

Fourth Quarter 2021

AF Gruppen ASA

11 February 2022



Q4



From the CEO

We're reporting very good results for the quarter and for the year as a whole. In the course of 2021 we have also taken great steps in safety work, and our goal of zero serious injuries and work-related absence remains in place. It is very pleasing that satisfaction among our employees is high, and that we once again have been named the industry's most attractive employer among contractors in this year's Universum survey amongst students.

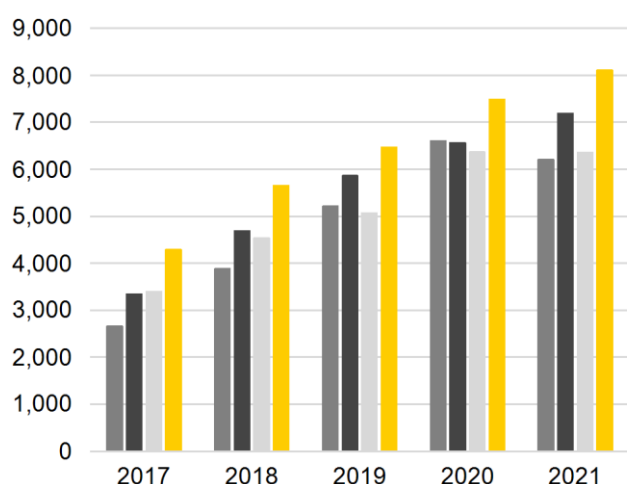
AF Gruppen will be a safe, eco-friendly, innovative and profitable contractor. We resolve key challenges in society, in combination with creating profitable business opportunities for AF Gruppen. Several of our units deliver solutions within the circular economy and recycling of natural resources, and the same units are achieving very good profitability in a market with ever-increasing demand.

AF has always been proud of its strength and ability to perform complex tasks. The group's entrepreneurial spirit has been characterised by the ability and willingness to think differently and to find better, more future-oriented ways to generate value.

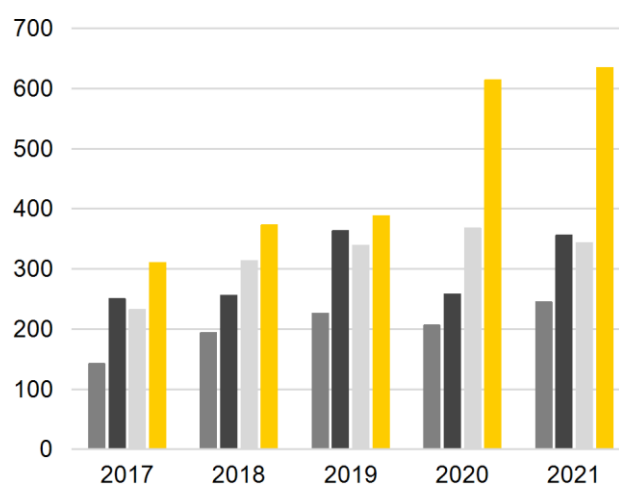
HIGHLIGHTS

- Revenues were NOK 8,112 million (7,485 million) for the 4th quarter and NOK 27,868 million (27,025 million) for the full year.
- Earnings before tax were NOK 635 million (614 million) for the 4th quarter and NOK 1,580 million (1,447 million) for the full year.
- The profit margin was 7.8% (8.2%) for the 4th quarter and 5.7% (5.4%) for the full year.
- Net operating cash flow was NOK 301 million (-86 million) for the 4th quarter and NOK 1,415 million (1,189 million) for the full year.
- The order backlog stood at NOK 38,646 million (30,617 million) as at 31 December 2021.
- Net interest-bearing debt (receivables) was NOK -29 million (-90 million) as at 31 December 2021.
- Result per share in 2021 was NOK 9.60 (9.29). The Board of Directors has proposed a dividend for payment of NOK 6.50 (6.50) for the first half of 2022.

REVENUES PER QUARTER (NOK MILLION)



EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



SUMMARY OF 4TH QUARTER

Key figures (NOK million)	4Q 21	4Q 20	2021	2020
Operating and other revenue	8,112	7,485	27,868	27,025
EBITDA	778	802	2,176	2,053
Earnings before financial items and tax (EBIT)	639	633	1,609	1,480
Earnings before tax (EBT)	635	614	1,580	1,447
Result per share (NOK)	3.88	4.11	9.60	9.29
Diluted result per share (NOK)	3.85	4.08	9.57	9.27
EBITDA margin	9.6 %	10.7 %	7.8 %	7.6 %
Operating profit margin	7.9 %	8.5 %	5.8 %	5.5 %
Profit margin	7.8 %	8.2 %	5.7 %	5.4 %
Return on capital employed (ROaCE) ¹⁾	-	-	36.2 %	34.8 %
Cash flow from operating activities	301	-86	1,415	1,189
Net interest-bearing debt (receivables)	-29	-90	-29	-90
Shareholders' equity	3,572	3,494	3,572	3,494
Total equity and liabilities	13,108	12,862	13,108	12,862
Equity ratio	27.3 %	27.2 %	27.3 %	27.2 %
Order backlog	38,646	30,617	38,646	30,617
LTI-1 rate	0.9	2.4	1.1	1.8
Absence due to illness	4.9 %	4.7 %	4.6 %	4.6 %

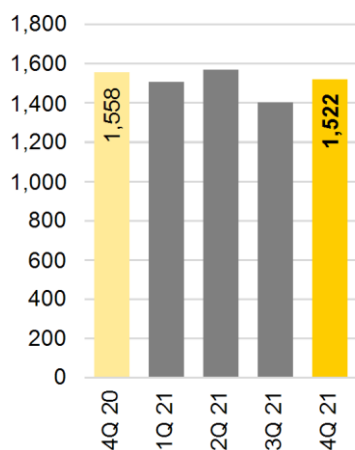
¹⁾ Rolling average last four quarters

Business Areas

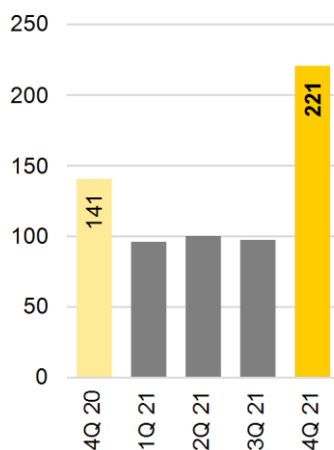


CIVIL ENGINEERING

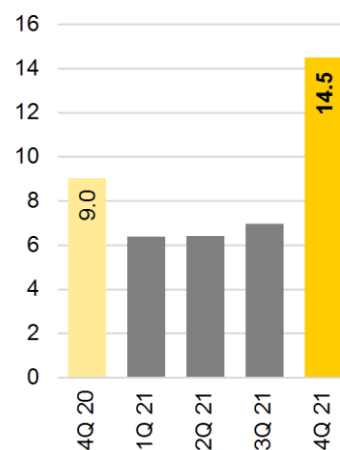
REVENUE (NOK million)*



OPERATING PROFIT (NOK million)*



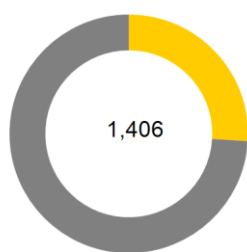
OPERATING PROFIT (%)*



KEY FIGURES*

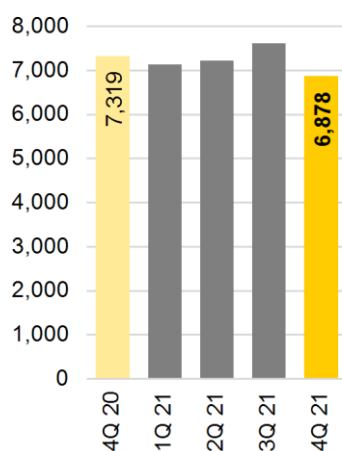
NOK million	4Q 21	4Q 20	2021	2020
Operating and other revenue	1,522	1,558	6,002	5,218
Earnings before financial items and tax (EBIT)	221	141	515	314
Earnings before tax (EBT)	220	123	510	292
Operating profit margin	14.5 %	9.0 %	8.6 %	6.0 %
Profit margin	14.5 %	7.9 %	8.5 %	5.6 %

NUMBER OF EMPLOYEES



AF Gruppen 5,413

ORDER BACKLOG (NOK million)*



CIVIL ENGINEERING CONSISTS OF

- AF Anlegg
- Målselv Maskin & Transport
- Eiçon
- Consolvo

* Eiçon and Consolvo have been transferred from the Construction business area to the Civil Engineering business area with effect from 1 January 2021. Comparative figures have been restated.



AF is one of Norway's largest actors in the civil engineering market, and the customers include both public and private actors. Its project portfolio includes roads, railways, port facilities, airports, tunnels, foundation work, power and energy, as well as onshore facilities for oil and gas.

The activity level in Civil Engineering was somewhat lower in the fourth quarter compared to the same quarter last year, while the profit margin was significantly improved. Overall, the business area delivered a very good result. The Civil Engineering business area reported revenues of NOK 1,522 million (1,558 million) for the 4th quarter. Earnings before tax were NOK 220 million (123 million). For the full year, revenues totalled NOK 6,002 million (5,218 million) and earnings before tax were NOK 510 million (292 million).

AF Anlegg currently has two major projects in progress: E39 Kristiansand vest-Mandal øst and Bergtunnlar Lovö in Stockholm. There is high activity in both projects, but for E39 Kristiansand vest-Mandal øst, profitability is affected by an increase in costs towards the end of the project. There is consistently good operational performance in the unit's other project portfolios, which combined with several

projects in the closing phase, contributed to the unit delivering a very good result in the quarter.

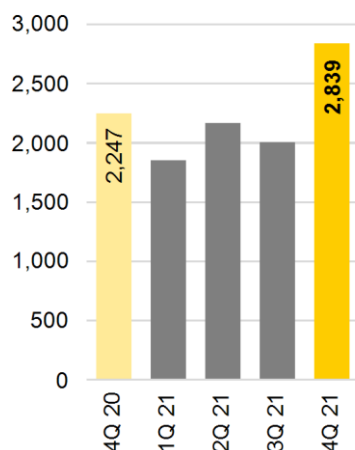
Målselv Maskin & Transport has experienced good operations in the quarter, and continues to deliver very good results. Both Eiqon and Consolvo reported higher turnover than in the fourth quarter of last year, and both units delivered good profitability in the quarter.

One contract was reported on the stock exchange in the fourth quarter. AF Anlegg has entered into a contract with Statkraft to rehabilitate the Nesjø dam in Tydal municipality. The agreement has a value of approximately NOK 235 million excl. VAT. The joint project phase on E6 Roterud-Storhove is still ongoing. The zoning plan has been submitted for the second consultation, and is expected to be clarified towards the end of the second quarter. After quarter end, AF Gruppen announced a contract for building the new water distribution tunnels with Oslo municipality, in collaboration with the Italian company Ghella. The contract has an approximate value of NOK 8,750 million excluding VAT for the collaboration. AF Gruppen's share is 60%, this is not included in the order backlog for 31. December 2021.

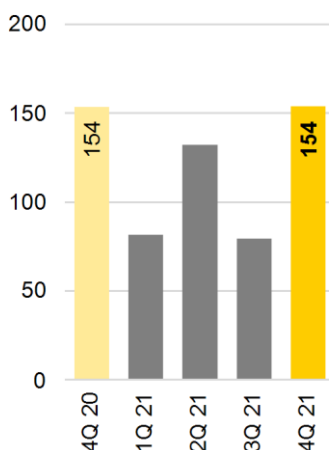
The order backlog for Civil Engineering was NOK 6,878 million (7,319 million) as at 31 December 2021.

