assets from leases	Amortized cost (present value of the lease payments, depreciation, generally straight-line, indication-induced impairment tests)
Investments accounted for using the equity method	Cost of acquisition increased and reduced by the proportionate change in net assets (indication-induced impairment tests)
Equity interests	Fair value
Securities (FA-FVtPL, FA-FVtOCI-DI, FA-FVtOCI-EI)	Fair value
Inventories	Lower of cost of acquisition or production or net realizable value
Trade receivables (work in progress) and services not yet invoiced	Percentage-of-completion method, amortized cost
Loans granted and receivables	Amortized cost (effective-interest method, impairment for expected credit losses)
Other assets	Lower of cost or fair value
Treasury shares	Cost of acquisition
Provisions for pensions and similar obligations	Projected-unit-credit method less plan assets
Other provisions	Settlement amount
Financial debt and other financial liabilities	Amortized cost (effective-interest method)
Other liabilities	Cost or settlement amount
Derivative financial instruments (FA-FVtPL, FL-FVtPL)	Fair value
Deferred taxes	Undiscounted assessment on the basis of the tax rates expected to be applicable for the period in which an asset is realized or a liability is settled
Assets held for sale / liabilities in disposal groups	Lower of carrying amount upon classification or fair value less cost to sell (no systematic amortization / depreciation, indication-induced impairment tests)

3.5 Assessments and estimates

With the preparation of the consolidated financial statements, to a certain extent it is necessary to make assumptions and estimates that have an effect on the amounts and valuations shown in the Group's balance sheet and income statement as well as on the contingent liabilities for the reporting period.

The assumptions and estimates are the result of premises that are based on currently available knowledge. If future developments differ from these assumptions, the actual amounts may differ from the originally anticipated estimates. This is valid in particular given the continued high level of uncertainty surrounding the COVID-19 pandemic.

The assumptions and estimates primarily relate to evaluations of the following items:

- Revenue from performance obligations satisfied over a certain period of time (percentage-of-completion method): With the use of the percentage-of-completion-method, estimates have to be made with regard to the percentage of completion, the contract costs to complete the contract and the total contract revenue. Changes in those estimates can lead to an increase or decrease in revenue for the period. The revenue realized in accordance with IFRS 15 was almost exclusively realized over a specific time period. Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of individual projects and influencing factors.

- Impairments for expected credit losses on financial assets measured at amortized cost: The recognition of expected credit losses is based primarily on the assessment of the default probability of the individual receivables and / or loans. The default probabilities are calculated to as great an extent as possible on the basis of external ratings. An increase in the default probability would have a direct impact on the amount of the impairments that have to be recognized. The development of impairments for expected credit losses is presented in Notes 19 and 21.
- Provisions for pensions and similar obligations: Provisions for pensions and similar obligations are measured actuarially with consideration of future developments. These measurements are primarily based on assumptions regarding discount rates, expected salary trends, pension trends and life expectancies. See Note 24 for details of the assumptions made and possible risks.
- Other provisions: The recognition of provisions for risks relating to contracts and litigation as well as warranty risks, personnel-related obligations, restructuring measures and other uncertain liabilities to a great extent involves estimates by Bilfinger. These estimates can change as a result of new information, for example with ongoing project progress or with the status of proceedings. The actual cash outflows or expenses can deviate from the original and updated estimates and can affect profit or loss accordingly. The carrying amount of other provisions as of December 31, 2021, amounted to €236.5 million (previous year: €322.5 million). Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of facts and relevant factors.
- Income tax: Bilfinger is active in numerous tax jurisdictions. The tax items presented in the consolidated financial statements are calculated with consideration of the respective tax laws and of the relevant administrative judgments, and, due to their complexity, may be subject to deviating interpretations by taxable entities on the one hand and by local fiscal authorities on the other. Deferred tax assets are recognized if sufficient taxable income is available in the future. Among other things, the factors considered include the planned earnings from operating activities, the impact on earnings of the reversal of taxable temporary differences, and possible tax strategies. On the basis of the planned future taxable income, Bilfinger's management assesses the measurement of deferred tax assets at the end of each reporting period. As future business developments are uncertain, assumptions are required on estimates of future taxable income and on the time when deferred tax assets can be utilized. Estimated amounts are adjusted during the period if there are sufficient indications that an adjustment is necessary. If the management assumes that deferred tax assets cannot be realized, either partially or in full, they are impaired by the appropriate amount. The carrying amount of deferred tax assets as of December 31, 2021, was €46.7 million (previous year: €55.8 million).
- Goodwill impairment: Bilfinger tests goodwill for impairment at least annually. Determining the recoverable amount of a cash-generating unit to which goodwill is allocated involves estimates by the management. It is equivalent to the value in use resulting from the discounted cash flows calculated on the basis of financial planning approved by the management. To prepare these estimates, management always uses the currently available and, according to management's perspective, relevant information. In financial year 2021, the expected impact of the global COVID-19 pandemic on business development was explicitly taken into consideration. See Note 15.1 of the notes to the consolidated financial statements for further details.

- Leases: In determining the lease term, all facts and circumstances that could constitute an economic incentive to exercise extension options or not to exercise termination options are assessed. Adjustments to these evaluations have an impact on the lease liability and the right-of-use asset. For further explanations on potential payments from leases after extension or termination options, we refer to Note 17 of the notes to the consolidated financial statements.

3.6 Principles of consolidation

Capital consolidation takes place by offsetting the price of acquisition against the Group's interest in the newly valued equity of the consolidated subsidiaries at the date of acquisition or first-time consolidation. The assets, liabilities and contingent liabilities of the subsidiaries are entered at their full current fair values irrespective of the size of the minority interest. With each acquisition, there is a special option of electing to recognize minority interest at fair value or at the relevant proportion of net assets. Acquisition-related costs are expensed. In the case of an acquisition achieved in stages (step acquisition), equity interests previously held are remeasured through profit or loss. Contingent consideration is recognized at the time of acquisition at fair value and in following periods is measured at fair value through profit or loss. Any goodwill ensuing from first-time consolidation is capitalized and subjected to an annual impairment test in accordance with IFRS 3 / IAS 36. Any negative goodwill is recognized in profit or loss immediately after acquisition. At deconsolidation, the residual carrying amounts of goodwill are taken into consideration in the calculation of the gain or loss on disposal.

Changes in an equity interest that do not lead to a loss of control are treated as transactions between equity holders and reported within equity. Such transactions lead to the recognition neither of goodwill nor of any disposal gains. In the case of a sale of equity interest that leads to a loss of control, the remaining equity interest is remeasured at fair value through profit or loss and the accumulated other comprehensive income previously recognized in connection with the investment is reclassified to profit or loss or, if it is an actuarial gain or loss, to retained earnings.

Losses attributable to the non-controlling interest are fully attributed to the non-controlling interest, even if this results in a negative carrying amount.

Investments accounted for using the equity method are measured at cost of acquisition plus the prorated change in net assets, whereby any goodwill is included in the carrying amount of the investment. Upon losing a significant influence or losing joint control, the remaining equity interest is remeasured at fair value through profit or loss.

Receivables, liabilities, income and expenses between consolidated companies have been offset. Non-current assets and inventories resulting from Group revenue have been adjusted to exclude any inter-company profits. Deferred taxes from consolidation processes affecting profit have been accrued / deferred.

3.7 Currency translation

In the consolidated financial statements, the assets and liabilities of the accounts prepared in foreign currencies are translated using the average exchange rate at the end of the reporting period; expenses and income are translated using the average exchange rate for the year. The aggregate differences compared with translation at the end of the reporting period are entered separately under other comprehensive income.

Currency translation took place using the following significant exchange rates:

€ 1 =		Annual average		At December 31	
		2021	2020	2021	2020
Australia	AUD	1.5751	1.6551	1.5617	1.5902
United Kingdom	GBP	0.8596	0.8896	0.8408	0.9007
India	INR	87.4263	84.6355	84.1644	89.7197
Canada	CAD	1.4827	1.5302	1.4393	1.5643
Qatar	QAR	4.3340	4.1808	4.1510	4.5245
Nigeria	NGN	483.0019	436.0071	475.5369	487.7918
Norway	NOK	10.1647	10.7244	9.9955	10.4737
Oman	OMR	0.4555	0.4395	0.4364	0.4721
Poland	PLN	4.5670	4.4446	4.5994	4.6148
Saudi Arabia	SAR	4.4375	4.2843	4.2615	4.6002
Sweden	SEK	10.1464	10.4861	10.2499	10.0350
Switzerland	CHF	1.0811	1.0705	1.0331	1.0803
South Africa	ZAR	17.4800	18.7701	18.0583	18.0380
Czech Republic	CZK	25.6408	26.4547	24.8600	26.2450
United Arab Emirates	AED	4.3451	4.1933	4.1670	4.5040
United States	USD	1.1826	1.1422	1.1328	1.2279

4 Consolidated group

4.1 Changes in the consolidated group and inclusion

A total of 22 (previous year: 25) companies in Germany and 69 (previous year: 73) companies based outside of Germany are included in the consolidated financial statements. In the reporting year, 1 (previous year: 2) international company was consolidated for the first time. In addition, 3 (previous year: 7) companies in Germany and 5 (previous year: 7) companies based outside of Germany were no longer included in the consolidated group due to a sale or merger. A further 14 (previous year: 14) companies have been accounted for using the equity method. In the reporting year, 2 investments in companies accounted for using the equity method were included for the first time (previous year: 1), while 2 investments in companies accounted for using the equity method were excluded (previous year: 3). Also included were 7 German construction joint ventures accounted for using the equity method and 4 international joint ventures.

In general, all subsidiaries are fully consolidated with the exception of, in particular, inactive companies such as shelf companies and companies in liquidation. Subsidiaries are all entities that are controlled directly or indirectly by Bilfinger SE. Bilfinger controls an investee where Bilfinger has power over the investee, is exposed to or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. This is generally the case where Bilfinger has more than half of the voting rights of a company or where, as an exception, Bilfinger is able in another way to exercise power over an investee on the basis of contractual arrangements or the like for purposes of influencing the returns to which Bilfinger is entitled.

Associates are accounted for using the equity method. An associate is an entity over which the Group has significant influence by participating in its financial and business policy, but which is not controlled by the Group. Significant influence is generally presumed when Bilfinger has voting rights of 20 percent or more. Joint ventures are also accounted for using the equity method. A joint venture exists where the owners contractually agree to control the arrangement jointly and the shareholders have rights to the arrangement's net assets.

Information disclosed pursuant to Section 313 Subsection 2 of the German Commercial Code (HGB) is summarized in the list of subsidiaries and equity interests. That list also includes a definitive list of all subsidiaries that make use of the disclosure exemption pursuant to Section 264 Subsection 3 HGB as well as Section 264b HGB.

As of the balance-sheet date, there were no significant minority interests in the Group with respect to its equity. The list of subsidiaries and equity interests shows the subsidiaries in which minority interests were held.

Furthermore, the Group was not subject to any significant restrictions regarding access to or the use of subsidiaries' assets.

4.2 Acquisitions

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

There were no acquisitions in the previous year.

The newly acquired business operations had the following effects as of the acquisition date:

EFFECTS AT THE TIME OF ACQUISITION

	Dec 31, 2021	Dec 31, 2020
in € million		
Recognition of goodwill	2.3	–
Recognition of intangible assets from acquisitions	–	–
Recognition of other intangible assets	0.1	–
Recognition of property, plant and equipment	–	–
Recognition of right-of-use assets	–	–
Recognition of inventories	0.1	–
Recognition of total assets	**2.5**	–
Recognition of other liabilities	-0.1	–
Recognition of total liabilities	**-0.1**	–
Purchase price	2.4	–

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

4.3 Disposals

In financial year 2021, the subsidiary Bilfinger Rohrleitungsbau GmbH from *Other Operations* as well as the shares in the investment accounted for using the equity method Muscat Engineering Consultancy LLC, Muscat, Oman, from the *E&M Middle East* division were sold.

In the prior-year period, the subsidiaries Bilfinger GreyLogix sepa GmbH and Bilfinger GreyLogix aqua GmbH from *Technologies*, Tebodin India Private Ltd. from the *E&M Middle East* region and Bilfinger Industrial Services Czech s.r.o., Bilfinger Euromont a.s. and Bilfinger Slovensko s.r.o. from *Other Operations* were sold.

The overall effects of the sales were as follows:

EFFECTS AT THE TIME OF SALE

	2021	2020
Disposal of assets classified as held for sale	0.0	0.0
Disposal of other assets	-18.4	-63.2
Disposal of assets	**-18.4**	**-63.2**
Disposal of liabilities classified as held for sale	0.0	0.0
Disposal of other liabilities	15.4	31.4
Disposal of liabilities	**15.4**	**31.4**
Disposal of net assets	**-3.0**	**-31.8**
Derecognition of minority interest	0.1	1.1
Disposal of intercompany receivables / revival of liabilities	-1.0	0.0
Reclassification of other comprehensive income to the income statement	3.0	7.4
Other changes	**2.1**	**8.5**
Selling price less selling-transaction expenses	9.6	20.4
Capital gain / loss after selling-transaction expenses	8.7	-2.9

The capital gain / loss is presented in other operating income and expense. Disposal of other assets includes cash and cash equivalents in the amount of €0.0 million (previous year: €2.8 million). In the reporting year, assets disposed of mainly include intangible assets as well as receivables and other assets; in the previous year, this item also included property, plant and equipment, right-of-use assets from leases as well as cash and cash equivalents. Liabilities disposed of mainly include trade and other payables, other liabilities and, in the previous year, other provisions, tax liabilities and financial debt. Selling-transaction expenses were €0.5 million (previous year: €1.4 million). Gains from disposals resulted for the most part from the disposal of shares in the former joint venture Muscat Engineering Consultancy LLC, Muscat, Oman. The shares were sold to the co-shareholder due to a change in business prospects.

4.4 Changes in ownership interest without change in control

Due to changes in equity interests in consolidated subsidiaries that did not lead to the gain or loss of control, retained earnings decreased by €2.3 million (previous year: €0.3 million).

5 Discontinued operations and disposal groups

5.1 Earnings from discontinued operations

Discontinued operations comprise:

- the disposed divisions Building, Facility Services and Real Estate from the former Building and Facility Services business segment,
- the disposed and abandoned construction activities, including the disposed significant portion of the former Offshore Systems and Grids division.

In accordance with the provisions of IFRS 5, the investments put up for sale have been recognized as discontinued operations as of the time of reclassification:

- In the consolidated balance sheet, the affected assets and liabilities (disposal group) are presented separately under assets classified as held for sale and liabilities classified as held for sale.
- In the consolidated income statement, the income and expenses of discontinued operations are presented separately from the income and expenses of continuing operations, and are summarized separately in one item as earnings after taxes from discontinued operations.
- In the consolidated statement of cash flows, cash flows from discontinued operations are also presented separately from the cash flows from continuing operations.

Since the dates of their reclassification, non-current assets classified as held for sale have no longer been subject to depreciation or amortization and subsequent measurement according to the equity method was ceased for the investments accounted for using the equity method. The amounts in the consolidated income statement and the consolidated statement of cash flows for the prior-year period have been adjusted accordingly. Earnings from discontinued operations were fully attributable, as was the case in the prior-year period, to the shareholders of Bilfinger SE and are comprised as follow:

	2021	2020
Revenue	1.6	2.1
Expenses / income	2.1	-9.3
Capital gain / loss including impairment	0.0	0.0
EBIT	**3.7**	-7.2
Interest result	2.1	0.1
Earnings before taxes	**5.8**	-7.1
Income tax	1.0	0.1
Earnings after taxes	**6.8**	-7.0

5.2 Assets classified as held for sale and liabilities classified as held for sale

There were no disposal groups as of the balance-sheet date, as was also the case as of December 31, 2020.

Notes to the income statement

6 Revenue

The segment reporting depicts a classification of revenue by reporting segment and geographic region. The table below shows the distribution of revenue by customer industry and order type for each reporting segment.

SHARE OF REVENUE BY INDUSTRY AND CONTRACT TYPE	Engineering & Maintenance Europe		Engineering & Maintenance International		Technologies	
	2021	2020	**2021**	2020	**2021**	2020
in %						
Share industry						
Chemical & other petrochem	40	40	25	20	15	5
Energy & utility	10	10	20	10	35	40
Oil & gas	20	20	15	25	10	15
Pharma & biopharma	5	5	0	0	30	35
Metallurgy	5	5	0	0	0	0
Cement	0	0	0	0	0	0
Other	20	20	40	20	10	0
Share contract type						
Framework and service	75	75	65	50	5	5
Projects and component manufacturing	25	25	35	50	95	95

Revenue in other industrial sectors is primarily attributable to the categories of construction and real estate activities, food, education, manufacturing and pulp & paper.

Of this revenue, €44.3 million (previous year: €44.2 million) was realized in accordance with IFRS 16. This relates primarily to the short-term leasing of scaffolding. The revenue realized in accordance with IFRS 15 was almost exclusively realized over a specific time period.

Of the revenue recognized in the financial year in accordance with IFRS 15, €115.6 million (previous year: €102.4 million) was included in the opening balance of liabilities under customer contracts (see Note 27). Furthermore, revenue recognized in the reporting year in the amount of €10.5 million (previous year: €6.0 million) includes proceeds from performance obligations that were fully or partially met in the previous years (e.g., from approved claims, termination of the application of the zero-profit method, etc.).

As of the balance-sheet date, the expected future revenue from performance obligations not yet completely fulfilled (order backlog excluding expected future call-offs from framework agreements) amounts to €2,147.7 million (previous year: €1,890.6 million), as anticipated, €1,777.9 million (previous year: €1,500.3 million) of this amount is expected to be recognized in the coming financial year and the remaining amount in subsequent financial years.

7 Impairments and reversals in accordance with IFRS 9

The impairments and reversals shown represent the expected credit losses in accordance with IFRS 9 and relate primarily to trade receivables, including receivables from partial payment invoices and work in progress. See Note 21.

Compared to December 31, 2020, the weighted average rating improved and, accordingly, the weighted average probability of default decreased.

8 Other operating income

	2021	2020
Income from the disposal of tangible assets	34.5	4.3
Income from currency translation and hedging	10.3	7.2
Income from operating investments	9.2	1.3
Income from the reversal of other provisions	5.8	7.3
Other income	8.5	27.7
Total	**68.4**	**47.8**

In the reporting year, income from the disposal of property, plant and equipment resulted mainly from the sale of properties and structures. Income from operating investments includes for the most part income from the sale of subsidiaries and investments accounted for using the equity method (see Note 4.3).

Other income includes numerous items of minor individual importance. In the previous year, income of €16.75 million from the settlement agreement with former members of the Executive Board at Bilfinger SE was also included here.

9 Other operating expense

	2021	2020
Restructuring expenses	16.7	66.9
Expenses from currency translation and hedging	11.6	5.6
Expenses from additions to other provisions	5.2	8.5
Losses on the disposal of property, plant and equipment	2.3	0.8
Expenses from operating investments	0.3	5.9
Other expenses	7.7	18.0
Total	**43.8**	**105.7**

Restructuring expenses mainly include costs for workforce reductions.

Expenses from operating investments primarily include losses from the disposal of and impairments to investments (see Notes 4.3 and 5.2).

Other expenses include a large number of items which, individually, are of minor importance. In the previous year, an expense of €6.8 million recognized for the impairment of goodwill from *Other Operations* was also included here (see Note 15.1).

10 Personnel expenses and average number of employees

The following table shows personnel expenses as well as the average number of employees.

	2021	2020
Personnel expenses (€ million)	**1,833.9**	**1,766.6**
Wages and salaries	1,526.2	1,458.3
Social security costs	270.4	268.8
Pension obligation expenses	37.3	39.5
Average number of employees		
Salaried	**9,948**	**10,584**
Germany	3,003	3,170
International	6,945	7,414
Industrial employees	**19,073**	**19,592**
Germany	3,318	3,655
International	15,755	15,937
Total employees	**29,021**	**30,176**

The total number of employees relates to continuing operations.

11 Depreciation, amortization and impairments

Scheduled amortization of €0.0 million was carried out on intangible assets from acquisitions (previous year: €1.7 million). This is included in cost of sales. Depreciation of property, plant and equipment and the amortization of other intangible assets amount to €49.1 million (previous year: €59.3 million). This includes impairment losses in the amount of €0.5 million (previous year: €6.9 million). Depreciation and amortization on right-of-use assets from leases are €51.8 million (previous year: €56.4 million). This includes impairment losses of €2.1 million (previous year: €3.3 million), which were mainly attributable to the Engineering & Maintenance International reporting segment. In addition, reversals of impairment losses amounting to €1.3 million were recognized in this segment in the reporting year.

Within other operating expense, goodwill impairments for Other Operations in the previous year were presented in the amount of €6.8 million (see Note 15.1).

12 Interest income and expense and other financial result

Interest income and expense and other financial result comprise the following items of the income statement:

	2021		2020	
Interest income		**17.2**		**1.4**
Current interest expense		-22.1		-20.5
Interest expense from lease liabilities (IFRS 16)		-5.7		-4.5
Interest expense from defined-benefit obligation (DBO)	-2.5		-5.0	
Interest income on plan assets	0.5	-2.0	1.5	-3.6
Interest expense		**-29.8**		**-28.6**
Income on securities		8.4		209.7
Interest expense for minority interest		-1.7		-1.4
Other financial result		**6.7**		**208.3**
Total		**-5.9**		**181.1**

Interest income results primarily from late payment interest on tax receivables as well as from the investment of cash and cash equivalents with a variable interest rate (FA-AC). Current interest expense is mainly incurred on financial debt with fixed and variable interest rates (see Note 26). In October of the reporting year, tranches of the promissory note loan in the amount of €108.5 million that were actually due in April 2022 were repaid early (see Note 26).

The result from marketable securities mainly includes the change in the fair value of the unlisted, equity-like participation rights in Triangle Holding II S.A. (FA-FVtPL) in the amount of €8.4 million (previous year: €209.7 million) (see note 29.1).

The interest expense for minority interest reflects the share in profits of the minority interest, which is classified as borrowing due to contractual regulations, in particular preemption rights pursuant to IAS 32.

13 Income tax

Income taxes are the taxes on income and earnings paid, owed or deferred in the various countries. The calculations are based on the expected tax rates in those countries at the time of realization. Those expected tax rates are derived from the statutory regulations that are in force or enacted at the end of the reporting period.

	2021	**2020**
Actual taxes	-18.5	6.3
Deferred taxes	10.4	1.3
Total	**-8.1**	**7.5**

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

	2021	2020
Earnings before taxes	115.3	115.6
Theoretical tax expense at 30.95%	35.7	35.8
Tax-rate differences	-7.1	7.8
Tax-rate effects of non-deductible expenses and tax-free income	0.5	-49.2
Losses for which no deferred tax assets are capitalized and changes in value adjustments	-8.0	18.0
Taxes from other accounting periods and other income taxes	-29.2	-4.9
Income tax expense	-8.1	7.5

The combined income tax rate for Bilfinger SE was 30.95 percent, as in the prior year, consisting of corporate income tax at a rate of 15 percent and the solidarity surcharge, which is levied at a rate of 5.5 percent of the applicable corporate income tax, as well as trade tax at an average municipal multiplier of 432 percent.

Deferred tax assets and deferred tax liabilities are distributed among the items of the balance sheet as follows:

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2021	Dec. 31, 2020	**Dec. 31, 2021**	Dec. 31, 2020
Intangible Assets	11.3	13.2	23.8	21.4
Property, plant and equipment	3.3	5.3	9.1	11.2
Right-of-use assets	0	–	33.9	31.4
Financial assets	9.7	10.7	29.5	23.7
Inventories	87.4	57.5	0	0.8
Receivables and other financial assets	4.1	5.1	71.2	56.3
Other assets	2.0	4.5	0.6	5.4
Non-current liabilities	99.0	108.6	1.2	2.8
Current liabilities	52.7	54.2	58.7	49.0
Outside basis differences	0	–	0.5	–
Tax-loss carryforwards	469.2	452.2	0	–
Other tax credits	12.1	16.0	0	–
Total gross	**750.9**	**727.3**	**228.4**	**202.0**
Unrecognized DTA	-480.0	-472.4	0	–
Offsetting	-224.2	-199.1	-224.2	-199.1
Carried in the balance sheet	**46.7**	**55.8**	**4.2**	**2.9**

In the reporting period, deferred taxes in the amount of -€1.2 million (previous year: -€0.1 million) mainly from the measurement of retirement-benefit obligations in accordance with IAS 19 were recognized outside of profit or loss in other comprehensive income.

The total amount of deferred tax assets of €46.7 million (previous year: €55.8 million) includes future reductions in tax payments of €49.1 million (previous year: €49.3 million) that arise from the expected utilization in future years of existing tax-loss carryforwards and other tax advantages. Deferred tax assets are accounted for to the extent that it is reasonably certain, based on current planning figures, that sufficient future taxable profits will be available against which the deferred tax assets can be offset within the next five years. Due to the loss history of the Bilfinger SE tax group as well as of French and U.S. subsidiaries deferred tax assets on temporary differences and tax-loss carryforwards were only recognized insofar as they could be offset with deferred tax liabilities.

The amount of the temporary differences for which no deferred tax assets were capitalized is €134.1 million (previous year: €175.3 million).

Non-capitalized tax-loss carryforwards for corporate income tax (or comparable taxes outside Germany) amount to €1,196.3 million (previous year: €1,110.3 million) and for trade tax to €1,500.3 million (previous year: €1,518.3 million). The increase in non-capitalized tax-loss carryforwards for corporate income tax is primarily attributable to current tax losses not to be capitalized and adjustments in prior years. The decrease in non-capitalized tax-loss carryforwards for trade tax is the result of their use in the Bilfinger SE tax group. Of the tax-loss carryforwards not recognized as deferred tax assets, €6.5 million (previous year: €25.4 million) will expire within the next five years, €0.0 million (previous year: €7.1 million) within the ensuing five years and €25.8 million (previous year: €11.9 million) within the ensuing 10 years. Deferred tax assets of €19.4 million (prior year: €17.8 million) were recognized at foreign Group companies despite losses in the current financial year or in the prior year, as the companies concerned expect to generate future taxable profits. There is sufficient reliability that the deferred tax assets can be realized.

Retained profit at international subsidiaries will, from today's perspective, remain invested for the most part. The amount of temporary differences associated with investments in subsidiaries as well as interests in joint ventures, for which deferred tax liabilities have not been recognized totals €321.0 million (previous year: €474.0 million). Deferred tax liabilities of €0.5 million (previous year: €1.6 million) were recognized for the dividend distributions from subsidiaries expected to be received by the German tax group in 2022. No deferred tax liabilities were recognized for dividend distributions expected to be received by foreign intermediate holding companies in 2022. The intermediate holding companies are located in jurisdictions that provide for full tax exemption on dividend distributions. In addition, no deferred tax liabilities for foreign withholding taxes were recognized for dividend distributions expected to be received in 2022, because they will be received from outside the EU and are therefore tax-exempt under the Parent-Subsidiary Directive or no tax is payable in the source country.

For uncertain tax treatments, sufficient income tax liabilities have been capitalized in accordance with IFRIC 23.

14 Earnings per share

Undiluted earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares issued. For the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted for the rights to shares to which the Executive Board, managers and other employees are entitled under share-based payment arrangements (see Note 34 for information on share-based payment).

