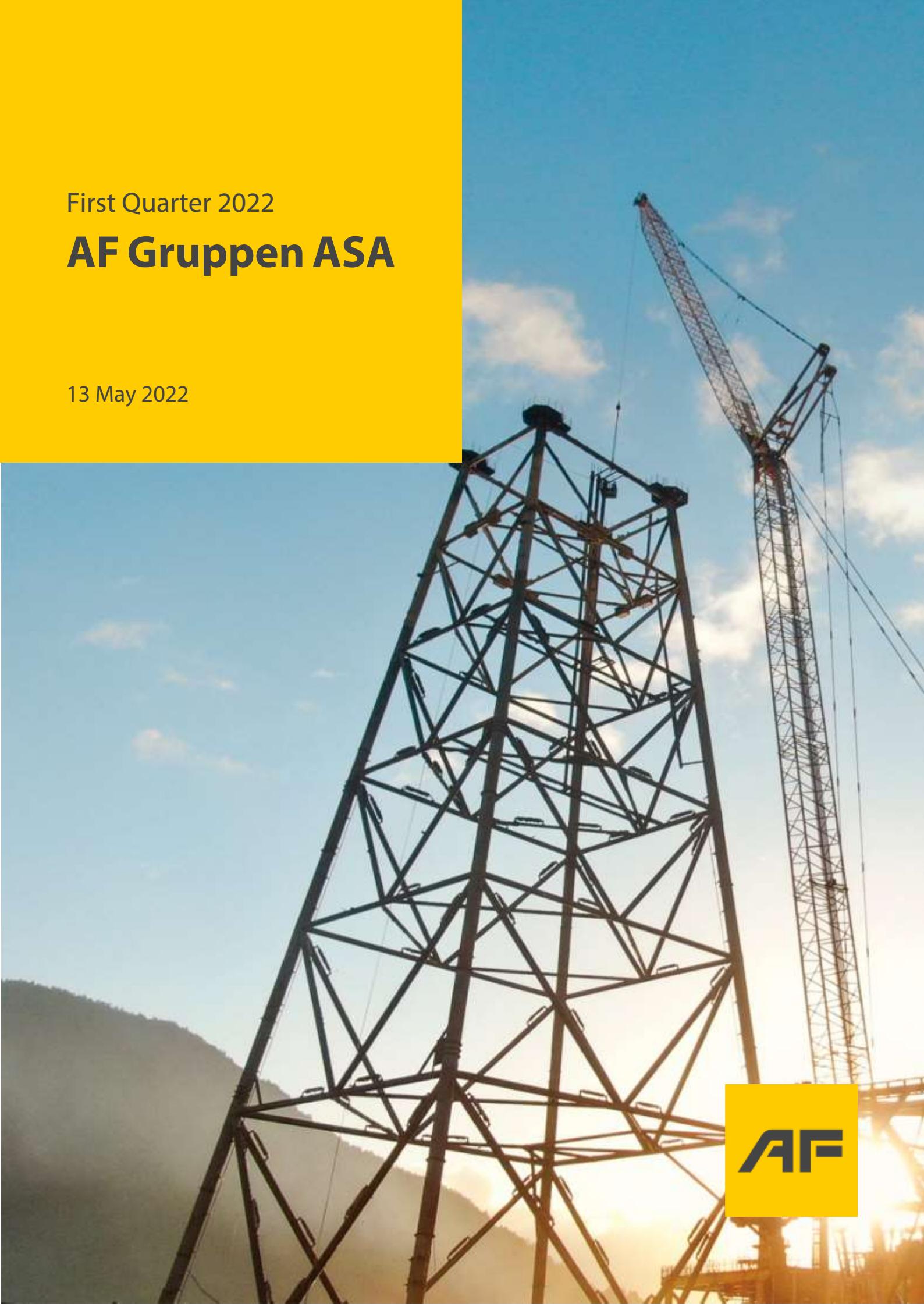


First Quarter 2022

# AF Gruppen ASA

13 May 2022



# Q1



## ***From the CEO***

It is pleasing with a record-high order backlog and that the business areas Civil Engineering, Offshore and Energy and Environment reported very good results in the quarter. At the same time, there are profitability challenges in several of the construction units as a result of the ripple effects from the war in Ukraine and new shutdowns in China. Increased raw material and energy prices as well as delivery challenges had a negative effect on the results this quarter. We work closely with clients, suppliers and subcontractors to ensure stability and profitability for the projects.

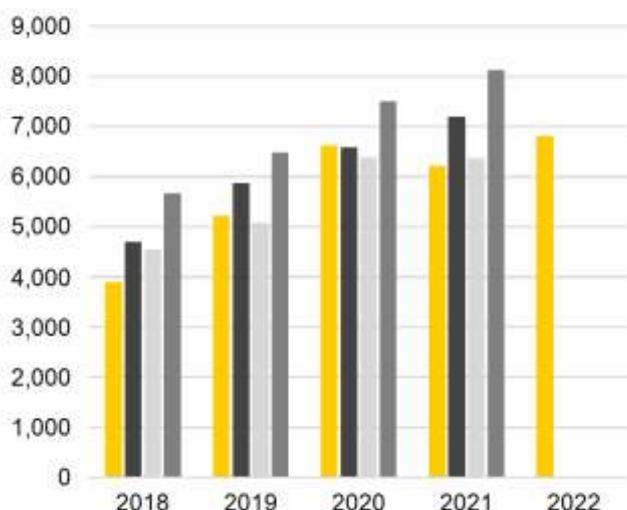
AF has a strong position in the demolition and recycling of offshore installations in the North Sea, and we see a significant growth potential globally. With more than 15 years of experience from complex projects for world-leading players, we have a good basis for further growth in an area where strong demand is expected in the coming years. Here, our goal is to make a contribution to the green transition with good profitability.

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.

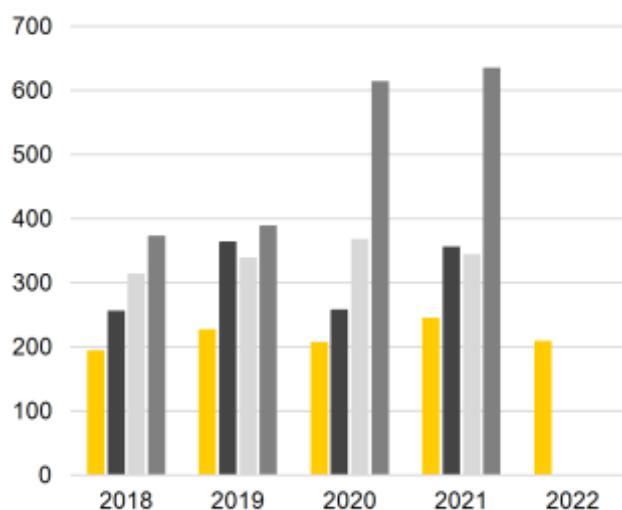
## HIGHLIGHTS

- Revenues were NOK 6,809 million (6,209 million) for the 1st quarter.
- Earnings before tax were NOK 209 million (245 million) for the 1st quarter.
- The profit margin was 3.1 % (4.0 %) for the 1st quarter.
- Net operating cash flow was NOK 607 million (205 million) for the 1st quarter.
- The order backlog stood at NOK 42,697 million (33,818 million) as at 31 March 2022.
- Net interest-bearing receivables as at 31 March 2022 were NOK 371 million (NOK 46 million).
- The Board of Directors has proposed a dividend of NOK 6.50 (6.50) due in the first half of 2022.

REVENUES PER QUARTER (NOK MILLION)



EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



## SUMMARY OF 1ST QUARTER

Key figures (NOK million)	1Q 22	1Q 21	2021
Operating and other revenue	6,809	6,209	27,868
EBITDA	345	400	2,176
Earnings before financial items and tax (EBIT)	215	264	1,609
Earnings before tax (EBT)	209	245	1,580
Result per share (NOK)	1.40	1.55	9.60
Diluted result per share (NOK)	1.39	1.55	9.57
EBITDA margin	5.1 %	6.4 %	7.8 %
Operating profit margin	3.2 %	4.2 %	5.8 %
Profit margin	3.1 %	4.0 %	5.7 %
Return on capital employed (ROaCE) <sup>1)</sup>	35.4 %	34.8 %	36.0 %
Cash flow from operating activities	607	205	1,415
Net interest-bearing debt (receivables)	-371	-46	-29
Shareholders' equity	3,639	3,553	3,572
Total equity and liabilities	13,574	12,932	13,108
Equity ratio	26.8 %	27.5 %	27.3 %
Order backlog	42,697	33,818	38,646
LTI-1 rate	0.9	1.5	1.1
Absence due to illness	5.5 %	5.2 %	4.6 %

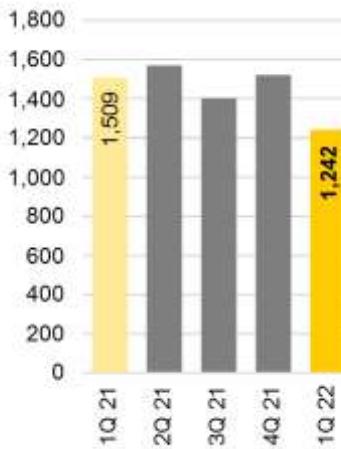
<sup>1)</sup> Rolling average last four quarters

## Business Areas

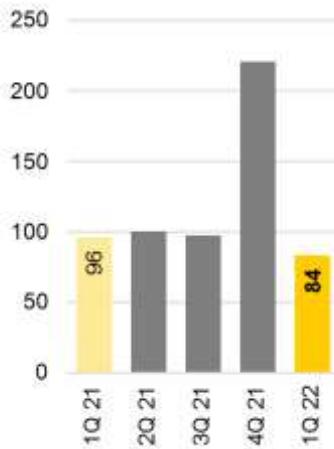


# CIVIL ENGINEERING

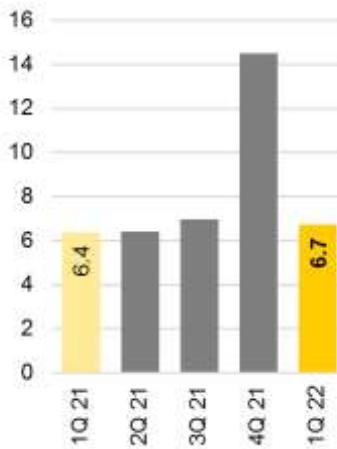
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



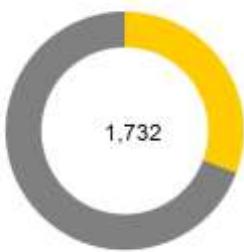
OPERATING PROFIT (%)



## KEY FIGURES

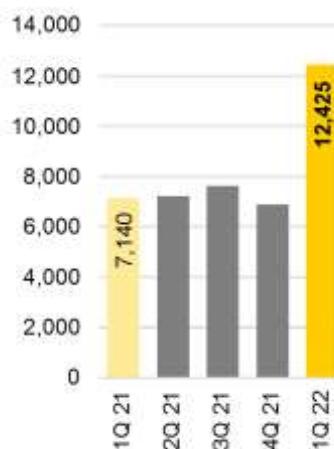
NOK million	1Q 22	1Q 21	2021
Operating and other revenue	1,242	1,509	6,002
Earnings before financial items and tax (EBIT)	84	96	515
Earnings before tax (EBT)	83	94	510
Operating profit margin	6.7 %	6.4 %	8.6 %
Profit margin	6.7 %	6.2 %	8.5 %

NUMBER OF EMPLOYEES



AF Gruppen 5,639

ORDER BACKLOG (NOK million)



CIVIL ENGINEERING CONSISTS OF

- AF Anlegg
- Målselv Maskin & Transport
- Eiqon
- Consolvo
- Stenseth & RS



JR Anlegg. Photo: Colin Eick

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

The activity level in Civil Engineering was lower, while the profit margin was higher in the first quarter compared to the same quarter last year. The Civil Engineering business area reported revenues of NOK 1,242 million (1,509 million) for the 1st quarter. Earnings before tax were NOK 83 million (94 million).

AF Anlegg has two major projects in production, E39 Kristiansand vest-Mandal øst and Bergtunnlar Lovö in Stockholm. There is a high level of activity in both projects. A high increase in costs towards the end of the E39 Kristiansand vest-Mandal øst project affected profitability. Consistently good operational performance in the unit's remaining project portfolio contributed to the unit delivering a good result in the quarter.