CONSTRUCTION

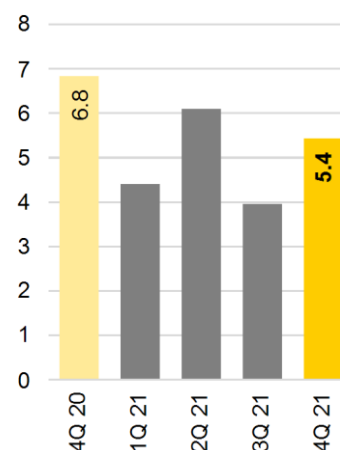
REVENUE (NOK million)*



OPERATING PROFIT (NOK million)*



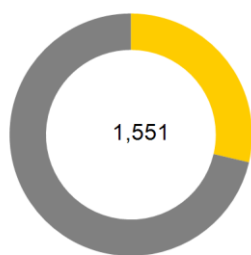
OPERATING MARGIN (%)*



KEY FIGURES*

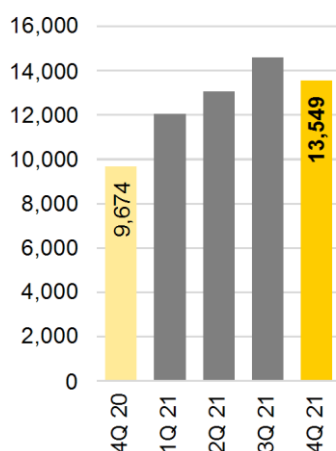
NOK million	4Q 21	4Q 20	2021	2020
Operating and other revenue	2,839	2,247	8,865	8,684
Earnings before financial items and tax (EBIT)	154	154	447	502
Earnings before tax (EBT)	154	157	450	513
Operating profit margin	5.4 %	6.8 %	5.0 %	5.8 %
Profit margin	5.4 %	7.0 %	5.1 %	5.9 %

NUMBER OF EMPLOYEES



AF Gruppen 5,413

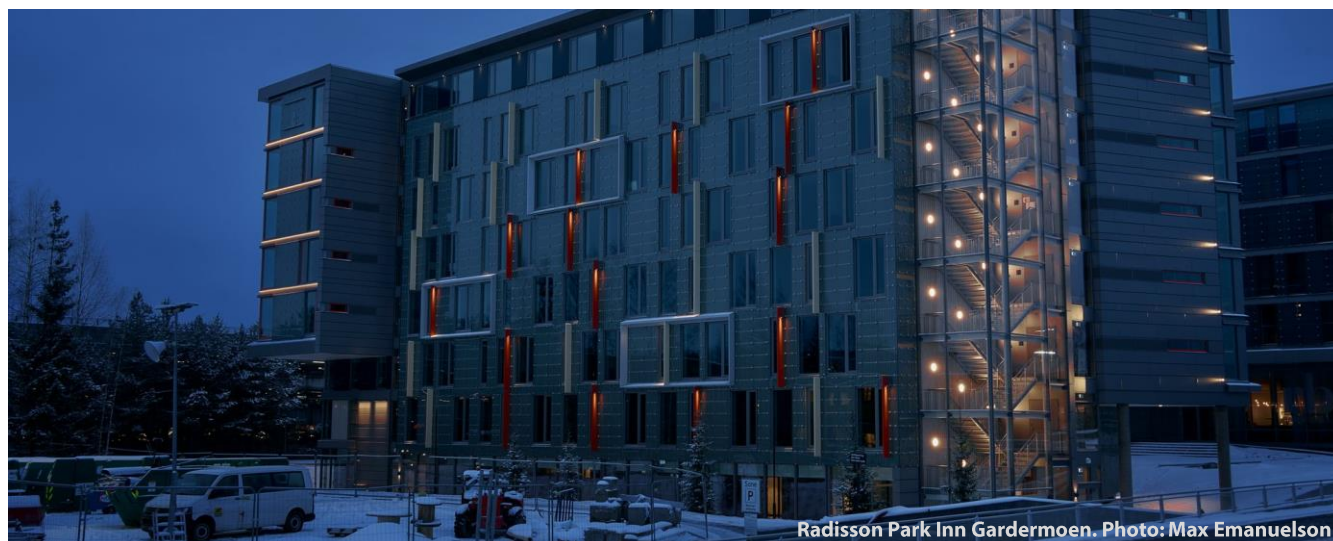
ORDER BACKLOG (NOK million)*



CONSTRUCTION CONSISTS OF

- AF Bygg Oslo
- AF Byggfornyelse
- AF Nybygg (transferred to AF Bygg Oslo)
- AF Bygg Østfold
- Strøm Gundersen
- Strøm Gundersen Vestfold
- Haga & Berg
- AF Håndverk
- LAB Entreprenør
- Åsane Byggmesterforretning
- Fundamentering (FAS)
- Helgesen Tekniske Bygg (HTB)

* Eiçon and Consolvo have been transferred from the Construction business area to the Civil Engineering business area with effect from 1 January 2021. Comparative figures have been restated.



Radisson Park Inn Gardermoen. Photo: Max Emanuelson

AF provides contracting services for residential, public and commercial buildings. Our services range from planning to construction and renovation. AF cooperates closely with customers to find efficient and innovative solutions adapted to their needs. The Construction business area comprises activities in Eastern Norway and the Bergen Region.

Construction increased turnover compared to the same period last year, and delivered satisfactory profitability in the quarter. Construction reported revenues of NOK 2,839 million (2,247 million) for the 4th quarter. Earnings before tax were NOK 154 million (157 million). For the full year revenues totalled NOK 8,865 million (8,684 million) and earnings before tax were NOK 450 million (513 million).

Haga & Berg, AF Bygg Oslo and Strøm Gundersen are distinguished by very good results in the quarter. AF Bygg Østfold and Åsane Byggmesterforretning deliver good results in the quarter. Good operational performance and projects in the final phase contributed positively to profitability.

AF Nybygg's project portfolio was transferred to AF Bygg Oslo in the third quarter of 2021, and the portfolio was further devalued by NOK 20 million in the quarter.

Price developments for raw materials such as steel and wood continue to be uncertain, especially for the units that have agreed on fixed prices for their projects. Units that have agreed a pay and price inflation mechanism in their projects are partially compensated for price fluctuations.

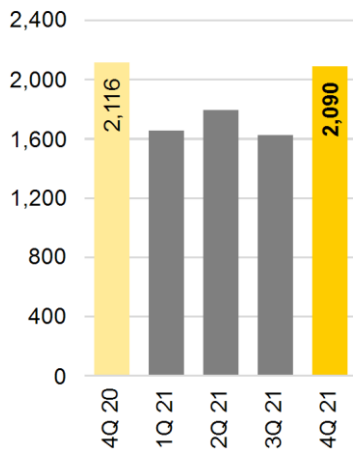
One new contract has been reported on the stock exchange in the fourth quarter. Haga & Berg has entered into a contract with SEFF Holding for the rehabilitation of Kjølberggata 31 at Tøyen in Oslo. The contract is a turnkey contract valued at NOK 136 million, excl. VAT.

The agreement for the building of Construction City constitutes a significant contract in the order backlog of the Construction business area. Construction City will become an industry cluster that will bring together the construction, civil engineering and real estate industries in Norway. The contract has a value of NOK 2,676 million excl. VAT, and the project will be carried out in cooperation between AF Bygg Oslo and Betonmast Oslo. Two-thirds of the value is included in the order backlog of Construction.

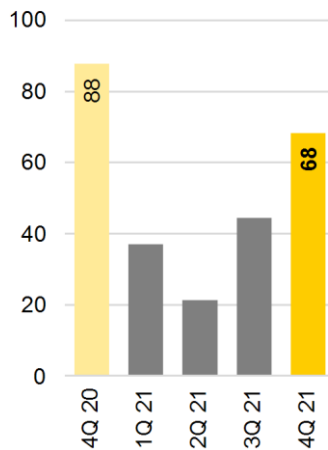
Construction's order backlog was NOK 13,549 million (9,674 million) as at 31 December 2021.

BETONMAST

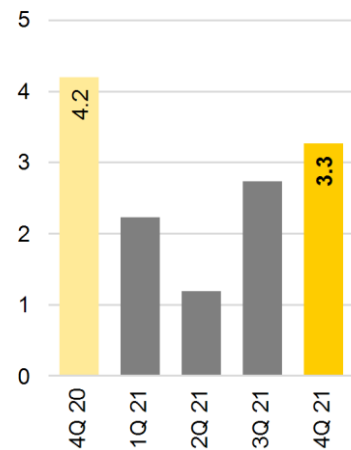
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



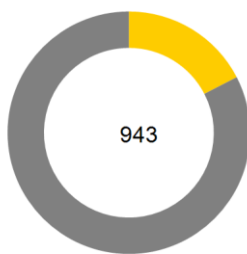
OPERATING MARGIN (%)



KEY FIGURES

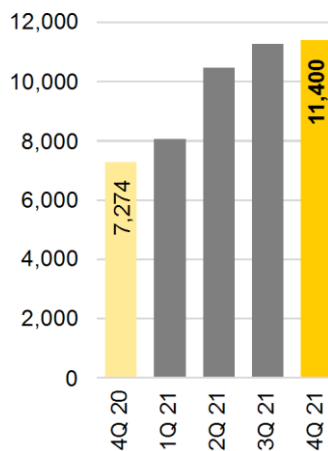
NOK million	4Q 21	4Q 20	2021	2020
Operating and other revenue	2,090	2,116	7,170	7,862
Earnings before financial items and tax (EBIT)	68	88	171	261
Earnings before tax (EBT)	62	86	149	252
Operating profit margin	3.3 %	4.2 %	2.4 %	3.3 %
Profit margin	3.0 %	4.0 %	2.1 %	3.2 %

NUMBER OF EMPLOYEES



AF Gruppen 5,413

ORDER BACKLOG (NOK million)



BETONMAST CONSISTS OF

- Betonmast Boligbygg
- Betonmast Oslo
- Betonmast Trøndelag
- Betonmast Romerike
- Betonmast Røsand
- Betonmast Telemark
- Betonmast Østfold
- Betonmast Innlandet
- Betonmast Buskerud-Vestfold
- Betonmast Asker og Bærum
- Betonmast Göteborg
- Betonmast Mälardalen
- Betonmast Malmö
- Betonmast Stockholm
- Betonmast Anläggning
- Betonmast Eiendom



Lillehammer fire station. Photo: Betonmast

Betonmast is one of Norway's largest construction contractors and has operations in the largest markets in Norway and Sweden. The project portfolio comprises everything from major residential projects to commercial and public buildings. Betonmast is a major actor in construction for the public sector and possesses specialist expertise in project development and collaborative contracts.

Betonmast delivered overall weak profitability in the quarter, and profitability is weaker than for other operations in AF Gruppen. Betonmast reported revenues of NOK 2,090 million (2,116 million) and a pre-tax profit of NOK 62 million (86 million) in the 4th quarter. For the full year revenues totalled NOK 7,170 million (7,862 million) and earnings before tax were NOK 149 million (252 million).

There was a wide variation in the earnings of the various units in Norway. Betonmast Oslo, Romerike, Østfold, Trøndelag and Buskerud-Vestfold delivered solid results in the quarter as a result of good operations and several projects in the completion phase.

Betonmast Boligbygg and Telemark delivered yet another quarter of weak results, and significant write-downs have been made in Betonmast Boligbygg in particular. A significantly higher increase in costs than calculated is the reason for the weak results.

After the end of the quarter, an agreement has been entered into with an investor grouping for the sale of Betonmast Telemark. In 2021, Betonmast Telemark had a turnover of about NOK 300 million. The parties have agreed not to publish the price. The agreement is expected to be finalised during February 2022.

Betonmast's Swedish business delivered profitability below expectations in the fourth quarter as well. The weak results reflect varying project results in the units.

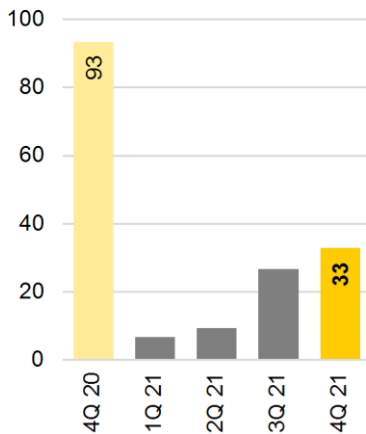
Betonmast has a separate property portfolio with three property projects with a total of 352 units under production. For further information on the projects, see Note 7.

Eight new agreements have been reported on the stock exchange in the fourth quarter, of which a value of about NOK 1,640 million has been included in the order backlog. Among other things, Betonmast Asker and Bærum are approved by Oslobygg KF for the construction of Hovseter school in Oslo. The contract is a turnkey contract with a value of about NOK 350 million excl. VAT. Betonmast Göteborg has entered into an agreement with Sverigehuset for the construction of an apartment complex in Gothenburg. The contract is a turnkey contract of approximately SEK 316 million excl. VAT. Betonmast Trondheim has signed a contract with Selvaag Bolig ASA for the construction of 123 apartments in the Ringve Pluss project in Trondheim. The contract is a turnkey contract with a total value of approximately NOK 310 million, excl. VAT.

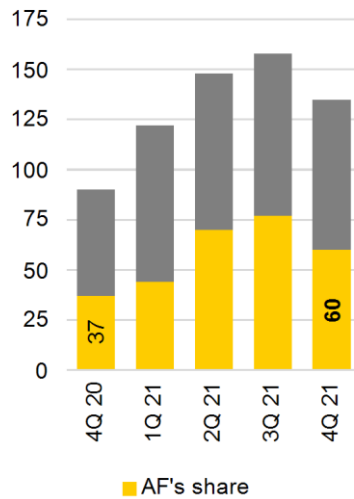
As at 31 December 2021, Betonmast's order backlog was NOK 11,400 million (7,274 million).