	2021	2020
Net profit	129.5	99.4
Weighted average number of shares issued	40,645,491	40,296,714
Effect of dilutive share-based payment	327,185	516,798
Weighted average number of shares for diluted earnings	40,972,676	40,813,512
Basic earnings per share (in €)	**3.19**	**2.47**
thereof from continuing operations	3.02	2.64
thereof from discontinued operations	0.17	-0.17
Diluted earnings per share (in €)	**3.16**	**2.44**
thereof from continuing operations	2.99	2.61
thereof from discontinued operations	0.17	-0.17

Notes to the balance sheet

15 Intangible assets

COST OF ACQUISITION OR PRODUCTION	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments made on intangible assets	Total
Jan. 1, 2021	**48.0**	**1,122.9**	**0.0**	**0.3**	**1,171.2**
Additions to the consolidated group	0.4	2.3	0.0	0.0	2.7
Disposals from the consolidated group	0.0	-3.5	0.0	0.0	-3.5
Additions	0.7	0.0	0.0	0.1	0.8
Disposals	-1.8	0.0	0.0	0.0	-1.8
Reclassifications	0.3	0.0	0.0	-0.3	0.0
Currency adjustments	0.6	17.6	0.0	0.0	18.2
Reclassification to disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2021	**48.2**	**1,139.3**	**0.0**	**0.1**	**1,187.6**

ACCUMULATED DEPRECIATION AND AMORTIZATION	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments made on intangible assets	Total
Jan. 1, 2021	**-44.6**	**-361.4**	**0.0**	**0.0**	**-406.0**
Additions to the consolidated group	-0.3	0.0	0.0	0.0	-0.3
Disposals from the consolidated group	0.0	0.0	0.0	0.0	0.0
Additions	-1.6	0.0	0.0	0.0	-1.6
Disposals	1.8	0.0	0.0	0.0	1.8
Reclassifications	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	-0.7	-0.2	0.0	0.0	-0.9
Reclassification to disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2021	**-45.4**	**-361.6**	**0.0**	**0.0**	**-407.0**
Carrying amount Dec. 31, 2021	**2.8**	**777.7**	**0.0**	**0.1**	**780.6**

COST OF ACQUISITION OR PRODUCTION	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments made on intangible assets	Total
Jan. 1, 2020	**52.9**	**1,159.5**	**35.4**	**0.1**	**1,247.9**
Additions to the consolidated group	0.0	0.0	0.0	0.0	0.0
Disposals from the consolidated group	-2.4	-14.0	0.0	0.0	-16.4
Additions	1.1	0.0	0.0	0.4	1.5
Disposals	-3.6	0.0	-34.7	0.0	-38.3
Reclassifications	0.5	0.0	0.0	-0.2	0.3
Currency adjustments	-0.5	-22.6	-0.7	0.0	-23.8
Reclassification to disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2020	**48.0**	**1,122.9**	**0.0**	**0.3**	**1,171.2**

ACCUMULATED DEPRECIATION AND AMORTIZATION	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments made on intangible assets	Total
Jan. 1, 2020	**-48.6**	**-363.3**	**-33.5**	**0.0**	**-445.4**
Additions to the consolidated group	0.0	0.0	0.0	0.0	0.0
Disposals from the consolidated group	2.3	8.7	0.0	0.0	11.0
Additions	-2.3	-6.9	-1.7	0.0	-10.9
Disposals	3.6	0.0	34.6	0.0	38.2
Reclassifications	-0.1	0.0	0.0	0.0	-0.1
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.5	0.1	0.6	0.0	1.2
Reclassification to disposal group	0.0	0.0	0.0	0.0	0.0
Dec. 31, 2020	**-44.6**	**-361.4**	**0.0**	**0.0**	**-406.0**
Carrying amount Dec. 31, 2020	**3.4**	**761.5**	**0.0**	**0.3**	**765.2**

Under ‘disposals from the consolidated group’, those items are presented that are allocated to deconsolidated business units which, as of January 1 of the respective financial year, were not presented as a disposal group. Under ‘reclassification to disposal group’, those items are presented that in the respective financial year were reclassified to ‘assets classified as held for sale’ regardless of whether these disposal groups were deconsolidated in the respective financial year or not (see also Notes 4.3 and 5.2).

15.1 Goodwill

Within the context of carrying out annual impairment tests in accordance with IFRS 3 and IAS 36, goodwill was allocated to the relevant regions or divisions as cash-generating units. Goodwill is distributed among the business segments as shown in the following table:

	2021	2020
Operating and reportable segments		
Technologies	**149.0**	**149.0**
E&M United Kingdom	74.3	72.5
E&M Nordics	68.0	65.7
E&M Belgium / Netherlands	68.0	65.6
E&M Germany	101.5	101.5
E&M Austria / Switzerland	65.1	64.7
E&M Poland	36.0	36.0
Engineering & Maintenance Europe	**412.9**	**406.0**
E&M North America	184.5	171.7
E&M Middle East	31.3	34.8
Engineering & Maintenance International	**215.8**	**206.5**
Other Operations	–	–
Total	**777.7**	**761.5**

The annual impairment test pursuant to IAS 36 takes place at the business segment level. In addition to the annual impairment test, an impairment test is also to be carried out when there are indications for the impairment of a cash-generating unit. There were no relevant indications in the reporting year. In the previous year, due to the impact of the COVID-19 pandemic on the global economy and on our business operations, an event-driven goodwill impairment test was conducted. This resulted in an impairment loss of €6.8 million for the cash-generating units of *Other Operations*, which was reported under other operating expenses (see Note 9).

The recoverable amounts of the cash-generating units at the balance-sheet date correspond to their values in use, which are derived from their discounted future cash flows. The calculation is based on the most recent planning figures over a five-year period, as approved by the Group's management. In the steady state for the period thereafter, cash flows are assumed for which future growth only in the form of expected inflation-related price increases is considered and organic growth is not taken into account. The long-term growth rates for the main cash-generating units are 0.54 percent for *Technologies*, 1.01 percent for *E&M North America* and 0.45 percent for *E&M Germany*.

The planning is based on existing contracts and external benchmarks, past experience and best possible assessment by the Group's management of future economic developments. Market assumptions, for example development of interest rates, exchange rates and raw-material prices, are taken into consideration with the use of external macroeconomic and industry-specific sources in the relevant markets.

In the preparation of the budget planning, special consideration was given to the current COVID-19 pandemic and its impact on the business development of Bilfinger as a whole as well as all individual Group units. Development of the crisis is dynamic. Even though a global crisis is apparent, the effects on economic activity vary slightly from country to country. Generally, Bilfinger assumes that the crisis bottomed out in the middle of the 2020 financial year and that the macroeconomic situation will gradually improve. After nearly two years of the COVID-19 pandemic and the subsequent volatility of energy prices, markets are beginning to rebound, leading to inflationary tendencies in the cost of material supply following the supply chain restart; in addition, supply of labor at acceptable prices is becoming more scarce. Bilfinger nevertheless expects moderate cost increases in the medium term, in particular with regard to wage developments in the main markets. These can be passed on at least in part to customers.

In addition to these statements, it is generally still true that the development of the business segments *Engineering & Maintenance* as well as *Technologies* is influenced by long-term developments in the oil price and the resulting demand of customers in the oil and gas industry for maintenance and operation services as well as for modifications, conversions and extensions. With regard to the price of oil, Bilfinger expects a stable price at the current level.

Against the backdrop of the global crisis, a number of measures were already implemented in financial year 2020 that made Bilfinger and its companies more flexible and resilient. Examples include the adjustment of capacities in our oil and gas-oriented businesses in the North Sea and North America, as well as the greater flexibility of capacities in other markets such as Germany and Austria. In addition, Bilfinger has discontinued businesses which will not be able to make a significant positive contribution in the long term, such as the marine flue gas desulfurization business.

Technologies will be positively impacted by the energy transition in Europe and North America. Growing demand for new nuclear power plants and their modernization, e.g., in France and the United Kingdom, will create further business opportunities for Bilfinger. Planning is based specifically on participation in upcoming new construction projects at Hinkley Point and other plants. In addition, as a result of the pandemic and the associated supply chain risk, the trend toward relocating production capacities and a general increase in investment activity in the (bio)pharma market can be identified. Following the successful realignment of a previously loss-making subsidiary in France, this should also make a positive contribution to the Group's earnings in the future. In addition, Bilfinger continues to work on improving project and risk management to further increase efficiency in order execution. This, together with the implementation of the restructuring measures that have been put in place, will lead to a sustainable improvement in margins.

In *Engineering & Maintenance*, we are seeing a further stabilization in demand for maintenance services from (petro)chemical customers in Europe. Investment activity is also recovering but will not increase to the extent previously expected due to supply chain bottlenecks and inflation concerns. At the same time, Engineering & Maintenance Europe will also participate in opportunities in the area of energy transition – the conversion to renewable and sustainable energy sources – such as the construction of hydrogen production plants. Demand in the oil and gas sector will gradually stabilize further and shift toward gas, also in the wake of the shift in energy generation. Overall, Bilfinger should therefore be able to participate in market growth while maintaining sound margins.

For Engineering & Maintenance International, Bilfinger sees attractive business opportunities both in the Middle East and in North America as a result of the trends toward modernization and expansion of (petro)chemical plants. Customers in North America are also increasingly demonstrating an interest in maintenance services. This applies in particular to the North American production sites of European customers. Bilfinger successfully won its first orders in this area in the past financial year. The climate protection targets taken up again by the new government in the United States should also lead to further business opportunities in fields such as energy storage and CO_2 reduction. And, not least, given prices that are once again attractive, substantial investments in oil and gas production are expected in both regions (North America and the Middle East) in the strategic planning horizon. After a year of revenue stabilization, Bilfinger therefore expects above-average growth in both regions, also supported by a significantly increased order backlog. This in turn should lead to a reduction in the previous capacity underutilization and thus result in a significant increase in profitability.

The discount rates before taxes calculated using the capital-asset-pricing model for the cash-generating units are shown in the table below:

PRE-TAX WACC PER REGION / DIVISON

in %	Dec. 31, 2021	Dec. 31, 2020
Technologies	13.7	15.3
E&M United Kingdom	11.1	11.0
E&M Nordics	10.7	10.8
E&M Belgium / Netherlands	11.4	11.5
E&M Germany	10.3	10.6
E&M Austria / Switzerland	10.3	10.2
E&M Poland	10.7	10.9
E&M North America	10.4	10.1
E&M Middle East	11.5	11.6
Other Operations	–	–

A comparison of the recoverable amounts of the units with their carrying amounts including goodwill did not result in any need for impairments as of December 31, 2021.

The revenue figures over the five-year planning period for the main cash-generating units are based on average annual growth rates of between 3.5 percent and 14.6 percent, with financial year 2021 only being suitable for calculating an average growth rate to a limited extent because of the global COVID-19 pandemic. For all cash-generating units, even a significant increase in the discount rate (around 1 percentage point) or a significantly negative deviation from the cash flows (around 10 percent) assumed in the planning figures would not have resulted in a need to impair goodwill. For the key cash-generating units with high planned growth rates such as in particular the divisions *E&M North America* and *Technologies* even an increase in the discount rate of about 4 percentage points or a negative deviation of the cash flows used as a basis for the planning figures in the amount of about 50 percent would not have resulted in a need to impair goodwill.

15.2 Intangible assets from acquisitions

Intangible assets from acquisitions reflect the portions of purchase prices attributed to acquired customer relations, for example order backlogs, framework agreements and client bases. They are amortized over their useful lives using the straight-line method. These were fully written off as of December 31, 2020. No new intangible assets were added in the reporting year (see Note 4.2).

16 Property, plant and equipment

COST OF ACQUISITION OR PRODUCTION	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance total payments and assets under construction	Total
Balance Jan. 1, 2021	**243.3**	**250.7**	**497.9**	**3.0**	**994.9**
Additions to the consolidated group	0.0	0.0	0.2	0.0	0.2
Disposals from the consolidated group	-2.9	-0.8	-1.6	0.0	-5.3
Additions	3.2	9.3	45.4	2.5	60.4
Disposals	-52.5	-54.1	-31.2	-0.1	-137.9
Reclassifications	0.0	-0.2	1.5	-1.3	0.0
Currency adjustments	1.8	3.5	8.0	-0.1	13.2
Dec. 31, 2021	**192.9**	**208.4**	**520.2**	**4.0**	**925.5**

ACCUMULATED DEPRECIATION AND AMORTIZATION	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance total payments and assets under construction	Total
Balance Jan. 1, 2021	**-136.9**	**-215.8**	**-372.5**	**0.0**	**-725.2**
Additions to the consolidated group	0.0	0.0	-0.2	0.0	-0.2
Disposals from the consolidated group	2.7	0.7	1.1	0.0	4.5
Additions	-5.4	-7.9	-34.1	0.0	-47.4
Disposals	31.7	51.9	27.3	0.0	110.9
Reclassifications	0.0	-0.1	0.1	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	-0.8	-2.9	-5.7	0.0	-9.4
Dec. 31, 2021	**-108.7**	**-174.1**	**-384.0**	**0.0**	**-666.8**
Carrying amount Dec. 31, 2021	**84.2**	**34.3**	**136.2**	**4.0**	**258.7**

COST OF ACQUISITION OR PRODUCTION	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance total payments and assets under construction	Total
Balance Jan. 1, 2020	**259.8**	**302.3**	**485.0**	**1.7**	**1,048.8**
Additions to the consolidated group	0.0	0.0	0.0	0.0	0.0
Disposals from the consolidated group	-5.0	-9.8	-10.9	0.0	-25.7
Additions	2.8	7.2	21.7	3.6	35.3
Disposals	-10.9	-12.1	-16.1	0.0	-39.1
Reclassifications	0.7	-28.6	29.9	-2.3	-0.3
Currency adjustments	-4.1	-8.3	-11.7	0.0	-24.1
Dec. 31, 2020	**243.3**	**250.7**	**497.9**	**3.0**	**994.9**

ACCUMULATED DEPRECIATION AND AMORTIZATION	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance total payments and assets under construction	Total
Balance Jan. 1, 2020	**-140.5**	**-246.2**	**-350.2**	**0.0**	**-736.9**
Additions to the consolidated group	0.0	0.0	0.0	0.0	0.0
Disposals from the consolidated group	3.1	7.2	6.9	0.0	17.2
Additions	-10.5	-11.9	-34.4	0.0	-56.8
Disposals	8.7	9.0	15.5	0.0	33.2
Reclassifications	0.0	18.9	-18.8	0.0	0.1
Write-ups	0.0	0.0	0.2	0.0	0.2
Currency adjustments	2.3	7.2	8.3	0.0	17.8
Dec. 31, 2020	**-136.9**	**-215.8**	**-372.5**	**0.0**	**-725.2**
Carrying amount Dec. 31, 2020	**106.4**	**34.9**	**125.4**	**3.0**	**269.7**

Property, plant and equipment, particularly scaffolding, is leased to a limited extent within the scope of operating leases.

See Note 15 on explanations relating to the lines 'disposals from the consolidated group' and 'additions to the disposal group'.

17 Leases

Depreciation on right-of-use assets and the carrying amounts of the right-of-use assets are distributed as follows to the classes of underlying assets:

	Right-of-use assets for land and buildings		Right-of-use assets for technical equipment and machinery		Right-of-use assets for other equipment, operating and office equipment		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Depreciation in the financial year	-34.9	-39.1	-3.1	-2.9	-14.0	-14.5	-51.9	-56.4
Carrying amount as of Dec. 31	**138.0**	**150.2**	**3.2**	**5.1**	**35.5**	**34.1**	**176.7**	**189.3**

Additions to right-of-use assets including lease modifications during the financial year amounted to €48.0 million (previous year: €42.3 million), without lease modifications €36.1 million (previous year: €37.2 million).

Leases for land and buildings sometimes include extension and termination options as well as index-based lease price adjustment clauses – in Germany, for example, based on the consumer price index. The right-of-use assets for other equipment, operating and office equipment relate in particular to company cars and scaffolding.

In the financial year, expenses of €57.7 million (previous year: €54.6 million) were recognized for short-term leases and €10.4 million (previous year: €9.9 million) for leases of low-value assets. The expenses are allocated to the respective functional area. Short-term leases are concluded in particular within the scope of projects for assets such as machines, tools, scaffolding, containers and construction site vehicles. Leases for low-value assets relate in particular to office equipment such as furniture, printers, computers, laptops and telephones.

Cash outflows from leases amounting to €123.6 million (previous year: €120.3 million) were recognized in the cash flow statement in the financial year. In addition to interest and principal payments for lease liabilities that are presented under cash flow from financing activities, this amount also includes payments allocated to cash flow from operating activities for short-term leases and for leases of low-value assets.

Potential future payments from leases in the amount of €96.0 million (previous year: €96.2 million) were not taken into account in the measurement of the lease liability because it is not reasonably certain that the extension options will be exercised or that the termination options will not be exercised. In connection with residual value guarantees that are not considered in the lease liability, future payments in the amount of €3.9 million (previous year: €3.8 million) could be incurred. As a result of leases entered into but not yet commenced as of the balance-sheet date, future cash outflows amount to €0.2 million (previous year: €7.4 million).

Leases for which Bilfinger is the lessor are, for the most part, short-term.

18 Investments accounted for using the equity method

For an overview of the investments accounted for using the equity method, please see the list of subsidiaries and equity interests (see Note 39).

The carrying amounts of or income from investments accounted for using the equity method are distributed to associates and joint ventures as follows:

	Associates	Joint ventures	Total
2021			
Carrying amount of investments accounted for using the equity method	9.6	1.8	11.4
Income from investments accounted for using the equity method	2.4	0.7	3.1
2020			
Carrying amount of investments accounted for using the equity method	10.8	8.6	19.4
Income from investments accounted for using the equity method	5.5	7.0	12.5

If the proportionate losses – including other comprehensive income – exceed the carrying amount of the investment, neither losses nor gains are recognized.

18.1 Associates

Aggregated disclosure concerning insignificant associates:

	2021	2020
Carrying amount of the investee accounted for using the equity method	9.6	10.8
Group's share of profit / loss from continuing operations	2.4	5.5
Group's share of other comprehensive income for the period	0.0	0.0
Group's share of total comprehensive income for the period	2.4	5.5

18.2 Joint ventures

Significant joint ventures:

Name		Muscat Engineering Consultancy LLC
Principal place of business		Muscat, Oman
Activity		Engineering
Bilfinger share	0.0%	50.0%
	2021	**2020**
Dividends received from the investee	**6.8**	**12.8**
Non-current assets	0.0	4.0
Current assets not including cash and cash equivalents	0.0	13.5
Cash and cash equivalents	0.0	38.7
Non-current liabilities not including financial debt	0.0	-3.4
Current liabilities not including financial debt	0.0	-37.7
Net assets / equity	**0.0**	**15.1**
Group's share of net assets	0.0	7.6
Carrying amount of the investee accounted for using the equity method	**0.0**	**7.6**
Revenue	17.7	61.8
Depreciation and amortization (property, plant and equipment and intangible assets)	-0.1	-0.2
Interest income	0.0	0.9
Interest expense	-0.4	-0.1
Income tax	0.1	-2.1
Remaining income (loss) from continuing operations	0.0	15.8
Profit or loss from continuing operations	-0.4	14.3
Total comprehensive income for the period	**-0.4**	**14.3**

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

Aggregated disclosure concerning insignificant joint ventures:

	2021	2020
Carrying amount of the investee accounted for using the equity method	**1.8**	**1.0**
Group's share of profit / loss from continuing operations	0.9	-0.1
Group's share of other comprehensive income for the period	0.0	0.0
Group's share of total comprehensive income for the period	**0.9**	**-0.1**

As of the balance-sheet date, there were no obligations to contribute capital or resources to joint ventures or obligations to purchase ownership interests in joint ventures from another party in the event that certain future conditions are met.

19 Other assets

Equity interests (FA-FVtOCI-EI) include shares in non-listed companies.

	2021	2020
Loans (FA-AC)	3.3	3.3
Securities (FA-FVtPL)	1.0	1.0
Securities (FA-FVtOCI-DI)	0.2	0.2
Securities (FA-FVtOCI-EI)	0.2	0.2
Securities (FA-AC)	0.0	0.0
Derivatives, not in hedging relationships (FA-FVtPL)	0.1	0.1
Net assets in accordance with IAS 19	1.0	0.0
Other financial assets (FA-AC)	1.5	9.1
Total	**7.3**	14.0

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

	2021	2020
Opening balance	**-1.8**	-2.2
Changes in the consolidated group, currency differences	–	–
Allocations (impairment losses)	–	–
Utilization	–	0.4
Withdrawals (gains on impairment reversals)	–	–
Closing balance	**-1.8**	-1.8

The impairment for the loans was measured exclusively in the amount of the expected 12-month credit loss.

20 Inventories

Inventories are comprised as follows:

	2021	2020
Raw materials and supplies	43.0	45.1
Advance payments made	21.6	14.2
Real estate properties held for sale	0.1	0.5
Finished goods and work in progress	0.2	0.0
Total	**64.9**	59.8

Cost of sales includes cost of inventories, recognized in expenses, in the amount of €1,252.2 million (previous year: €1,135.8 million).

21 Receivables and other financial assets

	2021	2020
Receivables and customer contract assets (FA-AC)		
from trade receivables (including receivables from percentage of completion)	557.7	566.8
from work in progress	317.0	262.4
from consortiums and joint ventures	1.3	1.4
from companies in which equity is held	3.1	4.1
	879.1	**834.7**
Derivatives		
not in hedging relationships (FA-FVtPL)	1.3	2.2
	1.3	**2.2**
Other financial, non-derivative assets (FA-AC)	28.6	28.8
Total	**909.1**	**865.6**

The impairments recognized on trade receivables (including receivables from percentage of completion and work in progress) in accordance with IFRS 9 for expected credit risks developed as follows:

	2021	2020
Opening balance	**-28.7**	-26.7
Changes in the consolidated group, currency differences	-2.6	2.7
Allocations (impairment losses)	-6.5	-8.6
Utilization	4.6	0.5
Withdrawals (gains on impairment reversals)	3.7	3.3
Closing balance	**-29.5**	-28.7

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

Rating category	Creditworthiness	Gross carrying amount at December 31, 2021	Gross carrying amount at December 31, 2020
1	very high creditworthiness	128.5	108.5
2	high creditworthiness	158.0	146.5
3	good creditworthiness	201.5	194.9
4	relatively good creditworthiness	149.5	161.6
5	moderate creditworthiness	122.1	120.1
6	heightened risk	93.7	74.6
7	high risk	13.4	15.8
8	very high risk	36.8	31.0
9	not creditworthy	0.6	4.0
10	insolvent	0.1	0.8

Of the receivables written off, a contractually outstanding amount of €0.0 (previous year: €0.0 million) is still subject to enforcement measures.

Other financial non-derivative assets comprise receivables and assets outside the field of supplying goods and services. This includes financial assets with a gross carrying amount of €11.3 million whose credit rating is adversely affected. These have been fully impaired.

22 Other assets

Other assets mainly include sales tax receivables amounting to €5.9 million (previous year: €17.7 million) and prepaid expenses amounting to €26.8 million (previous year: €21.3 million).

23 Equity

The classification of equity and changes in equity are presented in the consolidated statement of changes in equity.

Share capital is unchanged at €132.6 million as of the balance-sheet date. It is divided into 41,037,328 (previous year: 44,209,042) bearer shares with an arithmetical value of €3.23 (previous year: €3.00) per share.

The Annual General Meeting of May 24, 2017, authorized the Executive Board, until May 23, 2022, with the approval of the Supervisory Board, to acquire treasury shares of the company in an amount of up to €13,262,712.00 (10 percent of the share capital of the company). The company has no rights from these shares (Section 71b AktG). On the basis of this authorization, no shares were acquired in the reporting year and in the previous year. There were 320,000 treasury shares as of the balance-sheet date (previous year: 3,908,453) with a carrying amount of -€12.2 million (previous year: -€149.5 million). In the reporting year, on the basis of a resolution by the Executive Board on October 21, 2021, and approval by the Supervisory Board on November 9, 2021, a total of 3,171,714 bearer shares were canceled in a simplified procedure without a reduction in share capital by increasing the proportion of share capital represented by the remaining bearer shares, and 416,739 bearer shares were transferred as part of share-based remuneration programs. The carrying amount of the canceled treasury shares was derecognized against other retained earnings.

Through the relevant resolution of the Annual General Meeting of May 15, 2018, the previous approved capital in accordance with Section 3 of the Articles of Incorporation was removed and replaced by a new authorization (approved capital 2018). The Executive Board is authorized, with the consent of the Supervisory Board, until May 14, 2023, to increase the share capital of the company by up to €66,313,563.00 (approved capital 2018). The capital increase serves to issue new shares against cash and / or non-cash contributions.

By resolution of the Annual General Meeting of April 15, 2021, the share capital was increased by up to €13,262,712.00 by the issue of up to 4,420,904 new bearer shares with an arithmetical value of €3.00 per share (contingent capital 2021). It serves to grant shares upon the exercise of conversion rights or option rights or upon the fulfillment of conversion obligations or option obligations in connection with bonds until April 14, 2026.

We refer to the explanation given in the combined management report for Bilfinger SE and the Bilfinger Group pursuant to Section 289a Subsection 1 and Section 315a Subsection 1 of the German Commercial Code (HGB) with regard to the authorization for the Executive Board to issue shares out of approved capital and out of contingent capital as well as the possibilities to buy back and use treasury shares of the company.

23.1 Retained and distributable earnings

	2021	2020
Distributable earnings	217.0	83.1
Remeasurement of defined-benefit pension plans	-197.5	-215.8
Share-based payments (Executive Share Plan)	1.3	10.6
Other retained earnings	382.3	590.4
Total	**403.1**	**468.3**

Distributable earnings and proposal on the appropriation of earnings

It is proposed that the reported distributable earnings of Bilfinger SE for financial year 2021 of €217.0 million be appropriated as follows:

In €	
Distribution of a dividend of €4.75 per dividend-entitled share	193,407,308.00
Carried forward to new account	23,592,692.00
Total	**217,000,000.00**

Remeasurements include the deviations fully included in the retirement-benefit obligation (actuarial gains and losses) between the amount of the retirement-benefit obligation expected at the beginning of the year and the actual amount of the retirement-benefit obligation at the end of the year, as well as the difference between the income recognized from plan assets based on the amount of the discount rate for the retirement-benefit obligation and the income actually achieved from the plan assets.

The accumulated losses from remeasurement recognized in other comprehensive income and attributable to the shareholders of Bilfinger SE amount to €208.1 million before deferred taxes (previous year: €227.5 million) and €197.5 million (previous year: €215.8 million) after consideration of deferred taxes.

Changes in **retained earnings from share-based remuneration** resulted from the granting of virtual shares to managers under the Bilfinger 2020 Executive Share Plan and the Extraordinary 2020 Share Bonus Plan and the Bilfinger Executive Share Plan 2.0 as well as to selected employees under a further share-based compensation plan (see Note 34).

Other retained earnings principally comprise amounts established from earnings in the reporting period or in previous financial years. These were reduced in the reporting year due to the cancelation of treasury shares (see Note 23).

23.2 Other reserves

The **fair valuation of securities reserve** includes the unrealized gains and losses from debt instruments which, in accordance with IFRS 9.4.1.2A, are measured at fair value in other comprehensive income (FVtOCI-DI) with due consideration of deferred taxes.