Målselv Maskin & Transport continues to deliver very good results. Eiqon delivered a good result and achieved a significant improvement in profits compared to the same period last year. Consolvo had low profitability in the quarter as a result of the low season and winter operations.

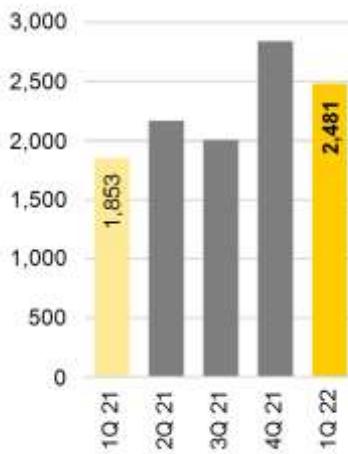
In the first quarter, AF Gruppen finally entered into an agreement to purchase 80% of the shares in Stenseth & RS Holding AS (Stenseth & RS). The purchase was made during the quarter. The remaining 20% of the shares will still be owned by employees of the company.

Two contracts were reported to the stock exchange in the first quarter. AF Anlegg entered into a contract with the City of Oslo to build drinking water tunnels in Oslo, in a working partnership with Italian company Ghella. The total value of the contract is approximately NOK 8,750 million excluding VAT for the working partnership, of which AF Gruppen's share is 60%. AF Anlegg also entered into a contract with Equinor on behalf of Gassco and Gassled JV for the construction of a new landing tunnel for the Statpipe pipelines at Karmøy. The contract has a value of approximately NOK 300 million excluding VAT. The interaction phase of E6 Roterud-Storhove is still ongoing. After the second hearing, final consideration is expected during the third quarter.

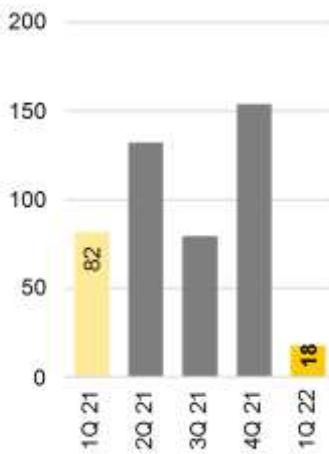
The order backlog for Civil Engineering was NOK 12,425 million (7,140 million) as at 31 March 2022.

# CONSTRUCTION

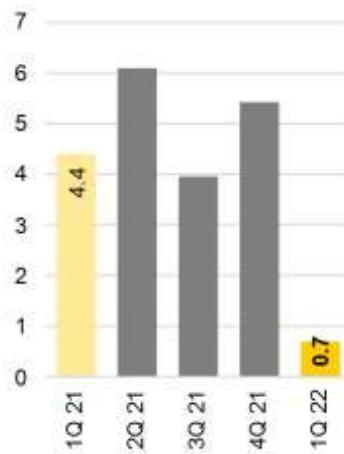
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



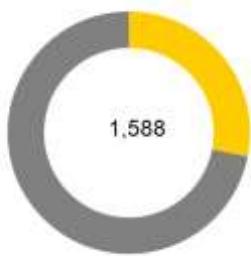
OPERATING MARGIN (%)



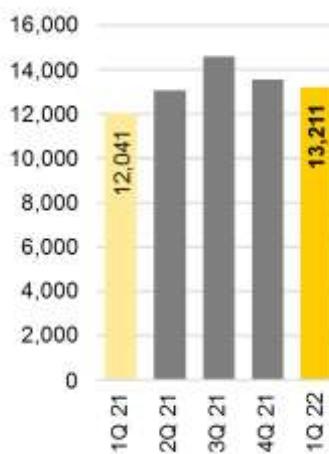
## KEY FIGURES

NOK million	1Q 22	1Q 21	2021
Operating and other revenue	2,481	1,853	8,865
Earnings before financial items and tax (EBIT)	18	82	447
Earnings before tax (EBT)	17	82	450
Operating profit margin	0.7 %	4.4 %	5.0 %
Profit margin	0.7 %	4.4 %	5.1 %

NUMBER OF EMPLOYEES

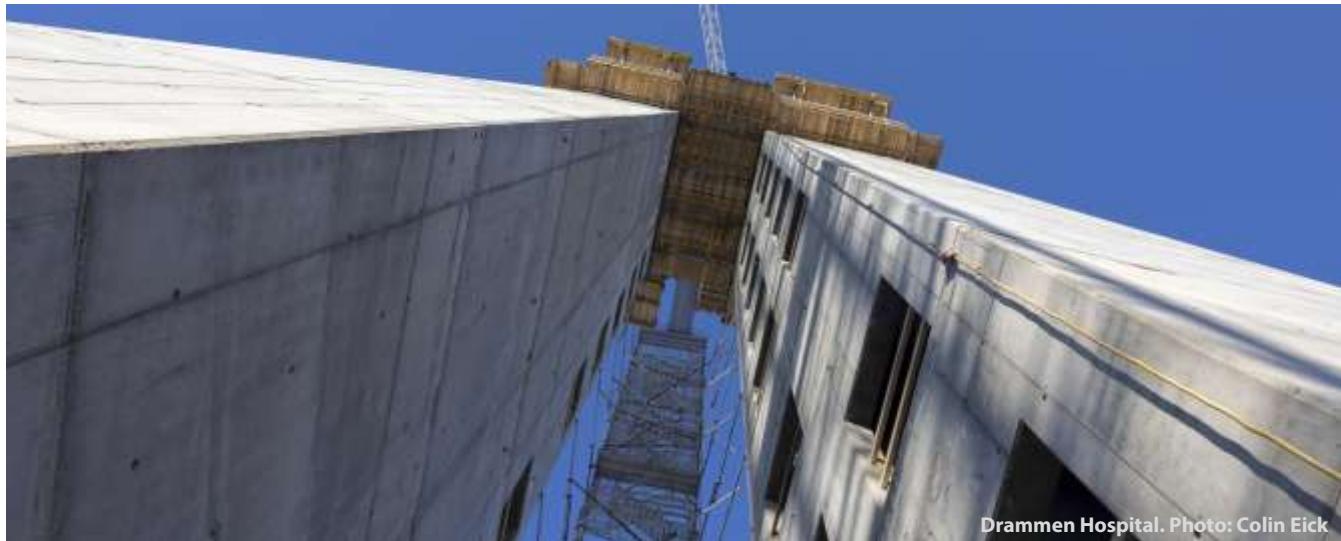


ORDER BACKLOG (NOK million)



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)



Drammen Hospital. Photo: Colin Eick

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. Construction encompasses the Norwegian business except for Betonmast and is mainly located in Eastern Norway and the Bergen Region.

Turnover for Construction increased considerably compared to the same period last year, but profitability was low in the quarter. Construction reported revenues of NOK 2,481 million (1,853 million) for the 1st quarter. This corresponds to a revenue growth of 34% compared to the same quarter last year. Earnings before tax were NOK 17 million (82 million).

Price developments for raw materials such as steel and wood products have a negative impact on the profitability of the building units. Provisions have been made for future losses, particularly in the AF Nybygg portfolio, and estimates have been revised downwards as a result of higher material prices.

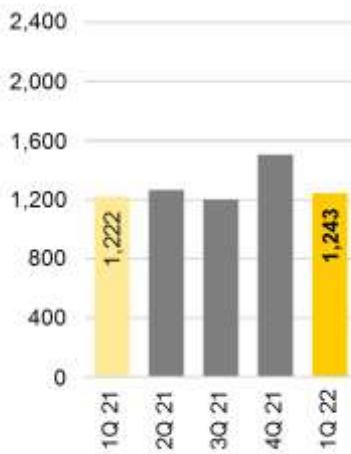
Despite the price developments, Haga & Berg excelled with very good results in the first quarter. AF Bygg Oslo and Åsane Byggmesterforretning also delivered good results in the quarter. Good operational performance and projects in the final phase contributed positively to profitability.

Three new contracts were reported to the stock exchange in the first quarter. AF Bygg Oslo has signed a contract with Storøykilen Utvikling AS, a wholly-owned subsidiary of OBOS Fornebu AS, to build the block 2 of the Storøykilen residential project at Fornebu in Bærum. The contract is a turnkey contract and is valued at NOK 274 million, excluding VAT. LAB Entreprenør signed two contracts in the first quarter. A contract was signed with Vik municipality for the remodeling and renovation of Vik Health and Care Centre. The contract is a general contract valued at NOK 181 million excluding VAT. Furthermore, LAB Entreprenør also signed a contract with Bonava for the construction of 178 apartments with an associated parking facility and smaller commercial premises in Merinoparken in Bergen. The contract is a turnkey contract valued at NOK 381 million, excluding VAT.

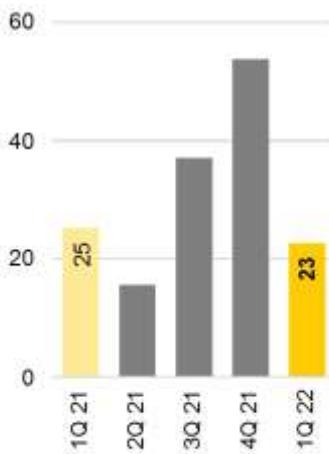
Construction's order backlog was NOK 13,211 million (12,041 million) as at 31 March 2022.

# BETONMAST

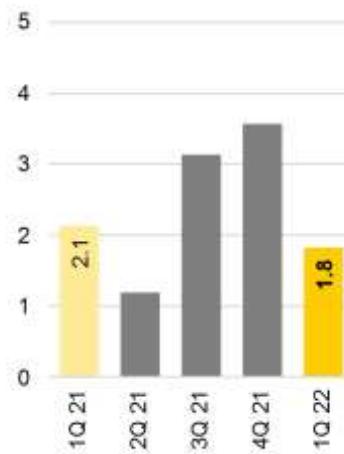
REVENUE (NOK million)\*



OPERATING PROFIT (NOK million)\*



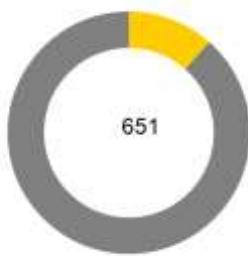
OPERATING MARGIN (%)\*



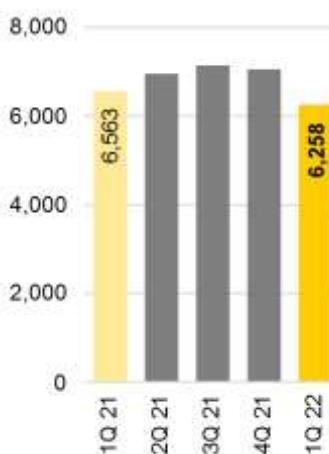
## KEY FIGURES\*

NOK million	1Q 22	1Q 21	2021
Operating and other revenue	1,243	1,222	5,196
Earnings before financial items and tax (EBIT)	23	25	132
Earnings before tax (EBT)	20	16	111
Operating profit margin	1.8 %	2.1 %	2.5 %
Profit margin	1.6 %	1.3 %	2.1 %

## NUMBER OF EMPLOYEES



## ORDER BACKLOG (NOK million)\*



## BETONMAST CONSISTS OF

- Betonmast Boligbygg
- Betonmast Oslo
- Betonmast Trøndelag
- Betonmast Romerike
- Betonmast Røsand
- Betonmast Østfold
- Betonmast Innlandet
- Betonmast Buskerud-Vestfold
- Betonmast Asker og Bærum
- Betonmast Eiendom

\* Betonmast Sweden was transferred from the Betonmast business area to the Sweden business area with effect from 1 January 2022. Comparative figures have been restated.



SporX in Drammen. Photo: Hans Fredrik Asbjørnsen

Betonmast is a construction contractor with operations in the largest markets in Norway. The project portfolio comprises everything from major residential projects to commercial and public buildings. Betonmast is a major player in construction for the public sector and has specialist expertise in project development and collaborative contracts. Betonmast also has a property portfolio in Norway.

Overall, Betonmast delivered weak profitability in the quarter, and the level of activity was at the same level as the same period last year. Betonmast reported revenues of NOK 1,243 million (1,222 million) and a pre-tax profit of NOK 20 million (16 million) in the 1st quarter. Since 2022, Betonmast Sweden has become part of the Swedish business area, and the comparison figures have been restated.

High material prices also affect the units of Betonmast, and in addition, there is a great deal of variation in the earnings of the units. Betonmast Romerike, Betonmast Røsand and Betonmast Østfold delivered satisfactory results in the first

quarter. Betonmast Boligbygg and Betonmast Innlandet, on the other hand, delivered weak results in the quarter, and write-downs have been made in the project portfolio of these companies. The reason for the weak results is significantly higher material prices and costs than calculated.