PROPERTY

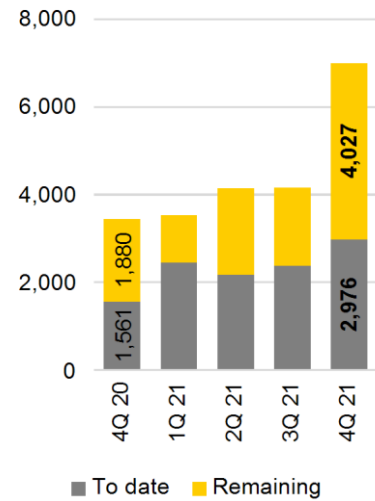
EARNINGS BEFORE TAX (NOK million)



UNITS SOLD (NUMBER)



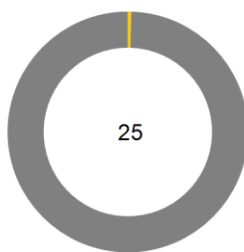
TURNOVER UNITS IN PRODUCTION (NOK million)



KEY FIGURES

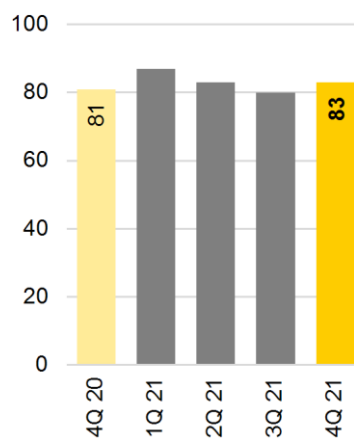
NOK million	4Q 21	4Q 20	2021	2020
Operating and other revenue	15	15	35	33
Earnings before financial items and tax (EBIT)	32	95	75	135
Earnings before tax (EBT)	33	93	76	132
Capital employed	703	844	703	844

NUMBER OF EMPLOYEES



AF Gruppen 5,413

SALES RATIO PROJECTS IN PROGRESS (%)



PROPERTY CONSISTS OF

- AF Eiendom
- LAB Eiendom



Rolvsrud Arena in Lørenskog. Illustration: Eve Images

Property develops, designs and carries out residential and commercial projects in Norway. The activities take place in geographic areas where AF has its own production capacity. AF cooperates closely with other players in the property industry, and the development projects are mainly organised as part-owned companies that are recognised in accordance with the equity method of accounting.

Property delivered earnings before tax of NOK 33 million (93 million) in the 4th quarter. Last year's quarterly results included the sale of the ATEA building. For the full year earnings before tax were NOK 76 million (NOK 132 million). From January 2021, Property has been divided into two operating units, AF Eiendom and LAB Eiendom, to ensure increased local foundation in Greater Oslo and the Bergen region respectively.

Property enjoyed good sales during the quarter, especially for the Bekkestua Have and Rolvsrud Idrettspark project for AF Eiendom. A total of 135 (90) residential properties were sold in the quarter, of which AF's share was 60 (37). A total of 550 (433) residential properties were sold in 2021, of which AF's share was 256 (160).

A total of 1 (65) residential property was handed over in the fourth quarter. This was at AF Eiendom's project Bo på Billingstad in Asker.

There were seven residential property projects in the production stage at the end of the quarter. A total of 848 units are in production, of which AF's share is 379.

AF Eiendom:

- Bo på Billingstad in Asker (78 units under production, of which 77 have been sold)
- Lilleby Triangel in Trondheim (125 units under production, of which 123 have been sold)
- Brøter Terrasse at Lillestrøm (78 units in production, of which 65 have been sold)
- Fyrstikkbakken in Oslo (159 units in production, of which 120 have been sold)
- Skårersletta MIDT in Lørenskog (121 units in production, of which 82 have been sold)
- Bekkestua Have (232 units in production, of which 190 have been sold)

LAB Eiendom:

- Kråkehaugen in Bergen (55 units in production, of which 46 have been sold)

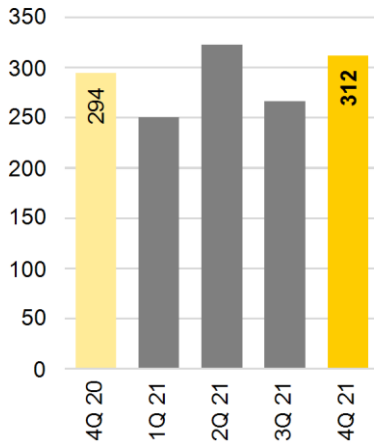
This gives a sales ratio of 83% for commenced projects. Property also has 129 units for sale in projects in the sales phase: Rolvsrud Idrettspark (53 units) and Skårersletta MIDT (76 units) in AF Eiendom. There were a total of 6 (1) completed unsold units at the end of the quarter, of which AF's share was 3 (1). For more information on projects for own account, see Note 7.

AF also has a significant development portfolio in Norway which is estimated at 1,715 (2,133) units. AF's share of this was 821 (1,048) residential units. The majority of the portfolio is located in Greater Oslo and Bergen.

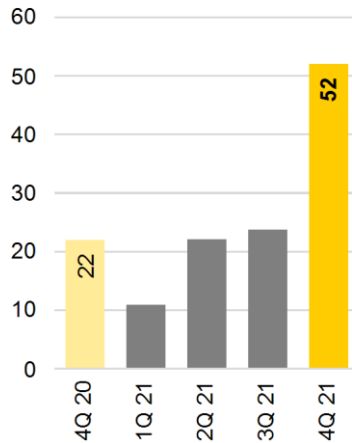
AF Eiendom is a partner in the Hasle Linje Næring project in Oslo, and AF's stake is 49.5%. The K4 hotel and offices (RFA of 21,056 square metres) was completed, but not sold at the end of the quarter. AF has an ownership stake in commercial property under construction with a total RFA of 51,856 (137,380) square metres, of which AF's share is an RFA of 25,749 (39,996) square metres.

ENERGY AND ENVIRONMENT

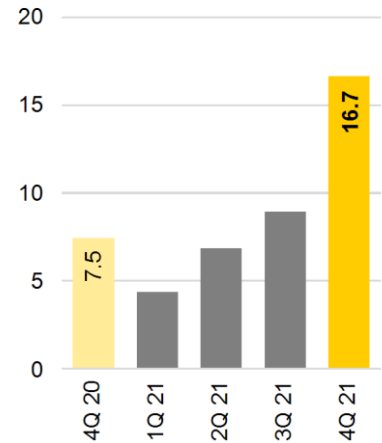
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



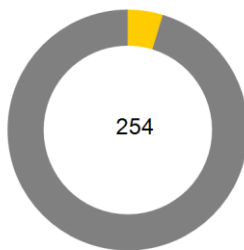
OPERATING MARGIN (%)



KEY FIGURES

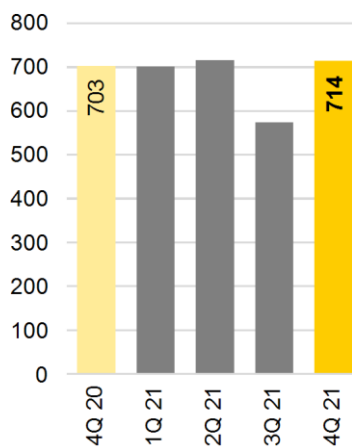
NOK million	4Q 21	4Q 20	2021	2020
Operating and other revenue	312	294	1,152	962
Earnings before financial items and tax (EBIT)	52	22	109	54
Earnings before tax (EBT)	53	21	107	52
Operating profit margin	16.7 %	7.5 %	9.4 %	5.6 %
Profit margin	17.1 %	7.0 %	9.3 %	5.5 %

NUMBER OF EMPLOYEES



AF Gruppen 5,413

ORDER BACKLOG (NOK million)



ENERGY AND ENVIRONMENT

CONSIST OF

- AF Energi, prev. AF Energi og Miljøteknikk
Enaktiva
AF Energija Baltic
- AF Decom
Rimol Miljøpark
Nes Miljøpark
Jølsen Miljøpark



Rimol Environmental Centre. Photo: AF Gruppen/Eirik Førde

AF provides smart and energy-efficient services for buildings and industry, and is a leading actor within traditional demolition services and the subsequent receiving, treating and recycling of materials. At AF's environmental centres, Rimol, Jølsen and Nes, contaminated materials are sorted, decontaminated and recycled. The target is to recycle more than 80% of the materials.

Energy and Environment increased its level of activity and delivered a very good result in the quarter. Revenues for the 4th quarter were NOK 312 million (294 million). This corresponds to a growth of 6% compared to the same quarter last year. Earnings before tax were NOK 53 million (21 million). For the full year revenues totalled NOK 1,152 million (962 million) and earnings before tax were NOK 107 million (52 million).

AF Decom increased its level of activity and continues to deliver very good profitability for both demolition and recycling at AF's environmental centres. AF's demolition operations demolish and sort the different materials for recycling. AF Decom demolished and facilitated the recycling of approximately 6,860 (10,216) tonnes of metal in the fourth quarter, and 14,806 (19,380) tonnes of metal in 2021. The steel industry accounts for about 7% of the world's total CO₂ emissions. Reusing steel results in 70% lower CO₂ emissions than ore-based production. This

corresponds to a reduction in emissions of 1 kg CO₂ for each kilo of steel recycled. This means that AF Decom's demolition operations have helped to reduce alternative CO₂ emissions by 14,806 tonnes in 2021.

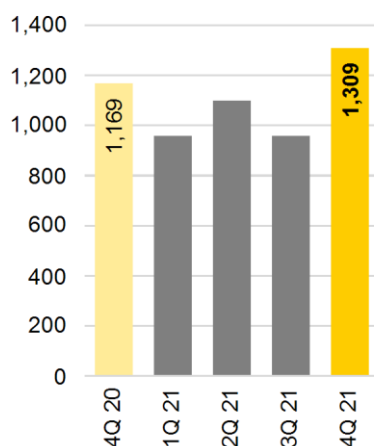
The foundation for our environmental activities is that to a large extent waste can be reused, and thus be a valuable resource in a growing circular economy. AF's environmental parks receive contaminated material and are working to reuse as much of this as possible instead of it going to landfill. There was a good level of activity in the environmental parks in the quarter and profitability is good. AF's environmental centres have recycled a total of 80,247 (134,435) tonnes of material in the fourth quarter, and a total of 344,437 (528,758) tonnes of material for the year. The recycling rate realised for contaminated material in 2021 was 79%, which is slightly below the target of 80%. This is due to the reception of a lot of clay material with a lower potential recycling rate.

AF Energi delivered very good results in the quarter. The result is influenced by a clarified dispute and final settlement. In the quarter, AF Energi was recommended by South-Eastern Norway Regional Health Authority to build heating and cooling facilities for the projected new hospital in Drammen. The contract has an estimated value of around NOK 200 million excl. VAT. AF Energi designs and supplies energy centres for alternative energy deliveries to residential and commercial projects, which are beneficial from a long-term ownership perspective.

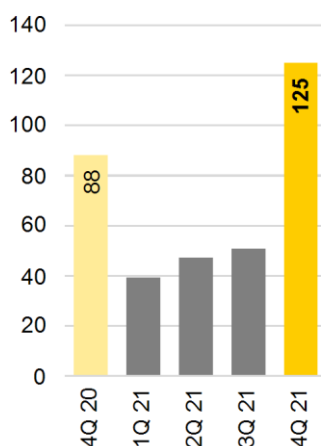
The order backlog for Energy and Environment stood at NOK 714 million (703 million) as at 31 December 2021.

SWEDEN

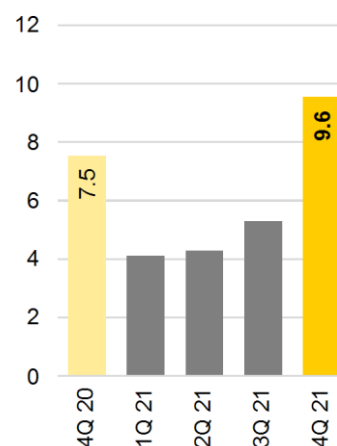
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



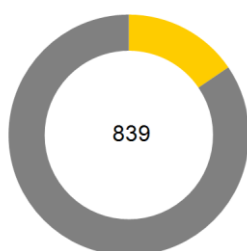
OPERATING MARGIN (%)



KEY FIGURES

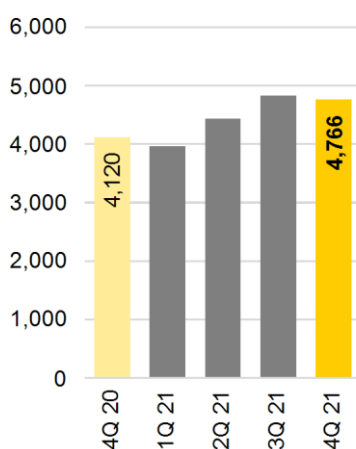
NOK million	4Q 21	4Q 20	2021	2020
Operating and other revenue	1,309	1,169	4,325	4,138
Earnings before financial items and tax (EBIT)	125	88	262	219
Earnings before tax (EBT)	124	87	257	212
Operating profit margin	9.6 %	7.5 %	6.1 %	5.3 %
Profit margin	9.5 %	7.4 %	6.0 %	5.1 %

NUMBER OF EMPLOYEES



AF Gruppen 5,413

ORDER BACKLOG (NOK million)



SWEDEN CONSISTS OF

- Kanonaden
- AF Prefab i Mälardalen, prev. Pålplintar
- AF Bygg Syd
- AF Projektutveckling
- AF Härnösand Byggreturer
- HMB



Kanonaden performs groundwork for new logistics facility in Eskilstuna. Photo: Pavel Koubek

AF's Swedish business area encompasses activities related to construction, civil engineering, property and environmental activities in Sweden. Geographically, the business unit covers Gothenburg and Southern Sweden as well as Stockholm and Mälardalen.

Sweden increased its turnover compared to the same quarter last year and delivered a strong result in the quarter. Sweden reported revenues of NOK 1,309 million (1,169 million) for the 4th quarter. Earnings before tax were NOK 124 million (87 million). For the full year revenues totalled NOK 4,325 million (4,138 million) and earnings before tax were NOK 257 million (212 million).

In the Swedish civil engineering market, Kanonaden can report a 43% revenue growth compared to the same quarter last year and the unit continues to deliver very good results. High production in several large projects contributed to the result.