The **reserve from the market valuation of equity instruments** includes the unrealized gains and losses from financial investments in equity instruments of other companies which, in accordance with the option in IFRS 9.5.7.5, are to be measured at fair value through other comprehensive income (FVtOCI-EI) with due consideration of deferred taxes.

The **reserve from hedging transactions** contains unrealized profits and losses from hedging highly probable future payments, taking into consideration any deferred-tax effects. Bilfinger currently has no hedging relationships designated as cash-flow hedges as defined by IFRS 9.

The **currency translation reserve** reflects all currency differences arising from the translation of financial statements of foreign subsidiaries as well as net investments in foreign operations. The change in the reporting year resulted primarily from the appreciation of the U.S. dollar against the euro.

24 Provisions for pensions and similar obligations

Various retirement-benefit obligations exist at the Bilfinger Group, the heterogenic nature of which is historically based in the development of the Group with numerous corporate acquisitions. They comprise both defined-contribution pension plans and defined-benefit pension plans.

With defined-contribution pension plans, the company makes fixed contributions on a contractual or voluntary basis to an external pension fund. Beyond those contributions, the company has no legal or constructive payment obligations in the case that the pension fund should not be sufficient to provide the retirement benefit in full. The contributions are recognized as an expense for retirement benefits when they fall due. Obligations from multi-employer plans are accounted for as obligations from defined-contribution pension plans if sufficient information is not available to enable the entity to account for the plans as a defined-benefit plan. The benefits provided by a pension fund in Germany, for example, are financed on the basis of the coverage method. As a result of the coverage method, it is not possible to allocate the assets of the pension fund to the obligations assigned to an employer. The employer contribution is determined depending on the employee contribution and the investment income. The contribution rate is determined by the pension fund. The employer has no obligation toward the pension fund beyond the payment of the fixed contributions, including in the case of withdrawal from the pension fund or unfulfilled obligations of other companies. The anticipated employer contributions in financial year 2022 amount to €3 million. This represents an insignificant portion of the total employer contributions to the pension fund.

Pension plans that do not meet the definition of defined-contribution pension plans are deemed to be defined-benefit plans. These are recognized at the balance-sheet date at the present value of the defined-benefit obligation (DBO). If assets are set aside solely to pay or fund these obligations, those assets are defined as plan assets and are deducted at their fair value and the net amount is presented in the balance sheet. Any amount in excess of the obligation is presented as other assets.

Obligations from pension commitments are calculated separately for each plan by estimating the amounts of future pension entitlements. These are discounted to their present values at the end of the reporting period. A discount rate is used equivalent to the rate of return on high-grade corporate bonds with an AA rating denominated in the same currency as the pension obligations and with similar maturities. At the end of the reporting period, the amount of the pension obligations is actuarially calculated with consideration of assumptions on future developments and with application of the so-called projected-unit-credit method. The assumptions underlying the calculations are based on published country-specific statistics and on experience. In addition to estimates of future income and pension developments, they also include biometric assumptions. The latter are based on locally recognized guideline tables. In Germany, the Heubeck guideline tables 2018 G are applied.

ACTUARIAL ASSUMPTIONS (WEIGHTED)	Euro zone	Other countries	Euro zone	Other countries
		2021		**2020**
Discount rate	1.05%	1.05%	0.70%	0.80%
Projected increase in wages and salaries	2.75%	1.55%	2.75%	1.35%
Projected pension increase	1.60%	0.30%	1.50%	0.30%

Gains and losses from changes in actuarial assumptions and from experience adjustments are recognized in other comprehensive income in the period in which they occur. Past service cost due to the curtailment, introduction or amendment of plans is recognized in profit or loss as incurred. The same applies to gains or losses from the settlement of plans.

COMPOSITION BY REGION	Euro zone	Other countries	Total	Euro zone	Other countries	Total
			2021			2020
Defined-benefit obligation of funded pension plans	170.2	65.0	235.1	176.9	64.1	240.9
Defined-benefit obligation of non-funded pension plans	204.0	36.8	240.8	223.9	37.4	261.3
Defined-benefit obligation of all pension plans	**374.2**	**101.8**	**475.9**	**400.8**	**101.5**	**502.2**
in percent	79%	21%	100%	80%	20%	100%
Defined-benefit obligation of funded pension plans	170.2	65.0	235.1	176.9	64.1	240.9
Fair value of plan assets	122.9	47.5	170.4	118.3	44.0	162.2
Funded status	**-47.3**	**-17.5**	**-64.7**	**-58.6**	**-20.1**	**-78.7**
thereof provisions for pensions	48.3	17.5	65.7	58.6	20.1	78.7
thereof net asset	1.0	0.0	1.0	0.0	0.0	0.0
Provision for funded pension plans	48.3	17.5	65.7	58.6	20.1	78.7
Provision for non-funded pension plans	204.0	36.8	240.8	223.9	37.4	261.3
Provisions for pensions and similar obligations, total	**252.3**	**54.3**	**306.5**	**282.5**	**57.5**	**340.0**

In the euro zone, the present value of future pension obligations relates mainly to Germany with €327.4 million (previous year: €341.4 million), while a further €40.8 million relates to obligations in Austria (previous year: €49.1 million). Outside the euro zone, the pension plans relate to Scandinavia and Switzerland, in particular.

The pension plans of Group companies in Germany are generally structured so that employees receive commitments to retirement, invalidity and dependents pensions in the form of lifetime annuities whose amount depends on the length of time worked at the Group and partially also on an employee's level of wage or salary. In addition to direct pension commitments, generally to managerial staff, commitments exist at the Bilfinger Group in the context of company agreements often reached indirectly through pension funds or in the form of direct insurance. The adjustment of pensions to price developments takes place in line with the provisions of applicable law at the latest after three years.

For employees of Bilfinger SE and some domestic subsidiaries, plans exist for occupational retirement, invalidity and dependents pensions granting the employees entitlement to annual contribution credits to an internally managed retirement-benefit account. The amount of the contribution credits is staggered by contribution group or for managerial staff is contractually agreed. Furthermore, employees have the possibility to make additional contributions out of their wages or salaries in order to improve their company pensions. The interest paid on the respective retirement-benefit account balances is based on the returns achieved on the related plan assets resulting from a Contractual Trust Arrangement (CTA), which was concluded to secure employee entitlements under this and other pension commitments. In this regard, a minimum return of 2 percent per annum is guaranteed by the company. For this purpose, internally, two pension accounts are managed simultaneously: one pension account earns interest at a rate of 2 percent p.a. over the entire term and another pension account earns interest at the rate determined by Bilfinger each year. In the event of a claim, the higher account balance is paid out. Pension payments can, if applicable and desired by the employee, be made in a lump sum, in installments or in the form of an annuity after the employee has left the company, but at the earliest at the age of 60. Due to the fact that payments are made on a defined-contribution basis, risks from deviations of the actual developments from biometric assumptions are largely excluded.

The assets in a CTA, based on the model of a two-way trust, are protected against insolvency. In this context, Bilfinger SE had previously transferred assets to the administration of an independent trustee. With regard to investment policy, the trustee is bound by the decisions of an advisory committee commissioned by the trustor. In order to limit risk, the investment strategy pursues a total return approach with the provision of a risk ceiling and a maximum share quota. In order to spread the risk, the trustee commissions several external asset managers to invest the assets. There are no obligations to make further payments into the plan assets.

In the reporting year, a salary-based matching model in the form of a direct commitment with reinsurance was introduced for senior managers in Germany. The pension benefits correspond in full to the value of the reinsurance policy, i.e., there is a congruence between the promised and insured benefits. Due to this congruence, the obligation is measured at the value of the reinsurance policy. Pension payments can, at the employee's discretion, be made in a lump sum or in the form of an annuity after the employee leaves the company and reaches the individual statutory retirement age.

Pension plans in Austria in particular are claims to severance payments in accordance with national regulations which arose before 2003 and are to be paid as lump sums following termination of employment by the employer or upon retirement. Since 2003, employers have had to pay wage-related contributions to an employee benefit fund in order to finance those claims. These plans qualify as defined-contribution plans and the related expenses are therefore recognized as soon as a payment obligation arises.

PENSION PLANS	Funded	Funded provisions	Total	Funded	Funded provisions	Total
			2021			2020
Defined-benefit obligation at January 1	**240.9**	**261.3**	**502.2**	**241.1**	**265.8**	**506.9**
Interest expense	0.9	1.6	2.5	2.3	2.8	5.1
Service cost	2.7	3.1	5.8	2.5	4.0	6.5
Current service cost	*2.7*	*3.7*	*6.4*	*2.9*	*4.0*	*6.9*
Past service cost	*0.0*	*0.0*	*0.0*	*-0.4*	*0.0*	*-0.4*
Gains / losses on settlements	*0.0*	*-0.5*	*-0.5*	*0.0*	*0.0*	*0.0*
Settlement payments	-4.1	-1.0	-5.1	0.0	0.0	0.0
Pension payments	-16.8	-12.3	-29.1	-16.6	-12.4	-29.0
Employee contributions	4.4	-0.0	4.4	5.4	0.2	5.6
Currency adjustments	2.3	1.9	4.1	-0.7	-0.9	-1.6
Changes in the consolidated group	0.0	-0.2	-0.2	0.0	0.0	0.0
Transfers to / from other companies	0.0	-4.2	-4.2	0.3	-0.2	0.1
Remeasurement gains (-) / losses (+)	4.7	-9.4	-4.6	6.6	2.0	8.6
from changes in demographic assumptions	*-2.5*	*0.0*	*-2.5*	*0.0*	*0.0*	*0.0*
from changes in financial assumptions	*8.7*	*-8.7*	*-0.1*	*7.1*	*5.6*	*12.7*
from experience adjustments	*-1.4*	*-0.6*	*-2.1*	*-0.5*	*-3.6*	*-4.1*
Defined-benefit obligation at December 31	**235.1**	**240.8**	**475.9**	**240.9**	**261.3**	**502.2**
Fair value of plan assets at January 1	**162.2**		**162.2**	**169.0**		**169.0**
Interest income on plan assets	0.5		0.5	1.5		1.5
Pension payments	-14.6		-14.6	-15.3		-15.3
Settlement payments	-4.1		-4.1	-0.1		-0.1
Allocations to fund (company contributions)	3.5		3.5	3.8		3.8
Allocations to fund (employee contributions)	4.4		4.4	5.4		5.4
Currency adjustments	2.2		2.2	-0.6		-0.6
Changes in the consolidated group	0.0		0.0	0.0		0.0
Transfers to / from other companies	0.0		0.0	-0.1		-0.1
Remeasurements	16.2		16.2	-1.4		-1.4
Fair value of plan assets at December 31	**170.4**		**170.4**	**162.2**		**162.2**
Defined-benefit obligation at December 31	**235.1**	**240.8**	**475.9**	**240.9**	**261.3**	**502.2**
Fair value of plan assets at December 31	**170.4**		**170.4**	**162.2**		**162.2**
Funded status at December 31	-64.7	-240.8	-305.5	-78.7	-261.3	-340.0
Net pension provisions at December 31	**65.7**	**240.8**	**306.5**	**78.7**	**261.3**	**340.0**
Net plan assets at December 31	**1.0**		**1.0**	**0.0**		**0.0**
Gains / losses recognized in profit or loss						
Current service cost	-2.7	-3.7	-6.4	-2.9	-4.0	-6.9
Past service cost	0.0	0.0	0.0	0.4	0.0	0.4
Gains / losses on settlements	0.0	0.5	0.5	0.0	0.0	0.0
Net interest cost (-) / income (+)	-0.4	-1.6	-2.0	-0.8	-2.8	-3.6
Net pension cost	**-3.1**	**-4.7**	**-7.9**	**-3.3**	**-6.8**	**-10.1**

In the income statement, service costs and any gains or losses from settlements are allocated to the respective functional areas and are thus included in EBIT. The net interest cost from the interest accrued on the net pension obligation is presented under interest expense.

Pension expenses for defined-contribution plans were €21.0 million (previous year: €20.1 million).

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

COMPOSITION OF PLAN ASSETS

	Dec. 31, 2021	Dec. 31, 2020
Total assets	**170.4**	**162.2**
Assets with a quoted market price	**149.1**	**138.7**
Cash and cash equivalents	3.2	2.6
Equity instruments (shares Europe, North America, Australia)	1.2	0.8
Debt instruments	35.4	23.4
thereof government bonds	20.0	18.6
thereof investment grade corporate bonds	6.8	0.0
thereof covered bonds	8.7	4.8
Investment funds	109.3	111.9
thereof mixed funds	89.0	94.3
thereof equity funds	11.5	10.5
thereof bond funds	5.5	4.0
thereof real estate funds	1.8	1.7
thereof money-market funds	1.3	1.2
thereof other funds	0.2	0.1
Assets without a quoted market price	**21.3**	**23.5**
Real estate properties	5.5	4.4
Qualifying insurance policies	15.7	18.8
Other assets	0.1	0.3

For 2022, contribution payments to pension plans in the amount of €3.3 million are planned.

The pension obligations, which exist as of the balance-sheet date, are expected to result in the following – undiscounted – benefit payments in the next 10 financial years:

EXPECTED PENSION PAYMENTS

	2022	2023	2024	2025	2026	2027-2031
	25	23	26	25	24	114

Contributions of €68.5 million were paid to state pension insurance institutions (previous year: €72.0 million).

Due to the pension plans, the Group is exposed to various risks. A reduction in the interest rate used to discount the provisions for pensions (interest rate for high-grade corporate bonds) would cause the pension obligations to increase. There would be corresponding effects from higher-than-expected income and pension increases. Higher life expectancies than assumed would also lead to an increase in pension obligations, especially when fixed benefits are paid which are independent of the contributions paid in the past. If plan assets exist to cover the pension obligations, it is assumed that they accrue interest at the rate of interest used to discount defined-benefit obligations. If the actual interest rate is lower, this leads to an increase in the net pension obligations. For pension plans denominated in foreign currencies, exchange-rate risks also exist.

The following sensitivity analysis shows the change in the pension obligations (DBO) in millions of euros caused by a change in one of the assumptions upon which the calculation is based when all the other assumptions remain unchanged. The calculation methods are otherwise unchanged.

SENSITIVITY ANALYSIS ON ACTUARIAL ASSUMPTIONS	Defined-benefit obligation Dec. 31	
	0.5 percentage point increase	0.5 percentage point decrease
Discount rate	-29.1	32.7
Projected increase in wages and salaries	3.3	-3.1
Projected pension increase	32.1	-27.7
	1-year increase	1-year decrease
Life expectancy	24.3	-24.2

25 Other provisions

	Risks relating to contracts and litigation	Warranty risks	Personnel-related obligations	Restruc-turings	Other uncertain liabilities	Total
Balance at January 1, 2021	**61.5**	**40.3**	**33.1**	**59.7**	**127.9**	**322.5**
Utilization	-45.9	-5.2	-13.4	-43.2	-44.6	-152.3
Release	-9.5	-4.8	-1.3	-2.3	-33.6	-51.5
Additions	51.8	12.5	10.9	15.2	51.6	142.0
Changes in the consolidated group	0.0	-0.1	-0.1	0.0	0.0	-0.2
Other changes incl. currency adjustments	-12.6	0.3	-0.2	-2.0	-9.5	-24.0
Balance at December 31, 2021	**45.3**	**43.0**	**29.0**	**27.4**	**91.8**	**236.5**

MATURITIES OF OTHER PROVISIONS	Non-current		Current		Total	
	2021	2020	**2021**	2020	**2021**	2020
Risks relating to contracts and litigation	0.1	0.1	45.2	61.3	45.3	61.4
Warranty risks	2.1	2.0	40.9	38.4	43.0	40.4
Personnel-related obligations	17.5	19.1	11.5	14.0	29.0	33.1
Restructuring measures	0.0	0.0	27.4	59.7	27.4	59.7
Other uncertain liabilities	1.0	1.0	90.8	126.9	91.8	127.9
Total	**20.7**	22.2	**215.8**	300.3	**236.5**	322.5

Risks relating to contracts and litigation primarily comprise provisions for risks from current projects, provisions for reworking and provisions for litigation risks.

Warranty risks primarily comprise provisions for warranties related to individual cases from the valuation of projects.

Personnel-related obligations mainly consist of provisions for employee anniversaries and pre-retirement part-time employment as well as provisions for personnel severance compensation that do not relate to restructuring measures. The amount of employee anniversaries and pre-retirement part-time employment is calculated annually by external experts.

The provisions for restructurings include mainly expenses for staff reductions.

Other contingent liabilities include, inter alia, provisions for risks in connection with discontinued operations, provisions for contingent losses, costs of annual financial statements, compensation for damages and consultant costs, and other miscellaneous provisions.

26 Financial debt

	Non-current		Current		Total	
	2021	2020	**2021**	2020	**2021**	2020
Bonds (FL-AC)	248.0	250.0	0,0	0,0	248.0	250.0
Promissory note loan (FL-AC)	5.5	123.0	9.0	0,0	14.5	123.0
Other financial debt (FL-AC)	1.7	1.9	0.3	0.3	1.9	2.2
Lease liabilities (IFRS 16)	139.9	146.3	45.0	46.6	185.0	192.9
Financial debt	**395.1**	**521.3**	**54.3**	**46.9**	**449.4**	**568.2**

The bond placed in financial year 2019 has a nominal value of €250 million, an original term of 5 years and a coupon of 4.5 percent. The tranches of promissory note loans issued in the same year had a total nominal value of €123 million and original maturities of between 3 and 5.5 years, as well as fixed and floating interest rates. In October of the reporting year, tranches of the promissory note loans originally due in April 2022 with a nominal value of €108.5 million were repaid early.

Financial debt developed as follows:

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

	Jan. 1, 2020	Cash changes	Non-cash changes				Dec. 31, 2020
			Change in the consolidated group	Additions / disposals lease liabilities	Reclassification to disposal group	Changes in fair value	
Bonds	250.0	–	–	–	–	–	250.0
Promissory note loans	123.0	–	–	–	–	–	123.0
Other financial debt	2.5	-0.3	–	–	–	–	2.2
Lease liabilities (IFRS 16)	225.5	-52.1	-2.6	26.0	-3.9	–	192.9
Financial debt	**601.0**	**-52.4**	**-2.6**	**26.0**	**-3.9**	–	**568.1**

27 Trade and other payables

	2021	2020
Liabilities from derivatives, non-current, not in hedging relationships (FL-FVtPL)	2.3	0.0
Other non-current financial, non-derivative liabilities (FL-AC)	0.2	0.0
Other non-current liabilities	**2.5**	**0.0**
Trade payables (FL-AC)	337.2	293.3
Advance payments received and offsetting items for work in progress (customer contract liabilities)	143.5	142.1
Liabilities to joint ventures and consortiums (FL-AC)	18.5	19.3
Liabilities to companies in which equity is held (FL-AC)	3.1	5.0
	502.3	**459.7**
Liabilities from derivatives, current,not in hedging relationships (FL-FVtPL)	2.1	1.3
Other current financial, non-derivative liabilities (FL-AC)	137.0	118.2
Trade and current other payables	**641.4**	**579.2**

Other current financial non-derivative liabilities (FL-AC) consist primarily of liabilities to employees.

28 Other liabilities

	2021	2020
Liabilities for sales tax and other taxes	62.0	78.7
Personnel obligations	92.3	90.4
Social-security levies	29.3	34.3
Deferred income and / or accrued expenses	13.7	17.6
Total	**197.3**	**221.0**

29 Additional information on financial instruments

29.1 Carrying amounts and fair values

Carrying amounts and fair values of financial assets and financial liabilities, classified according to the categories of IFRS 9 and indicating the fair-value hierarchy according to IFRS 13, are as follows:

	Level according to IFRS 13 hierarchy	IFRS 9 category	Carrying amount	Fair value	Carrying amount	Fair value
				2021		2020
Assets						
Securities – equity-like participation rights	2	FA-FVtPL	0.0	0.0	450.0	450.0
Equity interests	3	FA-FVtOCI-EI	0.2	0.2	0.2	0.2
Loans	2	FA-AC	3.3	3.3	3.3	3.3
Other financial, non-derivative assets	2	FA-AC	30.2	30.2	38.0	38.0
Securities	1	FA-FVtOCI-DI	0.2	0.2	0.2	0.2
Securities	2	FA-AC	0.0	0.0	0.0	0.0
Receivables	2	FA-AC	879.1	879.1	834.6	834.6
Securities	3	FA-FVtPL	1.0	1.0	1.1	1.1
Marketable securities	1	FA-FVtPL	49.9	49.9	0.0	0.0
Marketable securities	1	FA-AC	140.0	140.0	0.0	0.0
Cash and cash equivalents	1	FA-AC	642.9	642.9	510.6	510.6
Derivatives						
Not in hedging relationships	2	FA-FVtPL	1.4	1.4	2.3	2.3
Equity & liabilities						
Financial debt, bonds	1	FL-AC	248.0	269.0	250.0	263.6
Financial debt, promissory note loan	2	FL-AC	14.5	14.5	123.0	124.3
Financial debt, other	2	FL-AC	1.9	1.9	2.2	2.2
Liabilities	2	FL-AC	502.2	502.2	459.7	459.7
Other non-derivative liabilities	2	FL-AC	137.3	137.3	118.2	118.2
Derivatives						
Not in hedging relationships	2	FL-FVtPL	4.3	4.3	1.3	1.3
Aggregated presentation by measurement category						
Financial assets measured at fair value through profit or loss		FA-FVtPL	52.3	52.3	453.4	453.4
Financial liabilities measured at fair value through profit or loss		FL-FVtPL	4.3	4.3	1.3	1.3
Financial assets measured at amortized cost		FA-AC	1,695.5	1,695.5	1,386.5	1,386.5
Financial liabilities measured at amortized cost		FL-AC	903.9	924.9	953.1	968.0
Financial assets measured at fair value through other comprehensive income – without reclassification to profit or loss		FA-FVtOCI-EI	0.2	0.2	0.2	0.2
Financial assets measured at fair value through other comprehensive income – with reclassification to profit or loss		FA-FVtOCI-DI	0.2	0.2	0.2	0.2

The other non-derivative liabilities include an amount of €101.4 million (previous year: €79.5 million) which is excluded from the scope of IFRS 7. The same applies to liabilities that include advance payments received and offsetting items for work in progress (customer contract liabilities) in the amount of €143.5 million (previous year: €142.1 million).

	Level	Recognized at fair value	Fair value information only in the notes	Recognized at fair value	Fair value information only in the notes
			2021		2020
Aggregated presentation by level in the IFRS 13 hierarchy					
Assets	1	50.1	782.9	0.2	510.6
	2	1.4	912.6	452.3	875.9
	3	1.2	0.0	1.3	0.0
Liabilities	1	0.0	269.0	0.0	263.6
	2	4.3	655.9	1.3	704.4
	3	0.0	0.0	0.0	0.0

For cash and cash equivalents, current receivables and liabilities and current other financial non-derivative assets and other non-derivative liabilities, the carrying amounts are approximately equal to the fair values due to the short residual terms. Cash (€440.0 million) and cash equivalents (€202.9 million) consist of bank balances in the form of current accounts, fixed-term deposits and deposits redeemable at notice with a term of up to three months, as well as cash.

The fair values of non-current financial assets and financial liabilities, which include the measurement categories “financial assets measured at amortized cost” (FA-AC) and “financial liabilities measured at amortized cost” (FL-AC), correspond to the present values calculated using current market-based interest-rate parameters.

For derivatives, the fair values are determined with the use of recognized financial-mathematical methods on the basis of observable market data such as exchange rates and interest rates (forwards and swaps: present-value method; options: option-pricing models).

The fair values of the listed securities and the financial liabilities from the bond issued in financial year 2019 (FL-AC) are derived from the respective market prices.

The fair value of the unlisted securities (equity-like participation rights, FA-FVtPL; "PPN") was determined as of December 31, 2020 based on the expected pro-rata net sales proceeds attributable to them in accordance with the contract. On December 6, 2020, EQT published a press release announcing that they were selling all shares in Apleona Group GmbH to PAI Partners SAS. Accordingly, the fair value as of December 31, 2020, was classified as Level 2 of the IFRS 13 hierarchy. The sale was completed on April 30, 2021. Following the successful sale of the PPN to EQT, Bilfinger received the proportionate net proceeds from the sale of €458.4 million on May 10, 2021. The change in the fair value in the amount of €8.4 million (previous year: €209.7 million) was recognized in other financial result (see Note 12). The development of the fair value of the equity-like participation rights is shown below:

Balance January 1, 2020	**240.3**
Fair value changes recognized in profit or loss	209.7
Balance December 31, 2020 / January 1, 2021	**450.0**
Fair value changes recognized in profit or loss	8.4
Disposal	-458.4
Balance December 31, 2021	-0.0

Proceeds from the sale are presented in the statement of cash flows under "Divestment / Investments in marketable securities". This item also includes outflows for other financial investments in the amount of €190.0 million.

The investments are measured at amortized cost because, as a result of the generally low carrying amounts, it is assumed that this deviates only insignificantly from the fair values.

Hierarchy of fair values by valuation inputs:
All assets and liabilities either measured at fair value or for which fair-value disclosures are required are categorized within a level of the following IFRS 13 measurement hierarchy based on the quality and objectiveness of the inputs used in valuation:

Level 1: Current (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Market data other than the inputs in Level 1 such as prices in active markets for similar assets or liabilities, prices for identical assets or liabilities in markets that are not active, market-corroborated inputs (interest rates, implied volatilities, credit spreads) and derived prices or valuation inputs. Level 2 inputs may have to be adjusted to reflect the features of the asset or liability being measured (condition, location, market activity, etc.).

Level 3: Unobservable inputs, i.e., not market data but estimates and the Group's own information. This data is to be adjusted so that it reflects the assumptions of the (fictive) market participants.

The assessment as to whether financial assets and liabilities are to be reclassified between the different levels of the IFRS 13 hierarchy levels is made at the end of the reporting period.

29.2 Net earnings

Net earnings from financial instruments classified according to IFRS 9 measurement categories are as follows:

		2021	2020
Valuation category			
Financial assets and financial liabilities at fair value through profit or loss	FA-FVtPL & FL-FVtPL	-3.2	216.8
Financial assets at fair value through other comprehensive income – without reclassification to profit or loss	FA-FVtOCI-EI	0.0	0.0
Financial assets at fair value through other comprehensive income – with reclassification to profit or loss	FA-FVtOCI-DI	0.0	0.0
Financial assets at amortized cost	FA-AC	7.3	-12.1
Financial liabilities at amortized cost	FL-AC	0.2	0.0

Net earnings from the valuation categories include the following income and expenses:

- FA-FVtPL & FL-FVtPL: income and expenses recognized in profit or loss from the measurement at fair value and gains / losses realized on disposals as well as dividend income
- FA-FVtOCI-EI: dividend income recognized in profit or loss; the income from measurement at fair value in other comprehensive income is presented in the statement of comprehensive income and amounted to €0.0 million (previous year: €0.0 million)
- FA-FVtOCI-DI: gains / losses realized on disposals recognized in profit or loss (reclassifications from cumulative other comprehensive income in profit or loss); the income from measurement at fair value in other comprehensive income is presented in the statement of comprehensive income and amounts to €0.0 million (previous year: €0.0 million)
- FA-AC: impairments and reversals recognized in profit or loss as well as income from currency translation
- FL-AC: expenses from currency translation recognized in profit or loss

Interest is not a component of the presented net earnings (see Note 12).