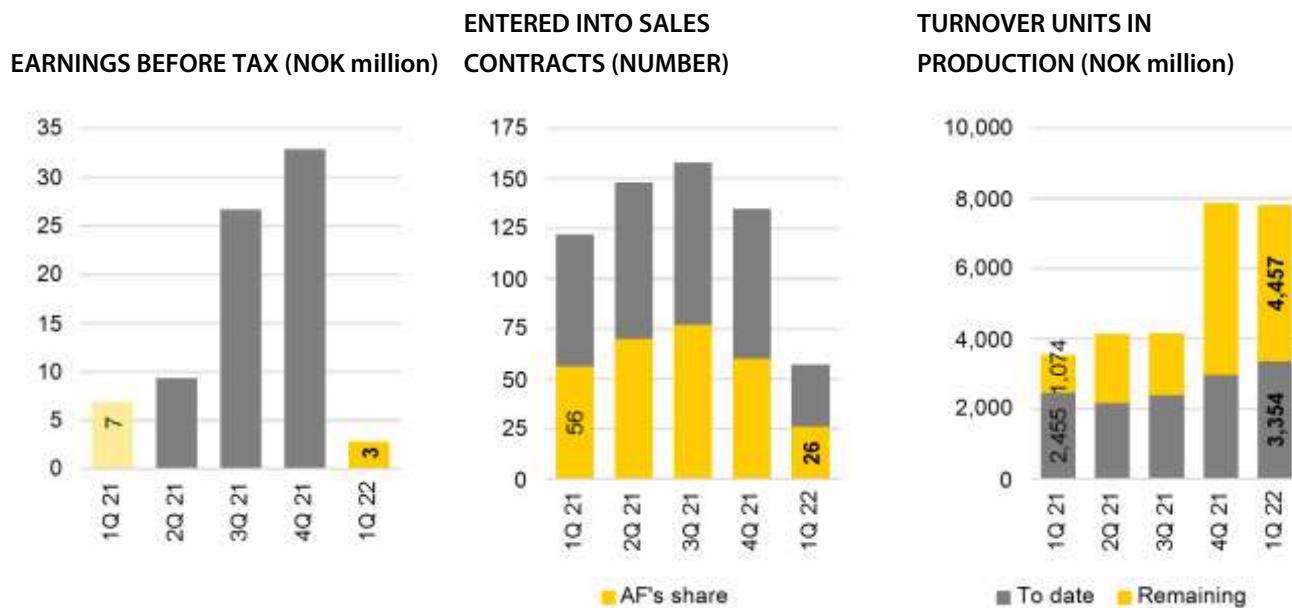
During the quarter, an agreement was signed with an investor grouping for the sale of Betonmast Telemark. The agreement was implemented in February 2022, and has not impacted the result. In 2021, Betonmast Telemark had a turnover of about NOK 300 million.

Betonmast has a separate property portfolio with three property projects with a total of 279 units under production. For further information on the projects, see Note 7.

One new contract has been reported on the stock exchange in the first quarter. Betonmast Innlandet has signed a contract with Sulland Eiendom AS and Nordbo Mjøsa AS for the construction of 74 apartments in Toten. The contract has a total value of approximately NOK 240 million, excluding VAT.

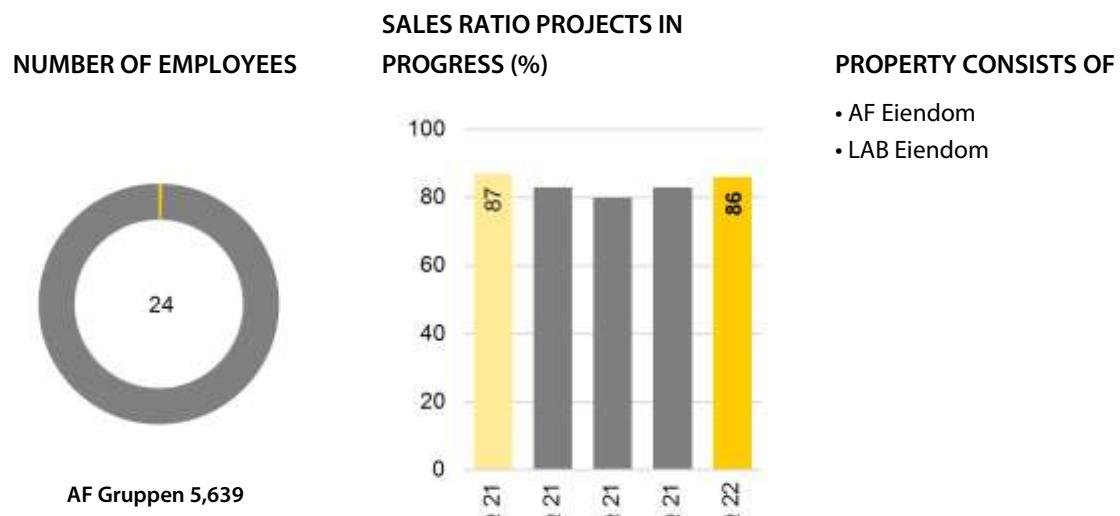
As at 31 March 2022, Betonmast's order backlog was NOK 6,258 million (6,563 million).

# PROPERTY



## KEY FIGURES

NOK million	1Q 22	1Q 21	2021
Operating and other revenue	6	6	35
Earnings before financial items and tax (EBIT)	2	7	75
Earnings before tax (EBT)	3	7	76
Capital employed	678	897	703





AF develops, designs and carries out residential and commercial projects in Norway, and activities take place in geographical areas where AF has its own production capacity. AF works closely with other players in the industry, and the development projects are mainly organised as associated companies and joint ventures.

Property delivered earnings before tax of NOK 3 million (7 million) in the 1st quarter. Property consists of two operating units, AF Eiendom and LAB Eiendom, to ensure increased local foundation in Greater Oslo and the Bergen region respectively.

Property had low sales in the quarter. The project that sold the most units was AF Eiendom's project Bekkestua Have. Sales contracts were signed for a total of 57 (122) homes in the quarter, of which AF's share is 26 (56).

A total of 79 (87) residential properties were handed over in the first quarter. The final construction stage of AF Eiendom's project Bo på Billingstad in Asker was handed over in February. In addition to 77 homes at Billingstad, two units were handed over at LAB Eiendom's project Skiparviken in Bergen.

There were six residential property projects in the production stage at the end of the quarter. A total of 770 units are in production, of which AF's share is 236.

AF Eiendom:

- Lilleby Triangel in Trondheim (125 units in production, of which 125 sales contracts have been signed)
- Brøter Terrasse in Lillestrøm (78 units in production, of which 69 sales contracts have been signed)

- Fyrstikkbakken in Oslo (159 units in production, of which 125 sales contracts have been signed)

- Skårersletta MIDT in Lørenskog (121 units in production, of which 88 sales contracts have been signed)

- Bekkestua Have in Bærum (232 units in production, of which 211 sales contracts have been signed)

LAB Eiendom:

- Kråkehaugen in Bergen (55 units in production, of which 47 sales contracts have been signed)

This gives a sales ratio of 86% for commenced projects. Property also has 168 units for sale in projects in the sales phase: Rolvsrud Arena (96 units) and Skåresletta MIDT (72 units) in AF Eiendom. There were a total of 4 (1) completed unsold units at the end of the quarter, of which AF's share was 2 (0).

For more information on projects for own account, see Note 7.

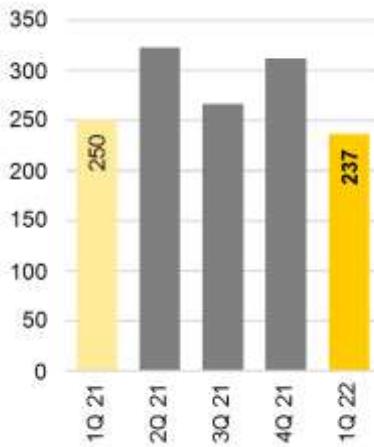
AF also has a significant development portfolio in Norway which is estimated at 1,658 (2,438) units. AF's share of this was 802 (1,223) residential units. The majority of our portfolio is located in Greater Oslo and Bergen.

An agreement was signed during the quarter for the sale of all shares in the company that owns the hotel and offices building Karvesvingen 7 at Hasle in Oslo (21,056 square metres GFA). AF's ownership interest was 49.5%. The transaction was completed in April 2022.

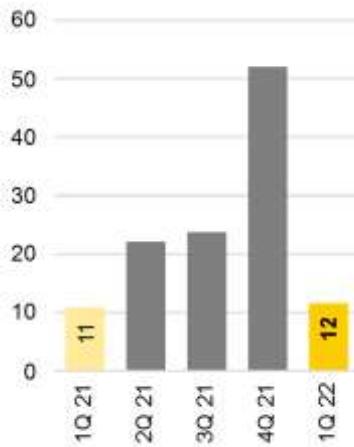
Following the sale, AF has an ownership stake in commercial property under construction with a total RFA of 51,856 (143,380) square metres, of which AF's share is an RFA of 25,749 (41,196) square metres.

# ENERGY AND ENVIRONMENT

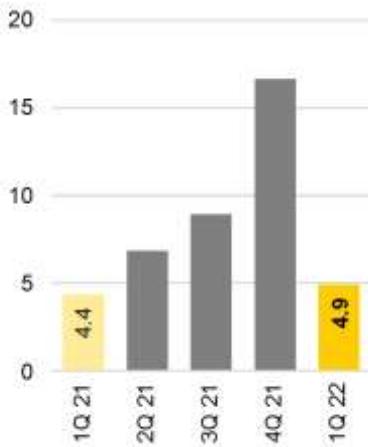
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



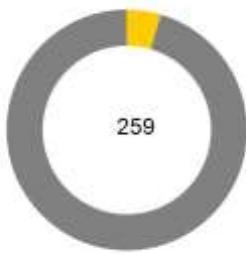
OPERATING MARGIN (%)



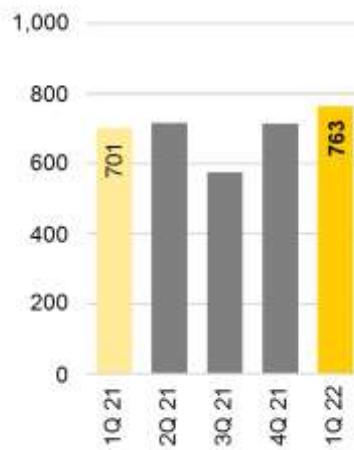
## KEY FIGURES

NOK million	1Q 22	1Q 21	2021
Operating and other revenue	237	250	1,152
Earnings before financial items and tax (EBIT)	12	11	109
Earnings before tax (EBT)	11	9	107
Operating profit margin	4.9 %	4.4 %	9.4 %
Profit margin	4.5 %	3.7 %	9.3 %

NUMBER OF EMPLOYEES



ORDER BACKLOG (NOK million)



## ENERGY AND ENVIRONMENT

### CONSIST OF

- AF Energi  
*Enaktiva*  
*AF Energija Baltic*
- AF Decom  
*Rimol Miljøpark*  
*Nes Miljøpark*  
*Jølsen Miljøpark*



AF offers energy-efficient solutions for buildings and industry and is a leading player in environmental clean-up, demolition and recycling. Contaminated materials are sorted, decontaminated and recycled at AF's environmental centres Rimol, Jølsen and Nes and over 80 per cent of material is reused.

Energy and Environment had a somewhat lower level of activity in the first quarter compared to the same quarter last year but delivered a higher profit before tax. Revenues for the 1st quarter were NOK 237 million (250 million). Earnings before tax were NOK 11 million (9 million).

AF Decom delivered a good first quarter with an increased level of activity and profitability. AF's demolition operations demolish and sort different materials for recycling. AF Decom demolished and facilitated the recycling of approximately 11,229 (3,706) tonnes of metal in the first quarter. The steel industry accounts for about 7% of the world's total CO<sub>2</sub> emissions. Reusing steel results in 70% lower CO<sub>2</sub> emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO<sub>2</sub> for each kilo of steel recycled. This means that AF Decom's demolition operations have helped to reduce alternative CO<sub>2</sub> emissions by 11,229 tonnes so far this year.