HMB and AF Härnösand Byggreturer delivered very good results in the quarter that reflect good operations and some projects in the closing phase. For the demolition business, the activity level was at the same level as last year. AF Bygg Syd reported weak profitability in the quarter due to variations in the project portfolio.

Price developments for raw materials such as steel and wood still constitute uncertainty in Sweden as well. This is especially true for the units that have agreed fixed prices for their projects. Units that have agreed a pay and price inflation mechanism in

their projects are partially compensated for price fluctuations. In Sweden, Cementa, which is the main supplier of cement to the Swedish building and construction industry, has been granted temporary permission to extract lime on Gotland until the end of 2022.

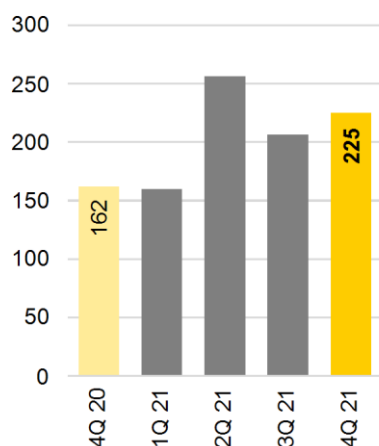
AF Projektutveckling, AF's real estate business in Sweden, has in the fourth quarter completed the sale of the completed school project Donnergymnasiet, which was reported on the stock exchange in the first quarter of 2021. The sale will have a significant impact on results for the quarter. The unit has two housing projects with a total of 115 homes in production. For further information on the residential projects, see Note 7. The unit has a building site inventory (residential units under development) that is estimated at 950 (363) residential units. AF's share of this was 510 (169) residential units.

Five agreements have been reported on the stock exchange in the fourth quarter with a total value of around SEK 742 million excl. VAT. Among other things, Kanonaden will carry out ground and construction work for the Klinga Logistikpark in Norrköping. The contract is a turnkey contract of about SEK 200 million excl. VAT. HMB has been awarded the contract for building 80 apartments in Ängsgärdet's housing for the elderly in Västerås by SBB. The contract amount is approximately SEK 162 million excl. VAT and will be carried out as a turnkey contract. AF Bygg Syd has entered into an agreement with Vänersborg Kretslopp & Vatten to extend and modernise Holmängens wastewater treatment plant in Vänersborg municipality. The contract is a turnkey contract valued at SEK 152 million excl. VAT.

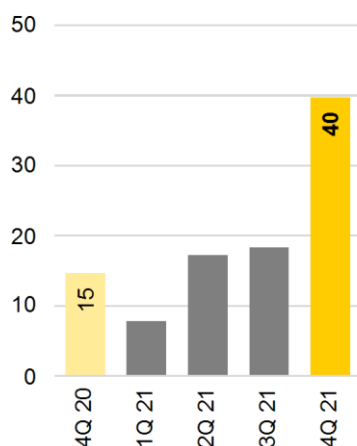
The order backlog for Sweden stood at NOK 4,766 million (4,120 million) as at 31 December 2021.

OFFSHORE

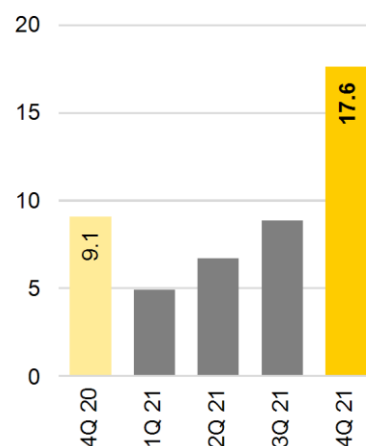
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



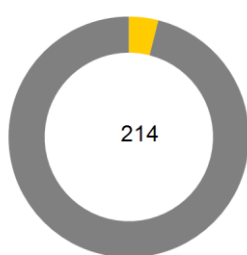
OPERATING MARGIN (%)



KEY FIGURES

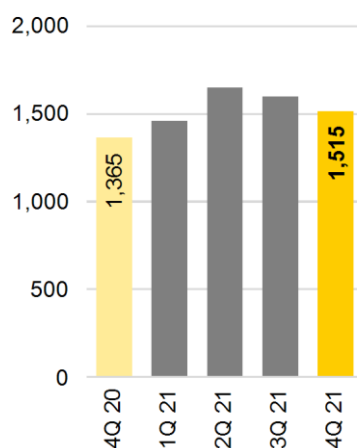
NOK million	4Q 21	4Q 20	2021	2020
Operating and other revenue	225	162	848	672
Earnings before financial items and tax (EBIT)	40	15	83	-25
Earnings before tax (EBT)	37	10	78	-40
Operating profit margin	17.6 %	9.1 %	9.8 %	-3.7 %
Profit margin	16.6 %	5.9 %	9.2 %	-5.9 %

NUMBER OF EMPLOYEES



AF Gruppen 5,413

ORDER BACKLOG (NOK million)



OFFSHORE CONSISTS OF

- AF Offshore Decom
- AF AeronMollier



AF Environmental Base Vats. Photo: Daniel Ugås

AF has varied activities in the oil and gas industry. The services range from new build and modification of systems for climate control (HVAC) delivered to the offshore and marine market, to the removal and recycling of offshore installations. AF has a state-of-the-art facility for environmental clean-up at Vats.

Revenues for Offshore increased significantly compared with the fourth quarter last year and profitability was very good. Revenues in the 4th quarter were NOK 225 million (162 million). Earnings before tax were NOK 37 million (10 million). Revenues totalled NOK 848 million (672 million) and earnings before tax were NOK 78 million (-40 million) for the full year.

AF Offshore Decom delivers solid revenue growth and significantly improved profitability compared to the corresponding quarter last year. The good result in the quarter was due to high production and good operations at AF Miljøbase Vats, as well as a successful offshore campaign. There is also ongoing preparatory work for the coming

offshore campaigns and demolition at the environmental base in 2022.

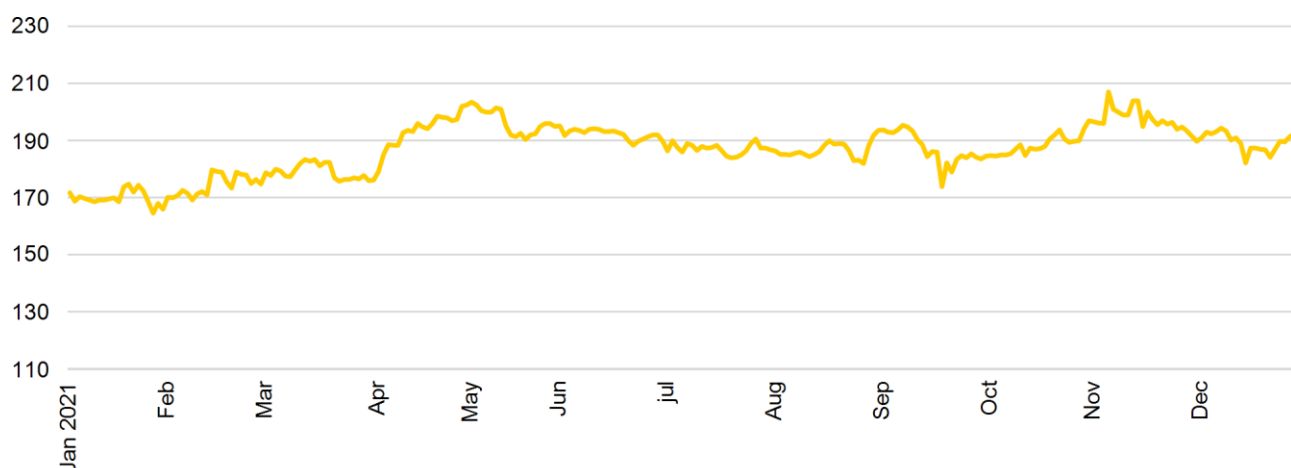
AF Offshore Decom demolishes and facilitates the recycling of offshore installations. AF Offshore Decom sorted 89% of the structures for recycling in the fourth quarter, where metal is the main component. The steel industry accounts for about 7% of the world's total CO₂ emissions. Reusing steel results in 70% lower CO₂ emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO₂ for each kilo of steel recycled. AF Offshore Decom demolished and facilitated the recycling of 8,961 (7,585) tonnes of steel in the fourth quarter and 40,990 (19,153) tonnes of steel in 2021. This represents a reduction of alternative CO₂ emissions of 40,990 tonnes for the year.

AF AeronMollier reported slightly lower revenue compared to the same quarter last year, but maintains its results. There was a good level of activity for service projects on installations on the Norwegian continental shelf in the quarter. The order backlog has remained relatively stable throughout the quarter.

The order backlog for Offshore was NOK 1,515 million (1,365 million) as at 31 December 2021.



SHARE PRICE PERFORMANCE DURING THE LAST 12 MONTHS



FINANCIAL INFORMATION

AF Gruppen shall have robust financing with respect to operational and market-related fluctuations. The Group's required return on invested capital is 20%, and its financial position shall underpin the growth strategy and provide an adequate dividend capacity.

In the 4th quarter, net operating cash flow was NOK 301 million (-86 million) and net cash flow from investments was NOK 202 million (234 million). Cash flow before capital transactions and financing was NOK 503 million (148 million) for the 4th quarter. For the full year cash flow from operating activities was NOK 1,415 million (1,189 million), and cash flow from net investments NOK 184 million (112 million). Cash flow before financing activities was NOK 1,599 million (1,301 million) for the full year.

At the end of the 4th quarter, AF Gruppen had cash and cash equivalents of NOK 680 million (708 million). Net interest-bearing debt as at 31 December 2021 was NOK -29 million (-90 million).

AF Gruppen's total financing facilities are NOK 3,000 million. The agreements include a multi-currency overdraft facility (revolving 1-year term) for NOK 2,000 million with DNB and a revolving long-term credit facility worth NOK 1,000 million with Handelsbanken, available until 2024. Available liquidity at 31 December 2021, including overdraft facilities with Handelsbanken and DNB, is NOK 3,636 million.

Total assets were NOK 13,108 million (12,862 million) as at 31 December 2021. The Group's equity totalled NOK 3,572 million (3,494 million) as at 31 December 2021. This corresponds to an equity ratio of 27.3% (27.2%).

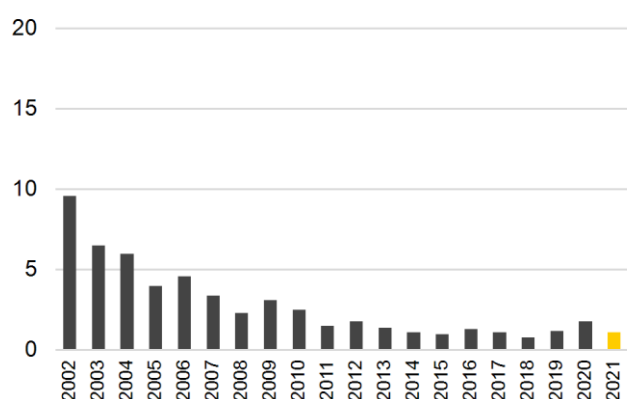
THE SHARE

AF Gruppen's shares are listed on the Oslo Børs OB Match List and trade under the ticker AFG. The share is included in the Oslo Børs All Share Index (OSEAX), Benchmark Index (OSEBX), Mutual Fund Index (OSEFX) and the Industrials Index (OING).

LIST OF SHAREHOLDERS AS AT 31 DECEMBER 2021

Name	No. Shares	% share
OBOS BBL	17,183,709	16.1
ØMF Holding AS	17,127,342	16.0
Constructio AS	14,695,347	13.8
Folketrygdfondet	9,246,879	8.7
LJM AS	2,515,217	2.4
Artel Kapital AS	2,508,267	2.3
VITO Kongsvinger AS	1,911,676	1.8
Arne Skogheim AS	1,753,870	1.6
Staavi, Bjørn	1,627,000	1.5
Janiko AS	1,300,186	1.2
Ten largest shareholders	69,869,493	65.4
Total other shareholders	36,935,007	34.6
Own shares	0	0.0
Total number of shares	106,804,500	100.0

LTI-1 RATE DEVELOPMENT



As of 31 December 2021, the AF share had a closing price of NOK 193.60. This corresponds to a return of 16.2% year to date, adjusted for total dividends of NOK 10.50 per share. The Oslo Børs Benchmark Index showed a return of 23.4% for the same period.

During the quarter, the Board of Directors approved a dividend for the second half-year of NOK 4.00 (3.50) per share that was paid to shareholders in November. For 2022, a dividend of NOK 6.50 (6.50) per share for the first half-year has been proposed.

In connection with AF Gruppen's share programme for employees, the Board of Directors decided in October to sell 193,997 of the company's own shares and to carry out an issue of 806,003 shares. A total of 999 employees subscribed for a total of 1,000,000 shares through the programme, where the shares were subscribed for at a price of NOK 147.10 per share. This corresponds to a 20% discount in relation to the average stock exchange rate during the subscription period.