29.3 Offsetting agreements

The derivatives contracted by Bilfinger are partially subject to legally enforceable **offsetting agreements** (ISDA agreement, German framework contract for currency futures), which, however, do not allow any offsetting of receivables and payables in the balance sheet under IAS 32.42, i.e., there is no current legally enforceable right to offsetting with the simultaneous intention to settle on a net basis, but the right to offset in the case of delayed payment or insolvency on the part of a contracted party. These items are therefore presented in the balance sheet on a gross basis. The carrying amount of the derivatives that were subject to offsetting agreements with positive fair values is €1.3 million (previous year: €2.3 million); the carrying amount of the corresponding derivatives with negative fair values is €4.3 million (previous year: €1.3 million). The offsettable amount is €1.0 million (previous year: €1.0 million). This results in arithmetical net assets of €0.3 million (previous year: €1.3 million) and net liabilities of €3.3 million (previous year: €0.3 million). No contractual arrangements exist with regard to offsetting other financial assets and liabilities.

30 Risks related to financial instruments, financial risk management and hedging transactions

Bilfinger monitors financial risks (default risks, liquidity risks and market-price risks) with proven control mechanisms that allow for timely and transparent reporting. The Group's reporting system guarantees the regular identification, analysis, assessment and management of financial risks by Corporate Treasury. All relevant equity interests and joint ventures are included in this monitoring. There is no extraordinary concentration of risk.

Fundamental questions of risk management such as defining or reviewing methods, limits or risk strategies are dealt with by a steering committee with the direct involvement of the Executive Board.

Liquidity risk is the risk that a company will have difficulties fulfilling the payment obligations arising from its financial liabilities. As a result of an unexpected negative business development, increased financing needs can occur in the operating units. At the same time, a negative business development can lead to changes in Bilfinger's credit rating, particularly through rating agencies and banks, which could lead to more difficult and more expensive financing, or make securing bonds and guarantees more difficult and expensive. In addition, external financing can result in a worsened dynamic gearing ratio. This metric is limited by the financial covenant. Any breach of the financial covenant can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis and can thereby also lead to an unplanned loss of liquidity.

Bilfinger counters this risk by centrally monitoring liquidity development and risks in the Group using a rolling cash-flow planning and introducing countermeasures at an early stage. Within the context of central financing, Bilfinger SE makes necessary liquidity available to its subsidiaries. With the exception of economically less relevant regions, the Group's internal equalization of liquidity in Europe and the U.S. is supported by cross-border cash pooling.

Investment financing is carried out with consideration of matching maturities. To finance working capital, Bilfinger has a €250 million pre-approved syndicated credit line at attractive conditions that is in place until December 2023. This includes a standard market financial covenant in the form of a limitation of the dynamic gearing ratio adjusted net debt / adjusted EBITDA. The value as of December 31, 2021, is below the contractually agreed cap. If, in the case of a significant worsening, adjustment does not take place in agreement with the lender, any breach of the financial covenant can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis.

The sureties available for the execution of our project and services business with a volume of about €906 million are sufficiently dimensioned to accompany the further development of the company. In addition, Bilfinger has a U.S. surety program in the amount of US$ 750 million for the execution of our business in North America. All credit commitments can be called due prematurely in the case of a change of control.

The following chart shows the future contractual undiscounted payments on financial liabilities as of December 31, 2021, and December 31, 2020 (repayments, capital repayments, interest and derivatives with negative fair values). For derivative financial liabilities to be fulfilled on a gross basis (currency derivatives), payments received and payments made are shown; for derivative financial liabilities to be fulfilled on a net basis (interest-rate derivatives and commodity derivatives), net payments are shown.

	Carrying amount	Total	2022	2023	2024	2025-2028	>2028
2021							
Financial debt, bonds	248.0	**-283.8**	-11.3	-11.3	-261.3	–	–
Financial debt, promissory note loan	14.5	**-15.3**	-9.4	-0.1	-5.7	–	–
Financial debt, other	1.9	**-1.9**	-0.6	-0.3	-0.4	-0.6	–
Lease liabilities (IFRS 16)	185.0	**-203.0**	-49.7	-42.9	-36.4	-59.1	-14.9
Liabilities	502.2	**-502.2**	-502.2	–	0,0	–	–
Other financial, non-derivative liabilities	137.3	**-137.3**	-137.0	-0.1	-0.1	-0.1	–
Derivative financial liabilities to be fulfilled on a net basis	–	–	–	–	–	–	–
Derivative financial liabilities to be fulfilled on a gross basis	4.3						
Payments received		**218.8**	186.1	32.7	–	–	–
Payments made		**-201.6**	-165.7	-35.9	–	–	–
		17.2	20.4	-3.2	–	–	–

	Carrying amount	Total	2021	2022	2023	2024-2027	>2027
2020							
Financial debt, bonds	250.0	**-307.5**	-14.4	-14.4	-14.4	-264.4	–
Financial debt, promissory note loan	123.0	**-128.5**	-3.2	-119.3	-0.2	-5.8	–
Financial debt, other	2.2	**-2.4**	-0.7	-0.4	-0.4	-0.9	–
Lease liabilities (IFRS 16)	192.9	**-209.2**	-50.6	-40.9	-33.7	-65.4	-18.5
Liabilities	459.7	**-459.7**	-459.6	-0.1	0,0	0,0	–
Other financial, non-derivative liabilities	118.2	**-118.2**	-118.2	–	0,0	–	–
Derivative financial liabilities to be fulfilled on a net basis	–	–	–	–	–	–	–
Derivative financial liabilities to be fulfilled on a gross basis	1.3	–	–	–	–	–	–
Payments received		**120.5**	88.0	–	32.5	–	–
Payments made		**-120.1**	-86.8	–	-33.3	–	–
		0.4	1.2	0,0	-0.8	–	–

With its international operations, the Bilfinger Group is subject to various market-price risks, relating in particular to currency exchange rates, interest rates and the market values of financial investments. Bilfinger minimizes market-price risks by hedging against currency and interest-rate risks through derivative financial instruments. Our centralized controlling of market-price risks allows us to net out cash flows and financial positions to a large extent. Bilfinger makes use of derivative financial instruments to minimize residual risks and the resulting fluctuations in earnings, valuations and cash flows. Depending on the development of exchange rates and interest rates, hedging transactions could affect our net assets and financial position. Bilfinger therefore does not undertake any financial transactions beyond the underlying business risk. Hedging is primarily carried out via micro-hedges.

Currency risk is the risk that the fair values or future payments of financial instruments might change due to exchange-rate movements. As a globally active company, Bilfinger is subject to exchange-rate fluctuations, e.g., between the euro and the U.S. dollar, since a portion of our volume of business is generated in the U.S. A rise of the euro against the U.S. dollar in particular could therefore have a negative impact on our financial position. Bilfinger uses currency futures or currency options to hedge risks relating to foreign-currency cash flows and balance-sheet items denominated in foreign currencies (not translation risks). Bilfinger generally hedges against transaction risks. Risk management takes place with the use of specified risk limits for outstanding foreign-exchange items. All future cash flows that are not denominated in the functional currency of the respective company of the Group are subject to currency risk.

Interest-rate risk is the risk that the fair values or future payments of financial instruments might change due to movements in market interest rates. Interest-rate changes can lead to increasing financing costs or to lower returns on marketable securities. Bilfinger counters risks from interest-rate changes by continually reviewing loans and investments with fixed and variable interest rates and, when necessary, hedges the interest-rate-change risk.

Bilfinger uses the value-at-risk method to quantify market-price risks. The value at risk is the potential loss of a particular risk position that with a probability of 95 percent will not be exceeded during the next five days. The calculation takes place on the basis of the variance-covariance approach. The value at risk is the maximum possible loss on the basis of the specified parameters, but does not make a statement on the distribution of loss or expected extent of loss if it is actually exceeded. Due to the regional distribution of its economic activities, Bilfinger believes that it is particularly exposed to currency fluctuations of the US dollar and the UAE dirham and Kuwaiti dollar, which are closely linked to the US dollar, as well as the Norwegian krone and South African rand.

When calculating the value at risk for currency risks, potential changes in the valuation of the monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, liabilities) that are not denominated in the functional currency and currency derivatives are taken into consideration.

The value at risk for the risk of changes in interest rates takes into consideration potential changes in the valuation of financial instruments that are measured at fair value. This generally relates mainly to interest-rate swaps, which are hedging instruments within the scope of cash-flow hedges. On the balance-sheet date, no relevant instruments were held so that there was no corresponding interest-rate risk.

The periodic effects are determined by relating the hypothetical changes in the risk variables to the volume of financial instruments held at the end of the reporting period. It is assumed that the volume at the balance-sheet date is representative of the whole year.

Value at risk amounts to €0.2 million (previous year: €0.2 million) for the currency risk.

The **market-value risk of financial investments** is the risk that the fair values or future payments from financial instruments might change due to price movements. As of the balance-sheet date, Bilfinger is not invested in any financial instruments that are subject to price changes.

The **default risk** is the risk that a contracting party of a financial instrument does not fulfill its payment obligations. Positive market values and the investment of liquid funds in banks result in credit risks from these banks. In the case of a collapse of the bank, there is the risk of a loss, which can have a negative impact on our net assets and financial position. Bilfinger counters these risks by concluding relevant financial transactions with such banks that have a short-term public rating of at least A. In addition, on the basis of an internal limit system, a diversification of volumes and maturities takes place.

The risk of default on receivables in our business operations is regularly monitored and controlled by the companies of the Group. In this context, use is made, for example, of guarantees and sureties.

In connection with receivables and other financial non-derivative assets, possible default risks are reflected by impairments.

The maximum default risk connected with financial assets (e.g., cash and cash equivalents, securities, loans, receivables, derivative financial instruments) is equal to their carrying amounts in the balance sheet.

Due to this consistent application of the financing policy, there were no negative effects on the Group's financial position or earnings in the past financial year.

Hedging instruments

Bilfinger currently relies exclusively on currency derivatives not designated as hedging instruments in a hedge accounting relationship pursuant to IFRS 9. See Note 29.1 regarding disclosures on their fair value.

Other disclosures

31 Additional information on capital management

The goal of capital management at Bilfinger is to maintain a strong financial profile. In addition to securing liquidity and limiting financial risks, the focus is on maintaining sufficient financial flexibility as a precondition for the continuous further development of our business portfolio. We aim to optimize the total cost of capital on the basis of an adequate capital structure under consideration of financial covenants.

The syndicated cash credit line includes a financial covenant in the form of a limitation of the dynamic gearing ratio (adjusted net debt / adjusted EBITDA), which we therefore use as a significant key performance indicator. At December 31, 2021, this indicator was well below the permissible threshold.

Since 2012, the credit quality of Bilfinger has been evaluated by rating agency Standard & Poor’s (S&P). S&P rates Bilfinger as BB- / stable outlook as of December 31, 2021 (December 31, 2020: BB- / stable outlook).

On the basis of mid-term corporate planning and with a view to various acquisition and development scenarios, the financial scope for action is regularly analyzed in terms of any action that might need to be taken.

32 Contingent liabilities and other financial obligations

	2021	2020
Liabilities from guarantees	23.3	23.4

Contingent liabilities generally relate to guarantees provided for former Group companies that were sold and companies in which Bilfinger holds a minority interest, the vast majority of which are collateralized by the buyers of the former Group companies. There are bank guarantees in the amount of €14.6 million in place for this. In addition, we are jointly and severally liable as partners in companies constituted under the German Civil Code and in connection with consortiums and joint ventures.

Other contingent liabilities comprise in particular potential litigation charges. These include judicial, arbitrative, and out-of-court proceedings involving customers and subcontractors that file claims or may in the future file claims under various contracts, for example under contracts for maintenance and servicing as well as other supply and service relationships. At this time, however, Bilfinger does not expect that these legal disputes will result in any significant negative effects on its financial position, cash flows or profitability.

One of the most significant damage claims was the *collapse of the Cologne Municipal Archives* in 2009, which was concluded in June 2020 with an out-of-court settlement among the parties involved. The payments attributable to Bilfinger in the amount of €200 million were covered in full by the insurers. The settlement payments therefore had no effect on the net assets, financial position and results of operations of the Group, as expected by the company.

Bilfinger SE also reached a settlement in the dispute over breaches of duty with 12 former members of the Executive Board and the D&O insurers. A large majority of shareholders at Bilfinger SE's Annual General Meeting on June 24, 2020, approved the settlement.

33 Executive Board and Supervisory Board

Along with fixed remuneration components, the remuneration of the Executive Board is composed of variable remuneration with two components: a one-year component and a multiple-year component. The remuneration system for Executive Board members establishes incentives that are in line with and support the corporate strategy: The one-year variable remuneration (short-term incentive) is aligned with the Bilfinger Group's economic success targets EBITA and free cash flow. Both parameters belong to the key performance indicators in the Group. With the Individual Performance Factor, the Supervisory Board takes into account the individual performance of the Executive Board member and ESG targets (Environmental, Social & Governance). In order to align the remuneration of the Executive Board members with the long-term success of the company, the multi-year variable remuneration (long-term incentive) plays a key role in the total remuneration. The long-term incentive newly introduced in the reporting year will be granted in the form of a performance share plan with one-year performance periods and a subsequent three-year share acquisition and holding obligation. The economic success target is the development of the unadjusted return on capital employed (ROCE) after taxes for the Bilfinger Group during the performance period. The ROCE is also one of the key performance indicators. For details on the long-term incentive, please refer to the following section "Share-based payment" (see Note 34).

Total remuneration for the members of the Executive Board is presented in the table below (remuneration pursuant to German accounting standard GAS 17).

€ thousand	2021	2020
Non-performance-related remuneration		
Fixed remuneration	2,599	2,997
Fringe benefits	48	87
Performance-related remuneration		
Short-term incentive	3,120	651
Long-term incentive	2,959	2,475
Total remuneration	**8,726**	**6,210**

Total remuneration for key management personnel as defined by IAS 24 was €11,890 thousand (previous year: €8,524 thousand). Of that amount, €7,258 thousand was accounted for by short-term benefits (previous year: €5,184 thousand), €793 thousand by post-employment benefits (previous year: €865 thousand), €880 thousand by termination benefits (previous year: €0 thousand) and €2,959 thousand by long-term share-based payment (previous year: €2,475 thousand). A liability was recognized for short-term benefits not yet paid at the end of the reporting year in the amount of €2,620 thousand.

The total remuneration paid to former members of the Executive Board or their surviving dependents amounted to €3,030 thousand (previous year: €5,118 thousand). The present value of future pension obligations for those persons calculated in accordance with IAS 19 amounts to €28,149 thousand (previous year: €30,320 thousand).

Total remuneration of the members of the Supervisory Board amounts to €1,447 thousand (previous year: €1,356 thousand), plus reimbursement of expenses in the amount of €44 thousand (previous year: €93 thousand). These are short-term benefits in accordance with IAS 24.

34 Share-based payment

For members of the Executive Board, a long-term incentive plan (LTI) exists, which includes the annual issue of virtual shares of Bilfinger SE, so-called performance share units (PSU). In the reporting year, a new LTI was introduced with a one-year performance period followed by a share purchase obligation and a three-year shareholding obligation. At the end of the performance period, the PSUs for the respective financial year have been vested. If a member of the Executive Board leaves during the year, the number of vested PSUs is determined pro rata temporis up to the date of departure. The development of the return on capital employed (ROCE) for the Bilfinger Group during the performance period is decisive as the economic success target. At the end of the one-year performance period, the final number of PSUs is calculated on the basis of the ROCE degree of target achievement. The final number of PSUs is used to calculate the virtual gross payout amount. The virtual gross payout amount is used to calculate the virtual net payout amount after deduction of taxes and other charges. The number of Bilfinger shares to be transferred is determined on the basis of the virtual net payout amount. The Bilfinger shares will be transferred to the Executive Board member after the Annual General Meeting of Bilfinger SE to which the annual financial statements for the financial year of the performance period are submitted. The Executive Board member is obligated to hold the Bilfinger shares for at least three years from the time the shares are transferred. Bilfinger has the right to make a cash settlement as an alternative to the share transfer. In this case, the Executive Board member is obligated to purchase Bilfinger shares in the amount of the cash settlement and to hold them accordingly. In addition to the regular annual grant of PSUs, a supplementary agreement was concluded with the Executive Board to increase the PSUs granted in the reporting year for the period in which the Executive Board consists of only two members. In accordance with IFRS 2, the LTI is accounted for as equity-settled share-based payment because Bilfinger has neither a legal nor a constructive obligation to settle in cash. The fair value of a PSU at the grant date corresponds to the Bilfinger share price on the grant date, taking into account a discount for expected future dividends until the transfer of the real shares.

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

	2021	2020
Annualized volatility of the Bilfinger share	39.8%	34.6%
Average annualized volatility of MDAX companies	32.7%	31.3%
Average correlation of the Bilfinger share to MDAX securities	34.6%	25.8%
Risk-free interest rate	-0.8%	-0.6%

A total of 121,628 PSUs were granted to the Executive Board in the reporting year (previous year: 85,394). The weighted average fair value of these PSUs was €24.32 at granting (previous year: €28.98).

In the reporting year, the Bilfinger Executive Share Plan 2.0 (ESP 2.0) was introduced for senior executives, under the terms of which participants are allocated a certain number of Bilfinger SE shares on a provisional basis each year (performance shares). The term of a tranche is four years. The economic success target to be achieved is determined for each tranche separately. After the end of the first year of a tranche, the final number of performance shares is determined depending on the degree of target achievement. After a holding period of a further three years, the performance shares are converted into an identical number of real shares in Bilfinger SE and transferred to the participants. Bilfinger has the right to choose a cash settlement as an alternative. The ESP 2.0 is accounted for in accordance with IFRS 2 as equity-settled share-based payment.

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

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

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

In financial year 2020, a further one-time share-based payment plan with a term of two years was introduced for selected employees, under which shares in Bilfinger SE are transferred to the beneficiaries at the end of the term.

The weighted average fair value at the time of granting of the virtual shares granted in the financial year from share-based payment plans (not including Executive Board LTI) was €22.95 (previous year: €7.93), measured at the Bilfinger share price at the grant date less the present value of the dividends expected until the transfer of the real shares.

The development of the number of virtual shares from all share-based payment plans is shown in the following table. In contrast to the previous year, the table also includes the share-based payment relating to the Executive Board. The prior-year figures have been adjusted accordingly.

	2021	2020
Outstanding virtual shares at January 1	281,657	424,617
Virtual shares granted in the reporting year	315,928	736,431
Virtual shares forfeited in the reporting year	64,393	406,626
Finally allocated virtual shares at December 31	283,134	472,764
Outstanding virtual shares at December 31	250,058	281,657

The expenses from share-based payment are recognized pro rata over the vesting period. The expense recognized in profit or loss from share-based payments was €3.9 million (previous year: €9.5 million).

Share-based payment had the following effect on equity:

The capital reserve changed by €1.2 million (previous year: €1.9 million) due to an increase of €3.0 million (previous year: €2.5 million) resulting from the offsetting entry against the expense recognized for the LTI and a decrease of €1.8 million (previous year: decrease of €0.6 million) due to the transfer of shares under the LTI.

The change of -€13.4 million (previous year: €5.0 million) in retained earnings is made up of an increase due to the offsetting entry to the recognized expense from share-based payment not attributable to Executive Board members in the amount of €1.0 million (previous year: €6.9 million) as well as reductions in retained earnings due to the transfer of shares under the Bilfinger 2020 Executive Share Plan and the Extraordinary 2020 Share Bonus Plan in the reporting year in the amount of -€14.4 million (previous year: -€1.9 million).

Treasury shares decreased by €15.9 million (previous year: €0.4 million) due to the settlement of share-based payments.

35 Related-party disclosures

Related parties as defined by IAS 24 are persons or entities that can be influenced by the reporting company or that can exert a significant influence on the reporting company.

The significant transactions between fully consolidated companies of the Group and related parties mainly involved associates, joint ventures and non-consolidated subsidiaries. Business transactions with related parties result from the normal exchange of goods and services and are conducted at arm's length. They are shown in the table below.

	Associates		Joint ventures		Non-consolidated subsidiaries	
	2021	2020	2021	2020	2021	2020
Revenue	0.1	0.1	11.8	14.4	0.1	0.1
Services received	47.4	37.4	0.0	0.1	0.9	0.9
Receivables	0.7	0.7	4.6	5.5	0.3	0.4
Liabilities	1.0	3.0	0.8	0.7	1.2	1.4
Guarantees granted	0.0	0.0	0.0	0.0	0.0	0.0

In the previous year, the fully consolidated subsidiary *Tebodin India Private Ltd.* was sold to the joint venture at the time, *Muscat Engineering Consultancy LLC* (see Note 4.3).

Remuneration of the Executive Board and the Supervisory Board is explained in the section "Executive Board and Supervisory Board" (see Note 33). No further transactions with the Executive Board, the Supervisory Board and their close relations who are subject to disclosure took place in the reporting year.

Pursuant to the notification in accordance with Section 33 Subsection 1 of the German Securities Trading Act (WpHG) dated November 15, 2021, the investment company Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, holds 26.67 percent of voting rights with respect to Bilfinger SE capital. Over the past financial year, as was the case in the prior year, no business was conducted between Bilfinger SE or, respectively, its Group companies and Cevian Capital.

36 Auditors' fees

The fees listed below cover all of the services provided to the companies of the Bilfinger Group in financial year 2021 by the external auditors, PriceWaterhouseCoopers (previous year: Ernst & Young). Insofar as these services relate to PriceWaterhouseCoopers GmbH Wirtschaftsprüfungs-gesellschaft (previous year: Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft), the fees are shown as 'thereof' in the following table.

	2021	2020
Audit services	2.4	2.9
thereof in Germany	1.1	1.6
Other assurance services	0.1	0.2
thereof in Germany	0.1	0.1
Tax-consulting services	0.0	0.2
thereof in Germany	0.0	0.0
Other services	0.1	0.2
thereof in Germany	0.0	0.2
Total	**2.6**	**3.5**

Audit services include expenses for the audit of the consolidated financial statements and the annual financial statements of Bilfinger SE, expenses for statutory and voluntary audits of subsidiaries as well as expenses for the audit review of the half-year financial report of Bilfinger SE.

The fees for other assurance services mainly include assurance services relating to sustainability reporting. The fees for other services include project-related consulting services.

37 Declaration of compliance

Bilfinger SE is included in the consolidated financial statements as a listed company.

As prescribed by Section 161 of the German Stock Corporation Act, an annual declaration of compliance was issued by the Executive Board and the Supervisory Board on December 15, 2021, and on that date was made permanently available to the shareholders on Bilfinger's website.

38 Events after the balance-sheet date

After the end of the reporting year, Russia launched an attack on Ukraine. Bilfinger's business activities in Russia and Ukraine are very limited and the conflict therefore has no significant direct impact on the Group's economic situation. It is, however, currently not possible to assess the short- and medium-term consequences of the conflict, in particular regarding its length and any potential sanctions or further escalations, which means that uncertainties exist with regard to further developments.

39 List of subsidiaries and equity interests of Bilfinger SE

A. FULLY CONSOLIDATED COMPANIES I. German companies exempted pursuant to Section 264 Subsection 3 / Section 264b of the German Commercial Code (HGB)	Equity interest %
Bilfinger arnholdt GmbH, Oberhausen	100
Bilfinger Corporate Insurance Management GmbH, Mannheim	100
Bilfinger Corporate Real Estate Management GmbH, Mannheim	100
Bilfinger Digital Next GmbH, Aarbergen	100
Bilfinger EMS GmbH, Cloppenburg	100
Bilfinger Engineering & Maintenance GmbH, Heidelberg	100
Bilfinger Engineering & Technologies GmbH, Oberhausen	100
Bilfinger Global IT GmbH, Mannheim	100
Bilfinger GreyLogix foodtec GmbH, Flensburg	90
Bilfinger GreyLogix GmbH, Flensburg	100
Bilfinger Infrastructure Mannheim GmbH, Mannheim	100
Bilfinger ISP Europe GmbH, Mannheim	100
Bilfinger Noell GmbH, Würzburg	100
Bilfinger Shared Services GmbH, Mannheim	100

A. FULLY CONSOLIDATED COMPANIES II. Other German companies	Equity interest %
Bilfinger Industrial Services Germany GmbH, Burghausen	100
Bilfinger Infrastructure Services GmbH, Wiesbaden	100
Bilfinger Tebodin Germany GmbH, Oberhausen	100
BIS Equipment Service GmbH, Munich	100
BIS Industrieservice Mitte GmbH, Frankfurt am Main	100
R&M Baudienstleistungen GmbH, Munich	100
Sönnichsen & Görtz Baugesellschaft mbH, Hamburg	100

A. FULLY CONSOLIDATED COMPANIES

III. International

	Equity interest %
Babcock Borsig Service Arabia Ltd., Dammam, Saudi Arabia	100
Bilfinger Berger (Canada) Inc., Burnaby, British Columbia, Canada	100
Bilfinger Berger Civil Pty Ltd, Belmont Victoria, Australia	100
Bilfinger Berger Qatar W.L.L., Doha, Qatar	100
Bilfinger Bohr- und Rohrtechnik GmbH, Vienna, Austria	100
Bilfinger Brabant Mobiel B.V., Oosterhout, Netherlands	100
Bilfinger Chemserv GmbH, Linz, Austria	100
Bilfinger Construction Hungária Kft., Budapest, Hungary	100
Bilfinger Construction UK LIMITED, Manchester, United Kingdom	100
Bilfinger Deutsche Babcock Emirates LLC, Abu Dhabi, United Arab Emirates	90
Bilfinger Deutsche Babcock Middle East FZE, Dubai, United Arab Emirates	100
Bilfinger EMV BV, Zwijndrecht, Belgium	100
Bilfinger Engineering & Maintenance Nordics AB, Kungälv, Sweden	100
Bilfinger Engineering & Maintenance Nordics AS, Porsgrunn, Norway	100
Bilfinger Engineering & Maintenance Nordics Oy, Porvoo, Finland	100
Bilfinger GreyLogix Austria GmbH, Vienna, Austria	100
Bilfinger Guangzhou Engineering & Technologies Co., Ltd., Guangzhou, People's Republic of China	100
Bilfinger Height Specialists B.V., Rotterdam, Netherlands	100
Bilfinger Inc., Wilmington, Delaware, USA	100
Bilfinger Industrial Services België N.V., Zwijndrecht, Belgium	100
Bilfinger Industrial Services Beteiligungs GmbH, Linz, Austria	100
Bilfinger Industrial Services GmbH, Linz, Austria	100
Bilfinger Industrial Services IM AS, Porsgrunn, Norway	100
Bilfinger Industrial Services Inc., Wilmington, Delaware, USA	100
Bilfinger Industrial Services Nederland B.V., Brielle, Netherlands	100
Bilfinger Industrial Services Austria GmbH, Linz, Austria	100
Bilfinger Industrial Services Polska Sp. z o.o., Warsaw, Poland	100
Bilfinger Industrial Services Switzerland AG, Zofingen, Switzerland	100
Bilfinger Industrier Danmark A/S, Aarhus, Denmark	100
Bilfinger Insulation B.V., Brielle, Netherlands	100
Bilfinger International Construction and Trading N.V., Zwijndrecht, Belgium	100
Bilfinger Intervalve Africa (Pty) Ltd., Rivonia, South Africa	50
Bilfinger Life Science GmbH, Puch bei Hallein, Austria	100
Bilfinger LTM Industrie SAS, Toussieu, France	100
Bilfinger Maschinenbau Beteiligungs GmbH, Linz, Austria	100
Bilfinger Nordics AS, Stavanger, Norway	100
Bilfinger North America Inc., Wilmington, Delaware, USA	100
Bilfinger Northwest Europe Limited, Aberdeen, United Kingdom	100
Bilfinger Peters Engineering SAS, Malakoff, France	91
Bilfinger Piping Technologies UK Limited, Warrington, United Kingdom	100
Bilfinger Power Africa (Pty) Ltd., Rivonia, South Africa	100
Bilfinger Prefal - Isolamentos Térmicos, Unipessoal Lda, Lisbon, Portugal	100