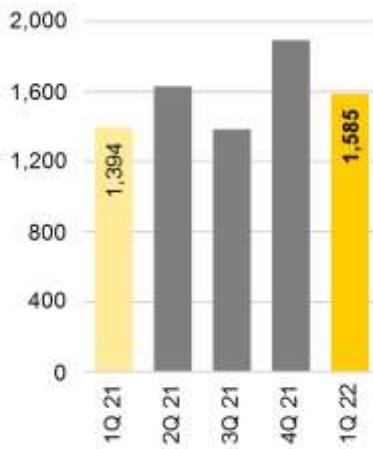
The foundation for our environmental activities is that to a large extent waste can be reused, and thus be a valuable resource in a growing circular economy. AF's environmental parks receive contaminated material and are working to reuse as much of this as possible instead of it going to landfill. The profitability of the environmental centres was good during the quarter. The temperature affects the operation of the environmental parks and some material received in the quarter have not yet been recycled. This affected the number of tonnes processed in the quarter. AF's environmental centres have recycled 51,514 (37,972) tonnes of material in the first quarter. The recycling rate realised for contaminated material in the first quarter was 78%, 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 results below expectations in the first quarter. Profitability in its project portfolio has been variable. AF Energi designs and supplies energy plants for the supply of alternative forms of energy to residential and commercial projects, which are favourable in a long-term ownership perspective.

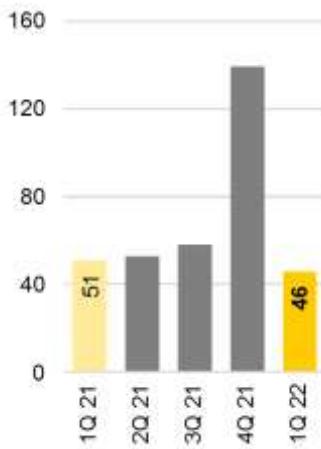
The order backlog for Energy and Environment stood at NOK 763 million (701 million) as at 31 March 2022.

# SWEDEN

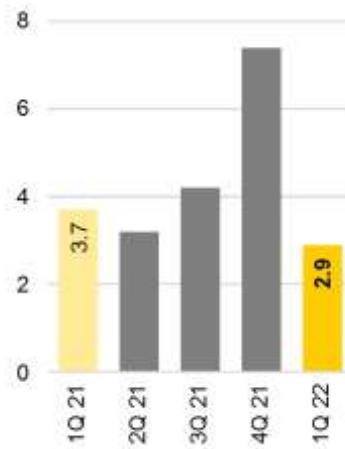
## REVENUE (NOK million)\*



## OPERATING PROFIT (NOK million)\*



## OPERATING MARGIN (%)\*



## KEY FIGURES\*

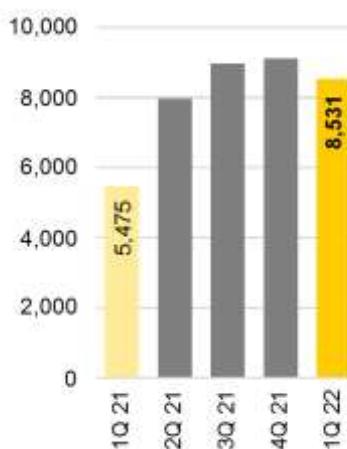
NOK million	1Q 22	1Q 21	2021
Operating and other revenue	1,585	1,394	6,300
Earnings before financial items and tax (EBIT)	46	51	302
Earnings before tax (EBT)	44	49	295
Operating profit margin	2.9 %	3.7 %	4.8 %
Profit margin	2.8 %	3.5 %	4.7 %

## NUMBER OF EMPLOYEES



AF Gruppen 5,639

## ORDER BACKLOG (NOK million)\*



## SWEDEN CONSISTS OF

- Kanonaden
- AF Prefab i Mälardalen
- AF Bygg Syd
- AF Projektutveckling
- AF Härnösand Byggreturer
- HMB
- Betonmast Göteborg
- Betonmast Mälardalen
- Betonmast Malmö
- Betonmast Stockholm
- Betonmast Anläggning

\* Betonmast Sweden was transferred from the Betonmast business area to the Sweden business area with effect from 1 January 2022. Comparative figures have been restated.



Kanonaden performed groundwork for Vindpark Åby-Alebo. Photo: Hans Fredrik Asbjørnsen

AF's Swedish operations in civil engineering, construction, property and demolition are brought together in the Sweden business area. The geographic area of operation encompasses Gothenburg and Southern Sweden, as well as Stockholm and Mälardalen.

Sweden increased its turnover compared to the same quarter last year, while the result was somewhat lower. Sweden reported revenues of NOK 1,585 million (1,394 million) for the 1st quarter. Earnings before tax were NOK 44 million (49 million). Since 2022, Betonmast Sweden has become part of the Swedish business area, and the comparison figures have been restated.

In the Swedish civil engineering market, Kanonaden achieved a 12% revenue growth compared to the same quarter last year and the unit continues to excel with solid results. Betonmast Anläggning's revenue is on a par with the first quarter of last year, while profitability is somewhat lower.

Total revenue for the Swedish building units was higher than in the corresponding quarter last year, while the result was lower. Lower profitability reflects varying project results in several units, partly due to challenging market conditions with high material prices and delivery challenges. In addition, the Betonmast units had low profitability. For the demolition business, the level of activity was lower than last year as a result of the postponed start-up of some projects and a hesitant

residential property market, but AF Härnösand Byggreturer continues to deliver good profitability.

Price developments for important raw materials such as steel and wood products have a significant impact on projects. The units have made provisions in the projects to take into account price developments. 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.

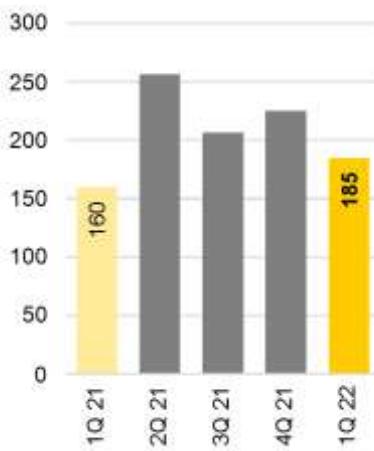
AF Projektutveckling, AF's property business in Sweden, has two residential projects with a total of 198 units under production. For further information on the residential projects, see Note 7. The unit has a building site inventory (residential units under development) that is estimated at 950 (415) residential units. AF's share of this was 510 (196) residential units.

Two contracts were reported to the stock exchange in the first quarter, with a total value of approximately SEK 283 million excluding VAT. Kanonaden will carry out the construction work for three wind farms in Dalarna. The client is Eolus. The contract is a turnkey contract valued at approximately SEK 160 million excluding VAT. HMB will build 60 housing cooperative apartments in Nacka, just south of Stockholm, on behalf of OBOS. The contract amount is approximately SEK 123 million excluding VAT and the project will be carried out as a turnkey contract.

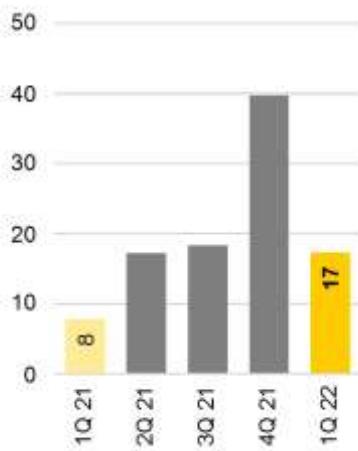
The order backlog for Sweden stood at NOK 8,531 million (5,475 million) as at 31 March 2022.

# OFFSHORE

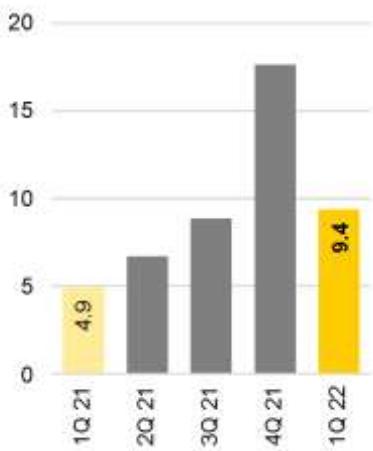
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



OPERATING MARGIN (%)



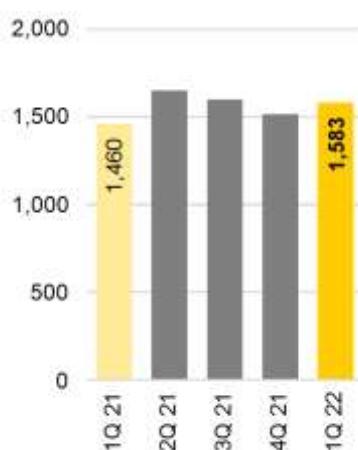
## KEY FIGURES

NOK million	1Q 22	1Q 21	2021
Operating and other revenue	185	160	848
Earnings before financial items and tax (EBIT)	17	8	83
Earnings before tax (EBT)	16	6	78
Operating profit margin	9.4 %	4.9 %	9.8 %
Profit margin	8.6 %	3.7 %	9.2 %

NUMBER OF EMPLOYEES



ORDER BACKLOG (NOK million)



OFFSHORE CONSISTS OF

- AF Offshore Decom
- AF AeronMollier



Offshore campaign Dunlin Alpha. Photo: Helene Olafsen

AF has varied activities aimed at the maritime business and the oil and gas sector. Our services range from new construction and modification of climate control systems (HVAC) for the offshore and marine markets, 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 by 15.6% compared with the first quarter last year and profitability was very good. Revenues in the 1st quarter were NOK 185 million (160 million). Earnings before tax were NOK 16 million (6 million).

AF Offshore Decom had a high level of activity in the quarter and significantly improved profitability compared with the corresponding quarter last year. The good result in the quarter reflects high production and good operations at AF Environmental Base Vats, as well as the positive impact of increased sales of precious metals. Preparatory work has

been carried out for the coming offshore campaigns and demolition at the environmental centre.

AF Offshore Decom demolishes and facilitates the recycling of offshore installations. AF Offshore Decom sorted 93% of the structures for recycling in the first quarter, where metal is the main component. The steel industry accounts for about 7% of the world's total CO<sub>2</sub> emissions. Reusing steel results in 70% lower CO<sub>2</sub> emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO<sub>2</sub> for each kilo of steel recycled. AF Offshore Decom demolished and facilitated the recycling of approximately 16,577 (10,764) tonnes of metal in the first quarter, corresponding to a reduction of alternative CO<sub>2</sub> emissions of 16,577 tonnes.

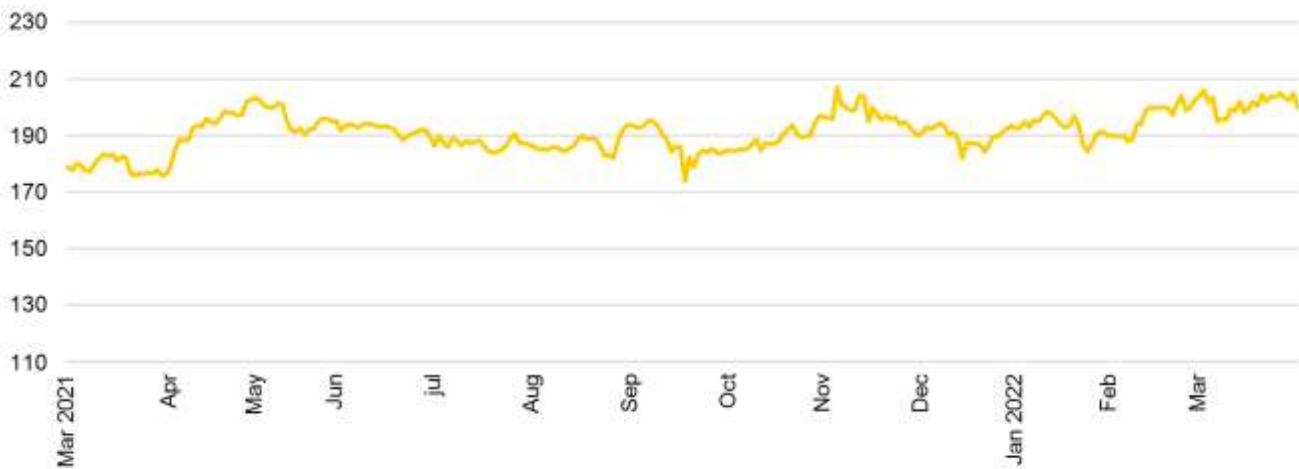
AF AeronMollier delivered revenue growth and an improved result compared to the first quarter of last year. The good conclusion of a few major projects contributed positively for the quarter, while there was still a high level of activity in service projects on installations on the Norwegian continental shelf. The order backlog increased in the quarter as a result of a good order intake in March.