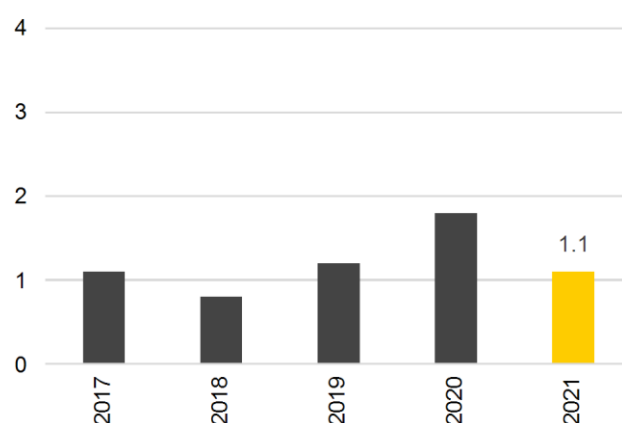
After completion of the issue, the number of shares in AF Gruppen is 106,804,500, which corresponds to share capital of NOK 5,340,225.

SAFETY AND HEALTH

AF Gruppen is complying with the recommendations made by the authorities concerning Covid-19. AF's main priorities are to ensure safe and responsible operation, and to exercise care and presence for our employees.

Health, safety and environment (HSE) has high priority in AF Gruppen and is an integral part of the management at all levels. AF has a structured and uniform HSE system that encompasses all projects. The working environment should be safe for everyone, including those who are employed by our subcontractors. The figures from the subcontractors are therefore included in the injury statistics.

LTI-1 RATE



The LTI (lost-time injury) rate is an important measurement parameter for safety work at AF. The LTI-1 rate is defined as the number of serious personal injuries and absence injuries per million man-hours. A total of 5 (13) injuries resulting in absence were registered in the 4th quarter. This gives an LTI-1 rate of 0.9 (2.4) for the 4th quarter. For the full year the LTI-1 rate is 1.1 (1.8).

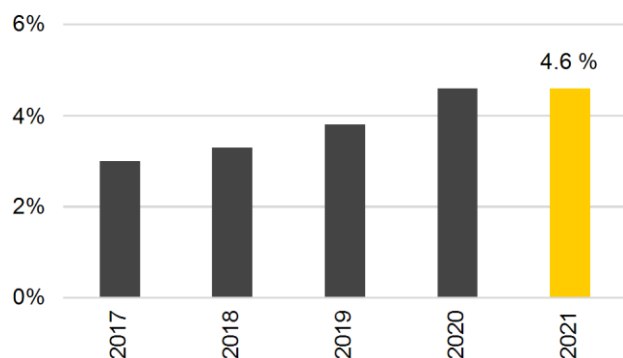
Systematic and long-term work is being carried out to reduce the LTI-1 rate. Significant resources are being invested to further improve our HSE efforts in order to be able to achieve our goal of an LTI-1 rate of zero. Key to this work is AF's fundamental understanding and acceptance that all injuries have a cause and can therefore be avoided. Identifying risk and risk analysis are key parts of our preventive activities. Based on the current risk situation, physical and organisational barriers are established to reduce the risk of personal injury.

Learning from own mistakes is of critical importance. AF has systematised this through reporting and following up undesired incidents, as well as investigating the most serious incidents. The number of reports has increased steadily in recent years, and we see a clear correlation between the increased reporting of undesired incidents and the decrease in injuries.

The registration of sickness absence forms the basis for the measurement of health work at AF. For the 4th quarter, sickness absence was 4.9% (4.7%), and 4.6% (4.6%) for the full year. Our target is a healthy sickness absence level, without absence due to occupational illnesses or injuries. Systematic efforts are being made, which consist of ongoing risk analysis of exposure that is harmful to health, the establishment of physical and organisational barriers, and close follow-up of employees on sick leave.

AF strives to avoid environmental damage and minimise undesirable effects on the environment. Environmental work is an integral part of HSE work, and the main tools used are therefore the same that are used otherwise in connection with HSE work.

SICK LEAVE DEVELOPMENT



CLIMATE AND ENVIRONMENT

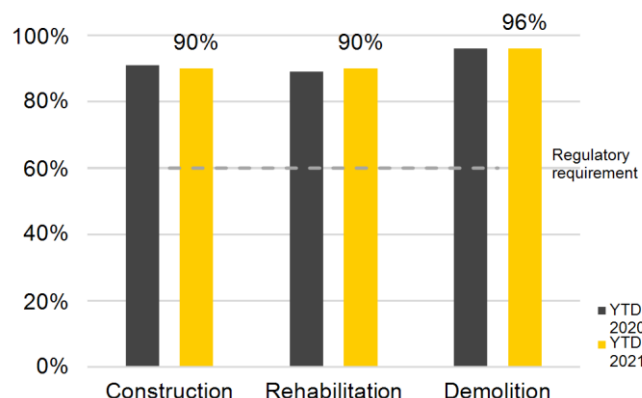
As part of the strategy for 2021-2024, AF has set a goal of halving relative greenhouse gas emissions and waste volumes that cannot be reused or recycled by 2030. The most important factor in reducing our own climate footprint is logistics planning to, among other things, reduce the transport of material. In addition, the use of electric machinery, a modern machinery stock and car fleet, the choice of materials and sorting of waste will help to further reduce our own greenhouse gas emissions.

The source separation rate indicates how much of the waste from AF's operations is separated for the purpose of facilitating recycling. The government requirement for source separation is 60%. In the 4th quarter, the source separation rate for construction was 92% (90%), for renovation it was 86% (89%) and for demolition it was 93% (96%). For the full year the source separation rate for construction was 90% (91%), the result for renovation was 90% (89%) and the result for demolition was 96% (96%). These results are considered to be very good. A total of 55,276 tonnes (180,937 tonnes) of waste were separated at source in the 4th quarter and a total of 295,519 tonnes (402,535 tonnes) of waste were separated at source for the full year.

AF wants to use the expertise we have to create further indirect savings on greenhouse gas emissions. AF's environmental centres are examples of solutions where materials that previously would have ended up in landfill sites can now be recovered and have their useful life extended. The environmental centres have recycled a total of 344,437 tonnes (528,758 tonnes) of materials for the full year.

The Offshore and Energy and Environment business areas are based on services that solve environmental challenges in the area of demolition and recycling. All our demolition activities, both onshore and offshore, are based on a circular economy, where over 95% of all material from demolition is sorted for recycling. Metals, especially steel, are one of the

SOURCE SEPARATION RATE



main components of that which is recycled. The steel industry accounts for about 7% of the world's total CO₂ emissions. Reusing steel results in 70% lower CO₂ emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO₂ for each kilo of steel recycled. AF Offshore Decom and AF Decom demolished and facilitated the recycling of 15,821 tonnes (17,800 tonnes) of metal in the 4th quarter and 55,796 tonnes (38,533 tonnes) of metal for the full year. In total, this represents a reduction of alternative CO₂ emissions by around 55,796 tonnes for the full year.

ORGANISATION

AF Gruppen is working continuously to build a uniform corporate culture. Motivated employees and a solid organisation are an important foundation for creating value. It is prioritized in AF to construct organisations with a good composition of technical expertise and management at all levels. The resources are organised close to production, with project teams where the managers have a major influential force.

AF aims to be a company to which talented individuals apply, whether they are women or men. A long-term goal is to increase the proportion of women among salaried employees to 40%, and the total proportion of women to 20%. This is an ambitious goal. This means that AF would move from being one of the worst in its class to an industry leader. In the 4th quarter the share of women is 9.7 % (9.8 %) in total and 18.8 % (18.9 %) amongst officials.

In AF, everyone is of equal value, and the company shall have an inclusive and safe working environment with zero tolerance for discrimination and a culture where violations have consequences. AF has been working on the diversity project "The best people" since 2018, and as part of the project, the campaign "Of equal value" has been launched. The campaign has been very well received in all projects in both our Swedish and Norwegian business units. AF's work on diversity, including through the Diversitas network and #HunSpanderer, has contributed to an increased focus on

and change of attitudes related to unconscious discrimination.

In the employee satisfaction survey conducted in 2021, employees reported high job satisfaction. On a scale from 1 to 6, where 6 is best, the average answer was 5.2 to the question of whether one is overall satisfied with AF Gruppen as an employer. The results showed no significant differences between women and men across age groups. The survey had a respondent rate of as much as 83 %.

AF is also maintaining a sharp focus on innovation and digitalisation within all our business areas. We are working in a structured manner on how new technology can contribute to increased productivity and minimise risk in our projects, contribute to a safer daily life for our employees, and not to mention create greater value for our customers. In addition, we are continuously seeking new business models on the border of or outside of our current core areas. AF Gruppen has its own corporate function for innovation and digitalisation, in addition to a joint venture fund with OBOS for venture capital investments in the building and construction industry (Construct Venture).

AF invests a lot of time and resources in the development of employees through training in various positions in production and through development of the AF Academy. In 2021, course activity has been significantly reduced because of infection control considerations. When society reopens, course activity will increase again. More than 80% of the current managers have been recruited internally. Our employees are good ambassadors for the recruitment of new colleagues.

At the end of the 4th quarter AF Gruppen had a total of 5,413 (5,510) employees. Of these employees 4,347 (4,475) were employed in Norway, 1,044 (1,003) in Sweden, 10 (20) in Lithuania and 12 (12) in Germany.

RISK AND RISK MANAGEMENT

AF Gruppen is exposed to risk of both non-financial and financial nature. Risk reflects uncertainty or variations in the result. Non-financial risk encompasses business risk, reputational risk, and operational risk. Business risk arises as a result of external circumstances. These circumstances may, for example, be related to how competitors act, climate changes, regulatory changes or other political risk. The importance of business risk has been highlighted by the Covid-19 pandemic and the authorities' measures in this connection. AF Gruppen's Board of Directors and management are continuously assessing the situation and implementing any measures that are necessary to ensure adequate liquidity and responsible operations.

Reputational risk is the risk of loss of reputation. AF's credibility is based on trust and we have an uncompromising attitude towards ethics and a strong corporate culture with zero tolerance for, among other things, corruption and bribery. Our employees represent AF Gruppen in all business context, and it is essential that they identify with and follow AF's Code of Conduct. Suppliers and subcontractors are also obliged to follow the Code of Conduct through AF's supplier declaration. Operational risk is the risk of losses due to deficiencies or errors in processes and systems, human errors or external events. AF Gruppen wants to undertake operational risk that the business units can influence and control. AF has developed risk management processes that are well adapted to our operations. Standardised, action-oriented risk management processes ensure comprehensive and coherent risk management in all parts of the organisation. AF seeks to limit exposure to risk that cannot be influenced. A risk review is conducted for all projects before a tender is even submitted. Analysis of risk during the tendering phase enables the correct pricing and management of risk in the project. The same project organisations conduct detailed risk reviews every quarter. The Corporate Management Team participates in risk reviews of all projects with a contract value in excess of NOK 100 million. In addition, 30 quarterly reviews in the business units were completed during the 4th quarter, where the Corporate Management Team also participated.

Financial risk encompasses market risk, credit risk and liquidity risk. Market risk includes commodity price risk, foreign exchange risk and interest rate risk. AF is exposed to foreign exchange risk, including indirectly via suppliers who purchase from abroad, as well as the purchase and leasing of machinery manufactured abroad. As a significant demolition and recycling business, AF Gruppen is also exposed to changes in the steel prices. AF aims to have low exposure to risks that cannot be influenced, and it uses hedging instruments to mitigate the risk associated with foreign exchange rates and steel prices. AF has credit risk in relation to customers, suppliers and partners. The use of credit rating tools, in addition to parent company guarantees and bank guarantees, contributes to reducing risk. The liquidity risk is considered low. AF Gruppen's available liquidity, including credit facilities of NOK 3,000 million, stood at NOK 3,636 million as at 31 December 2021.

MARKET OUTLOOK

The upturn in the Norwegian economy after the reopening of society continued through the autumn, with higher activity and more optimistic prospects. Recently, higher infection rates and extensive infection control measures have slowed the activity. Although the spread of infection

has increased, the Government has now introduced significant easing of infection control measures as a result of a milder disease prognosis with the Omicron variant of Covid-19 and a high vaccination rate in Norway. Norges Bank announced in its latest interest rate decision that easing the infection control measures is likely to contribute to the continued economic upturn. Nevertheless, there is uncertainty surrounding the further course of the pandemic. The Covid-19 pandemic has affected the level of activity in construction and civil engineering to a lesser extent than many other industries, but there is still uncertainty about how the markets we are part of will be affected in the time ahead. Even though society is opening up, there are other risks linked to absence due to illness, virus mutations and new lockdowns.

The civil engineering market in Norway is good and not very sensitive to cyclical fluctuations, as public sector demand is the strongest driver behind investments in civil engineering. In the national budget for 2022, the Government appropriated NOK 85 billion for transport, an increase of 3.1% compared to 2021, when the extra funds for Covid-19 measures are excluded. Prognosesenteret expects strong growth of 18% in construction investment in 2022, before developments are expected to level off in 2023 at a high level. Growth is primarily expected to come from road projects, but also railway and tramline systems. In 2022, Prognosesenteret expects NOK 117 billion of construction investments, of which 47% will come from road construction, while 15% will come from railway and tramline systems. Overall, the forecasts for the construction market provide a good basis for further growth for AF's construction activities, although increased absence due to illness related to COVID-19 may affect the progress of the projects.