	Equity interest %
Bilfinger ROB B.V., Terneuzen, Netherlands	100
Bilfinger ROB N.V., Zwijndrecht, Belgium	100
Bilfinger Salamis UK Limited, Aberdeen, United Kingdom	100
Bilfinger Scaffolding B.V., Brielle, Netherlands	100
Bilfinger Shared Services B.V., Brielle, Netherlands	100
Bilfinger Tebodin B.V., The Hague, Netherlands	100
Bilfinger Tebodin Belgium NV, Zwijndrecht, Belgium	100
Bilfinger Tebodin CIS B.V., The Hague, Netherlands	100
Bilfinger Tebodin Czech Republic, s.r.o., Prague, Czech Republic	100
Bilfinger Tebodin d.o.o., Belgrade, Serbia	100
Bilfinger Tebodin Hungary Kft., Budapest, Hungary	100
Bilfinger Tebodin Netherlands B.V., The Hague, Netherlands	100
Bilfinger Tebodin Poland Sp. z o.o., Warsaw, Poland	100
Bilfinger Tebodin România S.R.L., Voluntari, Romania	100
Bilfinger Tebodin Rus, LLC, Moscow, Russia	100
Bilfinger Tebodin Slovakia s.r.o., Bratislava, Slowakei	100
Bilfinger Tebodin Ukraine CFI, Kiev, Ukraine	100
Bilfinger UK Limited, Warrington, United Kingdom	100
Bilfinger VAM Anlagentechnik GmbH, Wels, Austria	100
Centennial Contractors Enterprises Inc., Reston, Virginia, USA	100
FCC LLC, Clayton, Missouri, USA	100
Multiserwis Sp. z o.o., Krapkowice, Poland	83
Steinmüller Africa (pty) Ltd., Rivonia, South Africa	68
Tebodin Malaysia SDN. BHD., Kuala Lumpur, Malaysia	100
Tebodin Middle East Holding Limited, Nicosia, Cyprus	100
Tebodin Middle East Ltd., Nicosia, Cyprus	100
Tebodin Singapore Pte. Ltd., Singapore, Singapore	100

B. INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD I. Germany	Equity interest %
Babcock Fertigungszentrum GmbH, Oberhausen	50

B. INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD II. International	Equity interest %
Atlantic NICC JV LLC, Vienna, Virginia, USA	49
BILFINGER (THAI) CONSTRUCTION CO. LTD., Bangkok, Thailand	49
Eduardo Construction (pty) Ltd., Witbank, South Africa	29
Mediterranean Sea Engineering Construction Joint Stock Company, Sirte, Libya	49
Midnight Sun - Centennial JV, LLC, Anchorage, Alaska, USA	49
Midnight Sun-Centennial Kirratchiaq JV, LLC, Anchorage, Alaska, USA	49
Midnight Sun-Centennial Sunnliaq JV, LLC, Anchorage, Alaska, USA	49
PCC/BMO v.o.f., Heijningen, Netherlands	50
SIP's UNITED V.O.F., Vlaardingen, Netherlands	50
Tebodin & Partners Saudi for Engineering Consultancy, Jeddah, Saudi Arabia	51
Veteran's Construction Alliance LLC, Norfolk, Virginia, USA	49
Veteran's Construction Coalition LLC, Norfolk, Virginia, USA	49
Veterans Construction Enterprises, LLC, Norfolk, Virginia, USA	49

C. NON-CONSOLIDATED COMPANIES I. Germany	Equity interest %
Bau-Union Potsdam Gesellschaft mit beschränkter Haftung, Leipzig	100
BIS EnTech GmbH, Munich	100
Bromit Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	94
PR France GmbH, Aarbergen	100
Willich Beteiligungen GmbH, Munich	100

C. NON-CONSOLIDATED COMPANIES II. International	Equity interest %
Babcock Borsig Service Hellas E.P.E., Athens, Greece	100
Bilfinger One Belgium BV, Zwijndrecht, Belgium	100
BMO B.V., Oosterhout, Netherlands	100
Deutsche Babcock Nigeria Ltd., Abuja, Nigeria	70
Malmö Citytunnel Group Handelsbolag, Malmö, Sweden	50
Tebodin Design & Engineering Technology Libya JSC, Tripoli, Libya	60
Zakład Remontowy Transformatorów i Silników sp. z o.o., Warsaw, Poland	100

D. GERMAN CONSTRUCTION JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD I. Germany	Equity interest %
ARGE Baugrube DKÖ Düsseldorf, Wiesbaden	68
ARGE Ing.-Bau Rethebrücke, Hamburg	50
ARGE LEH A1 Köln-Lövenich, Cologne	20
ARGE Neuer Kaiser-Wilhelm-Tunnel, Oberbau, Wiesbaden	50
ARGE Nord-Süd Stadtbahn Köln, Los Süd, Cologne	33
ARGE Rethebrücke, Hamburg	39
ARGE Spezialtiefbau DKÖ, Wiesbaden	60

D. JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD II. International	Equity interest %
Golden Crossing Constructors Joint Venture, Burnaby, British Columbia, Canada	67
Highway Management Construction (M1), Hillsborough, United Kingdom	33
Highway Management Construction (M80), Manchester, United Kingdom	50
JV Max Streicher Romania SRL, Ploiesti, Romania	50

Mannheim, March 8, 2022
Bilfinger SE
The Executive Board

Dr. Thomas Schulz   Christina Johansson   Duncan Hall

D Explanations and additional information

D.1 Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which has been combined with the management report of Bilfinger SE, includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Mannheim, March 8, 2022
Bilfinger SE
The Executive Board

Dr. Thomas Schulz Christina Johansson Duncan Hall

D.2 Independent Auditor's report

To Bilfinger SE, Mannheim

Report on the Audit of the Consolidated financial statements and of the Group management report

Audit Opinions

We have audited the consolidated financial statements of Bilfinger SE, Mannheim, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Bilfinger SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the non-financial group statement pursuant to § [Article] 315b Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code].

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the non-financial group statement referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1 Accounting treatment of revenues from project and service orders recognized over time

2 Recoverability of goodwill

Our presentation of these key audit matters has been structured in each case as follows:

a Matter and issue

b Audit approach and findings

c Reference to further information

Hereinafter we present the key audit matters:

1 Accounting treatment of revenues from project and service orders recognized over time

a In the Company's consolidated financial statements revenues totaling € 3,737.4 million are reported in the consolidated statement of profit or loss. Revenues of € 3,670.0 million are attributable to project orders and service business to be recognized over time. A material impact on revenue recognition and deferral is the judgement of the timing or period of the Companys fulfillment of its performance obligations. In the case of fixed-price contracts, the estimate of the stage of completion is based on the ratio of the actual contract costs already incurred, including any follow-up costs and contract risks, to the planned total costs. Otherwise, revenue is recognized in accordance with the goods and services transferred to that point. Revenue is recognized according to the stage of completion. IFRS 15 requires estimates and judgments to be made in certain areas, the appropriateness of those had to be assessed in the context of our audit. In particular, the estimation of the planned total costs of the project orders to be recognized over time as well as the proper determination of the costs incurred for the orders are based on the estimates and assumptions of the executive directors. Cost overruns as well as changes in project scope due to unforeseeable developments can lead to significant deviations regarding revenues, estimates of total costs and the resulting profit realization compared to the initial estimates of the executive directors. The proper recognition and deferral of revenue under Group-wide application of the accounting standard IFRS 15 is therefore to be considered complex, in particular with regard to the application of period-based realization and the determination of the percentage of completion. The Company has put in place comprehensive systems and processes throughout the Group for the purposes of accurately recognizing and deferring revenue.

Against this background and due to the resulting estimation uncertainties as well as the complexity of the accounting under Group-wide application of IFRS 15, this matter was of particular significance in the context of our audit.

b As part of our audit, we assessed, among other things, the appropriateness and effectiveness of the processes and controls established by the Group for the recognition of revenue from project orders over time, taking into account the stage of completion. In addition, our audit included an assessment of the accounting methods and estimates made by the executive directors, in particular with regard to the period and timing of realization. In doing so, it was determined whether the agreements with the customers contained significant financing components in view of any need for correction in determining the transaction price. In addition, with respect to project orders recognized over time we examined projects on a sample basis to determine whether they met the requirements for recognizing profit over time in accordance with IFRS 15. In doing so, we evaluated the estimates and judgments made by the executive directors with respect to the recognition and deferral of revenue for the various business models of the Group companies. Furthermore, we assessed the calculation of percentage of completion and the proportionate recognition of revenue and profit derived from this. In this context, we traced the determination of both the planned total costs and the actual contract costs incurred, including any follow-up costs and contract risks for the respective project as a whole. Where necessary, we also evaluated the progress of the respective project by discussing it with project managers and inspecting project documents. Along with this, we also assessed, among other things, the consideration of contractual terms and conditions, such as late payment and contractual penalties. We also addressed the inherent audit risk in this audit area by means of audit procedures that were consistently applied throughout the Group.

We were able to satisfy ourselves that the estimates and assumptions made by the executive directors for the accounting treatment of revenues from project and service orders recognized over time are sufficiently documented and substantiated.

c The Company's disclosures on the accounting treatment of revenues from project and service orders are contained in sections "3.4 Significant accounting policies" and "3.5 Assessment and estimates" of the notes to the consolidated financial statements.

2 Recoverability of goodwill

a In the Company's consolidated financial statements goodwill amounting in total to € 777.7 million (24.7 % of total assets or 60.3 % of equity) is reported under the "Intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rates of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

b As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate and rates of growth applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate as well as rates of growth applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

c The Company's disclosures on impairment testing and goodwill are contained in sections "3.4 Significant accounting policies", "3.5 Assessment and estimates" and "15.1 Goodwill" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the non-financial group statement pursuant to § 315b Abs. 1 HGB as an unaudited part of the group management report.

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB

- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file BILFINGER_SE_KA+ZLB_ESEF-2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 15 April 2021. We were engaged by the supervisory board on 21 May 2021. We have been the group auditor of the Bilfinger SE, Mannheim, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other matter– Use of the Auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dirk Fischer.

Mannheim, March 8, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Fischer	Dr. Martin Nicklis
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

D.3 Return-on-capital-employed controlling

	Engineering & Maintenance Europe		Engineering & Maintenance International		Technologies		Total of segments		Reconciliation Group		Total continuing operations	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
in € million												
Goodwill	410.9	403.9	211.2	218.8	149.0	152.5	771.1	775.2	0.0	2.6	771.1	777.8
Property, plant and equipment	178.2	179.2	23.5	32.4	14.4	15.6	216.2	227.2	44.7	64.3	260.9	291.4
Other non-current assets	162.8	165.5	33.1	41.8	25.5	27.1	221.4	234.3	38.3	279.4	259.7	513.7
Current assets	626.6	602.7	210.3	199.6	193.0	209.8	1,029.8	1,012.2	925.5	690.1	1,955.4	1,702.3
Segment assets	**1,379.8**	**1,353.0**	**479.0**	**493.2**	**382.5**	**406.0**	**2,241.4**	**2,252.1**	**1,009.1**	**1,037.0**	**3,250.4**	**3,289.2**
Segment liabilities	584.1	581.6	179.2	168.9	212.4	242.0	975.7	992.6	1,054.6	1,217.7	2,030.3	2,210.3
Interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-868.8	-926.2	-868.8	-926.2
Non-interest-bearing liabilities	**584.1**	**581.6**	**179.2**	**168.9**	**212.4**	**242.0**	**975.7**	**992.6**	**185.8**	**291.6**	**1,161.5**	**1,284.1**
Balance	**795.7**	771.4	**299.9**	324.3	**170.1**	163.9	**1,265.7**	1,259.6	**823.2**	745.5	**2,088.9**	2,005.0
Financial assets, project-related	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets, division-related	94.7	49.8	9.2	0.0	76.7	82.4	180.7	132.2	-180.7	-132.2	0.0	0.0
Operating financial assets	**94.7**	**49.8**	**9.2**	**0.0**	**76.7**	**82.4**	**180.7**	**132.2**	**-180.7**	**-132.2**	**0.0**	**0.0**
Capital employed	**890.4**	**821.1**	**309.1**	**324.3**	**246.9**	**246.4**	**1,446.4**	**1,391.8**	**642.6**	**613.3**	**2,088.9**	**2,005.0**
EBITA reported	**115.5**	36.0	**-17.6**	-34.5	**19.2**	-36.0	**117.1**	-34.4	**4.0**	-22.6	**121.2**	-57.0
EBIT	**115.5**	35.7	**-17.6**	-35.8	**19.2**	-36.0	**117.1**	-36.1	**4.0**	-29.4	**121.2**	-65.5
Interest income and income from securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.6	211.1	25.6	211.1
Interest income, division-related (2.31% / previous year 2.31%)	2.2	1.1	0.2	0.0	1.8	1.9	4.2	3.1	-4.2	-3.1	0.0	0.0
Taxes	-20.2	0.3	-0.9	1.7	-3.2	-2.6	-24.3	-0.6	32.4	-6.9	8.1	-7.5
Return	**97.5**	37.2	**-18.3**	-34.1	**17.8**	-36.8	**97.0**	-33.7	**57.9**	171.7	**154.9**	138.0
ROCE (return on capital employed)	**11.0%**	4.5%	**-5.9%**	-10.5%	**7.2%**	-14.9%	**6.7%**	-2.4%	**-**	-	**7.4%**	6.9%
WACC (weighted average cost of capital)	**8.2%**	8.3%	**8.9%**	9.1%	**10.3%**	11.6%	**8.5%**	8.8%	**-**	-	**8.5%**	8.8%
Value added, relative	**2.8%**	-3.8%	**-14.8%**	-19.6%	**-3.1%**	-26.5%	**-1.8%**	-11.2%	**-**	-	**-1.1%**	-1.9%
Value added, absolute	**24.5**	-31.2	**-45.8**	-63.5	**-7.7**	-65.3	**-29.0**	-160.1	**5.6**	122.2	**-23.4**	-37.9

D.3.1 Explanation of return-on-capital-employed controlling

Our return-on-capital-employed controlling is based on the segment reporting which is conducted in accordance with the organizational structure of our business segments. We focus on continuing operations in order to provide better comparability over time in the consideration of return-on-capital-employed.

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

The **segment assets** of the business segments include goodwill and intangible assets from acquisitions; property, plant and equipment; other non-current assets and current assets. The segment assets shown under 'Reconciliation Group' include cash and cash equivalents, as well as non-current and current assets not allocated to the business segments.

The segment liabilities are deducted from the segment assets. They include liabilities and provisions that are available to the company free of interest. Financial liabilities and retirement-benefit obligations are not included.

We refer to segment liabilities as **non-interest-bearing liabilities**. The balance of segment assets and non-interest-bearing liabilities represents the capital directly employed in the business segments.

Project-related and business-unit-related financial assets are allocated to the business segments in the context of return-on-capital-employed controlling so that adequate capital resources are taken into consideration. As so-called **operating financial assets**, they adjust the balance, which results in the average tied-up interest-bearing assets. This item is termed **capital employed**.

The definition of return as used in the return-on-capital-employed concept is derived from EBIT.

Interest income and income from securities result from the investment of cash and cash equivalents presented under 'Reconciliation Group' as well as from the interest and the mark-to-market valuation of non-current assets.

In order to determine a measure of earnings not affected by the form of financing, **interest expenses** are fundamentally not taken into consideration in the context of return-on-capital-employed controlling.

Project-related and business-unit-related interest income relates to credit entries on operating financial assets made by headquarters to the benefit of the business segments.

Return as defined by our return-on-capital-employed controlling is the sum of EBIT and the described additional financial components less taxes incurred.

ROCE stands for return on capital employed, expressed as a percentage. It is compared with the **weighted average cost of capital after taxes (WACC)** for the business segments and for the entire Group.

The difference between **ROCE** and **WACC** is **relative value added**. **Absolute value added** is the difference between return and the cost of capital employed, and is equal to the amount of capital employed multiplied by relative economic value added.

D.4 Boards of the company

D.4.1 Executive Board

Dr. Thomas Schulz, Chairman (since March 1, 2022)

Memberships in comparable monitoring boards of other
German and foreign companies:
Norsk Hydro A/S, Porsgrunn, Norway (non-executive member of the Board)
Boart Longyear Ltd., Salt Lake City, Utah, USA (non-executive member of the Board)

Other (material) activities:
Danish Management Society (VL), Copenhagen, Denmark

Christina Johansson, Interim CEO (from January 20, 2021 until February 28, 2022) and CFO

Division:
Other Operations

Accounting, Controlling & Tax | Bilfinger Infrastructure Mannheim | Communications & Public Affairs (since January 20, 2021) | Human Resources (Labor Director) (since January 20, 2021) | Internal Audit & Investigations (until January 19, 2021 Internal Audit & Controls) | IT | Legal & Insurance (since January 20, 2021) | Procurement | Real Estate | Strategy & M&A (since January 20, 2021) | Treasury & Investor Relations

Memberships in other statutory supervisory boards
of other German companies:
ABOUT YOU Verwaltungs AG, Hamburg (since May 31, 2021)

Memberships in comparable monitoring boards of other
German and foreign companies:
Emmi AG, Lucerne, Switzerland (non-executive member of the Board)
Optikart AG, Wangen bei Olten, Switzerland (non-executive member of the Board) (until July 21, 2021)

Information on the boards, the board members and the responsibilities relate, unless stated otherwise, to December 31, 2021 or to the date of resignation (where indicated).

Tom Blades, Chairman (until January 19, 2021)

Chief Digital Officer | Communications & Public Affairs | Compliance | Human Resources (Labor Director) | Legal & Insurance | Strategy & M&A

Other (material) activities:
Membership in the Shareholders' Committee of Voith Management GmbH, Heidenheim an der Brenz

Duncan Hall, COO

Division:
Technologies

Regions:
E&M Austria and Switzerland | E&M Belgium and Netherlands | E&M Germany | E&M Middle East | E&M Nordics | E&M North America | E&M Poland | E&M UK

Chief Digital Officer (since January 20, 2021) | Compliance (since January 20, 2021) | Global Development | Health, Safety, Environment & Quality (HSEQ) | Operational Excellence

D.4.2 Supervisory Board

Dr. Eckhard Cordes, Chairman (since November 11, 2014)
Member of the Supervisory Board since November 5, 2014

Partner at Cevian Capital AG, Pfäffikon, Switzerland
Partner and Managing Director of EMERAM Capital Partners GmbH, Munich

Memberships in comparable monitoring boards of other German and foreign companies:
AB Volvo (publ), Gothenburg, Sweden (Board of Directors)

Stephan Brückner, Deputy Chairman (since May 21, 2008)
Member of the Supervisory Board since May 21, 2008

Chairman of the Bilfinger Group Works Council and the SE Works Council of Bilfinger SE, Mannheim

Other (material) activities:
Employee and Chairman of the Works Council at Bilfinger Maintenance GmbH, Heinsberg
Chairman of the Bilfinger Segment Works Council Engineering & Maintenance, Neu-Isenburg

Agnieszka Al-Selwi
Member of the Supervisory Board since September 1, 2016

Member of the SE Works Council of Bilfinger SE, Mannheim

Other (material) activities:
Employee and member of the Works Council at Multiserwis Sp. z o.o., Krapkowice, Poland
Member of the Transfer Pricing Centre Association, Warsaw, Poland

Vanessa Barth
Member of the Supervisory Board since April 15, 2021

Section Head, Target Group Work and Equality, IG Metall, Frankfurt am Main

Information on the boards and board members relate, unless stated otherwise, to December 31, 2021 or to the date of resignation (where indicated).

Werner Brandstetter
Member of the Supervisory Board since April 15, 2021

Chairman of the Works Council at Bilfinger Industrial Services GmbH / Operations Projects, Linz, Austria

Other (material) activities:
Employee at Bilfinger Industrial Services GmbH, Linz, Austria
Deputy Chairman of various Bilfinger Works Councils

Dr. Roland Busch
Member of the Supervisory Board since April 15, 2021

Member of various supervisory boards and boards

Other (material) activities:
Lufthansa Malta Pension Holding Ltd., Malta (Investment Board)

Memberships in other statutory supervisory boards of other German companies:
Delvag Versicherungs-AG, Cologne (Chairman)
SLM Solutions Group AG, Lübeck
Lufthansa Technik AG, Hamburg
medondo Holding AG, Munich

Memberships in comparable monitoring boards of other German and foreign companies:
Yonder AG, Zurich, Switzerland (Chairman of the Administrative Council)
Lufthansa Leasing GmbH, Grünwald (Voluntary Supervisory Board)
Lufthansa Pension Trust e.V., Frankfurt am Main (Executive Board)

Dorothée Deuring
Member of the Supervisory Board from May 11, 2016, until April 15, 2021

Self-employed corporate consultant in corporate finance

Memberships in comparable monitoring boards of other German and foreign companies:
Axpo Holding AG, Baden, Switzerland (Administrative Council)
Elementis plc, London, United Kingdom (Board of Directors)
Lonza AG, Basel, Switzerland, (Administrative Council)

Dr. Ralph Heck
Member of the Supervisory Board from May 11, 2016, until April 15, 2021

Entrepreneur and advisor

Other (material) activities:
Chairman of the Executive Board of the Bertelsmann Stiftung, Gütersloh

Memberships in other statutory supervisory boards
of other German companies:
Klöckner & Co SE, Duisburg

Memberships in comparable monitoring boards of other
German and foreign companies:
Adolf Würth GmbH & Co. KG, Künzelsau (Advisory Board)
Formel D GmbH, Troisdorf (Chairman of the Advisory Board)

Susanne Hupe
Member of the Supervisory Board from September 1, 2016, until April 15, 2021

Chairwoman of the Bilfinger Segment Works Council Technologies, Oberhausen

Other (material) activities:
Employee of Bilfinger Engineering & Technologies GmbH, Osterode

Rainer Knerler
Member of the Supervisory Board since July 18, 1996

Executive employee of IG Bauen-Agrar-Umwelt and consultant, Berlin

Dr. Janna Köke
Member of the Supervisory Board from May 11, 2016, until April 15, 2021

Trade Union Secretary at IG Metall, Mannheim

Frank Lutz
Member of the Supervisory Board since May 15, 2018

Chairman of the Executive Board of CRX Markets AG, Munich

Memberships in other statutory supervisory boards
of other German companies:
Scout24 SE, Munich (Deputy Chairman)

Dr. Silke Maurer
Member of the Supervisory Board since April 15, 2021

Member of the Management Board and Chief Operating Officer at BSH Hausgeräte GmbH, Munich

Robert Schuchna
Member of the Supervisory Board since June 24, 2020

Partner at Cevian Capital Limited, Pfäffikon, Switzerland

Jörg Sommer
Member of the Supervisory Board since May 11, 2016

Deputy Chairman of the SE Works Council at Bilfinger SE, Mannheim, and of the Bilfinger Segment Works Council Engineering & Maintenance, Neu-Isenburg

Other (material) activities:
Employee of Bilfinger arnholdt GmbH, Gelsenkirchen
Member of the Bilfinger Group Works Council at Bilfinger SE, Mannheim

Dr. Bettina Volkens
Member of the Supervisory Board since June 24, 2020

Member of various supervisory boards and independent consultant

Memberships in other statutory supervisory boards
of other German companies:
CompuGroup Medical SE & Co. KGaA, Koblenz
Vossloh AG, Werdohl

Presiding Committee:
Dr. Eckhard Cordes, Chairman
Stephan Brückner, Deputy Chairman
Dr. Ralph Heck, until April 15, 2021
Rainer Knerler
Dr. Bettina Volkens, since April 15, 2021

Audit Committee:
Frank Lutz, Chairman
Vanessa Barth, since April 15, 2021, Deputy Chairwoman (since May 10, 2021)
Dr. Roland Busch, since April 15, 2021
Dorothée Deuring, until April 15, 2021
Susanne Hupe, until April 15, 2021, Deputy Chairwoman
Jörg Sommer

Nomination Committee:
Dr. Eckhard Cordes, Chairman
Frank Lutz
Robert Schuchna

Strategy Committee:
Dr. Eckhard Cordes, Chairman
Werner Brandstetter, since April 15, 2021
Stephan Brückner, Deputy Chairman
Dr. Ralph Heck, until April 15, 2021
Susanne Hupe, until April 15, 2021
Rainer Knerler
Frank Lutz, since April 15, 2021
Robert Schuchna

Special Committee (since January 8, 2021)
Frank Lutz, Chairman
Vanessa Barth, since April 15, 2021
Rainer Knerler
Dr. Janna Köke, until April 15, 2021
Robert Schuchna

Information on the boards and board members relate, unless stated otherwise, to December 31, 2021.