The order backlog for Offshore was NOK 1,583 million (1,460 million) as at 31 March 2022.



New children's and young people's hospital at Haukeland University in Bergen. Photo: Helge Skodvin

## 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 1st quarter, net operating cash flow was NOK 607 million (205 million) and net cash flow from investments was NOK -34 million (-38 million). Cash flow before capital transactions and financing was NOK 573 million (168 million) for the 1st quarter.

At the end of the 1st quarter, AF Gruppen had cash and cash equivalents of NOK 974 million (630 million). Net interest-bearing debt as at 31 March 2022 was NOK -371 million (-46 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 March 2022, including overdraft facilities with Handelsbanken and DNB, is NOK 3,974 million.

Total assets were NOK 13,574 million (12,932 million) as at 31 March 2022. The Group's equity totalled NOK 3,639 million (3,553 million) as at 31 March 2022. This corresponds to an equity ratio of 26.8% (27.5%).

## 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) and Mutual Fund Index (OSEFX) and the Industrials Index (OINP).

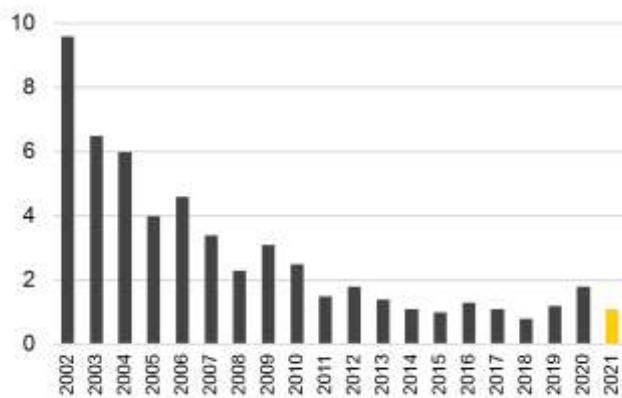
As of 31 March 2022, the AF share had a closing price of NOK 200.00. This corresponds to a return of 3.3% in the first quarter. The Oslo Børs Benchmark Index showed a return of 5.0% for the same period.

As a result of the Group's strong financial position, it has been decided to propose a dividend totalling

## LIST OF SHAREHOLDERS AS AT 31 MARCH 2022

Name	No. Shares	% share
ØMF Holding AS	17,476,375	16.3
OBOS BBL	17,459,483	16.3
Constructio AS	15,044,381	14.1
Folketrygdfondet	9,236,879	8.6
LJM AS	2,515,217	2.4
Artef Kapital AS	2,508,267	2.3
VITO Kongsvinger AS	1,911,676	1.8
Arne Skogheim AS	1,753,870	1.6
Janiko AS	1,300,186	1.2
Moger Invest AS	1,242,609	1.2
<b>Ten largest shareholders</b>	<b>70,448,943</b>	<b>65.8</b>
Total other shareholders	36,408,929	34.0
Own shares	149,754	0.1
<b>Total number of shares</b>	<b>107,007,626</b>	<b>100.0</b>

## LTI-1 RATE DEVELOPMENT



NOK 6.50 (6.50) per share for the first half year to the Annual General Meeting on 13 May 2022. This distribution is consistent with the company's dividend policy, namely a semi-annual distribution and the intention to distribute a minimum of 50% of the profit for the year as a dividend per share.

The number of shares in AF Gruppen is 107,007,626, which corresponds to share capital of NOK 5,350,381.30.

## SAFETY AND HEALTH

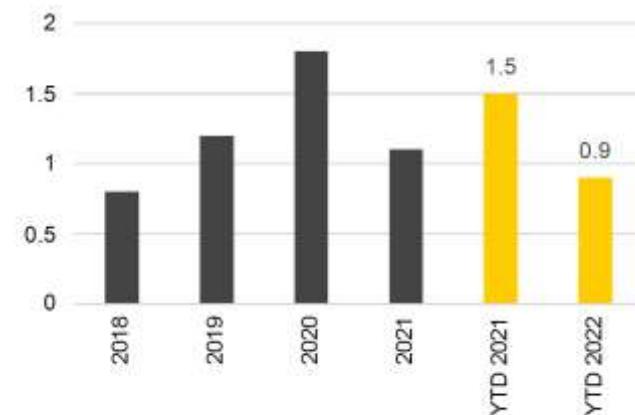
AF Gruppen is complying with the recommendations made by the authorities concerning Covid-19. AF's main priorities are to ensure safe and responsible operation, and to exercise care and presence for our employees.

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.

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 (8) injuries resulting in absence were registered in the 1st quarter. This gives an LTI-1 rate of 0.9 (1.5) for the 1st quarter.

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.

## LTI-1 RATE



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 1st quarter, sickness absence was 5.5% (5.2%). 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. Sick leave in the first quarter of 2021 and 2022 is affected by Covid-19.

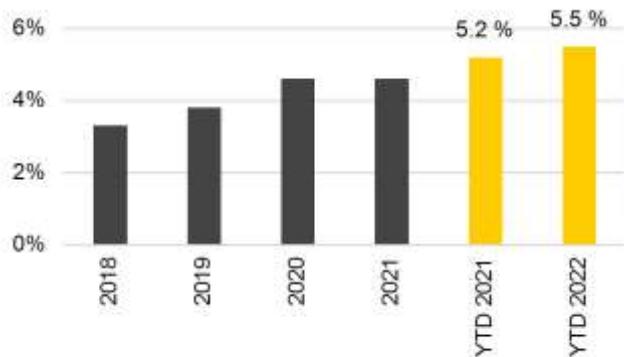
AF strives to avoid environmental damage and minimise undesirable effects on the environment. Environmental work is an integral part of HSE work, and the main tools used are therefore the same that are used otherwise in connection with HSE work.

## 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 1st quarter, the source separation rate for construction was 89% (87%), for

## SICK LEAVE DEVELOPMENT



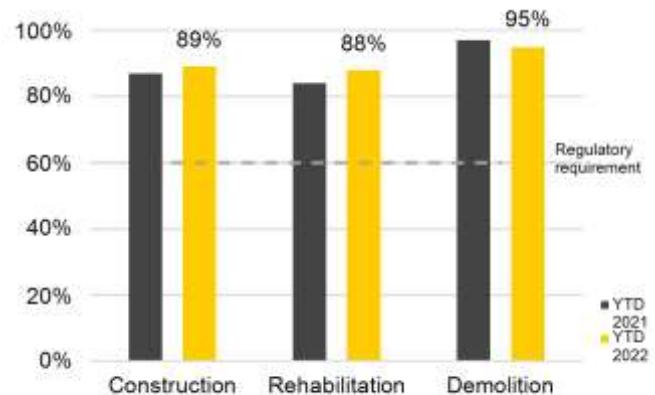
renovation it was 88% (84%) and for demolition it was 95% (97%). These results are considered to be very good. A total of 82,661 tonnes (105,369 tonnes) of waste were separated at source in the 1st quarter.

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 51,514 tonnes (37,972 tonnes) of materials for the 1st quarter.

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 main components of that which is recycled. The steel industry accounts for about 7% of the world's total CO<sub>2</sub> emissions. Reusing steel results in 70% lower CO<sub>2</sub> emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO<sub>2</sub> for each kilo of steel recycled. AF Offshore Decom and AF Decom demolished and facilitated the recycling of 27,806 tonnes (14,470 tonnes) of metal in the 1st quarter. This represents a reduction of alternative CO<sub>2</sub> emissions by around 27,806 tonnes for the 1st quarter.

Each year, AF has reported climate accounts based on the Greenhouse Gas Protocol (GHG), where direct and indirect greenhouse gas emissions are measured in tonnes of CO<sub>2</sub> equivalents from our own activities. From the first quarter of 2022, greenhouse gas emissions are also measured quarterly. As of 31 December 2021, the Group's carbon footprint was 1.6 and as of the first quarter of 2022 it was 1.4. AF has set a target of halving greenhouse gas emissions for each service type relative to revenue by 2030. In AF's climate accounts, the use of diesel in construction equipment is the largest direct source of emissions.

## SOURCE SEPARATION RATE



Climate accounts (tonnes CO <sub>2</sub> e <sup>1</sup> )	1Q 22	2021
Direct emissions	7,493	35,412
Indirect emissions, energy consumption	430	1,270
Other indirect emissions	1,420	8,888
<b>Greenhouse gas emissions (tonnes CO<sub>2</sub>e)</b>	<b>9,343</b>	<b>45,570</b>
Revenue (NOK million)	6,809	27,868
Carbon footprint <sup>2</sup>	1.4	1.6

<sup>1</sup>) Greenhouse gas emissions with global warming potential equivalent

<sup>2</sup>) Tonnes CO<sub>2</sub>e emissions per NOK million in revenue

## 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 1st quarter the share of women is 9.3% (9.9%) in total and 18.6% (19.0%) 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 #HunSpannerer, 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 or 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, 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 the last year, course activity has been significantly reduced as a result of infection control considerations, but in the quarter, course activity has increased after society reopened. More than 80% of the current managers have been recruited internally. Our employees are good ambassadors in the recruitment of new colleagues.

At the end of the 1st quarter AF Gruppen had a total of 5,639 (5,475) employees. Of these employees 4,590 (4,432) were employed in Norway, 1,025 (1,018) in Sweden, 11 (12) in Lithuania and 13 (13) 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 1st 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 major demolition and recycling operator, AF Gruppen is also exposed to fluctuations in 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. In addition to the parent company and bank guarantees, the use of credit rating tools 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 3,974 million as at 31 March 2022.

## **MARKET OUTLOOK**

Although the upturn in the Norwegian economy has continued since the infection control measures were removed at the beginning of the year, the war in Ukraine and new shutdowns in China have created uncertainty about economic developments. This affects the level of activity in construction and civil engineering as increasing commodity and energy prices and supply challenges impact the units. The duration of the war in Ukraine creates

uncertainty as to whether the increased commodity and energy prices will persist and how the markets we are a part of will be impacted in the future.

The civil engineering market in Norway is less 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 measures are excluded. Prognosesenteret expects growth of 14% in construction investment in 2022, before developments are expected to level off in 2023. Growth is primarily expected to come from road projects, but also railway and tramline systems. In 2022, Prognosesenteret expects NOK 103.5 billion of construction investments, of which 42% will come from road construction, while 16% will come from railway and tramline systems. The forecasts for the construction market indicate a good basis for further growth for AF's civil engineering activities, but higher material prices and potential delivery challenges also create uncertainty in the construction market.

Although residential house price developments in Norway have been strong in the first quarter of the year, the housing market is now showing signs that price growth will level off in the period ahead, according to Eiendom Norway. At the end of March, residential property prices were 6.2% higher nationally than one year ago. The 12-month nominal change was 4.1% in Oslo, 6.9% in Bergen and 8.6% in Trondheim. At the monetary policy meeting in March 2022, Norges Bank decided to raise the key policy rate from 0.50% to 0.75%, and decided to keep the interest rate unchanged at the intermediate policy meeting in May. Norges Bank's forecast implies that the interest rate will increase to around 2.5% at the end of next year, and that the next interest rate increase is likely to come in June 2022.

The construction market in Norway is estimated to have a total production value of NOK 374 billion in 2021, according to Prognosesenteret. Prognosesenteret expects the country-wide production value to fall by 1.3% in 2022, while an increase of 0.6% is expected in 2023. The building market in Oslo is expected to grow by 3.2% in 2022 and 8.5% in 2023. For the whole country, new residential buildings are expected to drive the reduction in 2022, while the market for rehabilitation, renovation and extensions (ROT) is expected to grow. Start permits for 29,966 new residential units were registered in 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 are expected to amount to 2,800 residential units in 2022 and 3,000 in 2023. The consequences of high

commodity prices and delivery challenges contribute to significantly increased construction costs, which in the short term may lead to postponements and fewer housing starts. 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 may enter into force from 1 July 2022, but the consultation document from the Ministry of Labour and Social Inclusion allows for deferred entry into force.

Price developments for steel and wood products are a significant element of uncertainty for our company going forward. The price of reinforcing steel has gone up 49%, structural steel 40% and wood products 83% in the last 12 months. According to Statistics Norway's construction cost index for "Housing in total", prices in March are 11.9% higher compared to the same period last year, of which labour costs have increased by 3.4% and materials by 25.1%. 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. The activities of the business area are closely related to the construction market, and the level of new building starts will affect the market for demolition and recycling services. Demand for energy and other environmentally-related services is growing. Cleaned material from AF's environmental centres is finding an increasing number of areas of application, such as an additive to spray concrete and as gritting sand during the winter season.