Figures from Eiendom Norge as of December show that price developments in Norway have slowed and that the housing market is now following a more normal cyclical trend. At the end of the fourth quarter, residential property prices were 5.2% higher nationally than one year ago. The 12-month nominal change was 2.2% in Oslo, 8.7% in Trondheim and 6.6% in Bergen. At the monetary policy meeting in December 2021, Norges Bank decided to raise the key policy rate from 0.25% to 0.50%, and decided to keep the interest rate unchanged at the monetary policy meeting in January 2022. Norges Bank has reported that normalisation of the economy indicates that a gradual normalisation of the key policy rate is appropriate, and has communicated that the key policy rate will most likely be raised in March 2022.

The construction market in Norway is estimated to have a total production value of NOK 356 billion in 2021, according

to Prognosesenteret. Prognosesenteret expects the country-wide production value to fall by 1.3% in 2022 and fall a further 0.8% in 2023. However, the building market in Oslo is expected to grow by 6.8% in both 2022 and 2023. For the whole country, new residential buildings are expected to drive the reduction in 2022 and 2023, while the market for rehabilitation, renovation and extensions (ROT) is expected to grow. Commissioning permits were registered for 16,890 new residential units between January and July 2021. For 2022 and 2023, Prognosesenteret estimates that the number of commissioning permits will be for 28,000 and 27,000 residential units, respectively. For Oslo, housing starts in 2022 are expected to amount to 3,200 residential units, representing an increase of 6.7%. Even though a high level of activity is expected for AF's construction operations in Norway in the future, the consequences of high raw material prices and Covid-19 will contribute to increased uncertainty for the construction market in the short term. The Government's proposal for tightening the rules on hiring from staffing agencies also poses considerable uncertainty for building activity. The Government recommends a ban on hiring from staffing agencies on construction sites in Oslo, Viken and former Vestfold, as well as several general restrictions in the hiring rules. The proposals have a deadline for comments of 19 April 2022, and could enter into force from 1 July 2022.

Price developments for steel and wood products are a significant element of uncertainty for our company going forward. According to Statistics Norway's construction cost index for "Bustader i alt", prices in December are 13.2% higher compared to the same period last year, of which labour costs are up by 4.5% and materials by 26.3%. Although steel and wood prices have declined somewhat recently, prices are expected to be at a significantly higher level than a year ago. Price developments particularly affect units with projects that have entered into fixed-price agreements, while units that have entered into projects with agreements on ongoing wage and price increase mechanisms are less affected.

The Energy and Environment business area encompasses AF's energy services related to land-based activities and services related to demolition and recycling onshore in Norway. AF Gruppen's level of demolition activity is closely connected to the general level of activity in the construction and civil engineering markets. Lower housing starts will affect the market for demolition and recycling services. The authorities in Norway have defined ambitious energy goals related to a reduction in the consumption of energy towards the year 2030. Enova has found that there is a major maintenance backlog for public buildings and major conservation opportunities in connection with the rehabilitation of buildings. Furthermore, the delivery of

heating and cooling for commercial buildings is another interesting market. The demand is closely related to the number of new commercial buildings being started. Prognosesenteret expects the total floor area of commercial building starts to decrease by 5.9% in 2022 before levelling out in 2023. In Oslo, the total floor area of commercial building starts is expected to fall by 13.9% in 2022, and then increase sharply by 74.2% in 2023. Overall, we expect a healthy market for AF's energy and environment business.

Offshore's services for the removal and recycling of decommissioned oil platforms solve a significant societal challenge. The aim is to recycle as much of the materials from the decommissioned offshore platforms as possible. The recycling of steel from decommissioned oil platforms is a significant contribution to reducing greenhouse gas emissions compared with ordinary steel production.

The discontinuation of petroleum activities on a global basis, with approximately 10,000 operational platforms, provides great potential for AF Gruppen's decommissioning activities. According to the British industry organisation Oil & Gas UK, there is an expectation that more than 1,000,000 tonnes of top deck will have to be removed in the North Sea during the period from 2020 to 2029. This applies to the British, Norwegian, Danish and Dutch sectors. The market for the removal of offshore installations has been characterised by delays and strong competition, but the current decommissioning rate of platforms means that it will take operators approximately 100 years to recycle today's installations. An increase in pace will lead to increased demand for this type of service.

For AF's offshore climate control business (HVAC), as well as maintenance and modifications, market conditions remain challenging. However, electrification of the marine sector and installations on the Norwegian shelf provides new market opportunities. The Government's climate plan proposes that the CO₂ tax be adjusted upwards from NOK 590/tonne today to NOK 2,000/tonne in 2030, which can help accelerate the pace of electrification.

The building and construction market in Sweden was expected to increase by 3% in 2021, according to Byggföretagen's forecast. This implies an increase in

investment volume from SEK 547 billion in 2020 to SEK 563 billion in 2021. New residential buildings are highlighted as the most significant driver with an estimated annual growth of 10% in 2021. Byggföretagen has not made a forecast for 2022 due to the uncertainty surrounding cement production in Sweden.

Price developments for steel and wood products also create challenges for our Swedish business. There is also uncertainty about cement production in Sweden. Approximately 75% of the cement used in Sweden is produced on Gotland, where Cementa AB was not granted a renewed permit to mine limestone last summer. According to Byggföretagen, a halt in production will have major consequences, including construction stoppages, unemployment and loss of investment. Cementa was given the go-ahead in November to continue lime mining, but the temporary permit only applies until the end of 2022.

The Swedish housing market showed a moderate development in the fourth quarter. At the end of December, Svensk Mäklarstatistik reported a 0.8% price increase from the previous quarter for apartments and 1.6% decrease for detached houses. The increase in prices compared to the same quarter in 2020 was 6.6% for apartments and 12.8% for detached houses. In December 2021, the Riksbank decided to maintain a zero interest rate, and has stated that it expects to keep the base rate at zero until the end of the forecast period that extends to the third quarter of 2024. Overall, this indicates that AF's operations in Sweden will have good opportunities in the future, even though competition is tough. However, the consequences of increased sickness absence due to Covid-19 will also contribute to increased uncertainty in Sweden in the near future.

Oslo, 10 February 2022

Board of Directors of AF Gruppen ASA

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Financial information

CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	4Q 21	4Q 20	2021	2020
Operating and other revenue	8,112	7,485	27,868	27,025
Subcontractors	-4,420	-4,522	-14,633	-15,041
Cost of materials	-967	-644	-4,440	-3,712
Payroll costs	-1,459	-1,445	-5,142	-4,953
Operating expenses ex. depreciation and impairment	-592	-222	-1,677	-1,571
Net gains (losses) and profit (loss) from associates	104	150	200	305
EBITDA	778	802	2,176	2,053
Depreciation and impairment of tangible fixed assets	-52	-56	-206	-193
Depreciation and impairment of right of use assets	-87	-110	-360	-377
Depreciation and impairment of intangible assets	-1	-2	-1	-3
Earnings before financial items and tax (EBIT)	639	633	1,609	1,480
Net financial items	-5	-18	-29	-33
Earnings before tax (EBT)	635	614	1,580	1,447
Income tax expense	-149	-119	-351	-289
Net income for the period	486	496	1,229	1,158
Attributable to:				
Shareholders in the Parent Company	412	431	1,019	971
Non-controlling interests	73	64	210	187
Net income for the period	486	496	1,229	1,158
Earnings per share (NOK)	3.88	4.11	9.60	9.29
Diluted earnings per share (NOK)	3.85	4.08	9.57	9.27
Key figures	4Q 21	4Q 20	2021	2020
EBITDA margin	9.6 %	10.7 %	7.8 %	7.6 %
Operating profit margin	7.9 %	8.5 %	5.8 %	5.5 %
Profit margin	7.8 %	8.2 %	5.7 %	5.4 %
Return on capital employed (ROaCE) ¹⁾	-	-	36.2 %	34.8 %
Return on equity	-	-	36.1 %	36.6 %
Equity ratio	27.3 %	27.2 %	27.3 %	27.2 %
Net interest-bearing debt (receivables) ²⁾	-29	-90	-29	-90
Capital employed ³⁾	4,571	4,621	4,571	4,621
Order backlog	38,646	30,617	38,646	30,617

¹⁾ Return on capital employed (ROaCE) = (Earnings before tax + interest expense) / average capital employed

²⁾ Net interest-bearing debt (receivables) = Cash and cash equivalents + interest-bearing receivables - interest-bearing debt

³⁾ Capital employed = Equity + interest-bearing debt

STATEMENT OF COMPREHENSIVE INCOME

NOK million	4Q 21	4Q 20	2021	2020
Net income for the period	486	496	1,229	1,158
Net actuarial gains and losses	-2	-	-2	-
Currency translation differences non-controlling interests	-7	-1	-8	14
Items that will not be reclassified to income statement in subsequent periods	-9	-1	-10	14
Net cash flow hedges	10	-	27	-20
Currency translation differences shareholders of the	-25	-3	-46	66
Items that may be reclassified to income statement in subsequent periods	-16	-3	-19	45
Other comprehensive income for the period	-25	-4	-30	59
Total comprehensive income for the period	461	492	1,199	1,218
Attributable to:				
- Shareholders of the parent	394	428	997	1,016
- Non-controlling interests	66	64	202	202
Total comprehensive income for the period	461	492	1,199	1,218

EQUITY

NOK million	Paid-in capital	Translation differences	Actuarial pension gain/ (loss)	Cash flow hedge	Retained earnings	Attributable to share-holders	Non-controlling interests	Total equity
As at 31 December 2019	939	-4	-18	-29	1,302	2,189	809	2,999
Comprehensive income	-	66	-	-20	971	1,016	202	1,218
Capital increase	410	-	-	-	-	410	55	465
Purchase of treasury shares	-	-	-	-	-73	-73	-	-73
Sale of treasury shares	-	-	-	-	62	62	-	62
Dividend paid	-631	-	-	-	-371	-1,001	-162	-1,163
Share-based remuneration	41	-	-	-	-	41	5	46
Put options for non-controlling interests	-	-	-	-	40	40	-7	34
Transactions with non-controlling interests	-	-	-	-	-92	-92	-1	-93
As at 31 December 2020	760	62	-18	-49	1,839	2,593	901	3,494
As at 31 December 2020	760	62	-18	-49	1,839	2,593	901	3,494
Comprehensive income	-	-46	-2	27	1,018	997	202	1,199
Capital increase	118	-	-	-	-	118	2	121
Purchase of treasury shares	-	-	-	-	-27	-27	-	-27
Sale of treasury shares	-	-	-	-	51	51	-	51
Dividend paid	-427	-	-	-	-689	-1,116	-186	-1,301
Share-based remuneration	55	-	-	-	-	55	7	62
Put options for non-controlling interests	-	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-18	-18	-8	-26
As at 31 December 2021	506	16	-20	-22	2,174	2,654	918	3,572

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	31.12.21	31.12.20
Tangible fixed assets	1,437	1,493
Right of use assets	780	887
Intangible assets	4,335	4,367
Investment in associates and joint ventures	639	547
Deferred tax asset	7	16
Interest-bearing receivables	282	443
Pension plan and other financial assets	10	8
Total non-current assets	7,490	7,760
Inventories	198	225
Projects for own account	51	135
Trade receivables and other receivables	4,623	3,968
Interest-bearing receivables	65	66
Cash and cash equivalents	680	708
Total current assets	5,618	5,101
Total assets	13,108	12,862
Equity attributable to shareholders of the parent	2,654	2,593
Non-controlling interests	918	901
Total equity	3,572	3,494
Interest-bearing debt	90	155
Interest-bearing debt - lease liability	554	633
Retirement benefit obligations	6	3
Provisions	100	92
Deferred tax	585	516
Derivatives	8	26
Total non-current liabilities	1,343	1,426
Interest-bearing debt	54	8
Interest-bearing debt - lease liability	301	330
Trade payables and other short-term debt	6,956	6,691
Derivatives	24	46
Provisions	625	629
Tax payable	232	236
Total current liabilities	8,193	7,942
Total liabilities	9,536	9,368
Total equity and liabilities	13,108	12,862

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	4Q 21	4Q 20	2021	2020
Earnings before financial items and tax (EBIT)	639	633	1,609	1,480
Depreciation, amortisation and impairment	139	169	567	573
Change in net working capital	-316	-472	-340	-233
Income taxes paid	-92	-301	-283	-376
Other adjustments	-70	-114	-139	-255
Cash flow from operating activities	301	-86	1,415	1,189
Net investments	202	234	184	112
Cash flow before financing activities	503	148	1,599	1,301
Share issue	119	99	119	410
Dividends paid to shareholders in the Parent Company	-427	-371	-1,116	-1,001
Dividends paid to non-controlling interests	-2	-	-186	-161
Transactions with non-controlling interests	-9	-31	-28	-46
Sale (purchase) of treasury shares	16	26	24	-10
Borrowings (repayment) of debt	-92	-25	-343	-299
Interest and other financial expenses paid	-6	-22	-44	-58
Cash flow from financing activities	-401	-325	-1,574	-1,166
Change in cash and cash equivalents with cash effect	101	-176	25	135
Net cash and cash equivalents at the beginning of period	593	893	708	563
Change in cash and cash equivalents without cash effect	-14	-9	-52	10
Net cash and cash equivalents at the end of period	680	708	680	708

BUSINESS AREAS

AF Gruppen's division into operating segments is consistent with the division of the business areas: Civil Engineering, Construction, Betonmast, Property, Energy and Environment, Sweden and Offshore.