Ten-year overview

GROUP

in € million

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assets										
Non-current assets	**3,519**	**3,012**	**2,491**	**1,525**	**1,690**	**1,643**	**1,614**	**1,676**	**1,313**	**1,281**
Intangible assets	1,890	2,015	1,639	895	849	804	804	803	765	781
Property, plant and equipment	690	629	477	471	383	367	324	312	270	259
Receivables from concession projects	508	–	–	–	–	–	–	–	–	–
Rights of use from leases	–	–	–	–	–	–	–	227	189	177
Other non-current assets	254	196	136	40	337	386	412	274	33	19
Deferred taxes	177	172	239	119	121	86	75	61	56	47
Current assets	**3,331**	**3,520**	**3,514**	**3,660**	**2,329**	**1,977**	**1,862**	**1,678**	**1,943**	**1,867**
Inventories, receivables, other	2,244	2,213	1,753	1,380	1,216	1,198	1,237	1,179	1,432	1,035
Cash and cash equivalents	1,087	647	359	427	1,032	767	574	500	511	833
Assets classified as held for sale	–	660	1,402	1,853	81	12	50	–	–	–
Equity & liabilities										
Equity	**2,037**	**2,165**	**1,917**	**1,418**	**1,621**	**1,383**	**1,205**	**1,153**	**1,199**	**1,289**
Share capital	138	138	138	138	138	133	133	133	133	133
Reserves	1,795	1,972	1,805	1,124	1,562	1,270	1,191	1,138	1,143	986
Treasury shares	-100	-99	-97	-97	-97	-39	-150	-150	-150	-12
Distributable earnings	196	138	92	292	46	44	44	44	83	195
Minority interest	8	16	-21	-39	-28	-25	-13	-12	-11	-12
Non-current liabilities	**1,748**	**1,146**	**1,061**	**901**	**898**	**874**	**363**	**917**	**886**	**729**
Provisions for pensions and similar obligations	394	417	400	295	304	293	288	338	340	307
Other provisions	56	55	45	31	29	27	25	24	22	21
Financial liabilities, recourse	519	517	514	513	510	509	11	551	521	395
Financial liabilities, non-recourse	461	13	13	–	–	–	–	–	–	–
Other liabilities	169	49	22	2	–	–	–	–	–	3
Deferred taxes	149	95	68	60	55	45	39	4	3	4
Current liabilities	**3,065**	**3,221**	**3,027**	**2,866**	**1,500**	**1,363**	**1,908**	**1,285**	**1,171**	**1,131**
Current tax liabilities	102	115	84	39	39	34	34	25	24	22
Other provisions	557	482	360	512	489	442	384	302	300	216
Financial liabilities, recourse	192	28	7	13	12	2	502	50	47	54
Financial liabilities, non-recourse	9	28	27	–	–	–	–	–	–	–
Other liabilities	2,205	1,907	1,484	1,156	892	859	963	908	800	839
Liabilities classified as held for sale	–	661	1,065	1,146	68	26	26	–	–	–
Balance-sheet total	**6,850**	**6,532**	**6,005**	**5,185**	**4,019**	**3,620**	**3,476**	**3,355**	**3,256**	**3,149**

2013 pro forma: adjusted for discontinued operations: Construction and Offshore Systems
2014 pro forma: adjusted for discontinued operations: Power
2015 pro forma: adjusted for discontinued operations: Water Technologies as well as Building, Facility Services and Real Estate divisions
2016 pro forma: adjusted for discontinued operations: Power
2017: Incl. marketable securities in the amount of €150 million
2018: Incl. marketable securities in the amount of €120 million

BUSINESS DEVELOPMENT

in € million	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Orders received	**8,304**	**7,513**	**5,510**	**4,301**	**4,056**	**4,055**	**4,459**	**4,159**	**3,724**	**4,008**
Order backlog	**7,388**	**6,476**	**4,401**	**2,902**	**2,618**	**2,531**	**2,818**	**2,567**	**2,585**	**2,946**
Revenue / output volume [5]	**8,586**	**7,552**	**6,246**	**5,003**	**4,219**	**4,044**	**4,153**	**4,327**	**3,461**	**3,737**
Investments	**521**	**391**	**258**	**66**	**72**	**76**	**67**	**65**	**37**	**63**
Property, plant and equipment	143	140	117	62	70	71	66	64	37	61
Financial assets	378	251	141	4	2	5	1	2	0	2
Number of employees (at year-end)	**66,683**	**71,127**	**57,571**	**42,365**	**36,946**	**35,644**	**35,905**	**33,327**	**28,893**	**29,756**
Earnings figures										
Gross profit	1,121	1,052	794	431	395	336	391	412	296	387
EBITA	432	349	207	-157	-221	-118	-7	32	-57	121
EBITA adjusted[1]	387	415	262	-23	15	3	65	104	20	137
EBIT	381	298	170	-501	-231	-126	-12	28	-66	121
Net profit [4]	276	173	-71	-510	271	-89	-24	24	99	130
Adjusted net profit from continuing operations [1,2]	241	251	160	-30	-8	-9	36	49	-8	89
Operating cash flow	232	210	34	39	-224	-119	50	110	120	113
Free cash flow	439	294	105	2	-264	-181	-4	57	93	115
Adjusted free cash flow[1]	–	–	–	136	-111	-69	56	128	136	167
Earnings per share in €	5.26	4.76	0.77	0.88	-5.77	-2.71	1.21	2.74	2.99	2.76
Earnings per share in €[4]	6.26	3.91	-1.62	-11.54	6.13	-2.01	-0.59	0.60	2.47	3.19
Adjusted earnings per share from continuing operations in €[1,2]	5.46	5.69	3.62	-0.68	-0.17	-0.19	0.87	1.23	-0.20	2.19
Profitability ratios										
Gross profit as a percentage of revenue / output volume [5]	13.1	13.9	12.7	8.6	9.4	8.3	9.4	9.5	8.6	10.4
Return on output volume / revenue [5] (EBITA adjusted) in %	4.5	5.5	4.2	-0.5	0.4	0.1	1.6	2.4	0.6	3.7
Return on equity (adjusted net profit) in %	12.0	12.3	7.8	-1.8	-0.6	-0.6	3.0	4.2	-0.7	6.9
Return on capital employed (ROCE) in %	15.7	13.9	11.9	-30.0	-13.8	-5.5	0.1	1.8	6.9	7.4
Value added	165	157	43	-704	-380	-304	-154	-141	-38	-23
BILFINGER SE										
Dividend distribution	132.4	132.5	88.4	–	44.2	42.0	40.3	4.8	75.8	193.4[6]
Dividend per share in €[5]	3.00	3.00	2.00	–	1.00	1.00	1.00	0.12	1.88	1.00[6]
Dividend bonus in €	–	–	–	–	–	–	–	–	–	3.75[6]
Share price at year-end in €	73.00	81.53	46.35	43.47	36.57	39.57	25.48	34.50	25.86	29.90
Number of shares at year-end [3]	46,024,127	46,024,127	46,024,127	46,024,127	46,024,127	44,209,042	44,209,042	44,209,042	44,209,042	41,037,328

All values relate to continuing operations, unless stated otherwise.
2012 continuing operations not including Valemus and Concessions
2013 continuing operations not including Concessions, Construction and Offshore Systems
2014 continuing operations not including Power
2015 continuing operations including Power, not including Water Technologies division as well as Building, Facility Services and Real Estate divisions

1 Adjustments see Chapter B.2.2 Earnings situation – adjusted earnings per share
2 Based on adjusted tax rate of 31 percent, from 2019 of 27 percent
3 Including shares held as treasury stock. 2012: 1,884,000 | 2013: 1,866,365 | 2014: 1,835,318 | 2015: 1,824,383 | 2016: 1,815,085 | 2017: 1,084,302 | 2018: 3,938,393 | 2019: 3,917,752 | 2020: 3,908,453
4 Includes continuing and discontinued operations
5 Reporting changed from output volume to revenue. Output volume 2012-2016 | Revenue 2017 ff
6 Intended dividend proposal, subject to a corresponding resolution by the Annual General Meeting

Financial calendar

May 11, 2022
Ordinary Annual General Meeting

May 11, 2022
Quarterly statement Q1 2022

August 11, 2022
Quarterly statement Q2 2022
Half-year financial report 2022

November 9, 2022
Quarterly statement Q3 2022

Imprint

Layout, Setting
Burkardt | Hotz
Büro für Gestaltung
Offenbach am Main

Photography
Thomas Kauffelt

The Annual Report is published
in German and English.
Only the German version is definitive.

Date of publication
March 10, 2022

Investor Relations
Bettina Schneider
Phone + 49 621 459-2377
Fax + 49 621 459-2761
E-mail: bettina.schneider@bilfinger.com

Corporate Communications
Phone + 49 621 459-2483
Fax + 49 621 459-2500
E-mail: press@bilfinger.com

Headquarters
Oskar-Meixner-Strasse 1
68163 Mannheim
Phone + 49 621 459-2000
Fax + 49 621 459-2366

You will find the addresses of our branches and affiliates
in Germany and abroad
in the Internet at
www.bilfinger.com.

Notices and disclaimer

This Annual Report takes the form of a financial report; it focuses on the significant and legally required information. The Outlook, Chapter B.4, contains forward-looking statements which reflect the assessment of the Executive Board at this point in time with regard to future events and developments on the basis of current information, planning, assumptions and expectations. These statements are marked by formulations such as "expect", "want", "seek", "intend", "plan", "believe", "evaluate", "assume", "in future", "intention" or similar terms.

All forward-looking statements contained in this Annual Report are inherently subject to uncertainties and risks, in particular because they depend on factors beyond our control. Such risks are described in Chapter B.3 Risk and opportunity report, but are not limited to those stated. The actual developments in the future may deviate substantially from the forecasts and forward-looking statements made here. Bilfinger cannot provide any guarantee that the expectations and goals implicitly or explicitly expressed in the forward-looking statements will be achieved.

We also do not assume any obligation to update any of the forward-looking statements or, in the case of deviations in the actual future developments, to correct them.

In addition to the key figures prepared in accordance with IFRS, Bilfinger also presents pro-forma key figures (for example adjusted earnings per share, adjusted net profit, EBITA, EBITA adjusted, EBITA margin, EBITA margin adjusted, return) which are neither part of the financial-accounting regulations nor subject to them. These pro-forma key figures are to be seen as a supplement, but not as a substitute for the disclosures required by IFRS. The pro-forma key figures are based on the definitions provided in this Annual Report. Other companies may calculate these key figures differently.

Due to the rounding of the disclosed figures, it is possible that individual figures do not precisely add up to the totals provided and that percentage figures provided do not precisely reflect the absolute values that they relate to.

This Annual Report is also available in English. In case of any deviations from the German version, the German version of the Annual Report shall prevail.

To the General Meeting of Bilfinger Nordics AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Bilfinger Nordics AS (the Company), which comprise the balance sheet as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

pwc

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Stavanger, 30 June 2022
PricewaterhouseCoopers AS

Tom Notland
State Authorised Public Accountant
(This document is signed electronically)

Securely signed with Brevio

Auditor's report Bilfinger Nordics AS

Signers:

Name	*Method*	*Date*
Notland, Tom	BANKID_MOBILE	2022-06-30 17:44

BILFINGER

Board of Director's report

The Company

Bilfinger Nordics AS (hereafter "The Company"), a part of Bilfinger SE group, provides engineering, maintenance and support services related to scaffolding and rope access, surface treatment, insulation, architecture and passive fire protection. The Company's main markets in 2021 were within the oil and gas and process industries.

The Company's head office is located in Stavanger. The Company has project offices in Bergen, Hammerfest and Porsgrunn, and work sites both onshore and offshore.

Focus areas 2021

In 2021, the Company was still affected by the Covid-19 pandemic, which has significantly influenced the Company, our operations, our people and the society for the past two years. Throughout this period, the focus has been to handle the different pandemic waves following new virus variants according to our pandemic response plan and maintain safe and efficient operations both onshore and offshore.

The Company continued to focus on operational improvements in 2021 and improved its operational status considerably, with a strong order intake and considerable growth compared to the previous year.

Predominantly, the activity increase in 2021 was related to the Company's operations in Hammerfest. Due to a serious fire at the Hammerfest LNG plant in September 2020, a repair project started at the plant and continued throughout the year. The Company worked closely together with the customer to prepare an execution plan for the work, which engaged around 210 people at the site throughout 2021. Despite the challenging working conditions from various pandemic restrictions, the Company managed to mobilize for the extensive scope of repair works and to secure the resources necessary to ramp up for the critical repair activities.

The activity level for other customers and installations also gradually increased over the year, in particular offshore at the the Sleipner and Snorre fields where the Company implemented additional maintenance campaigns to recover progress on the maintenance program from the pandemic period.

Following an organizational change of all European operations in Bilfinger in 2020, the Company became a part of the new Nordics region. A new strategy and operational model for the Bilfinger Nordics Region was developed and the implementation phase started in 2021 to realize additional growth, increase efficiencies and enable a One Bilfinger approach in the Nordics.

The transformation program also included reorganizing the shareholding structure in the region. As a part of this process, the Company became the main shareholder of all Bilfinger entities in the Nordics as of 2021.

Organisation and work environment

The Company is a part of the Bilfinger Nordics region. In 2021, a new operational model was implemented in the Nordics, structuring the regional operations in four business lines (BL);

- BL Maintenance; multidiscipline maintenance & industrial services (local business in each country)
- BL ISP; Insulation, Scaffolding and Painting (local business in each country)
- BL E&P; Engineering & Projects (regional business operating in all Nordic markets)
- BL DSP; Digital & Specialist Products (regional business operating in all Nordic markets)

The Company is organized under business line ISP and delivers a range of products and industrial services in Norway. The Company has structured the business in three business units, each with the full responsibility for managing ISP operations for clients both onshore and offshore in Norway.

By year-end, the Company had 1,155 employees and recruited 136 new employees in 2021 following an increase in the activity level after an easing of some pandemic restrictions in the society and with our Clients.

The Board of Directors considers the working environment in the Company to be good. The Company continued to maintain excellent HSEQ performance as in 2020, despite challenging conditions around pandemic restrictions and more than 30% increase in the activity level from previous year.

The collaboration with the employee representatives and unions, including frequent meetings in several formalized collaboration arenas, have been an important success factor in the Company's pandemic response plan. The Company has made a commitment to sustainability, which includes the human rights framework and safeguarding the health and safety of our people.

As a consequence of the pandemic, the operations suffered from increasing sickness also in 2021. Each of the business units have action plans in place to reduce sickness going forward.

The Bilfinger Group has a compliance system in place, with an active compliance network, regular mandatory trainings for all employees, a risk based approach to identifying improvement initiatives, an open culture and active reporting frameworks to secure proper investigations and compliance with guidelines, rules and regulations.

The Company is operating in compliance with all relevant Norwegian laws, regulations and corporate guidelines and has a dedicated HSEQ function represented in the leadership team to support the operations and to prevent serious incidents from happening through mitigating measures and a systematic improvement mind set.

Results and financial status

The annual accounts constitute a complete and sufficient description of the Company's position as per the date of the balance sheet.

The Company has changed the accounting policy in 2021 in accordance with § 3-9 of the Norwegian Accounting Act and the Regulations on simplified IFRS (2014).

Net operating revenue was 1,497 mill NOK for 2021, up 427 mill NOK from 1,070 mill NOK in 2020. The 29% increase was attributable to a general activity increase after Covid-19 and extra work related to a fire at a LNG plant in Hammerfest.

Operational performance shows a net gain of 63,6 mill NOK for 2021 compared with a net loss of 36,7 mill NOK for 2020. The good operational performance in 2021 is mainly driven by the general activity increase and continuous cost management and other margin improvement initiatives ("BTOP"). The loss in 2020 is highly effected by the reduced activity level caused by Covid-19 pandemic and the oil price drop, but also by extraordinary IT expenses arising due to charging software development and adaption expenses to P&L, which were capitalized as per NGAAP.

The total balance was 2,524 mill NOK in 2021, up from 580 mill NOK in 2020. Total equity increased to 1,408 mill NOK due to the allocation of the net gain and the effect of a new Nordic shareholding structure.

Cash flows provided by operations are 93,5 mill NOK, while EBT is 69 mill NOK. The main operative reasons for the difference between the cash flow from operations and EBT are depreciation of assets, changes in working capital and other accruals. Net cash flow from investments is -943,1 mill NOK, compared to -10,1 mill NOK in 2020. The change is due to the effect of the new Nordic shareholding structure with investments in subsidiaries and capital increase for the transfer of ownership to Bilfinger SE. Net cash flow from financing is 849,6 mill NOK, compared to 62,3 mill NOK for 2020. This consists mainly of the funding of the internal company purchases – Bilfinger Engineering & Maintenance Nordics Oy and Bilfinger Engineering & Maintenance Nordics AB.

Cash and bank deposits are 0 mill NOK following clearing by Bilfinger's internal cash pool.

Performed but not invoiced production is 150,9 mill NOK, down from 78,2 mill NOK in 2020.

In 2021 the Board of Bilfinger Nordics AS approved Bilfinger SE as the new owner. All shares were transferred from Bilfinger Northwest Europe Limited to Bilfinger SE. The share capital of Bilfinger Nordics AS increased in 2021 from 13,2 mill NOK by 13,2 mill NOK to 26,4 mill NOK, by subscription of 1.200.000 new shares with a nominal value of NOK 11 per share. The share capital of Bilfinger Nordics AS now consists of 2.400.000 shares with a nominal value of NOK 11.

Apart from the continued risk of the ongoing Covid-19 pandemic, resource limitations in the market and general inflation of prices the Board of Directors is not aware of other significant events after the closing of the fiscal year.

Health, Safety, Environment and Quality (HSEQ)

The Company is operating in compliance with all relevant Norwegian laws and regulations and corporate guidelines and has a zero accident philosophy for Health, Safety and Environment.

To support this ambition in 2021, the Company executed the corporate HSEQ campaign "Line OF Fire" and implemented initiatives to strengthen risk awareness and safety behaviour within the work force. To improve and harmonize operative leadership principles and competencies in the Company, a training program for supervisors is ongoing. The program is adapted to fit the specific requirements of the operations.

The pandemic continued through 2021 and unpredictable operational conditions continued to cause challenges with frequent changes and increasing uncertainty for our employees.

The Company did not cause any serious accidents to personnel, equipment and plant or the environment during 2021.

The total Recordable Injury Frequency (TRIF) 0, 9 for the year and according to the target set from Bilfinger Group. Lost Time Injury frequency (LTI) was zero, which also was according to target and the third year in a row delivering zero LIs which is a great achievement.

The overall sickness ratio continued to increase in 2021 to 11%, mainly driven by Covid-19 related absence. The short-term sick leave accounted for 4,5%, up from 3.3% in 2020 while the long-term sick leave increased over the year to 6,5%. The target for short term sick leave < 3% and initiatives are ongoing to bring down the sickness overall.

The Company management system has been evaluated and considered adequate for management of all HSEQ, operational and business risks associated with its operations and to drive continuous improvements. Processes are in place to identify and comply with regulatory requirements, identify hazards and manage risks, report and investigate incidents, communicate lessons learned and to impart necessary training and awareness.

Responsibility to the Environment

The Bilfinger Group implemented an Environmental Management Reporting System during 2021. The system will enable Bilfinger to monitor the environmental impact of its activities within defined areas through a defined set of environmental KPI's according to the GHG (Greenhouse Gas) emission protocol.

Bilfinger has confirmed its commitment to delivering a sustainable reduction of its carbon footprint (scope 1-2) by 2030. From 2022, the Company will develop and implement CO2 improvement targets to support the overall Bilfinger goals.

Corporate governance

Corporate governance is important to ensure that the business is operated in a way in which the long-term interest of the shareholders and stakeholders are protected.

The Board of Directors has approved and implemented corporate governance principles in compliance with Group and the Norwegian Corporate Governance Board.

Equal opportunities

The Company actively works to the intent of the Norwegian Equality and Anti-Discrimination Act, including a policy stating its commitment to providing equal opportunities and rights without discrimination and irrespective of age, gender, national origin, race, language, sexual orientation and religion.

The Company takes social responsibility by offering job training to the unemployed, resulting in nine permanent hires during 2021.

The gender split in the Company's organization was 95% men and 5% women. A majority of the workforce was recruited from professional communities that historically have had a significantly higher proportion of men than women. Women fill a number of key positions in the management and administration. The Company has not experienced any significant difference in sick leave between male and females.

The Company's cultural and international diversity among employees is high. As such, a number of equal opportunity initiatives are implemented:

- Females with craft certificates and female trainees are especially encouraged
- Talent development training of female employees in key positions
- External people from minority backgrounds are participating in courses through the Academy. Several have been employed after finalized training
- Employees from 31 nationalities were represented within the Company in 2021
- Bilfinger Academy offers Norwegian language training

Work processes, Company values, HSEQ brochures, compliance and code of conduct documents etc. have been developed in several languages to ensure compliance.

Financial risk management

The Company's principal financial liabilities comprise lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, cash, and short-term deposits that derive directly from its operations.

The Company exposed risks affecting its financial performance is mainly related to market risk. The Company seeks to minimize potential adverse effects of such risks through business practice and risk management.

Risk management is carried out by Company's management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarized below.

Market risk

The major risk for the Company is related to market risks assumed by the Oil and Gas companies. This implies that the Company is the first and fore mostly vulnerable to fluctuations in the oil price. Fluctuations in the oil price influence the profitability of the oil companies and their willingness to invest in new projects, such as the ones performed by the Company. To mitigate this risk, the Company tries to differentiate its service portfolio to other industries.

Foreign currency risk

In 2021 the Company had low exposure to currency risk. The Company is entering into currency forward contracts as required to minimize any currency risks. Currency exposure are hedged according to Group procedures.

Credit risk

The Company did not suffer from increased exposure regarding the clients' abilities to fulfil their payment obligations during 2021. As the Company has long-standing relationships with financially viable customers, acceptable payment conditions and proven routines for accounts receivable collection, risk levels going forward are considered generally low.

DocuSign Envelope ID: 5BC51897-B475-4785-A671-E4B8DC7DB319

The Company is not considerably exposed to credit risk related to receivables as most of the entities customers are large oil companies.

The Company recognizes an allowance for expected credit losses (ECLs) on open balance items on accounts receivable and unbilled revenue.

Liquidity risk

The Company consider liquidity to be good, and no decision has been made to introduce measures that change liquidity risk.

Bilfinger manages liquidity and funding at Group level, ensuring adequate liquidity to the Company's operational requirements. The Company has an inter-Company financing arrangement with terms including floating interest. The inherent exposure to interest rate risk is low.

Board of Directors liability insurance

Bilfinger Group has a board liability insurance with Allianz Global Corporate & Specialty. The insurance applies to any current, former or future board members. The insurance covers legal liability for pure property damage that the insured may incur as a result of his/her management function.

Market conditions and outlooks

The Company is highly exposed to fluctuations in the oil and gas market, which was significantly impacted by reduced demand caused by the pandemic in 2020. During 2021, the demand has steadily increased and the market is expected to reach pre-pandemic levels in 2022, as long as further lockdowns and restrictions due to the pandemic are avoided.

The gas market was also highly turbulent in 2021 due to supply challenges and extreme weather conditions. With the Russian invasion of Ukraine and the new geopolitical situation arising in 2022, the energy prices have peaked. In the longer term, the oil and gas market may be further impacted by an accelerated development of the renewable energy market. In the period from 2022 to 2025, the market is still expected to develop positively despite the uncertainties of pandemics and the security situation.

Another uncertainty in the market is the cost inflation seen in critical input factors like electricity, fuel, steel, copper and labor following the challenges within global logistics, transportation and supply chains.

In this situation, the commercial situation of the Company is under pressure due to the long term nature of its frame agreements and contracts. Several mitigating measures to manage the risks will be taken, however, significant risks exist with regards to development of the cost level going forward.

The temporary governmental tax incentives launched in 2020 to mitigate the effects of Covid-19 in the oil and gas industry have resulted in an increase in project sanctioning activity. The final approval of these projects may still trigger an increase of the activity level related to existing fields in operation in the coming years. In addition, investments related to reducing carbon footprint will boost the market.

With an increasing investment level and a backlog of maintenance after Covid-19, a recovery of the maintenance market is expected in the coming years.

Looking forward, significant uncertainties still exist in our markets following the geopolitical situation, volatility of the energy prices and cost inflation.

Going Concern

The Board of Directors confirms that going concern exists and that the annual accounts are presented under the assumption of going concern. Furthermore, the Board of Directors confirms that, to the best of our knowledge, the

DocuSign Envelope ID: 5BC51897-B475-4785-A671-E4B8DC7DB319

Financial Statements 2021, which have been prepared in accordance with the International Financial Reporting Standards, give a true and fair view of the Company's assets, liabilities, financial position and results of operations.

Year-end allocations

The Board of Directors proposes that the net profit of TNOK 63.637 will be allocated as follows:

Transferred to/from other equity	NOK 63.637
Total allocations	<u>NOK 63.637</u>

Stavanger, 30.06.22

Clive Kendal
Chairman of the Board

DocuSigned by:
285061AEAF7D491...

Paul Rune Aasrum
Deputy Chairman of the Board

DocuSigned by:
Paul rune aasrum
8F612381EE57449...

Tove Helen Tyberø
Member of the Board & CEO

DocuSigned by:
Tove H. Tyberø
583F99E7FAB84C8...

Christof Springer
Member of the Board & CFO

DocuSigned by:
Christof Springer
9CBF4F861383465...

Hallgeir Mæland
Member of the Board &
Employee's representative

DocuSigned by:
2CF59B93ACB4494...

Hogne Hole
Member of the Board &
Employee's representative

DocuSigned by:
Hogne Hole
8C308B86522F486...

Henning Ulseth
Member of the Board &
Employee's representative

DocuSigned by:
Henning Ulseth
5F0B08B5EEE34B0...

DocuSign

Certificate Of Completion

Envelope Id: 5BC51897B4754785A671E4B8DC7DB319 Status: Completed
Subject: Please DocuSign: Board of Directors report 2022_vf.docx
Source Envelope:

Document Pages: 6	Signatures: 7	Envelope Originator:
Certificate Pages: 6	Initials: 0	Christof Springer
AutoNav: Enabled		Kanalarmen 8
EnvelopeId Stamping: Enabled		PO Box 1134, 4391 Sandnes
Time Zone: (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna		Stavanger, Rogaland 4033
		christof.springer@bilfinger.com
		IP Address: 193.212.109.66

Record Tracking

Status: Original 29-06-2022 | 09:09	Holder: Christof Springer christof.springer@bilfinger.com	Location: DocuSign

Signer Events	Signature	Timestamp
Christof Springer christof.springer@bilfinger.com CFO NDX Bilfinger Industrier Norge AS Security Level: Email, Account Authentication (None)	DocuSigned by: Christof Springer 9CBF1F96138346E... Signature Adoption: Pre-selected Style Signed by link sent to christof.springer@bilfinger.com Using IP Address: 193.212.109.66	Sent: 29-06-2022 | 09:12 Viewed: 29-06-2022 | 09:14 Signed: 30-06-2022 | 08:02

Electronic Record and Signature Disclosure:
Accepted: 31-08-2021 | 12:49
ID: 0f741b2b-102e-47da-b041-dde66b277e3c

Clive Kendal clive.kendal@bilfinger.com Director Security Level: Email, Account Authentication (None)	DocuSigned by: 285061AEAF7D491... Signature Adoption: Drawn on Device Signed by link sent to clive.kendal@bilfinger.com Using IP Address: 89.104.236.76	Sent: 30-06-2022 | 08:02 Viewed: 30-06-2022 | 09:04 Signed: 30-06-2022 | 09:04

Electronic Record and Signature Disclosure:
Accepted: 18-10-2021 | 09:15
ID: 91ea771a-3258-4934-a72a-b25c28705a65

Tove H. Tyberø tove.tybero@bilfinger.com Executive President Security Level: Email, Account Authentication (None)	DocuSigned by: Tove H. Tyberø 583F99E7FAB84C8... Signature Adoption: Pre-selected Style Signed by link sent to tove.tybero@bilfinger.com Using IP Address: 213.52.102.82	Sent: 30-06-2022 | 09:04 Viewed: 30-06-2022 | 12:39 Signed: 30-06-2022 | 12:40

Electronic Record and Signature Disclosure:
Accepted: 30-06-2022 | 12:39
ID: 390eaa15-cd7d-4cb5-8ae7-641b817c5197

Signer Events	Signature	Timestamp
Paul rune aasrum paul.rune.aasrum@bilfinger.com Security Level: Email, Account Authentication (None)	DocuSigned by: Paul rune aasrum 6F612381EE57449... Signature Adoption: Pre-selected Style Signed by link sent to paul.rune.aasrum@bilfinger.com Using IP Address: 213.52.102.79	Sent: 30-06-2022 | 12:40 Viewed: 30-06-2022 | 13:02 Signed: 30-06-2022 | 13:02
Electronic Record and Signature Disclosure: Accepted: 18-10-2021 | 09:22 ID: 1e617674-b165-459f-92f0-d1c344307d97		
Hallgeir Mæland hallgeir64@gmail.com Security Level: Email, Account Authentication (None)	DocuSigned by: 2CF59D93ACB4434... Signature Adoption: Drawn on Device Signed by link sent to hallgeir64@gmail.com Using IP Address: 84.205.63.213 Signed using mobile	Sent: 30-06-2022 | 13:02 Resent: 30-06-2022 | 15:08 Viewed: 30-06-2022 | 15:13 Signed: 30-06-2022 | 15:13
Electronic Record and Signature Disclosure: Accepted: 30-06-2022 | 15:13 ID: ce1e033e-a9d5-4f86-b592-2d7b9f157754		
Henning Ulseth henningulseth@me.com Security Level: Email, Account Authentication (None)	DocuSigned by: Henning Ulseth 5F0B08B5EEE34B0... Signature Adoption: Pre-selected Style Signed by link sent to henningulseth@me.com Using IP Address: 104.28.31.34 Signed using mobile	Sent: 30-06-2022 | 15:13 Resent: 30-06-2022 | 15:18 Viewed: 30-06-2022 | 15:24 Signed: 30-06-2022 | 15:25
Electronic Record and Signature Disclosure: Accepted: 30-06-2022 | 15:24 ID: 75468035-2c46-44ee-a210-a66d9e9e1946		
Hogne Hole hogne347@hotmail.com Security Level: Email, Account Authentication (None)	DocuSigned by: Hogne Hole 8C306B86532F466... Signature Adoption: Pre-selected Style Signed by link sent to hogne347@hotmail.com Using IP Address: 92.220.7.95	Sent: 30-06-2022 | 15:25 Viewed: 30-06-2022 | 15:26 Signed: 30-06-2022 | 15:26
Electronic Record and Signature Disclosure: Accepted: 30-06-2022 | 12:51 ID: ce45e8c7-789d-4ccd-865f-4596114e90d3		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	29-06-2022 | 09:12
Certified Delivered	Security Checked	30-06-2022 | 15:26
Signing Complete	Security Checked	30-06-2022 | 15:26
Completed	Security Checked	30-06-2022 | 15:26

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

Electronic Record and Signature Disclosure created on: 29-07-2021 | 15:30
Parties agreed to: Christof Springer, Clive Kendal, Tove H. Tyberø, Paul rune aasrum, Hallgeir Mæland, Henning Ulseth, Hogne Hole

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, SoftwareONE OBO Bilfinger Industrier Norge AS (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact SoftwareONE OBO Bilfinger Industrier Norge AS:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: tor.minsaas@bilfinger.com

To advise SoftwareONE OBO Bilfinger Industrier Norge AS of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at tor.minsaas@bilfinger.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from SoftwareONE OBO Bilfinger Industrier Norge AS

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to tor.minsaas@bilfinger.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with SoftwareONE OBO Bilfinger Industrier Norge AS

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to tor.minsaas@bilfinger.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: https://support.docusign.com/guides/signer-guide-signing-system-requirements.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify SoftwareONE OBO Bilfinger Industrier Norge AS as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by SoftwareONE OBO Bilfinger Industrier Norge AS during the course of your relationship with SoftwareONE OBO Bilfinger Industrier Norge AS.