Norwegian authorities have set ambitious targets for reducing energy use up to 2030, and high electricity prices make investments in energy-efficient measures very attractive. Enova has found that there is a major maintenance backlog for public buildings and major conservation opportunities related to the renovation of buildings. Furthermore, the delivery of heating and cooling for commercial buildings is another interesting market. Prognosesenteret expects that the area of non-residential building starts will fall by 6.6 per cent in 2022, but in Oslo a sharp increase of 70 per cent is expected. Overall, we expect a healthy market for AF's Energy and Environment business.

Offshore 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 run-down 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. The recycling of steel from decommissioned oil platforms represents a significant contribution to reducing greenhouse gas emissions compared with ordinary steel production. This could make a positive contribution to the demand for this type of service in the future.

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 Continental Shelf provides new market opportunities. The carbon tax is NOK 766 per tonne in 2022, and the Climate Plan for 2021-2030 white paper has signalled that it will be increased to NOK 2,000/tonne in 2030. This can help accelerate the rate of electrification.

The growth of offshore wind will create pressure on available port facilities and the availability of crane vessels for installation. This may lead to higher prices for offshore decommissioning operations. Increased investment in

offshore wind can also provide new market opportunities for AF's business.

Byggföretagen estimates that building investments in Sweden (excl. capital investments) amounted to SEK 453 billion in 2021 and estimates that investments will remain at a high level in 2022. However, price developments for raw materials and delivery challenges as a result of the war in Ukraine and shutdowns in China also create uncertainty for our Swedish business. Furthermore, there is still uncertainty regarding Swedish cement production. 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 rose in the first quarter. At the end of March, Svensk Mäklarstatistik reported a 4.0% price increase from the previous quarter for apartments and 3.2% for detached houses. The increase in prices compared to the same quarter in 2020 was 6.8% for apartments and 9.8% for detached houses. In April 2022, the Swedish central bank decided to raise the key rate from zero to 0.25%, as a result of high inflation. The central bank's forecast is now that the interest rate will rise another two to three times this year. Interest rate increases, high material prices and possible delivery challenges create uncertainty related to new building starts and postponements of projects.

### **Oslo, 12 May 2022**

Board of Directors of AF Gruppen ASA

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## Financial information



# CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	1Q 22	1Q 21	2021
Operating and other revenue	6,809	6,209	27,868
Subcontractors	-3,498	-3,314	-14,633
Cost of materials	-1,255	-836	-4,440
Payroll costs	-1,342	-1,295	-5,142
Operating expenses ex. depreciation and impairment	-420	-371	-1,677
Net gains (losses) and profit (loss) from associates	52	6	200
<b>EBITDA</b>	<b>345</b>	<b>400</b>	<b>2,176</b>
Depreciation and impairment of tangible fixed assets	-49	-49	-206
Depreciation and impairment of right of use assets	-81	-87	-360
Depreciation and impairment of intangible assets	-	-	-1
<b>Earnings before financial items and tax (EBIT)</b>	<b>215</b>	<b>264</b>	<b>1,609</b>
Net financial items	-6	-18	-29
<b>Earnings before tax (EBT)</b>	<b>209</b>	<b>245</b>	<b>1,580</b>
Income tax expense	-30	-52	-351
<b>Net income for the period</b>	<b>179</b>	<b>194</b>	<b>1,229</b>
Attributable to:			
Shareholders in the Parent Company	149	165	1,019
Non-controlling interests	29	29	210
<b>Net income for the period</b>	<b>179</b>	<b>194</b>	<b>1,229</b>
Earnings per share (NOK)	1.40	1.55	9.60
Diluted earnings per share (NOK)	1.39	1.55	9.57
Key figures	1Q 22	1Q 21	2021
EBITDA margin	5.1 %	6.4 %	7.8 %
Operating profit margin	3.2 %	4.2 %	5.8 %
Profit margin	3.1 %	4.0 %	5.7 %
Return on capital employed (ROaCE) <sup>1)</sup>	35.4 %	34.8 %	36.0 %
Return on equity	35.4 %	36.2 %	36.1 %
Equity ratio	26.8 %	27.5 %	27.3 %
Net interest-bearing debt (receivables) <sup>2)</sup>	-371	-46	-29
Capital employed <sup>3)</sup>	4,593	4,673	4,571
Order backlog	42,697	33,818	38,646

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

<sup>2)</sup> Net interest-bearing debt (receivables) = Cash and cash equivalents + interest-bearing receivables - interest-bearing debt

<sup>3)</sup> Capital employed = Equity + interest-bearing debt

# STATEMENT OF COMPREHENSIVE INCOME

NOK million	1Q 22	1Q 21	2021
Net income for the period	179	194	1,229
Net actuarial gains and losses	-	-	-2
Currency translation differences non-controlling interests	-7	-8	-8
<b>Items that will not be reclassified to income statement in subsequent periods</b>	<b>-7</b>	<b>-8</b>	<b>-10</b>
Net cash flow hedges	1	-1	27
Currency translation differences shareholders of the	-40	-42	-46
<b>Items that may be reclassified to income statement in subsequent periods</b>	<b>-40</b>	<b>-43</b>	<b>-19</b>
<b>Other comprehensive income for the period</b>	<b>-46</b>	<b>-52</b>	<b>-30</b>
<b>Total comprehensive income for the period</b>	<b>133</b>	<b>142</b>	<b>1,199</b>
Attributable to:			
- Shareholders of the parent	110	121	997
- Non-controlling interests	22	21	202
<b>Total comprehensive income for the period</b>	<b>133</b>	<b>142</b>	<b>1,199</b>

# 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
<b>As at 31 December 2020</b>	<b>761</b>	<b>62</b>	<b>-18</b>	<b>-49</b>	<b>1,839</b>	<b>2,593</b>	<b>901</b>	<b>3,494</b>
Comprehensive income	-	-42	-	-1	165	121	21	142
Sale of treasury shares	-	-	-	-	16	16	-	16
Dividend paid	-	-	-	-	-	-	-104	-104
Share-based remuneration	7	-	-	-	-	7	1	8
Transactions with non-controlling interests	-	-	-	-	-5	-5	2	-3
<b>As at 31 March 2021</b>	<b>768</b>	<b>19</b>	<b>-18</b>	<b>-50</b>	<b>2,014</b>	<b>2,733</b>	<b>821</b>	<b>3,553</b>
<b>As at 31 December 2021</b>	<b>506</b>	<b>16</b>	<b>-20</b>	<b>-22</b>	<b>2,174</b>	<b>2,654</b>	<b>918</b>	<b>3,572</b>
Comprehensive income	-	-40	-	1	149	110	22	133
Capital increase	40	-	-	-	-	40	-	40
Purchase of treasury shares	-	-	-	-	-40	-40	-	-40
Sale of treasury shares	-	-	-	-	10	10	-	10
Dividend paid	-	-	-	-	-	-	-56	-56
Share-based remuneration	7	-	-	-	-	7	1	8
Put options for non-controlling interests	-	-	-	-	4	4	-	4
Addition from acquisition of subsidiaries	-	-	-	-	-	-	14	14
Transactions with non-controlling interests	-	-	-	-	-83	-83	37	-46
<b>As at 31 March 2022</b>	<b>553</b>	<b>-24</b>	<b>-20</b>	<b>-21</b>	<b>2,215</b>	<b>2,703</b>	<b>936</b>	<b>3,639</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	31/03/22	31/03/21	31/12/21
Tangible fixed assets	1,429	1,481	1,437
Right of use assets	787	876	780
Intangible assets	4,456	4,333	4,335
Investment in associates and joint ventures	632	563	639
Deferred tax asset	8	16	7
Interest-bearing receivables	284	412	282
Pension plan and other financial assets	13	7	10
<b>Total non-current assets</b>	<b>7,608</b>	<b>7,689</b>	<b>7,490</b>
 Inventories	222	218	198
Projects for own account	47	135	51
Trade receivables and other receivables	4,657	4,137	4,623
Interest-bearing receivables	67	123	65
Cash and cash equivalents	974	630	680
<b>Total current assets</b>	<b>5,967</b>	<b>5,243</b>	<b>5,618</b>
 <b>Total assets</b>	<b>13,574</b>	<b>12,932</b>	<b>13,108</b>
 Equity attributable to shareholders of the parent	2,703	2,733	2,654
Non-controlling interests	936	821	918
<b>Total equity</b>	<b>3,639</b>	<b>3,553</b>	<b>3,572</b>
 Interest-bearing debt	90	162	90
Interest-bearing debt - lease liability	587	641	554
Retirement benefit obligations	6	3	6
Provisions	113	73	100
Deferred tax	580	509	585
Derivatives	4	13	8
<b>Total non-current liabilities</b>	<b>1,381</b>	<b>1,402</b>	<b>1,343</b>
 Interest-bearing debt	9	5	54
Interest-bearing debt - lease liability	267	311	301
Trade payables and other short-term debt	7,467	6,817	6,956
Derivatives	35	56	24
Provisions	604	575	625
Tax payable	172	213	232
<b>Total current liabilities</b>	<b>8,554</b>	<b>7,977</b>	<b>8,193</b>
 <b>Total liabilities</b>	<b>9,935</b>	<b>9,379</b>	<b>9,536</b>
 <b>Total equity and liabilities</b>	<b>13,574</b>	<b>12,932</b>	<b>13,108</b>

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	1Q 22	1Q 21	2021
Earnings before financial items and tax (EBIT)	215	264	1,609
Depreciation, amortisation and impairment	130	136	567
Change in net working capital	421	-115	-340
Income taxes paid	-115	-81	-283
Net gains (losses) and profit (loss) from associates	-52	-6	-200
Other adjustments	8	8	62
<b>Cash flow from operating activities</b>	<b>607</b>	<b>205</b>	<b>1,415</b>
Net investments	-34	-38	184
<b>Cash flow before financing activities</b>	<b>573</b>	<b>168</b>	<b>1,599</b>
Share issue	-	-	119
Dividends paid to shareholders in the Parent Company	-	-	-1,116
Dividends paid to non-controlling interests	-56	-104	-186
Transactions with non-controlling interests	-38	-5	-28
Sale (purchase) of treasury shares	-30	16	24
Borrowings (repayment) of debt	-127	-94	-343
Interest and other financial expenses paid	-12	-10	-44
<b>Cash flow from financing activities</b>	<b>-263</b>	<b>-197</b>	<b>-1,574</b>
<b>Change in cash and cash equivalents with cash effect</b>	<b>310</b>	<b>-29</b>	<b>25</b>
Net cash and cash equivalents at the beginning of period	680	708	708
Change in cash and cash equivalents without cash effect	-17	-49	-52
<b>Net cash and cash equivalents at the end of period</b>	<b>974</b>	<b>630</b>	<b>680</b>

## 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	1Q 22	1Q 21	2021
External operating and other revenue	1,141	1,440	5,597
Internal operating and other revenue	100	69	405
<b>Total operating and other revenue</b>	<b>1,242</b>	<b>1,509</b>	<b>6,002</b>
EBITDA	129	152	734
Earnings before financial items and tax (EBIT)	84	96	515
<b>Earnings before tax (EBT)</b>	<b>83</b>	<b>94</b>	<b>510</b>
EBITDA-margin	10.4 %	10.0 %	12.2 %
Operating margin	6.7 %	6.4 %	8.6 %
Profit margin	6.7 %	6.2 %	8.5 %
Assets	2,614	2,384	2,229
<b>Order backlog</b>	<b>12,425</b>	<b>7,140</b>	<b>6,878</b>

## Construction

NOK million	1Q 22	1Q 21	2021
External operating and other revenue	2,466	1,820	8,740
Internal operating and other revenue	15	34	125
<b>Total operating and other revenue</b>	<b>2,481</b>	<b>1,853</b>	<b>8,865</b>
EBITDA	39	103	532
Earnings before financial items and tax (EBIT)	18	82	447
<b>Earnings before tax (EBT)</b>	<b>17</b>	<b>82</b>	<b>450</b>
EBITDA-margin	1.6 %	5.5 %	6.0 %
Operating margin	0.7 %	4.4 %	5.0 %
Profit margin	0.7 %	4.4 %	5.1 %
Assets	4,631	4,092	4,554
<b>Order backlog</b>	<b>13,211</b>	<b>12,041</b>	<b>13,549</b>

## Betonmast

NOK million	1Q 22	1Q 21	2021
External operating and other revenue	1,243	1,222	5,194
Internal operating and other revenue	-	-	3
<b>Total operating and other revenue</b>	<b>1,243</b>	<b>1,222</b>	<b>5,196</b>
EBITDA	29	33	168
Earnings before financial items and tax (EBIT)	23	25	132
<b>Earnings before tax (EBT)</b>	<b>20</b>	<b>16</b>	<b>111</b>
EBITDA-margin	2.4 %	2.7 %	3.2 %
Operating margin	1.8 %	2.1 %	2.5 %
Profit margin	1.6 %	1.3 %	2.1 %
Assets	3,400	2,736	2,817
<b>Order backlog</b>	<b>6,258</b>	<b>6,563</b>	<b>7,054</b>

Betonmast Sweden was transferred from the Betonmast business area to the Sweden business area with effect from 1 January 2022. Comparative figures have been restated.