Segment information is presented in accordance with the AF Gruppen's accounting policies in accordance with IFRS with the exception of the principles for revenue recognition for residential property development in accordance with IFRS 15. This policy exception applies to the segments Construction, Property and Sweden. Revenue from projects for own account in these segments is not recognised upon handover as regulated in IFRS 15, but in accordance with the degree of completion method. This means that the recognition of revenue in these projects is the product of the degree of completion, sales ratio and expected contribution margin.

Segment information is presented in accordance with reporting to the Corporate Management Team and is consistent with the financial information utilised by the Company's senior decision-makers when evaluating developments and allocating resources. The effect of the deviant application of principles on the consolidated accounts is illustrated in a separate table in the segment information. Additional information on projects for own account is provided in Note 7.

Civil Engineering

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	1,392	1,453	5,597	4,818
Internal operating and other revenue	130	105	405	399
Total operating and other revenue	1,522	1,558	6,002	5,218
EBITDA	270	200	734	543
Earnings before financial items and tax (EBIT)	221	141	515	314
Earnings before tax (EBT)	220	123	510	292
EBITDA-margin	17.7 %	12.8 %	12.2 %	10.4 %
Operating margin	14.5 %	9.0 %	8.6 %	6.0 %
Profit margin	14.5 %	7.9 %	8.5 %	5.6 %
Assets	2,229	2,437	2,229	2,437
Order backlog	6,878	7,319	6,878	7,319

Eiqon and Consolvo have been transferred from the Construction business area to the Civil Engineering business area with effect from 1 January 2021. Comparative figures have been restated.

Construction

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	2,813	2,199	8,740	8,507
Internal operating and other revenue	26	48	125	178
Total operating and other revenue	2,839	2,247	8,865	8,684
EBITDA	177	180	532	584
Earnings before financial items and tax (EBIT)	154	154	447	502
Earnings before tax (EBT)	154	157	450	513
EBITDA-margin	6.2 %	8.0 %	6.0 %	6.7 %
Operating margin	5.4 %	6.8 %	5.0 %	5.8 %
Profit margin	5.4 %	7.0 %	5.1 %	5.9 %
Assets	4,554	4,332	4,554	4,332
Order backlog	13,549	9,674	13,549	9,674

Eiqon and Consolvo have been transferred from the Construction business area to the Civil Engineering business area with effect from 1 January 2021. Comparative figures have been restated.

Betonmast

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	2,088	2,116	7,166	7,862
Internal operating and other revenue	2	-	4	1
Total operating and other revenue	2,090	2,116	7,170	7,862
EBITDA	79	97	214	289
Earnings before financial items and tax (EBIT)	68	88	171	261
Earnings before tax (EBT)	62	86	149	252
EBITDA-margin	3.8 %	4.6 %	3.0 %	3.7 %
Operating margin	3.3 %	4.2 %	2.4 %	3.3 %
Profit margin	3.0 %	4.0 %	2.1 %	3.2 %
Assets	3,615	3,528	3,615	3,528
Order backlog	11,400	7,274	11,400	7,274

Property

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	15	15	35	33
Internal operating and other revenue	-	-	-	-
Total operating and other revenue	15	15	35	33
EBITDA	33	96	76	136
Earnings before financial items and tax (EBIT)	32	95	75	135
Earnings before tax (EBT)	33	93	76	132
EBITDA-margin	-	-	-	-
Operating margin	-	-	-	-
Profit margin	-	-	-	-
Assets	735	894	735	894
Order backlog	-	-	-	-

Energy and Environment

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	273	252	1,047	796
Internal operating and other revenue	39	42	104	166
Total operating and other revenue	312	294	1,152	962
EBITDA	68	36	170	108
Earnings before financial items and tax (EBIT)	52	22	109	54
Earnings before tax (EBT)	53	21	107	52
EBITDA-margin	21.9 %	12.3 %	14.8 %	11.2 %
Operating margin	16.7 %	7.5 %	9.4 %	5.6 %
Profit margin	17.1 %	7.0 %	9.3 %	5.5 %
Assets	706	650	706	650
Order backlog	714	703	714	703

Sweden

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	1,305	1,164	4,317	4,121
Internal operating and other revenue	3	5	7	16
Total operating and other revenue	1,309	1,169	4,325	4,138
EBITDA	141	124	326	303
Earnings before financial items and tax (EBIT)	125	88	262	219
Earnings before tax (EBT)	124	87	257	212
EBITDA-margin	10.8 %	10.7 %	7.5 %	7.3 %
Operating margin	9.6 %	7.5 %	6.1 %	5.3 %
Profit margin	9.5 %	7.4 %	6.0 %	5.1 %
Assets	1,977	1,766	1,977	1,766
Order backlog	4,766	4,120	4,766	4,120

Offshore

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	225	162	847	671
Internal operating and other revenue	-	-	1	1
Total operating and other revenue	225	162	848	672
EBITDA	48	23	115	7
Earnings before financial items and tax (EBIT)	40	15	83	-25
Earnings before tax (EBT)	37	10	78	-40
EBITDA-margin	21.2 %	14.3 %	13.6 %	1.1 %
Operating margin	17.6 %	9.1 %	9.8 %	-3.7 %
Profit margin	16.6 %	5.9 %	9.2 %	-5.9 %
Assets	988	1,055	988	1,055
Order backlog	1,515	1,365	1,515	1,365

Other Segments (Group)

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	30	5	94	62
Internal operating and other revenue	10	14	57	44
Total operating and other revenue	40	19	150	106
EBITDA	-7	34	32	59
Earnings before financial items and tax (EBIT)	-23	20	-30	-3
Earnings before tax (EBT)	-16	28	-21	10
Assets	1,894	1,849	1,894	1,849
Order backlog	-	-	-	-

Eliminations

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	10	129	-77	49
Internal operating and other revenue	-211	-216	-703	-805
Total operating and other revenue	-201	-87	-780	-756
EBITDA	-2	18	-16	2
Earnings before financial items and tax (EBIT)	-2	18	-16	2
Earnings before tax (EBT)	-5	18	-19	2
Assets	-3,505	-3,572	-3,505	-3,572
Order backlog	-348	-85	-348	-85

Eiqon and Consolvo have been transferred from the Construction business area to the Civil Engineering business area with effect from 1 January 2021. Comparative figures have been restated.

GAAP adjustments (IFRS 15)

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	-65	-9	75	106
Internal operating and other revenue	-	-	-	-
Total operating and other revenue	-65	-9	75	106
EBITDA	-28	-7	-7	21
Earnings before financial items and tax (EBIT)	-28	-7	-7	21
Earnings before tax (EBT)	-28	-7	-7	21
Assets	-85	-75	-85	-75
Order backlog	172	247	172	247

Segment total

NOK million	4Q 21	4Q 20	2021	2020
External operating and other revenue	8,112	7,485	27,868	27,025
Internal operating and other revenue	-	-	-	-
Total operating and other revenue	8,112	7,485	27,868	27,025
EBITDA	778	802	2,176	2,053
Earnings before financial items and tax (EBIT)	639	633	1,609	1,480
Earnings before tax (EBT)	635	614	1,580	1,447
EBITDA-margin	9.6 %	10.7 %	7.8 %	7.6 %
Operating margin	7.9 %	8.5 %	5.8 %	5.5 %
Profit margin	7.8 %	8.2 %	5.7 %	5.4 %
Assets	13,108	12,862	13,108	12,862
Order backlog	38,646	30,617	38,646	30,617



NOTES

1. GENERAL INFORMATION

AF Gruppen is one of Norway's leading contracting and industrial groups. AF Gruppen is divided into seven business areas: Civil Engineering, Construction, Betonmast, Property, Energy and Environment, Sweden and Offshore.

AF Gruppen ASA is a public limited company registered and domiciled in Norway. The head office is located at Innspurten 15, 0663 Oslo. AF is listed on the Oslo Børs OB Match List under the ticker symbol AFG.

This summary of financial information for the 4th quarter 2021 has not been audited.

2. BASIS OF PREPARATION

The consolidated accounts for AF Gruppen encompass AF Gruppen ASA and its subsidiaries, joint ventures and associated companies. The consolidated financial statements for the 4th quarter 2021 have been prepared in accordance with IAS 34 Interim Accounts. The summary of the financial information presented in the quarterly accounts is intended to be read in conjunction with the annual report for 2020, which has been prepared in accordance with the International Financial Reporting Standards (IFRS).

As a result of rounding off, the numbers and percentages will not always add up to the total.

3. CHANGES IN THE GROUP'S STRUCTURE

Eiqon and Consolvo have been transferred organizationally from the Construction business area to the Civil Engineering business area with effect from 1 January 2021. Comparative figures have been restated. AF Bygg Göteborg was sold in April from AF Gruppen Sverige AB to Betonmast Sverige AB and has been reported as part of the Betonmast business area since the transaction date. Until the transaction date AF Bygg Göteborg was part of the Sweden business area. The transaction is not significant enough for comparative figures to be restated. There were no other material changes to the Group's structure during the year.

4. ACCOUNTING POLICIES

The accounting policies applied to the accounts are consistent with those described in the annual report for 2020. IFRS 16 was implemented for the Group as of 1 January 2019 with the modified retrospective application. The effects of this standard for 2020 and 2021 are presented below.

Effect of IFRS 16 lease liability

Implementation of IFRS 16 in 2019, resulted in practically all leases over 12 months duration being recognised on the balance sheet of the lessee. The present value of the future lease liability is recognised as an interest-bearing loan and the value of the lease (right of use) is to be recognised as a non-current asset on the balance sheet. The balance sheet total was increased upon transition to the new standard, and the most important key figures, such as the equity ratio and net interest-bearing debt, changed accordingly. The right of use recognised on the balance sheet will be amortised over the agreed term of the lease, and interest on the lease liability will be recognised as an interest expense. These income statement items will replace rental expenses, which were recognised under other operating expenses in accordance with IAS 17.

Both instalments and interest on lease obligations recognised on the balance sheet are classified as financing activities in the cash flow statement. The introduction of IFRS 16 has a positive effect on cash flow from operations as lease payments were classified as a cash flow from operations in accordance with IAS 17, and as financing activities according to IFRS 16. The introduction of the standard has no impact on net cash flow, but provides an improved cash flow from operations of NOK 341 million (357 million), and a corresponding negative effect on cash flow from financing activities for the full year.

For the full year the implementation of the standard has resulted in an effect on EBITDA and the operating profit of NOK 341 million (357 million) and NOK 20 million (21 million) respectively. Earnings before tax and Net income for the period are affected by NOK 3 million (0 million) and NOK 2 million (0 million) respectively by the standard. As at 31 December 2021 the balance sheet total has increased by NOK 576 million (720 million). Total interest bearing debt has increased by NOK 665 million (803 million) and equity has been reduced by NOK 22 million (24 million).

Consolidated statement of income – Effect of IFRS 16

NOK million	4Q 21 less IFRS 16	Effect of IFRS 16	4Q 21	2021 less IFRS 16	Effect of IFRS 16	2021
Operating expenses excl. depr. and impairment	-674	83	-592	-2,018	341	-1,677
EBITDA	696	83	778	1,835	341	2,176
Depr. and impairment of right of use assets	-10	-77	-87	-38	-321	-360
Earnings before financial items and tax (EBIT)	634	5	639	1,589	20	1,609
Net financial items	-1	-4	-5	-12	-17	-29
Earnings before tax (EBT)	633	1	635	1,577	3	1,580
Income tax expense	-149	-	-149	-351	-1	-351
Net income for the period	484	2	486	1,227	2	1,229

NOK million	4Q 20 less IFRS 16	Effect of IFRS 16	4Q 20	2020 less IFRS 16	Effect of IFRS 16	2020
Operating expenses excl. depr. and impairment	-313	90	-222	-1,928	357	-1,571
EBITDA	711	90	802	1,697	357	2,053
Depr. and impairment of right of use assets	-26	-85	-110	-42	-335	-377
Earnings before financial items and tax (EBIT)	627	6	633	1,459	21	1,480
Net financial items	-14	-5	-18	-12	-21	-33
Earnings before tax (EBT)	614	1	614	1,447	-	1,447
Income tax expense	-118	-1	-119	-288	-1	-289
Net income for the period	496	-	496	1,159	-	1,158

Consolidated statement of financial position – Effect of IFRS 16

NOK million	2021 less IFRS 16	Effect of IFRS 16	2021	2020 less IFRS 16	Effect of IFRS 16	2020
Right of use assets	205	576	780	167	720	887
Total assets	12,532	576	13,108	12,142	720	12,862
Total equity	3,595	-22	3,572	3,518	-24	3,494
Interest-bearing debt - lease liability (non-current)	138	422	560	118	515	633
Deferred tax	591	-5	585	522	-6	516
Interest-bearing debt - lease liability (current)	52	243	295	42	289	330
Total equity and liabilities	12,532	576	13,108	12,142	720	12,862
Equity ratio	28.7 %	-	27.3 %	29.0 %	-	27.2 %
Gross interest-bearing debt	334	665	999	323	803	1,127

5. ESTIMATES

The preparation of the interim accounts requires the use of assessments, estimates and assumptions that have an effect on the application of accounting principles and recognised figures related to assets and liabilities, revenues and costs. The estimates are based on the management's best judgement and experience, and there is some uncertainty related to the concurrence of these estimates with the actual result. Estimates and their underlying assumptions are assessed on a continuous basis. Changes in accounting estimates are recognised for the period in which the estimate is changed and for future periods if these are affected by the change in estimate.