Annual report 2021

Bilfinger Nordics AS

Org.nr. 932 066 351

BILFINGER

Board of directors' report

Annual accounts
- Statement of comprehensive income
- Balance sheet
- Statement of cash flows
- Notes

Auditors' report

Statement of comprehensive income

Bilfinger Nordics AS

For the years ended 31 December		As per IFRS	
Amounts in functional currency (NOK thousand)		**2021**	**2020**
	Note	**TNOK**	**TNOK**
Sales revenue	2	1 494 339	1 069 014
Other operating revenue		2 824	1 042
Revenues		**1 497 163**	**1 070 055**
Cost of materials		-391 737	-156 327
Gross profit		**1 105 426**	**913 728**
Payroll expense	4	-835 804	-732 871
Depreciation and Amortisation		-25 013	-31 069
Other operating Expense	5	-177 212	-214 519
Operating profit or loss		**67 398**	**-64 731**
Interest income from enterprises of the same group	15	731	2 511
Other financial costs	15	-3 655	-4 824
Other financial income	15	4 530	388
Profit or loss before tax		**69 004**	**-66 656**
Tax expense	17	-5 368	29 954
Profit or loss for the year		**63 637**	**-36 702**
Other comprehensive income:		-	-
Items that subsequently may be reclassified to profit or loss:		-	-
		-	-
Total items that may be reclassified to profit or loss		-	-
Total other comprehensive income for the year		-	-
			-
Total comprehensive income for the year		**63 637**	**-36 702**

Allocation of total comprehensive income

Total comprehensive income attributable to owners	63 637	-36 702

Balance sheet as of 31 December 2021

		As per IFRS	
Amounts in functional currency (NOK thousand)		**TNOK**	**TNOK**
	Note	**31.12.2021**	**31.12.2020**
ASSETS			
Non-current assets			
Intangible asset	11	1 426	2 164
Property, plant and equipment	9	59 915	42 452
Investment in subsidiaries	18	2 074 263	-
Right-of-use assets	10	59 952	63 843
Deferred tax asset	17	16 861	26 444
Total non-current assets		**2 212 416**	**134 902**
Current assets			
Inventories		10 147	7 335
Accounts receivable	12	148 218	107 850
Unbilled revenue	6	150 935	78 181
Other receivables	12	1 977	6 105
Intercompany receivables	20	0	245 269
Total current assets		**311 277**	**444 740**
TOTAL ASSETS		**2 523 693**	**579 642**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	26 400	13 200
Capital reserves		1 348 440	199 520
Other equity		32 830	-30 807
Total equity		**1 407 670**	**181 913**
PROVISIONS			
Other provisions			
Non-current lease liabilities	10	55 236	59 562
Warranty provisions	8	15 907	15 274
Total non-current liabilities		**71 143**	**74 836**
			-
Current liabilities			-
Current lease liabilities	10	8 012	6 689
Intercompany payables	20	614 767	-
Public duties payable	7	80 855	58 974
Trade payables	7/12	136 281	68 201
Other current liabilities	7	204 965	189 029
Total current liabilities		**1 044 880**	**322 892**
			-
Total liabilities		**1 116 023**	**397 729**
TOTAL EQUITY AND LIABILITIES		**2 523 693**	**579 642**

31. December 2021
Sola, 30. June 2022

DocuSigned by: Clive Timothy Kendal	DocuSigned by: Paul rune aasrum	DocuSigned by: Tove Helen Tyberø
Clive T. Kendal	Paul Rune Aasrum	Tove Helen Tyberø
Chairman of the board	Deputy Chairman	Member of the board / Managing Director
DocuSigned by: Christof Springer	DocuSigned by: Hogne Hole	DocuSigned by: Henning Ulseth
Christof Springer	Hogne Hole	Henning Ulseth
Member of the board / Financial Director	Member of the board	Member of the board
	DocuSigned by: Hallgeir Mæland	
	Hallgeir Mæland	
	Member of the board	

Statement of cash flows

Amounts in functional currency (NOK thousand)

For the years ended 31 December

Cash flows from operating activities	Notes	2021	2020
Profit or loss before tax		**69 004**	**-66 656**
Adjustments to reconcile profit before tax to net cash flows:			
Profit or loss on sale of fixed assets		-2 698	-273
Depreciation		25 013	26 302
Write down		-	4 767
Lease interest payments	10	3 239	2 235
Working capital adjustments:			
Changes in inventories		-2 812	-1 023
Changes in other receivables		-108 994	22 149
Changes in trade and other payables		110 755	-39 726
Net cash flows from operating activities		**93 507**	**-52 225**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	-33 662	-10 441
Proceeds from sale of property, plant and equipment		2 698	326
Investment in subsidiaries	18	-912 142	-
Net cash flow from investing activities		**-943 107**	**-10 114**
Cash flow from financing activities			
Net change in cash pool balance	20	860 036	72 723
Payments for the principle portion of the lease liability	10	-10 437	-10 384
Net cash flows from financing activities		**849 600**	**62 339**
Net increase/(decrease) in cash and cash equivalents		**-0**	**0**
Cash and cash equivalents at beginning of the year/period		-	-
Cash and cash equivalents, end of year		**-0**	**0**

Statement of changes in equity

Amounts in functional currency (NOK thousand)

	Share capital	Capital reserves	Other equity	Total equity
Balance at 1 January 2020	**13 200**	**199 520**	**75 739**	**288 459**
Profit (loss) for the year			-36 702	-36 702
Other comprehensive income				-
Dividend			-69 843	-69 843
Transfers		-	-	-
Balance at 31 December 2020	**13 200**	**199 520**	**-30 807**	**181 913**
Profit (loss) for the year			63 637	63 637
Other comprehensive income				-
Issue of share capital	13 200	1 148 920		1 162 120
Investment in subsidiaries		-		-
Transfers			-	-
Balance at 31 December 2021	**26 400**	**1 348 440**	**32 830**	**1 407 670**

1. General information

Corporate information

The standalone financial statements of Bilfinger Nordics AS ("Bilfinger" or "Entity"), for the year ended 31 December 2021 were authorised for issue in accordance with a Board resolution on 30.06.2022.

Bilfinger with subsidiaries is a fully owned subsidiary of Bilfinger SE, registered in Germany. The Entity has been granted exemption from the requirement to prepare consolidated financial statements and reference is made to the annual report of Bilfinger SE. The consolidated financial statements for Bilfinger SE can be obtained via the company website at www.bilfinger.com.

Bilfinger provides engineering, maintenace and support services related to scaffolding and rope access, surface treatment, insulation, architecture and passive fire protection. The Company's main market in 2021 were within the oil and gas process industries.

Bilfinger's head office is located in Stavanger, in addition to project offices in Bergen, Hammerfest and Porsgrunn and work sited both onshore and offshore.

Basis of preparation

Bilfinger Nordics AS changed the accounting policy in 2021. The financial statements of Bilfinger Nordics AS are prepared in accordance with the Norwegian Accounting Act 3-9 and regulation of simplified IFRS issued by the Ministry of Finance 3rd of November 2014. Bilfinger Nordics AS has been granted exemption from the requirement in the Norwegian Accounting Act § 3-4 to prepare the financial statements in the Norwegian language. The financial statement is as such only prepared in English.

The standalone financial statements of the entity comprise statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity and related notes in accordance with simplified IFRS. This means that measurement and calculation follow international accounting standards (IFRS) and presentation and note information are in full compliance with the Norwegian Accounting Act and good accounting practice. See note 21 for information related to first time adoption.

The standalone financial statements have been prepared on a historical cost basis. Further, the standalone financial statements are prepared based on the going concern assumption.

In 2021, the entity was still affected by the Covid-19 pandemic, which has significantly influenced the entity, our operations, our people and the society for the past two years. Throughout this period, the focus has been to handle the different pandemic waves following new virus variants according to our pandemic response plan and maintain safe and efficient operations both onshore and offshore.The entity continued to focus on operational improvements in 2021 and improved its operational status considerably, with a strong order intake and considerable growth compared to the previous year.

Presentation currency and functional currency
The standalone financial statements are presented in Norwegian Kroner (NOK), which is the functional currency of Bilfinger Nordics AS. All figures are presented in thousands (000), except when otherwise indicated. In the statement of comprehensive income income/gains are presented as positive amounts and expenses/costs are presented as negative amounts. In the notes, both income and expenses are presented as positive numbers.

Bilfinger has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgmental considerations are disclosed in the notes to which the policies relate.

Responsibility to the Environment
The Bilfinger Group implemented an Environmental Management Reporting System during 2021. The system will enable Bilfinger to monitor the environmental impact of its activities within defined areas through a defined set of environmental KPI's according to the GHG (Greenhouse Gas) emission protocol.
Bilfinger has confirmed its commitment to delivering a sustainable reduction of its carbon footprint (scope 1-2) by 2030. From 2022, the Company will develop and implement CO2 improvement targets to support the overall Bilfinger goals.

Significant accounting judgements, estimates and assumptions

The preparation of the standalone financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are summarised below:

Estimates and assumptions:
- Warranty provisions (note 8)

The entity based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the entity. Such changes are reflected in the assumptions when they occur.

A detailed description of the significant estimates and assumptions are included in the individual note where applicable.

2. Revenue

Sales revenues are recognized at the time of delivery. Revenues are recognized accordance to different compensation formats. Reimbursable rates, norm rates and fix price calculated by projects percentage of completion. The percentage of completion is measured based on actual progress on job packages. When the outcome cannot be estimated reliably, revenue is recognized based on the project costs incurred with a zero profit margin. When projects with an expected loss are identified, the total estimated loss is recognized in the income statement immediately.

The entity's revenue from contracts with customers has been disaggregated and presented in the tables below:

Activity area	**2021**	**2020**
Oil and gas	**1 497 163**	**1 070 055**

Geographical distribution	**2021**	**2020**
Norway	1 482 982	1 064 482
Finland	3 471	860
Switzerland	154	-
Germany	-	1 470
Great Britain	3 296	248
Sweden	7 259	2 996
Total	**1 497 163**	**1 070 055**

The Geographic information is based on the customers country of domicile.

3. Government grants Covid-19

ACCOUNTING POLICIES

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Government grants are included as credit in other operating expense in Statement of comprehensive income.

	2021	**2020**
Fix cost refund scheme	1 034	1 524
Social cost Hammerfest	208	136
Quarantine travel refund	1 238	-
	2 480	**1 660**

4. Salary and employee benefit expenses

ACCOUNTING POLICIES
Salary and employee benefit expenses comprise all types of remuneration to personnel employed by the entity (ie. not contracted manpower) and are expensed when earned. Ordinary salaries can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in June of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pensions contributions are earned on a monthly basis. Other employee expenses consists of other benefits such as insurance, and taxable travel and accomondation cost.

Pensions
The entity has a pension scheme in accordance with LO/NHO arrangement (AFP). This is not an early retirement scheme, but a scheme that provides a lifelong addition to the regular pension. The pension scheme is a defined benefit multi-employer pension plan, financed through premiums that are determined as a percentage of salary. Currently there are no reliable measurement method of calculating the liabilities and assets in the scheme. The pension scheme is treated as a deposit based service pension plan where premium payments are expensed as incurred, and no provisions are made in the accounts. The premium for 2021 amounts to NOK 13 158 (14 028 in 2020).

Additionally, the entiy has a defined contribution pension scheme. The contribution is fixed at 2 % of the employees' wages and the entity's liability is fully redeemed with payment of the deposit. The contribution is recognized as pension cost in the period in which they are incurred. The addition is expensed at NOK 11 657 (NOK 12 305 in 2020), excluding employers' contribution.

Employee benefit expenses	**2021**	**2020**
Salaries	707 789	616 419
Social security costs	94 608	79 246
Pension costs	21 864	26 334
Other employee expenses	11 543	10 873
Total employee benefit expenses	**835 804**	**732 871**
Number of employees year-end	1 155	1 200

At the end of the reporting period management held shares and share options in Bilfinger Nordics AS. For information on remuneration to Management, including also share options, see note 19.

5. Operating expenses

ACCOUNTING POLICIES
Other operating expenses are recognised when they occur and represent a broad range of operating expenses incurred by the entity in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortisation.

Other operating expenses	**2021**	**2020**
Audit and accounting fees	705	550
Consulting fees	12 124	9 846
Legal expenses	367	592
Travel expenses	76 004	47 733
Other operating expenses	88 011	155 797
Total other operating expenses	**177 212**	**214 519**

Auditor fees	**2021**	**2020**
Audit fee	705	550
Certification	-	-
Tax advice	140	819
Other services	-	-
Total remuneration to the auditor	**845**	**1 369**

Audit fee:
The amounts above are excluding VAT.

6. Trade and other receivables

ACCOUNTING POLICIES
Trade receivables and other current receivables are recorded in the balance sheet at nominal value, less allowances for credit losses (ECL). Unbilled revenue consists of performed, but not invoiced production mainly due to contractual invoicing procedures. Unbilled revenue are recognized at execution and includes both short and long term contracts with different compensation formats (reimbursable rates, norm rates and fixe price recognized by percentage of completion) . The percentage of completion is measured based on actual progress.

Unbilled revenue	**31.12.2021**	**31.12.2020**
Performed not invoiced production	150 935	78 181
At December 31	**150 935**	**78 181**

Construction projects (recognized by projects percentage of completion)	**31.12.2021**	**31.12.2020**
Recognized revenue on current projects accumulated since project start	5 826 222	4 415 530
Cost belonging to recognized revenue accumulated since project start	5 150 201	3 894 107
Contribution margin on present construction projects accumulated since project start	**676 021**	**521 423**

Expected credit losses

The entity recognizes an allowance for expected credit losses (ECLs) on open balance items on accounts receivable and unbilled revenue. ECL are reported for each customer based on Euler Hermes credit rating provided by Bilfinger SE. A monthly measurement and posting of ECL values have been implemented.

Allowance for expected credit losses	**31.12.2021**	**31.12.2020**
At January 1	1 943	2 927
Provision for expected credit losses	1 374	-984
At December 31	**3 317**	**1 943**

For details regarding the entity's procedures on managing credit risk, reference is made to note 13.

7. Trade and other payables

ACCOUNTING POLICIES
Trade and other payables are liabilities, i.e. present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment). Trade payables consist of invoices for goods and services where the entity has received the significant risks and rewards of ownership as of 31.12.2021 Other payables mainly consist of withholding payroll and social security tax and other current liabilitites, ref specification below.

Trade and other payables are measured at fair value upon initial recognition and recognized at nominal value. Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

Trade and other payables	**31.12.2021**	**31.12.2020**
Trade payables	136 281	68 201
Public duties payable	80 855	58 974
Other current liabilities*	204 965	189 029
Total trade and other payables	**422 101**	**316 204**

***Specification other current liabilities**	**31.12.2021**	**31.12.2020**
Provision for holiday pay	112 082	101 669
Provision for salary	55 306	26 568
Other current liabilities	37 577	60 792
Total other current liabilities	**204 965**	**189 029**

8. Provisions and other commitments

ACCOUNTING POLICIES
Provisions are liabilities with uncertain timing or amount and are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party.

A provision is made and calculated based on management assumptions at the time the provision is made and is updated as and when new information becomes available. All provisions are reviewed at the end of the financial year and recognized at nominal value.

Provisions for warranty:
The entity has different warranty commitments according to customer contracts. The warranty provisions are calculated on the basis of turnover for work performed that have a warranty obligation at different % rates depending on the type of service and the number of years of warranty (range between 1 and 5 years).

Other commitments - guarantees (bank and parent):
The entity is required to provide guarantees for accomplishment in connection with projects. The guarantees are administrated by Bilfinger SE and issued by Norwegian and foreign banks. The entity provides backing for all of the guarantees.

	Warranty provision
At 1 January 2021	**15 274**
Additional provisions made	**633**
Amounts used	-
At 31 December 2021	**15 907**
Current provisions	-
Non-current provisions	**15 907**

	Warranty provision
At 1 January 2020	**12 008**
Additional provisions made	**3 266**
Amounts used	-
At 31 December 2020	**15 274**
Current provisions	-
Non-current provisions	**15 274**

Guarantee commitments	2021	2020
Guarantee for employees withholding tax (bank)	35 000	30 000
Accomplishment and performance guaranties to customer (bank)	1 738	2 738
Accomplishment and performance guaranties to customer administered by Bilfinger SE (parent)	337 232	479 376
Total guarantee commitments	**373 969**	**512 114**

9. Property, plant and equipment

ACCOUNTING POLICIES
Property, plant and equipment are capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Depreciation are calculated on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

No indicators for impairment of property, plant and equipment were identified in the current period.

	Scaffoldings and machinery	Fixtures and fittings, tools, office equipment	Total
Cost as at 1 January 2020	**429 588**	**65 406**	**494 995**
Additions	8 546	515	9 061
Cost as at 31 December 2020	**438 134**	**65 922**	**504 056**
Additions	32 630	1 032	33 662
Cost as at 31 December 2021	**470 764**	**66 954**	**537 718**
Depreciation and impairment as at 1 January 2020	**376 752**	**63 388**	**440 140**
Depreciation for the year	20 789	675	21 464
Depreciation and impairment as at 31 December 2020	**397 540**	**64 064**	**461 604**
Depreciation for the year	15 291	909	16 199
Depreciation and impairment as at 31 December 2021	**412 831**	**64 972**	**477 803**
Net book value:			
At 01 January 2020	**52 836**	**2 018**	**54 854**
At 31 December 2020	**40 593**	**1 858**	**42 452**
At 31 December 2021	**57 933**	**1 982**	**59 915**
Economic life (years)	Up to 10 years	Up to 5 years	
Depreciation plan	Straight-line method	Straight-line method	

10. Right-of-use assets and lease liabilities

ACCOUNTING POLICIES
At inception of a contract, The entity assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the entity assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

Entity as a lessee
At the commencement date, the entity recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (with an underlying value of less than 5 thousand EUR)

For these leases, the entity recognises the lease payments as operating expenses in the standalone statement of comprehensive income.

Measuring the lease liability
The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the entity is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the entity is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The entity presents its lease liabilities as separate line items in the standalone statement of financial position. Cash flows related to payments for the principal portion of the lease liability are classified within financing activities.

Measuring the right-of-use asset
The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (Note 9). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis and according to IAS 16.

The entity presents its right-of-use assets as separate line items in the standalone statement of financial position.

DocuSign Envelope ID: 7B9B478F-05E8-47DA-8731-90CE0E76B2D0

The entity's leased assets

The entity's right-of-use assets recognised in the standalone statement of financial position are presented in the table below:

Right-of-use assets

	Office Buildings	Cars	Total
Acquisition cost at 1 January 2020	**80 967**	**2 585**	**83 552**
Additions of right-of-use assets	-729		-729
Acquisition cost at 31 December 2020	**80 238**	**2 585**	**82 823**
Additions of right-of-use assets	3 140	1 053	4 193
Currency translation effects	-	-	-
Acquisition cost at 31 December 2021	**83 378**	**3 638**	**87 016**
Depreciation and impairment at 1 January 2020	**9 038**	**719**	**9 757**
Depreciation of right-of-use assets	8 457	766	9 223
Depreciation and impairment at 31 December 2020	**17 495**	**1 485**	**18 980**
Depreciation of right-of-use assets	7 574	511	8 085
Currency translation effects	-	-	-
Depreciation and impairment at 31 December 2021	**25 069**	**1 996**	**27 065**
Carrying amount at 1 January 2020	**71 929**	**1 866**	**73 795**
Carrying amount at 31 December 2020	**62 743**	**1 100**	**63 843**
Carrying amount at 31 December 2021	**58 309**	**1 642**	**59 951**
Remaining lease term or remaining useful life	Up to 10 years	5 years	
Depreciation plan	Straight-line method	Straight-line method	

Expenses in the period related to practical expedients and variable payments	**2021**	**2020**
Short-term lease expenses	23 681	23 213
Low-value assets lease expenses	67	103
Variable lease expenses in the period (not included in the lease liabilities)	14 362	16 666
Total lease expenses in the period	**38 110**	**39 981**

The lease expenses in the period related to short-term leases, low-value assets and variable lease payments are included in other operating expenses and cost of sales in the standalone statement of comprehensive income, and the payments are presented in the entity's operating activities in the standalone statement of cash flows.

Undiscounted lease liabilities and maturity of cash outflows	**31.12.2021**	**31.12.2020**	**01.01.2020**
Less than one year	11 207	8 703	10 384
One to two years	9 979	8 258	10 437
Two to three years	9 814	7 413	11 864
Three to four years	8 743	7 189	10 660
More than four years	39 719	45 848	61 681
Total undiscounted lease liabilities	**79 462**	**77 411**	**105 026**

Changes in the lease liabilities - 2020	**Office Buildings**	**Cars**	**Total**
At first time adoption of simplified IFRS 1 January 2020	**73 237**	**1 893**	**75 130**
New leases	-729	-	**-729**
Downpayment of the lease liabilities	-9 578	-806	**-10 384**
Interest expense on lease liabilities	2 194	40	**2 234**
Total lease liabilities at 31 December 2020	**65 124**	**1 127**	**66 251**
Current lease liabilities in the statement of financial position	**6 256**	**433**	**6 689**
Non-current lease liabilities in the statement of financial position	**58 869**	**694**	**59 562**

Changes in the lease liabilities - 2021	**Office Buildings**	**Cars**	**Total**
At 1 January 2021	65 124	1 127	**66 251**
New leases recognised during the period	3 140	1 053	**4 193**
Downpayment of the lease liabilities	-9 875	-561	**-10 436**
Interest expense on lease liabilities	3 172	67	**3 239**
Total lease liabilities at 31 December 2021	**61 561**	**1 686**	**63 247**
Current lease liabilities in the statement of financial position	**7 445**	**566**	**8 012**
Non-current lease liabilities in the statement of financial position	**54 116**	**1 120**	**55 236**

Extension and termination options
The entity has some lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the entity's business needs. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the entity reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The entity did not include the renewal period for leases as part of the lease term because management were not reasonably certain to exercise the option to renew the leases. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

11. Intangible assets

ACCOUNTING POLICIES
Development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs are amortized linearly over its useful life. If the realizable value is lower than book value and the decline in value is expected to be permanent, the item is written down to realizable value. Write-downs are reversed whenever the basis for making a write-down is no longer present. Research costs are expensed as incurred.

	Software and technology
Acquisition cost 01.01.2020	**32 918**
Additions	1 144
Acquisition cost 31.12.2020	**34 062**
Acquisition cost 31.12.2021	**34 062**
Accumulated depreciation 01.01.2020	**31 515**
Depreciation for the year	383
Accumulated depreciation 31.12.2020	**31 898**
Depreciation for the year	728
Currency translation effects	10
Accumulated amortisation 31.12.2021	**32 636**
Carrying amount 01.01.2020	**1 403**
Carrying amount 31.12.2020	**2 164**
Carrying amount 31.12.2021	**1 426**

Economic life (years)	Up to 3 years
Amortisation plan	Straight-line method

12. Financial instruments

ACCOUNTING POLICIES
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments
The entity's financial instruments are grouped in the following categories:

Financial Assets
- Financial assets measured subsequently at amortised cost: Includes trade and other receivables .

Financial Liabilities
- Financial liabilities measured subsequently at amortised cost: Represent the entity's trade payables.

The entity do not have derivative financial instruments measured at fair value. All financial assets and liabilities are measured subsequently at amortised cost.

Initial recognition and subsequent measurement
The entity's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses. Gains and losses are recognised in profit or loss upon impairment.

The entity recognizes an allowance for expected credit losses (ECLs) on accounts receivable. ECL are reported for each customer based on Euler Hermes credit rating provided by Bilfinger SE. A monthly measurement and posting of ECL values have been implemented.

The entity consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity. A financial asset is written off when is confirmed that it is not possible to recover the contractual cash flows.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

The carrying amount of the entity's financial assets and liabilities are presented in the tables below:

	2021	**2020**
Assets		
Accounts receivable	148 218	107 850
Other receivables	1 977	6 105
Total financial assets	**150 195**	**113 955**
Liabilities		
Trade payables	136 281	68 201
Total financial liabilities	**136 281**	**68 201**

There are no changes in classification and measurement for the entity’s financial assets and liabilities.
Finance income and finance costs arising from the entity's financial instruments are disclosed separately in note 15.