## Property

NOK million	1Q 22	1Q 21	2021
External operating and other revenue	6	6	35
Internal operating and other revenue	-	0	0
<b>Total operating and other revenue</b>	<b>6</b>	<b>6</b>	<b>35</b>
EBITDA	2	7	76
Earnings before financial items and tax (EBIT)	2	7	75
<b>Earnings before tax (EBT)</b>	<b>3</b>	<b>7</b>	<b>76</b>
EBITDA-margin	-	-	-
Operating margin	-	-	-
Profit margin	-	-	-
Assets	688	937	735
<b>Order backlog</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Energy and Environment

NOK million	1Q 22	1Q 21	2021
External operating and other revenue	222	217	1,047
Internal operating and other revenue	15	33	104
<b>Total operating and other revenue</b>	<b>237</b>	<b>250</b>	<b>1,152</b>
EBITDA	28	25	170
Earnings before financial items and tax (EBIT)	12	11	109
<b>Earnings before tax (EBT)</b>	<b>11</b>	<b>9</b>	<b>107</b>
EBITDA-margin	11.7 %	9.9 %	14.8 %
Operating margin	4.9 %	4.4 %	9.4 %
Profit margin	4.5 %	3.7 %	9.3 %
Assets	612	588	706
<b>Order backlog</b>	<b>763</b>	<b>701</b>	<b>714</b>

## Sweden

NOK million	1Q 22	1Q 21	2021
External operating and other revenue	1,585	1,392	6,289
Internal operating and other revenue	1	1	11
<b>Total operating and other revenue</b>	<b>1,585</b>	<b>1,394</b>	<b>6,300</b>
EBITDA	61	68	372
Earnings before financial items and tax (EBIT)	46	51	302
<b>Earnings before tax (EBT)</b>	<b>44</b>	<b>49</b>	<b>295</b>
EBITDA-margin	3.9 %	4.9 %	5.9 %
Operating margin	2.9 %	3.7 %	4.8 %
Profit margin	2.8 %	3.5 %	4.7 %
Assets	2,760	2,465	2,776
<b>Order backlog</b>	<b>8,531</b>	<b>5,475</b>	<b>9,112</b>

Betonmast Sweden was transferred from the Betonmast business area to the Sweden business area with effect from 1 January 2022. Comparative figures have been restated.

## Offshore

NOK million	1Q 22	1Q 21	2021
External operating and other revenue	184	159	847
Internal operating and other revenue	-	-	1
<b>Total operating and other revenue</b>	<b>185</b>	<b>160</b>	<b>848</b>
EBITDA	26	16	115
Earnings before financial items and tax (EBIT)	17	8	83
<b>Earnings before tax (EBT)</b>	<b>16</b>	<b>6</b>	<b>78</b>
EBITDA-margin	13.9 %	9.9 %	13.6 %
Operating margin	9.4 %	4.9 %	9.8 %
Profit margin	8.6 %	3.7 %	9.2 %
Assets	923	909	988
<b>Order backlog</b>	<b>1,583</b>	<b>1,460</b>	<b>1,515</b>

## Other Segments (Group)

NOK million	1Q 22	1Q 21	2021
External operating and other revenue	14	26	94
Internal operating and other revenue	12	22	57
<b>Total operating and other revenue</b>	<b>26</b>	<b>48</b>	<b>150</b>
EBITDA	11	7	32
Earnings before financial items and tax (EBIT)	-5	-6	-30
<b>Earnings before tax (EBT)</b>	<b>-4</b>	<b>-19</b>	<b>-21</b>
Assets	1,650	1,691	1,894
<b>Order backlog</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Eliminations

NOK million	1Q 22	1Q 21	2021
External operating and other revenue	-2	-30	-50
Internal operating and other revenue	-143	-160	-706
<b>Total operating and other revenue</b>	<b>-145</b>	<b>-189</b>	<b>-756</b>
EBITDA	-2	-5	-16
Earnings before financial items and tax (EBIT)	-2	-5	-16
<b>Earnings before tax (EBT)</b>	<b>-2</b>	<b>6</b>	<b>-19</b>
Assets	-3,640	-2,791	-3,505
<b>Order backlog</b>	<b>-297</b>	<b>174</b>	<b>-348</b>

Betonmast Sweden was transferred from the Betonmast business area to the Sweden business area with effect from 1 January 2022. Comparative figures have been restated.

## GAAP adjustments (IFRS 15)

NOK million	1Q 22	1Q 21	2021
External operating and other revenue	-50	-44	75
Internal operating and other revenue	-	-	-
<b>Total operating and other revenue</b>	<b>-50</b>	<b>-44</b>	<b>75</b>
EBITDA	21	-5	-7
Earnings before financial items and tax (EBIT)	21	-5	-7
<b>Earnings before tax (EBT)</b>	<b>21</b>	<b>-5</b>	<b>-7</b>
Assets	-64	-80	-85
<b>Order backlog</b>	<b>222</b>	<b>265</b>	<b>172</b>

## Segment total

NOK million	1Q 22	1Q 21	2021
External operating and other revenue	6,809	6,209	27,868
Internal operating and other revenue	-	-	-
<b>Total operating and other revenue</b>	<b>6,809</b>	<b>6,209</b>	<b>27,868</b>
EBITDA	345	400	2,176
Earnings before financial items and tax (EBIT)	215	264	1,609
<b>Earnings before tax (EBT)</b>	<b>209</b>	<b>245</b>	<b>1,580</b>
EBITDA-margin	5.1 %	6.4 %	7.8 %
Operating margin	3.2 %	4.2 %	5.8 %
Profit margin	3.1 %	4.0 %	5.7 %
Assets	13,574	12,932	13,108
<b>Order backlog</b>	<b>42,697</b>	<b>33,818</b>	<b>38,646</b>



JR Anlegg. Foto: Colin Eick

# 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 1st quarter 2022 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 1st quarter 2022 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 2021, 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

### *New segment structure*

Betonmast Sweden was transferred from the Betonmast business area to the Swedish business area with effect from 1 January 2022. Comparative figures have been restated.

### *Acquisition of Stenseth & RS*

AF Gruppen entered into an agreement on 25 March 2022 to purchase 80% of the shares in Stenseth & RS Holding AS. Stenseth & RS is a well-run concrete contractor with an excellent track record. The company has a total of 300 employees and comprises the operating companies Stenseth & RS Entreprenør AS, Stenseth & RS Anlegg AS and Stenseth & RS Ressurs AS. The head office is in Åros, and the company's primary geographical area of operation is central Eastern Norway. The company supplies a range of concrete works in the building and construction sector, such as formwork, reinforcement and other types of concrete works. Additionally, the company is a market leader in the casting and surface treatment of floors. Over the last three years, Stenseth & RS has reported average revenues of NOK 495 million and an operating margin of 7.2%. The agreed enterprise value for 100% of Stenseth & RS Holding AS is NOK 220 million on a debt-free basis. Settlement comprised shares in AF Gruppen ASA corresponding to NOK 40 million and NOK 154 million in cash. In addition, contingent consideration of an estimated NOK 16 million has been agreed, which will be settled in 2025. The company will be part of the Civil Engineering business area.

Presented below is an allocation of the purchase price based on the opening balance sheet of Stenseth & RS as at 31 March 2022. Allocation of the purchase price was prepared using the acquisition method as regulated in IFRS 3. The purchase price has been allocated at the fair value of the assets and liabilities of Stenseth & RS. The allocation is not final.

Purchase price allocation Stenseth & RS	NOK million
Cash consideration	154
Value of issued shares	40
Contingent consideration	16
<b>Consideration for 80% of the shares in Stenseth &amp; RS Holding AS</b>	<b>210</b>
Other non-controlling interests in Stenseth & RS Holding AS (20% of assets and liabilities)	14
<b>Gross consideration for 100% of the shares in Stenseth &amp; RS Holding AS</b>	<b>224</b>
Fixed assets	15
Cash and cash equivalents	83
Short-term non-interest-bearing receivables	136
Deferred tax and tax payables	-18
Non-current lease liabilities	-4
Trade payables and current non-interest-bearing liabilities	-143
<b>Net identifiable assets and liabilities</b>	<b>70</b>
<b>Goodwill</b>	<b>154</b>
Cash consideration for 80% of the shares in Stenseth & RS Holding AS	154
- Cash and Cash equivalents in Stenseth & RS (100 %)	-83
<b>Net consideration included in net investments in the cash flow statement</b>	<b>70</b>

The acquisition results in goodwill of NOK 154 million, which is linked to the geographical market position and the organisation's ability to operate profitably. None of the goodwill will be tax deductible.

At the time of acquisition, the non-controlling interests represented NOK 14 million and have been calculated as the non-controlling owners' share of the net fair value of identifiable assets and liabilities on the date of the acquisition. Goodwill is only recognised for the portion of the shares that AF acquired.

## 4. ACCOUNTING POLICIES

### Effect of IFRS 16 lease liability

AF Gruppen presents figures for the Group as lessee to comply with the accounting principles for IFRS 16. The present value of future rental payments for lease liabilities is recognised in the balance sheet as an interest-bearing loan, and right of use is recognised as a non-current asset, except for short-term or terminable leases. The right of use asset recognised on the balance sheet will be amortised over the agreed term of the lease including any reasonably certain option periods, and interest on the lease liability will be recognised as an interest expense. Both instalments and interest on lease liabilities recognised on the balance sheet are classified as cash flow from financing activities in the cash flow statement.

Recognised lease liabilities in the Group affect key figures, including equity ratio and net interest-bearing liabilities, as shown in tables below.

#### Consolidated statement of income – Effect of IFRS 16

NOK million	1Q 22			1Q 21			2021		
	less IFRS 16	Effect of IFRS 16	1Q 22	less IFRS 16	Effect of IFRS 16	1Q 21	less IFRS 16	Effect of IFRS 16	2021
Operating expenses excl. depr. and impairment	-496	75	-420	-454	83	-371	-2,018	341	-1,677
EBITDA	270	75	345	317	83	400	1,835	341	2,176
Depr. and impairment of right of use assets	-10	-71	-81	-11	-76	-87	-38	-321	-360
<b>Earnings before financial items and tax (EBIT)</b>	<b>210</b>	<b>5</b>	<b>215</b>	<b>256</b>	<b>7</b>	<b>264</b>	<b>1,589</b>	<b>20</b>	<b>1,609</b>
Net financial items	-2	-4	-6	-14	-4	-18	-12	-17	-29
<b>Earnings before tax (EBT)</b>	<b>208</b>	<b>1</b>	<b>209</b>	<b>242</b>	<b>3</b>	<b>245</b>	<b>1,577</b>	<b>3</b>	<b>1,580</b>
Income tax expense	-30	-	-30	-51	-1	-52	-351	-1	-351
<b>Net income for the period</b>	<b>178</b>	<b>1</b>	<b>179</b>	<b>191</b>	<b>2</b>	<b>194</b>	<b>1,227</b>	<b>2</b>	<b>1,229</b>

#### Consolidated statement of financial position – Effect of IFRS 16

NOK million	31.03.22			31.03.21			31.12.21		
	less IFRS 16	Effect of IFRS 16	31.03.22	less IFRS 16	Effect of IFRS 16	31.03.21	less IFRS 16	Effect of IFRS 16	2021
Right of use assets	231	556	787	186	690	876	205	576	780
<b>Total assets</b>	<b>13,018</b>	<b>556</b>	<b>13,574</b>	<b>12,242</b>	<b>690</b>	<b>12,932</b>	<b>12,532</b>	<b>576</b>	<b>13,108</b>
Total equity	3,661	-22	3,639	3,576	-22	3,553	3,595	-22	3,572
Interest-bearing debt - lease liability (non-current)	172	415	587	156	485	641	132	422	554
Deferred tax	586	-5	580	514	-5	509	591	-5	585
Interest-bearing debt - lease liability (current)	38	230	267	26	285	311	58	243	301
<b>Total equity and liabilities</b>	<b>13,018</b>	<b>556</b>	<b>13,574</b>	<b>12,242</b>	<b>690</b>	<b>12,932</b>	<b>12,532</b>	<b>576</b>	<b>13,108</b>
Equity ratio	28.1 %	-	26.8 %	29.2 %	-	27.5 %	28.7 %	-	27.3 %
Gross interest-bearing debt	309	645	954	349	770	1,119	334	665	999

## **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 21 million (-5 million) for the 1st quarter 2022. The effect on equity was NOK -66 million (-82 million), and the accumulated reversed revenues were NOK 222 million (265 million) as at 31 March 2022.

