

Second Quarter and First Half of 2022

# AF Gruppen ASA

26 August 2022

The AF logo, consisting of the letters 'AF' in a bold, sans-serif font, is positioned in the bottom right corner of the image. It is white and set against a yellow square background.



# Q2



## ***From the CEO***

Good project management and technical expertise in the projects enable us to report good results for the quarter. Our risk management model helps us deliver consistently good results over time. With high energy and raw material prices and global uncertainty, good and goal-oriented project management is more important than ever.

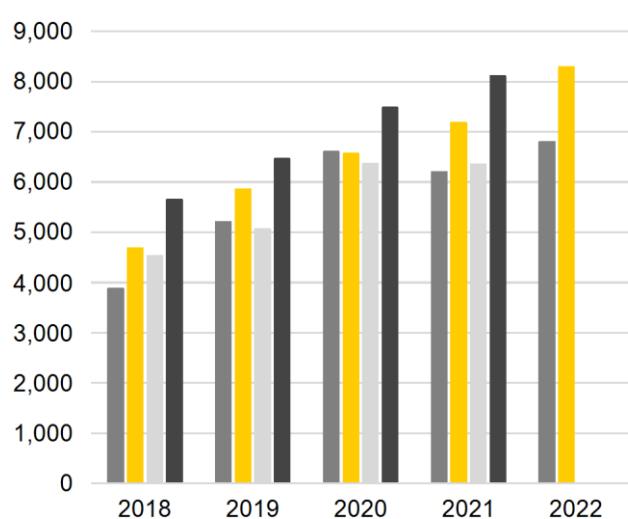
Active risk management is one of the cornerstones of our business model. We wish to assume operational risk that we can impact and control, and at the same time limit exposure to risk that cannot be affected. We have therefore developed management processes that are well adjusted to the business, and that can provide uniform risk management in all parts of the organisation.

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

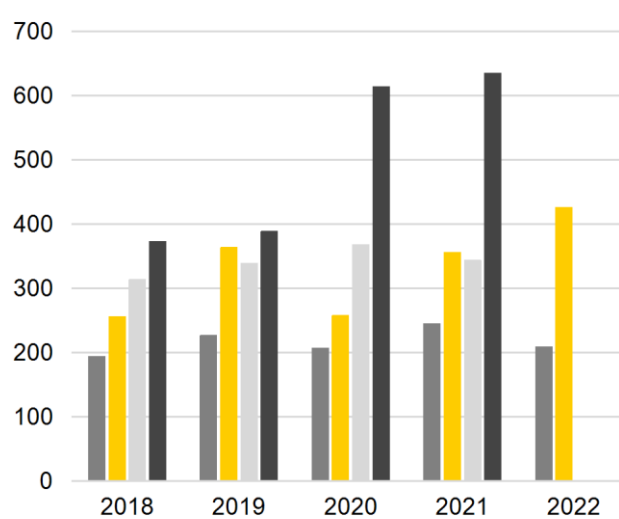
## HIGHLIGHTS

- Revenues were NOK 8,292 million (7,189 million) for the 2nd quarter and NOK 15,101 million (13,398 million) for the 1st half of the year.
- Earnings before tax were NOK 426 million (356 million) for the 2nd quarter and NOK 635 million (602 million) for the 1st half of the year.
- The profit margin was 5.1% (5.0%) for the 2nd quarter and 4.2% (4.5%) for the 1st half of the year.
- Net operating cash flow was NOK 619 million (529 million) for the 2nd quarter and NOK 1,226 million (734 million) for the 1st half of the year.
- The order backlog stood at NOK 42,003 million (37,837 million) as at 30 June 2022.
- Net interest-bearing receivables (debt) was NOK 145 million (-333 million) as at 30 June 2022.

REVENUES PER QUARTER (NOK MILLION)



EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



## SUMMARY OF 2ND QUARTER

Key figures (NOK million)	2Q 22	2Q 21	1H 22	1H 21	2021
Operating and other revenue	8,292	7,189	15,101	13,398	27,868
EBITDA	557	503	902	903	2,176
Earnings before financial items and tax (EBIT)	421	363	636	626	1,609
Earnings before tax (EBT)	426	356	635	602	1,580
Result per share (NOK)	2.67	2.09	4.07	3.65	9.60
Diluted result per share (NOK)	2.68	2.09	4.07	3.64	9.57
EBITDA margin	6.7 %	7.0 %	6.0 %	6.7 %	7.8 %
Operating profit margin	5.1 %	5.0 %	4.2 %	4.7 %	5.8 %
Profit margin	5.1 %	5.0 %	4.2 %	4.5 %	5.7 %
Return on capital employed (ROaCE) <sup>1)</sup>	-	-	36.6 %	36.7 %	36.0 %
Cash flow from operating activities	619	529	1,226	734	1,415
Net interest-bearing receivables (debt)	145	-333	145	-333	29
Shareholders' equity	3,126	3,117	3,126	3,117	3,572
Total equity and liabilities	14,085	12,547	14,085	12,547	13,108
Equity ratio	22.2 %	24.8 %	22.2 %	24.8 %	27.3 %
Order backlog	42,003	37,837	42,003	37,837	38,646
LTI-1 rate	1.7	0.9	1.3	1.2	1.1
Absence due to illness	4.1 %	4.3 %	4.8 %	4.7 %	4.6 %