6. TRANSACTIONS WITH RELATED PARTIES

The Group's related parties consist of associates, joint ventures, the Company's shareholders, members of the Board of Directors and Corporate Management Team. All business transactions with related parties are carried out in accordance with the arm's length principle.

7. DEVIANT APPLICATION OF PRINCIPLES IN THE SEGMENT ACCOUNTS

The segment information is presented in accordance with the Group's accounting policies in accordance with IFRS except for the principles for revenue recognition for residential property development in accordance with IFRS 15. This policy exception applies to the Construction and Property segments and Sweden. Revenue from projects for own account in these segments is not recognised upon handover as regulated in IFRS 15, but in accordance with the percentage of completion method. This means that revenue and cost for these projects is recognized in proportion with the stage of completion and the sales ratio for the project. The effect of this on the consolidated accounts is illustrated in a separate table in the segment information. The Betonmast segment is reported in accordance with IFRS. To ensure completeness Betonmast's property projects are included in the table below.

The effect for the year of the deviant application of principles in the segment accounts with respect to earnings before tax is NOK -28 million (-7 million) for the 4th quarter 2021, and NOK -7 million (21 million) for the full year. The effect on equity was NOK -88 million (-78 million), and the accumulated reversed revenues were NOK 172 million (247 million) as at 31 December 2021.

The table on the next page shows residential housing projects for our own account that are in the production phase. Contractor values have been included in those cases where group companies are the contractor.

Property projects for own account	AF's construction value ¹⁾	Number of housing units			Construction period		Ownership share AF
		Total number	Hereof transferred in 2021	Hereof completed not transf.	Start up	Completion	
Lilleby Triangel B3, Trondheim	20	21	1	-	Q1 2019	Q4 2020	33%
Nye Kilen Brygge B/C3, Sandefjord	69	35	1	-	Q2 2019	Q3 2020	50%
Total completed in 2020 - Property segment²⁾	89	56	2	-			
Stronde I, Hardanger (LAB)	87	34	3	-	Q4 2018	Q2 2020	49%
Total completed in 2020 - Construction segment²⁾	87	34	3	-			
Bjørnsveen Panorama B2, Gjøvik	33	12	2	-	Q2 2019	Q2 2020	50%
Vikenstranda B6, Gjøvik	39	23	2	-	Q1 2019	Q2 2020	50%
Snipetorp, Skien	60	16	-	6	Q3 2018	Q2 2020	50%
Total completed in 2020 - Betonmast segment²⁾	132	51	4	6			
Bo på Billingstad, Asker	-	108	108	-	Q2 2019	Q1 2021	33%
Lilleby Triangel B4, Trondheim	51	54	53	1	Q3 2019	Q2 2021	33%
Skiparviken, Bergen (LAB Eiendom)	324	129	124	5	Q2 2018	Q2 2021	50%
Lilleby Triangel B5, Trondheim	71	74	-	-	Q2 2020	Q2 2022	33%
Total completed 2021 - Property segment	375	291	285	6			
Stronde II, Hardanger (LAB)	61	24	24	-	Q4 2018	Q2 2021	49%
Total completed in 2021 - Construction segment	61	24	24	-			
Lietorvet I, Skien	62	21	18	3	Q3 2019	Q2 2021	25%
Lietorvet II, Skien	77	26	21	5	Q3 2019	Q4 2021	25%
Total completed in 2021 - Betonmast segment	139	47	39	8			
Bo på Billingstad, Asker	-	78	-	-	Q2 2019	Q1 2022	33%
Lilleby Triangel Sør, Trondheim	-	125	-	-	Q4 2020	Q4 2022	33%
Brøter Terrasse, Lillestrøm	-	78	-	-	Q3 2020	Q4 2022	35%
Kråkehaugen, Bergen (LAB Eiendom)	185	55	-	-	Q2 2021	Q2 2023	50%
Fyrstikkbakken, Oslo	370	159	-	-	Q2 2021	Q3 2023	50%
Skårersletta Midt 1 og 2, Lørenskog	292	121	-	-	Q3 2021	Q3 2024	50%
Bekkestua Have, Bærum	-	232	-	-	Q4 2021	Q2 2024	50%
Total in production - Property segment	847	848	-	-			
2317 Sentrumskvartalet A-B, Hamar	101	73	-	-	Q2 2020	Q1 2022	50%
2317 Sentrumskvartalet C, Hamar	40	23	-	-	Q2 2021	Q3 2022	50%
2317 Sentrumskvartalet D, Hamar	37	25	-	-	Q3 2021	Q1 2023	50%
Klosterøya Vest 1, Skien	80	29	-	-	Q1 2021	Q3 2022	24%
Klosterøya Vest 2, Skien	110	40	-	-	Q2 2021	Q4 2022	24%
SPG Bostader, Strömstad, Sverige	239	162	-	-	Q2 2022	Q3 2023	45%
Total in production - Betonmast segment	607	352	-	-			
Stadsgården 1, Halmstad	103	63	-	-	Q2 2020	Q2 2022	50%
Stadsgården 3, Halmstad	69	42	-	-	Q4 2021	Q3 2022	50%
Brottkärr Hage, Göteborg	-	10	-	-	Q4 2020	Q2 2022	40%
BRF Prefekten, Mölndal	125	83	-	-	Q4 2021	Q1 2023	50%
Total in production - Sweden segment	297	198	-	-			

¹⁾ NOK million excl. VAT

²⁾ Only projects with not sold or not transferred units as at year end 2020 are included.

8. EVENTS AFTER THE BALANCE SHEET DATE

After quarter end, AF Gruppen announced a contract for building the new water distribution tunnels with Oslo municipality, in collaboration with the Italian company Ghella. The contract has an approximate value of NOK 8,750 million excl. VAT for the collaboration. AF Gruppen's share is 60%.

In January 2022, Betonmast AS entered into an agreement with an investor group on the sale of the subsidiary Betonmast Telemark AS. The sale is not expected to have a significant effect on the Group's earnings.

There have been no other events since the end of the quarter that would have had a material effect on the quarterly financial statements.



ALTERNATIVE PERFORMANCE MEASURES

AF Gruppen presents alternative performance measures as a supplement to performance measures that are regulated by IFRS. The alternative performance measures are presented to provide better insight into and understanding of the operations, financial standing and foundation for development going forward. AF Gruppen uses alternative performance measures that are commonly used in the industry and among analysts and investors.

Return on capital employed (ROaCE):

This performance measure provides useful information to both AF's management and Board of Directors, as well as to investors concerning the results that have been achieved during the period under analysis. AF uses the performance target to measure the return on capital employed, regardless of whether the financing is through equity capital or debt. Use of the performance measure should not be considered an alternative to performance measures calculated in accordance with IFRS, but as a supplement.

The alternative performance measures are defined as follows:

EBITDA: Earnings before i) taxes, ii) net financial items, iii) depreciation and amortisation.

Operating profit (EBIT): Earnings before i) taxes, ii) net financial items.

EBITDA margin: EBITDA divided by operating revenue and other revenues.

Operating margin: Operating profit (EBIT) divided by operating revenue and other revenues.

Profit margin: Earnings before tax divided by operating revenue and other revenues.

Gross interest-bearing liabilities: Sum total of long-term interest-bearing loans and credits and short-term interest-bearing loans and credits.

Net interest-bearing liabilities (receivables): Gross interest-bearing liabilities less i) long-term interest-bearing receivables, ii) short-term interest-bearing receivables and iii) cash and cash equivalents.

Capital employed: Sum total of shareholders' equity and gross interest-bearing liabilities.

Average capital employed: Average capital employed in the last four quarters.

Return on capital employed (ROaCE): Earnings before taxes and interest divided by the average capital employed.

Equity ratio: Shareholders' equity divided by total equity and liabilities.

Average shareholders' equity: Average shareholders' equity in the last four quarters.

Return on equity: Earnings divided by average shareholders' equity.

Order backlog: Remaining estimated value of contracts, contract changes and orders that have been agreed upon, but have not been earned by the reporting date.

The table below shows the reconciliation of alternative performance measures with line items in the reported financial figures in accordance with IFRS.

NOK million	31.12.21	31.12.20
GROSS INTEREST-BEARING LIABILITIES / NET INTEREST-BEARING LIABILITIES		
Non-current interest-bearing debt	90	155
Non-current interest-bearing debt - lease liability	560	633
Current interest-bearing debt	54	8
Current interest-bearing debt - lease liability	295	330
Gross interest-bearing liabilities	999	1,127
Less:		
Non-current interest-bearing receivables	-282	-443
Current interest-bearing receivables	-65	-66
Cash and cash equivalents	-680	-708
Net interest-bearing liabilities (receivables)	-29	-90

NOK million	31.12.21	31.12.20
CAPITAL EMPLOYED		
Shareholders' equity	3,572	3,494
Gross interest-bearing liabilities	999	1,127
Capital employed	4,571	4,621
AVERAGE CAPITAL EMPLOYED		
Capital employed as at 1st quarter	4,673	4,277
Capital employed as at 2nd quarter	4,231	4,057
Capital employed as at 3rd quarter	4,489	4,297
Capital employed as at 4th quarter	4,571	4,621
Average capital employed	4,491	4,313
RETURN ON CAPITAL EMPLOYED		
Earnings before tax	1,580	1,447
Interest expense	47	55
Earnings before tax and interest expense	1,626	1,502
Divided by:		
Average capital employed	4,491	4,313
Return on capital employed	36.2 %	34.8 %

NOK million	31.12.21	31.12.20
EQUITY RATIO		
Shareholders' equity	3,572	3,494
Divided by:		
Total equity and liabilities	13,108	12,862
Equity ratio	27.3 %	27.2 %
AVERAGE SHAREHOLDERS' EQUITY		
Shareholder's equity as at 1st quarter	3,553	3,045
Shareholder's equity as at 2nd quarter	3,117	2,919
Shareholder's equity as at 3rd quarter	3,378	3,195
Shareholder's equity as at 4th quarter	3,572	3,494
Average shareholders' equity	3,405	3,163
RETURN ON EQUITY		
Period result	1,229	1,158
Divided by:		
Average equity	3,405	3,163
Return on equity	36.1 %	36.6 %

COMPANY INFORMATION

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Company's Board of Directors

Pål Egil Rønn, Board Chairman

Arne Baumann
Saloume Djoudat
Hege Bømark
Kristian Holth
Kristina Alvendal
Kjetel Digre
Kenneth Svendsen
Hilde W. Flaen
Arne Sveen

Corporate Management

Amund Tøftum, CEO
Sverre Hærem, CFO
Ida Aall Gram, EVP Property, HR and Communications
Geir Flåta, EVP Civil Engineering and Offshore
Bård Frydenlund, EVP Sweden and Betonmast
Eirik Wraal, EVP Construction and Energy and environment
Tormod Solberg, EVP Construction

Financial calendar

Presentation of interim accounts:

11.02.2022 Interim report 4th quarter 2021
13.05.2022 Interim report 1st quarter 2022
26.08.2022 Interim report 2nd quarter 2022
11.11.2022 Interim report 3rd quarter 2022

The presentation of interim accounts takes place at Hotel Continental, Stortingsgata 24-26, at 8:30 a.m.

For more information on the company, visit our web site at afgruppen.com

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Photo: Heine Robstad

OPERATIONAL STRUCTURE



Civil Engineering

AF Anlegg

JR Anlegg

AF Anläggning

Målselv Maskin & Transport

Eiqon

Consolvo

Consolvo

Fjerby

Rakon

Construction

AF Byggfornyelse

AF Bygg Oslo

AF Bygg Østfold

LAB

LAB Entreprenør

Fundamentering

Åsane Byggmester
forretning

Helgesen
Tekniske Bygg

AF Håndverk

Kirkestuen

Lasse Holst

Thorendahl

VD Vindu og Dør
montasje

Oslo Stillasutleie

Storo Blikken-
slagerverksted

Strøm Gundersen

Strøm Gundersen

Strøm Gundersen
Vestfold

Haga & Berg

Haga & Berg
Entreprenør

Haga & Berg
Service

Oslo Brannsikring

Betonmast

Betonmast Boligbygg

Betonmast Oslo

Betonmast Trøndelag

Betonmast Romerike

Betonmast Røsand

Betonmast Telemark

Betonmast Østfold

Betonmast Innlandet

Betonmast Buskerud-
Vestfold

Betonmast Asker og
Bærum

Betonmast Eiendom

Betonmast Sverige

Betonmast Göteborg

Betonmast
Mälardalen

Betonmast Malmö

Betonmast
Stockholm

Betonmast
Anläggning

Property

AF Eiendom

LAB Eiendom

Energy and Environment

AF Energi

Enaktiva

AF Decom

Jølsen Miljøpark

Rimol Miljøpark

Nes Miljøpark

Sweden

Kanonaden

Kanonaden

Entreprenad

Kanonaden

Mälardalen

Bergbolaget i

Götaland

AF Prefab i

Mälardalen

AF Bygg Syd

HMB

HMB Construction

HMB Construction

Örebro

AF Projektutveckling

AF Härnösand

Byggreturer

Offshore

AF Offshore
Decom

AF
Environmental
Base Vats

AF AeronMollier