The table below 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 <sup>1)</sup>	Number of housing units			Construction period		Ownership share AF
		Total number	Hereof transferred in 2022	Hereof completed not transf.	Start up	Completion	
Lilleby Triangel B4, Trondheim	51	54	-	1	Q3 2019	Q2 2021	33%
Skiparviken, Bergen (LAB Eiendom)	324	129	2	3	Q2 2018	Q2 2021	50%
<b>Total completed in 2021 - Property segment<sup>2)</sup></b>	<b>375</b>	<b>183</b>	<b>2</b>	<b>4</b>			
Snipetorp, Skien	-	16	2	4	Q3 2018	Q2 2020	50%
Lietorvet I, Skien	-	21	-	3	Q3 2019	Q2 2021	25%
Lietorvet II, Skien	-	26	1	4	Q3 2019	Q4 2021	25%
<b>Total completed in 2020/2021 - Betonmast</b>	<b>-</b>	<b>63</b>	<b>3</b>	<b>11</b>			
Bo på Billingstad, Asker	-	78	77	1	Q2 2019	Q1 2022	33%
<b>Total completed 2022 - Property segment</b>	<b>-</b>	<b>78</b>	<b>77</b>	<b>1</b>			
2317 Sentrumskvartalet A-B, Hamar	172	73	67	6	Q2 2020	Q1 2022	50%
<b>Total completed in 2022 - Betonmast segment</b>	<b>172</b>	<b>73</b>	<b>67</b>	<b>6</b>			
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%
<b>Total in production - Property segment</b>	<b>847</b>	<b>770</b>	<b>-</b>	<b>-</b>			
2317 Sentrumskvartalet C, Hamar	54	23	-	-	Q2 2021	Q3 2022	50%
2317 Sentrumskvartalet D, Hamar	59	25	-	-	Q3 2021	Q1 2023	50%
Klosterøya Vest 1, Skien	-	29	-	-	Q1 2021	Q3 2022	24%
Klosterøya Vest 2, Skien	-	40	-	-	Q2 2021	Q4 2022	24%
SPG Bostader, Strömstad, Sverige	148	162	-	-	Q4 2021	Q3 2023	45%
<b>Total in production - Betonmast segment</b>	<b>261</b>	<b>279</b>	<b>-</b>	<b>-</b>			
Stadsgården 1, Halmstad	103	63	-	-	Q2 2020	Q2 2022	50%
Stadsgården 3, Halmstad	69	42	-	-	Q4 2021	Q3 2022	50%
Brottärr Hage, Göteborg	-	10	-	-	Q4 2020	Q2 2022	40%
BRF Prefekten, Mölndal	125	83	-	-	Q4 2021	Q1 2023	50%
<b>Total in production - Sweden segment</b>	<b>297</b>	<b>198</b>	<b>-</b>	<b>-</b>			

<sup>1)</sup> NOK million excl. VAT

<sup>2)</sup> Only projects with not sold or not transferred units as at year end 2021 are included.

## 8. EVENTS AFTER THE BALANCE SHEET DATE

There have been no 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 targets as a supplement to performance targets that are regulated by IFRS. The alternative performance targets 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 targets that are commonly used in the industry and among analysts and investors.

### **Return on capital employed (ROaCE):**

This performance target 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 target should not be considered an alternative to performance targets calculated in accordance with IFRS, but as a supplement.

The alternative performance targets 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 debt:** Sum total of long-term interest-bearing loans and credits and short-term interest-bearing loans and credits.

**Net interest-bearing debt (receivables):** Gross interest-bearing debt 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 debt.

**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:** Net income 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 targets with line items in the reported financial figures in accordance with IFRS.

NOK million	31/03/22	31/03/21	31/12/21
<b>GROSS INTEREST-BEARING DEBT / NET INTEREST-BEARING DEBT</b>			
Non-current interest-bearing debt	90	162	90
Non-current interest-bearing debt - lease liability	587	641	554
Current interest-bearing debt	9	5	54
Current interest-bearing debt - lease liability	267	311	301
<b>Gross interest-bearing debt</b>	<b>954</b>	<b>1,119</b>	<b>999</b>
Less:			
Non-current interest-bearing receivables	-284	-412	-282
Current interest-bearing receivables	-67	-123	-65
Cash and cash equivalents	-974	-630	-680
<b>Net interest-bearing debt (receivables)</b>	<b>-371</b>	<b>-46</b>	<b>-29</b>

NOK million	31/03/22	31/03/21	31/12/21
<b>CAPITAL EMPLOYED</b>			
Shareholders' equity	3,639	3,553	3,572
Gross interest-bearing debt	954	1,119	999
<b>Capital employed</b>	<b>4,593</b>	<b>4,673</b>	<b>4,571</b>
<b>AVERAGE CAPITAL EMPLOYED</b>			
Capital employed as at 2nd quarter 2020	-	4,057	-
Capital employed as at 3rd quarter 2020	-	4,297	-
Capital employed as at 4th quarter 2020	-	4,621	-
Capital employed as at 1st quarter 2021	-	4,673	4,673
Capital employed as at 2nd quarter 2021	4,231	-	4,231
Capital employed as at 3rd quarter 2021	4,489	-	4,489
Capital employed as at 4th quarter 2021	4,571	-	4,571
Capital employed as at 1st quarter 2022	4,593	-	-
<b>Average capital employed</b>	<b>4,471</b>	<b>4,412</b>	<b>4,491</b>
<b>RETURN ON CAPITAL EMPLOYED</b>			
Earnings before tax 2nd quarter 2020	-	258	-
Earnings before tax 3rd quarter 2020	-	368	-
Earnings before tax 4th quarter 2020	-	614	-
Earnings before tax 1st quarter 2021	-	245	245
Earnings before tax 2nd quarter 2021	356	-	356
Earnings before tax 3rd quarter 2021	344	-	344
Earnings before tax 4th quarter 2021	635	-	635
Earnings before tax 1st quarter 2022	209	-	-
<b>Earnings before tax last four quarters</b>	<b>1,543</b>	<b>1,486</b>	<b>1,580</b>
Interest expense 2nd quarter 2020	-	6	-
Interest expense 3rd quarter 2020	-	11	-
Interest expense 4th quarter 2020	-	20	-
Interest expense 1st quarter 2021	-	10	10
Interest expense 2nd quarter 2021	10	-	10
Interest expense 3rd quarter 2021	19	-	19
Interest expense 4th quarter 2021	-2	-	-2
Interest expense 1st quarter 2022	10	-	-
<b>Interest expense last four quarters</b>	<b>37</b>	<b>47</b>	<b>38</b>
<b>Earnings before tax and interest expense last four quarters</b>	<b>1,581</b>	<b>1,533</b>	<b>1,617</b>
Divided by:			
Average capital employed	4,471	4,412	4,491
<b>Return on capital employed</b>	<b>35.4 %</b>	<b>34.8 %</b>	<b>36.0 %</b>

NOK million	31/03/22	31/03/21	31/12/21
<b>EQUITY RATIO</b>			
Shareholders' equity	3,639	3,553	3,572
Divided by:			
Total equity and liabilities	13,574	12,932	13,108
<b>Equity ratio</b>	<b>26.8 %</b>	<b>27.5 %</b>	<b>27.3 %</b>
<b>AVERAGE SHAREHOLDERS' EQUITY</b>			
Shareholder's equity as at 2nd quarter 2020	-	2,919	-
Shareholder's equity as at 3rd quarter 2020	-	3,195	-
Shareholder's equity as at 4th quarter 2020	-	3,494	-
Shareholder's equity as at 1st quarter 2021	-	3,553	3,553
Shareholder's equity as at 2nd quarter 2021	3,117	-	3,117
Shareholder's equity as at 3rd quarter 2021	3,378	-	3,378
Shareholder's equity as at 4th quarter 2021	3,572	-	3,572
Shareholder's equity as at 1st quarter 2022	3,639	-	-
<b>Average shareholders' equity</b>	<b>3,427</b>	<b>3,290</b>	<b>3,405</b>
<b>RETURN ON EQUITY</b>			
Net income 2nd quarter 2020	-	202	-
Net income 3rd quarter 2020	-	301	-
Net income 4th quarter 2020	-	496	-
Net income 1st quarter 2021	-	194	194
Net income 2nd quarter 2021	279	-	279
Net income 3rd quarter 2021	270	-	270
Net income 4th quarter 2021	486	-	486
Net income 1st quarter 2022	179	-	-
<b>Net income for the last four quarters</b>	<b>1,214</b>	<b>1,192</b>	<b>1,229</b>
Divided by:			
Average equity	3,427	3,290	3,405
<b>Return on equity</b>	<b>35.4 %</b>	<b>36.2 %</b>	<b>36.1 %</b>

# COMPANY INFORMATION

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## ***AF Gruppen ASA***

### **Head office:**

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0603 Oslo  
T +47 22 89 11 00  
F +47 22 89 11 01

### **Postal address:**

Postboks 6272 Etterstad  
0603 Oslo  
Norway

## ***Financial calendar***

### **Presentation of interim accounts:**

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](http://afgruppen.com)**

## ***Company's Board of Directors***

Pål Egil Rønn, Board Chairman  
Arne Baumann  
Saloume Djoudat  
Hege Børmark  
Kristian Holth  
Kristina Alvendal  
Kjetel Digre  
Kenneth Svendsen  
Hilde W. Flaen  
Arne Sveen

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## ***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, Energy and environment, Corporate social responsibility  
Tormod Solberg, EVP Construction

## OPERATIONAL STRUCTURE



<b>Civil Engineering</b>	<b>Construction</b>	<b>Betonmast</b>	<b>Property</b>	<b>Energy and Environment</b>	<b>Sweden</b>	<b>Offshore</b>
AF Anlegg	AF Byggfornyelse	Betonmast Boligbygg	AF Eiendom	AF Energi	Kanonaden	AF Offshore Decom
JR Anlegg	AF Bygg Oslo	Betonmast Oslo	LAB Eiendom	Enaktiva	Kanonaden	
AF Anläggning	AF Bygg Østfold	Betonmast Trøndelag		AF Decom	Entreprenad	AF Environmental
Målselv Maskin & Transport	LAB	Betonmast Romerike		Jølsen Miljøpark	Kanonaden	Base Vats
Eiqon	LAB Entreprenør	Betonmast Røsand		Rimol Miljøpark	Mälardalen	AF AeronMollier
Consolvo	Fundamentering	Betonmast Østfold		Nes Miljøpark	Bergbolaget i Götaland	
Consolvo	Åsane Byggmester forretning	Betonmast Innlandet			AF Prefab i Mälardalen	
Fjerby	Helgesen Tekniske Bygg	Betonmast Buskerud-Vestfold			AF Bygg Syd	
Rakon		Betonmast Asker og Bærum			HMB	
Stenseth & RS	AF Håndverk				HMB Construction	
Stenseth & RS Entreprenør	Kirkestuen	Betonmast Eiendom			HMB Construction Örebro	
Stenseth & RS Anlegg	Lasse Holst				AF Projektutveckling	
	Thorendahl				AF Härnösand Byggreturer	
	VD Vindu og Dør montasje				Betonmast Sverige	
	Oslo Stillasutleie				Betonmast Göteborg	
	Storo Blikken-slagerverksted				Betonmast Mälardalen	
	Strøm Gundersen				Betonmast Malmö	
	Strøm Gundersen				Betonmast Stockholm	
	Strøm Gundersen Vestfold				Betonmast Anläggning	
	Haga & Berg					
	Haga & Berg Entreprenør					
	Haga & Berg Service					
	Oslo Brannsikring					