13. Financial risk management

Overview
The entity's principal financial liabilities, comprise lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the entity's operations. The entity's principal financial assets includes trade receivables and cash and short-term deposits that derive directly from its operations.

The entity exposed risks affecting its financial performance is mainly related to market risk. The entity seeks to minimise potential adverse effects of such risks through business practise and risk management.

Risk management is carried out by entity's management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk
The major risk for the entity is related to market risks assumed by the Oil and Gas companies. This implies that the entity is the first and fore mostly vulnerable to fluctuations in the oil price. Fluctuations in the oil price impact the profitability of the oil companies and their willingness to invest in new projects, such as the ones performed by the entity. To mitigate this risk, the entity tries to differentiate its service portfolio to other industries.

Foreign currency risk
Transactions in foreign currency are recognized using the exchange rate on the transaction date. Monetary balance sheet items denominated in foreign currencies are translated at the functional exchange rates at the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the functional exchange rates at the date of the transaction. Non-monetary balance sheet items that are measured at current value are translated at the functional exchange rates at the date of valuation. Exchange differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the profit and loss account.

In 2021 the Company had low exposure to currency risk. The Company is entering into currency forward contracts as required to minimize any currency risks. Currency exposure are hedged according to Group procedures.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss.

The entity did not suffer from increased exposure regarding the clients' abilities to fulfil their payment obligations during 2021. As the entity has long-standing relationships with financially viable customers, acceptable payment conditions and proven routines for accounts receivable collection, risk levels going forward are considered generally low.

The entity is not considerably exposed to credit risk related to receivables as most of the entities customers are large oil companies.

The entity recognizes an allowance for expected credit losses (ECLs) on open balance items on accounts receivable and unbilled revenue.

Liquidity risk
The entity consider liquidity to be good, and no decision has been made to introduce measures that change liquidity risk.

Bilfinger manages liquidity and funding at Group level, ensuring adequate liquidity to the entity's operational requirements. The entity has an inter-company financing arrangement with terms including floating interest. The inherent exposure to interest rate risk is low.

DocuSign Envelope ID: 7B9B478F-05E8-47DA-8731-90CE0E76B2D0

14. Equity and shareholders

For the purpose of the entity's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the entity's capital management is to ensure that it maintains a healthy working capital and financial stability in order to support its growing business operations and to maximise shareholder value.

The entity manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the entity may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, perform prepayments of debt or draw on short-term credit.

In order to achieve this overall objective, the entity's capital management, amongst other things, aims to ensure that it reinvests or returns excess cash flows from operations that are not necessary to maintain a healthy operating working capital to its investors.

In 2021 the Board of Bilfinger Nordics AS approved Bilfinger SE as the new owner. All shares were transfeered from Bilfinger Northwest Europe Limited to Bilfinger SE.

Issued capital and reserves *(please note that amounts are in whole NOK)*

Share capital in Bilfinger Nordics AS	shares	share (NOK)	Position
At 1 January 2020	**1 200 000**	11,00	**13 200 000**
Share issue	-	-	-
At 31 December 2020	**1 200 000**	**11,00**	**13 200 000**
Share issue	1 200 000	11,00	13 200 000
At 31 December 2021	**2 400 000**		**26 400 000**

All shares are ordinary and have the same voting rights and rights to dividends.

Reconciliation of the entity's equity is presented in the statement of changes in equity.

The entity's shareholders:

Shareholders in Bilfinger Nordics AS at 31.12.2021	Total shares	Ownership/
Bilfinger SE	2 400 000	100 %
Total	**2 400 000**	**100 %**

Shareholders in Bilfinger Nordics AS at 31.12.2020	Total shares	Ownership/
Bilfinger Northwest Europe Limited	1 200 000	100 %
Total	**1 200 000**	**100 %**

Shareholders in Bilfinger Nordics AS at 01.01.2020	Total shares	Ownership/
Bilfinger Northwest Europe Limited	1 200 000	100 %
Total	**1 200 000**	**100 %**

15. Financial income and expenses

ACCOUNTING POLICIES
Interest income and interest expenses are calculated using the effective interest method.

Foreign currency gains or losses are reported as gain or loss on foreign exchange within in finance income or finance costs.

Interest costs on lease liabilities represents the interest rate implicit in the lease, or the incremental borrowing rate used to measure the lease liabilities recognised in the statement of financial position, for further disclosures see note 10.

Finance income	**2021**	**2020**
Interest income	374	0
Interest income from enterprises of the same group	731	2 511
Other finance income	3 990	-
Gain on foreign exchange	166	388
Total finance income	**5 261**	**2 899**

Finance costs	**2021**	**2020**
Interest expenses	66	305
Interest expense on lease liabilities	3 239	2 235
Other financial costs	57	2 036
Loss on foreign exchange	294	248
Total finance costs	**3 655**	**4 824**

Interest income represents mainly interest income on third pary transactions and interest expenses represents mainly interest expenses on overdue payables, measured and classified at amortised cost in the statement of financial position.

Other finance income and costs are related to measurements on expected credit losses (ECLs) and reversal of impaiments.

16. Share based payments

ACCOUNTING POLICIES
Executive management of the entity receive remuneration in the form of share-based payments, whereby receiver render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (the Monte Carlo Simulation).

Share option plan - Description
In financial year 2017, the Bilfinger 2020 Executive Share Plan was introduced which presents a one-time long-term remuneration in the form of virtual shares with a term of four years for top management. In the reporting year there was a settlement with shares of Bilfinger SE.

In financial year 2021, a further one-time share-based payment plan with a term of two years was introduced for selected employees, under which shares in Bilfinger SE are transferred to the beneficiaries at the end of the term.

Movements during the year

The following table illustrates the number and movements in, share options during the year:

	2021	2020
Outstanding options 1 January	2 000	720
Options granted	887	1 281
Options exercised	-2 696	0
Outstanding options 31 December	191	2 000

17. Taxes

ACCOUNTING POLICIES
Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balance out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

Current income tax expense:	**2021**	**2020**
Tax payable	-	-
Change in deferred tax	1 987	-29 954
Group contribution	7 595	-
Correction earlier year	-4 215	-
Total income tax expense	**5 368**	**-29 954**

Tax base estimation	**2021**	**2020**
Result before tax	69 004	-66 656
Permanent differences	430	343
Change in temporay differences	-23 372	124 619
Taxable result	**46 062**	**58 306**
Utilization loss carry forward	-11 538	-
Goup contribution	-34 524	-69 843
Taxable result	**-0**	**-11 538**

Temporay differences	**31.12.2021**	**31.12.2020**
Fixed assets	-13 142	-17 035
Receivables	-10 268	-15 603
Tax gain and loss account	-1 466	-1 832
Projects	2 724	3 678
Lease liability	-3 296	-2 408
Other provisions	-85 719	-101 338
Total	**-111 166**	**-134 537**
Accumulated losses carried forward	-	-11 538
Total temporay differences	**-111 166**	**-146 075**

Deferred income tax asset (22%)	**-24 456**	**-32 137**
Group contribution	7 595	-
Loss carry forward	-	2 538
Correction DK	-	2 329
IFRS 9	-	427
Correction earlier year	-	398
Deferred income tax asset	**-16 861**	**-26 444**

Effective tax rate	**31.12.2021**	**31.12.2020**
Tax from result before tax	15 181	-14 664
Permanent differences	94	75
Change tax payable earlier years	-4 215	-
Tax from group contibution	-	-15 366
Correction earlier deferred tax	-5 693	-
Total temporay differences	**5 368**	**-29 954**
	7,78 %	44,94 %

18. Investments in subsidiaries

ACCOUNTING POLICIES
Subsidiaries and investments in associate are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write down is not required. Write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down are no longer present.
Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

In 2021 a new Nordic legal structure was established, with Bilfinger Nordics AS as the parent and the other Nordics companies as subsidiaries.
Bilfinger Nordics AS purchased sister company in Porsgrunn, Bilfinger Engineering & Maintenance Nordics AS and also the subsidiary company Bilfinger Industrial Services IM AS. The purchase also included the subsidiaries in Sweden and Finland, Bilfinger Engineering & Maintenance Nordics Oy and Bilfinger Engineering & Maintenance Nordics AB. The purchase price was 912 142.

These investments are presented below:

	31.12.2021
Carrying value at 1 January	0
Additions	2 074 263
Costs at 31 December	0
Carrying amount at 31 December	**2 074 263**

Investments in subsidiaries are measured at cost in connection with the Company's transition to financial reporting according to simplified IFRS.

Name	**Registered office**	**Equity 2021**	**Equity 2020**	**Profit for the year 2021**	**Profit for the year 2020**	**Ownership 2021**	**Ownership 2020**
Bilfinger E&M Nordics OY ***(TNOK)***	Porvoo	51 922	47 074	7 136	-31 036	100 %	0 %
Bilfinger E&M Nordics AB ***(TNOK)***	Kungälv	154 464	131 919	19 382	7 874	100 %	0 %
Bilfinger E&M Nordics AS ***(TNOK)***	Porsgrunn	1 022 851	364 398	761 113	61 744	100 %	0 %
Bilfinger IS IM AS ***(TNOK)***	Porsgrunn	37 370	39 919	4 812	4 629	100 %	0 %
Bilfinger Industrier Danmark A/S* ***(TNOK)***	Dianalund	-5 292	-7 723	1 870	906	100 %	100 %

*The company will be sold in 2022

23

19. Remuneration to Management and the Board

Remuneration to the Board of Directors *(please note that amounts are in whole NOK)*

Payments to board of directors are total NOK 0 in 2021 (NOK 0 also in 2020).

Remuneration to the Managing Director:

Principles for determining salary
Managing Director's allowance consists of fixed salary and profit dependent salary. The profit dependand salary is based on a group-wide standardized Short Term Incentive scheme (STI) based on both, financial KPIs for the own reporting unit and the next level unit as well as individual objectives. The bonus amount is set to NOK 1.500.000 based on a 100% overall target achievement. Bonus paid in 2021 amounts to NOK 873 400.

The conditions are determined by the Executive Board of Bilfinger SE.

Pension
Managing Director is members of the general defined contribution pension scheme, described in note 4. In additon to a disability pension agreement and a defined contribution pension scheme administrated by an external insurance company. Contribution is fixed at 4 % of the salary and will be paid out at retirement.

Other benefits
Managing Director has been granted share options under the entity's share option plan, described in note 16. The share options is summarised further below. In addition other benefits like telephone and insurances are included.

Severance Arrangements
The Managing Director has a mutual term of notice of six months.

Loans and guarantees
No loans have been granted and no guarantees have been issued to management or any member of the Board of Directors.

Remuneration to the Managing Director for the year ended 31 December 2021:

	Salary	Share option	Pension	Other benefits	Total remuneration
Managing Director	3 859 702	1 483 628	204 037	163 439	5 710 806
					-
Total	**3 859 702**	**1 483 628**	**204 037**	**163 439**	**5 710 806**

Remuneration to the Managing Director for the year ended 31 December 2020:

	Salary	Share option	Pension	Other benefits	Total remuneration
Managing Director	3 771 952	-	186 508	162 643	4 121 103
					-
Total	**3 771 952**	**-**	**186 508**	**162 643**	**4 121 103**

20. Related party transactions

Related parties are the ultimate parent company Bilfinger SE and the group subsidiaries. Note 14 and 18 provides information about the Group structure, including details of the subsidiaries and shareholders. Shares (share options) held by management are summarised in note 16.

All transactions within the Group or with other related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties (including within the Group) for the relevant financial period:

Related party transactions in 2021 and balances at 31 December 2021	**Parent Company**	**Subsidiary Company**	**Total**
Current trade receivable on related parties	-	897	897
Interest bearing short term receivables	-	-	-
Current trade payables to related parties	643	2 439	3 082
Interest bearing short term liability*	614 767	-	614 767
Income from related parties	-	34 495	34 495
Purchases from related parties**	23 870	34 216	58 086
Interest received from related parties	731	-	731

Related party transactions in 2020 and balances at 31 December 2020	**Parent Company**	**Subsidiary Company**	**Total**
Current trade receivable on related parties	-	87	87
Interest bearing short term receivables*	245 269	-	245 269
Current trade payables to related parties	768	2 241	3 009
Interest bearing short term liability	-	-	-
Income from related parties	1 344	16 876	18 220
Purchases from related parties**	90 450	19 991	110 441
Interest received from related parties	2 511	-	2 511

*The Bilfinger Group has established a consolidated bank account system where Bilfinger SE in accordance with the agreement is regarded the owner, while the other group companies are participants. The bank settle any withdrawals and deposits against each other so that the net position represents the balance between SEB and Bilfinger SE. Bilfinger Nordics AS has interest-bearing liability that amounts to 614 767 as of 31 December 2021 and a interest-bearing receivable of 245 269 as of 31 December 2020 on the consolidated bank account system. The shift in cash position from 2020 is due to the new Nordic legal structure with the purchase of the companies in Porsgrunn, Sweden and Finland.

**Bilfinger SE has in 2021 invoiced 14 733 (14 891 in 2020) regarding group services and 9 137 (75 559 in 2020) regarding other services. Amount in 2020 includes implementation cost of SAP.

21. First time adoption of simplified IFRS

This set of financial statements, for the year ended 31 December 2021, is the first set of financial statements prepared in accordance with simplified IFRS as regulated by the Norwegian Accounting Act. Under simplified IFRS the recognition and measurement provisions in IFRS are applied. The note disclosures generally follow what is often referred to as Norwegian generally accepted accounting policies, or Norwegian good accounting practice (NGAAP).

In preparing the financial statements, the entity's opening statement of financial position was prepared as at 1 January 2020, the entity's date of transition to simplified IFRS.

This note explains the principal adjustments made by the entity when transitioning to simplified IFRS from its previous reporting framework (Norwegian good accounting practice NGAAP) as of 1 January 2020, as well as for the period ended 31 December 2020.

Reconciliation of equity and financial position as at 1 January 2020:

		01.01.2020		
ASSETS	**Note**	**NGAAP**	**Effect of transition to simplified IFRS**	**IFRS**
Non-current assets				
Intangible asset	A	29 124	-27 721	1 403
Property, plant and equipment		54 672	-	54 672
Right-of-use assets	B	-	73 795	73 795
Deferred tax asset	C	10 511	-8 715	1 796
Total non-current assets		**94 307**	**37 359**	**131 666**
Current assets				
Inventories		6 312	-	6 312
Receivables and other financial assets	D	217 212	-2 927	214 285
Intercompany receivables		387 836	-	387 836
Other receivables		-	-	-
Total current assets		**611 360**	**-2 927**	**608 433**
TOTAL ASSETS		**705 667**	**34 432**	**740 099**
EQUITY AND LIABILITIES				
Equity				
Share capital		13 200	-	13 200
Capital Reserve		199 520	-	199 520
Other equity	E	45 877	29 862	75 739
Total equity		**258 597**	**29 862**	**288 459**
Non-current liabilities				
Warranty provisions		12 008	-	12 008
Accruals		-	-	
Non-current lease liabilities	B	-	66 454	66 454
Long-term financial debt		-	-	
Deffered tax liabilities		-	-	
Total non-current liabilities		**12 008**	**66 454**	**78 462**
Current liabilities				
Current lease liabilities	B	-	8 676	8 676
Intercompany payables		-	-	-
Public duties payable		59 582	-	59 582
Other current liabilities	F	262 764	-70 560	192 204
Trade and other payables		112 716	-	112 716
Total current liabilities		**435 062**	**-70 560**	**373 178**
Total liabilities		**447 070**	**-4 106**	**451 640**
TOTAL EQUITY AND LIABILITIES		**705 667**	**25 755**	**740 099**

A: The adjustment of NOK 27,721 thousands reflects the expensed-off of intangible assets as per IFRS, which were initially capitalized as per NGAAP.

B: The IFRS adjustment of NOK 73,795 thousands reflects the recognition of right to use assets and corresponding lease liabilities classified as current and non-current lease liabilities as per IFRS 16. Under NGAAP these transactions were shown as operating expenses. The IFRS adjustment of NOK 66,454 thousands reflects the recognition of lease liabilities (further classified as current and non-current lease liabilities) for amount payable to lessor in future as per IFRS 16. The IFRS adjustment of NOK 8 676 thousands reflects the recognition of current lease liabilities for amount payable to lessor within 12 months period as per IFRS 16. Under NGAAP these liabilities were not recognized in the books and were recoded as expenses as and when paid.

C: The IFRS adjustment of NOK 8,715 thousands reflects the tax effect of group contribution for 2019 of NOK 69,843 thousand in NGAAP. The amount posted in IFRS in 2020. In addition to changes in temporay differences mainly related to intangible assets as per IFRS, which were initially capitalized as per NGAAP.

D: The IFRS adjustment of NOK 2,927 thousands reflects the IFRS 9 allowance for expected credit losses (ECLs) , ref note 6.

E: The difference of NOK 29.862 thousands reflects the creation of reserve against share-based payments for the employees of NOK 720 thousand. Under NGAAP this provision was posted as other current liabilities. In addition to adjustment of NOK 27,721 thousands expensed as per IFRS, which were initially capitalized as intangible assets per NGAAP. In addition to differences caused by IFRS 9 and 16 and group contribution posted in NGAAP.

F: The IFRS adjustment of NOK 70,560 thousands reflects the posting of group contribution for 2019 of NOK 69,843 thousand in NGAAP. The amount posted in IFRS in 2020. The remining amount is related to provision for share-based payments posted in equity in IFRS.

Reconciliation of equity and financial position as at 31 December 2020:		**31.12.2020**		
ASSETS	**Note**	**NGAAP**	**Effect of transition to simplified IFRS**	**IFRS**
Non-current assets				
Intangible asset	A	79 510	-77 346	2 164
Property, plant and equipment		42 452	-	42 452
Right-of-use assets	B	-	63 843	63 843
Financial assets		-	-	-
Deferred tax asset	B	8 865	17 579	26 444
Total non-current assets		**130 826**	**4 076**	**134 902**
Current assets				
Inventories		7 335	-	7 335
Receivables and other financial assets	C	187 973	-1 943	186 030
Intercompany receivables		245 269	-	245 269
Tax receivables		-	-	-
Miscellaneous assets (current)	D	5 989	116	6 105
Cash		-	-	-
Total current assets		**446 567**	**-1 827**	**444 740**
TOTAL ASSETS		**577 393**	**2 249**	**579 642**

DocuSign Envelope ID: 7B9B478F-05E8-47DA-8731-90CE0E76B2D0

EQUITY AND LIABILITIES				
Equity				
Share capital		13 200	-	13 200
Share premium		-	-	-
Capital Reserve	E	198 800	720	199 520
Treasury shares		-	-	-
Other equity	F	33 275	-64 082	-30 807
Total equity		**245 275**	**-63 362**	**181 913**
Non-current liabilities				
Long-term provisions		-	-	-
Non-current lease liabilities	B	-	59 562	59 562
Warranty provisions		15 274	-	15 274
Deffered tax liabilities		-	-	-
Total non-current liabilities		**15 274**	**59 562**	**74 836**
Current liabilities				
Current lease liabilities	B	-	6 689	6 689
Public duties payable		58 974	-	58 974
Other current liabilities	G	189 669	-640	189 029
Trade and other payables		68 201	-	68 201
Miscellaneous liabilities (short-term)				-
Total current liabilities		**316 844**	**6 049**	**322 892**
TOTAL EQUITY AND LIABILITIES		**577 393**	**2 249**	**579 642**

A: The adjustment of NOK 77,346 thousands reflects the expensed-off of intangible assets as per IFRS, which were initially capitalized as per NGAAP.

B: The IFRS adjustment of NOK 63,843 thousands reflects the recognition of right to use assets and corresponding lease liabilities classified as current and non-current lease liabilities as per IFRS 16. Under NGAAP these transitions were shown as operating expenses. The IFRS adjustment of NOK 59,562 thousands reflects the recognition of non-current lease liabilities for amount payable to lessor beyond 12 months as per IFRS 16. The IFRS adjustment of NOK 6,689 thousands reflects the recognition of current lease liabilities for amount payable to lessor within 12 months period as per IFRS 16. Under NGAAP these liabilities were not recognized in the books and were recoded as and when paid.

C: The IFRS adjustment of NOK 1,943 thousands reflects the provisioning of expected credit loss as per IFRS 9. Under NGAAP these provisions were not made, ref note 6.

D: The IFRS adjustment of NOK 116 thousands reflects a reclassification on a third-party creditors with deb.balance in IFRS.

E: The difference of NOK 720 thousands reflects the creation of reserve against share-based payments for the employees.

F: The difference of NOK 64,082 thousands reflects difference in equity postings related to SAP implementation cost (ref item A), IFRS 9, and IFRS 16. In addition to group contribution now posted in IFRS.

G: The difference of NOK 640 thousands reflects a reclassification on a third-party creditors with deb.balance in IFRS.

Reconciliation of total comprehensive income for 2020:

TNOK	Notes	NGAAP	Effect of transition to simplified IFRS	IFRS
Sales revenue		1 069 014	-	1 069 014
Other operating revenue		1 042	-	1 042
Total income		**1 070 055**	**-**	**1 070 055**
Cost of Sales		-156 327	-	-156 327
Gross Profit		**913 728**	**-**	**913 728**
Payroll expense		-732 871	-	-732 871
Depreciation and Amortisation	A	-41 509	10 439	-31 069
Other operating Expense	B	-156 600	-57 919	-214 519
Operating profit or loss		**-17 252**	**-47 480**	**-64 731**
Interest income from enterprises of the same group		2 511	-	2 511
Other financial costs	C	-2 589	-2 235	-4 824
Other financial income	D	347	40	388
Profit or loss before tax		**-16 983**	**-49 674**	**-66 656**
Income tax expense	E	-3 661	-26 294	-29 954
Profit or loss for the year		**-13 322**	**-23 380**	**-36 702**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations				-
Total other comprehensive income for the year		**-**	**-**	**-**
Total comprehensive income for the year		**-13 322**	**-23 380**	**-36 702**

A: The IFRS adjustment of NOK 10,439 thousands has two component one is additional depreciation of NOK 9,223 thousands charged on right to use assets because of IFRS 16 and second is adjustment of NOK 19,662 thousands which reflects the reduction of depreciation expense due to expensing-off of intangible assets, which were capitalized under NGAAP.

B: The difference arising in other operating expenses of NOK 57,919 thousands comprise three components as below:

- NOK 69,287 thousands reflects the increase in expenses arising due to charging software development expenses to P&L, which were capitalized as per NGAAP,

- NOK 10,384 thousands reflects decrease in expenses arising due to recognition of lease liabilities as per IFRS 16.

- NOK 984 thousands reflects decrease in expenses arising due to reduction in provision for expected credit loss as per IFRS 9.

C: Increase in other financial cost by NOK 2,235 thousands reflects the interest expenses charged over lease liabilities as per the provisions of IFRS 16.

D: Amount is related to a currency posting only executed in IFRS ledger.

E: The IFRS adjustment of NOK 26,294 thousand relates to charging software development expenses to P&L, which were capitalized as per NGAAP, in addition to IFRS 16 and IFRS 9 effects.

DocuSign Envelope ID: 7B9B478F-05E8-47DA-8731-90CE0E76B2D0

Reconciliation of statement of cash flows for 2020:

Cash flows from operating activities	**Notes**	**NGAAP**	**Effect of transition to simplified IFRS**	**IFRS**
Profit or loss before tax	A	-16 983	-23 380	-36 702
Adjustments to reconcile profit before tax to net cash flows:				-
Profit or loss on sale of fixed assets		-273	-	-273
Depreciation	B	36 742	-10 439	26 302
Write down		4 767	-	4 767
Lease interest payment	C	-	2 235	2 235
Working capital adjustments:				
Changes in inventories		-1 023	-	-1 023
Changes in other receivables	D	23 249	-1 100	22 149
Changes in trade and other payables		-39 802	76	-39 726
Net cash flows from operating activities		**6 678**	**-32 610**	**-22 270**
Cash flows from investing activities				
Purchase of property, plant and equipment	E	-79 728	69 287	**-10 441**
Proceeds from sale of property, plant and equipment		326	-	**326**
Net cash flow from investing activities		**-79 401**	**69 287**	**-10 114**
Cash flow from financing activities				
Net change in cash pool balance		72 723	-	**72 723**
Payments for the principle portion of the lease liabil	F	-	-10 384	**-10 384**
Net cash flows from financing activities		**72 723**	**-10 384**	**62 339**
		0	**26 293**	**29 954**
Net increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents at beginning of the year/period		-		
Net foreign exchange difference		-		
Cash and cash equivalents, end of year		**0**	**26 293**	**29 954**

A: The IFRS adjustment of NOK 49,674 thousands reflects the changes in comprehensive income for 2021 after transition to simplified IFRS.

B: The IFRS adjustment of NOK 10,439 thousands has two component one is additional depreciation of NOK 9,223 thousands charged on right to use assets because of IFRS 16 and second is adjustment of NOK 19,662 thousands which reflects the reduction of depreciation expense due to expensing-off of intangible assets, which were capitalized under NGAAP.

C: NOK 2,235 thousands reflects the interest expenses charged over lease liabilities as per the provisions of IFRS 16.

D: Amount is related to a currency posting only executed in IFRS ledger and IFRS 9 effect.

E: NOK 69,287 thousands reflects the increase in expenses arising due to charging software development expenses to P&L, which were capitalized as per NGAAP.

F: NOK 10,384 thousands reflects decrease in expenses arising due to recognition of lease liabilities as per IFRS 16.

22. Changes in IFRS and new standards

Standards issued but not yet effective
The standards and interpretation that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are not expected to have a significant impact on the financial statements of the Group.

23. Events after the reporting period

ACCOUNTING POLICIES
New information after the balance sheet date about the company's financial position on the balance sheet date is taken into account in the annual accounts. Events after the balance sheet date that do not affect the company's financial position on the balance sheet date, but which will affect the company's financial position in the future, are stated if this is significant.

Non-adjusting events:

Business impact from the Russian invasion of Ukraine
In general, Bilfinger expect no direct and only limited indirect impact on operations from the Russian invasion into Ukraine. The sales activity in the involved countries have been minor respectively zero over the historical period and we do not expect this to change over the upcoming period. Bilfinger does not have any employees in these countries. Some of Bilfinger's clients use Ukrainian contractors/suppliers leading to delays in project time schedules and execution. Bilfinger is also working for some of these clients being affected by the delay as well. These circumstances require additional flexibility from Bilfinger in terms of planning and resource management. Potential sanctions against existing clients with partly Russian ownership is constantly checked. There is nothing preventing Bilfinger from working with them for the time being. Immediate measures will be implemented in case the situation changes. Regarding supply chain we do not have any direct sourcing of material from suppliers in Ukraine or Russia. However, we do expect to see some indirect effects related to sub-suppliers, especially regarding Oil & Gas and the whole process industry which is a key input factor in Bilfinger. Overall, the oil and gas market was constraint before the invasion, largely affected by the high European energy prices. With the invasion came further pressure in the Energy market. Further Russia is one of the worlds suppliers of raw materials used in oil and gas production, which may also affect the global supply and price of oil and gas. Overall, we expect that these factors may have impact on the cost of Bilfinger. Bilfinger is continuously monitoring this situation and may use options to increase prices towards end-customer to recover some of the additional cost to bear.

There have been no other significant non-adjusting events subsequent to the reporting date.