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



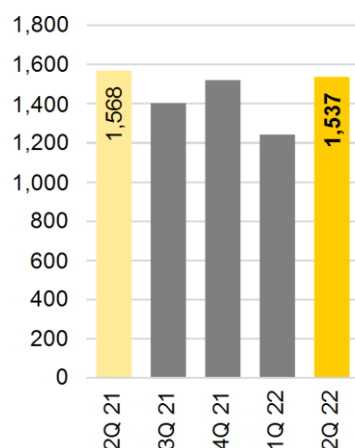
## Business Areas



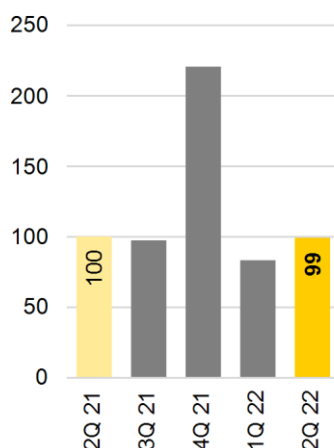


# CIVIL ENGINEERING

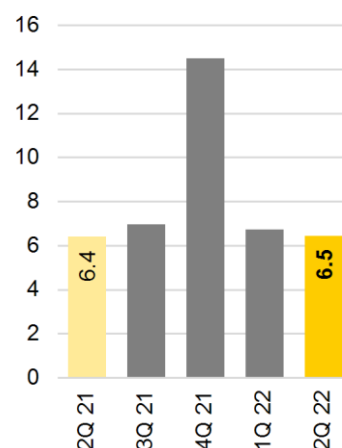
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



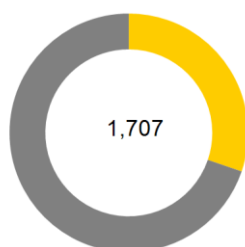
OPERATING PROFIT (%)



## KEY FIGURES

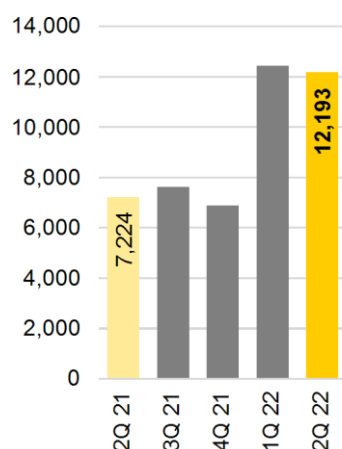
NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
Operating and other revenue	1,537	1,568	2,778	3,077	6,002
Earnings before financial items and tax (EBIT)	99	100	183	197	515
Earnings before tax (EBT)	96	99	179	193	510
Operating profit margin	6.5 %	6.4 %	6.6 %	6.4 %	8.6 %
Profit margin	6.3 %	6.3 %	6.4 %	6.3 %	8.5 %

NUMBER OF EMPLOYEES



AF Gruppen 5,643

ORDER BACKLOG (NOK million)



CIVIL ENGINEERING CONSISTS OF

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



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.

Revenues in Civil Engineering is high and the profit margin good. Overall, this produced a result on a par with the same quarter last year. The Civil Engineering business area reported revenues of NOK 1,537 million (1,568 million) for the 2nd quarter. Earnings before tax were NOK 96 million (99 million). For the 1st half of the year, revenues totalled NOK 2,778 million (3,077 million) and earnings before tax were NOK 179 million (193 million).

AF Anlegg has three major projects in production, E39 Kristiansand vest-Mandal øst, Bergtunnlar Lovö in Stockholm and E6 Rentvannstunnel in Oslo. The project E6 Rentvannstunnel in Oslo is being performed as a joint operation with Ghella and started in the second quarter. AF Anlegg is also affected by increased energy and raw

material prices, but good operations along with some projects in the closing phase contributed to the unit delivering a good result in the quarter.

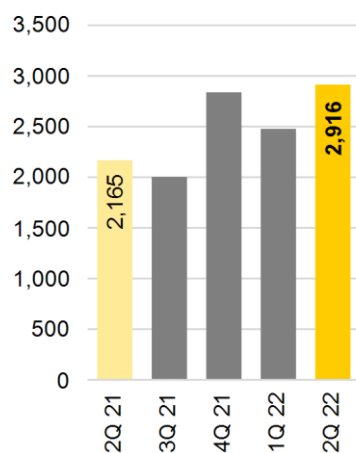
Målselv Maskin & Transport and Consolvo delivered very good results during the quarter. Eiqon had a high level of activity in the quarter and delivered margins somewhat below expectations. Stenseth & RS became part of AF Gruppen at the end of March and, as expected, had moderate earnings during the period.

Three contracts were reported to the stock exchange in the second quarter. AF Anlegg has been recommended for a new contract with Equinor on behalf of Hammerfest LNG, for civil works on Melkøya. The contract has a value of approximately NOK 250 million excl. VAT. Målselv Maskin & Transport has entered into an agreement with Nordkraft Prosjekt AS on construction work for the development of a new industrial area in Kvandalen outside Narvik. The contract is a turnkey contract valued at NOK 162 million excl. VAT. Stenseth & RS has entered into a contract with HENT AS to build the basement in the A block in the Government Quarter in Oslo city centre. The contract will be a collaborative contract and has a value of approximately NOK 163 million excl. VAT. The interaction phase of E6 Roterud-Storhove is still ongoing.

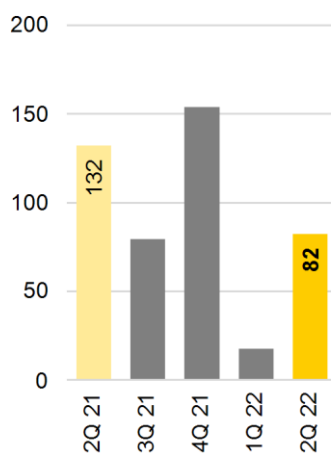
The order backlog for Civil Engineering was NOK 12,193 million (7,224 million) as at 30 June 2022.

# CONSTRUCTION

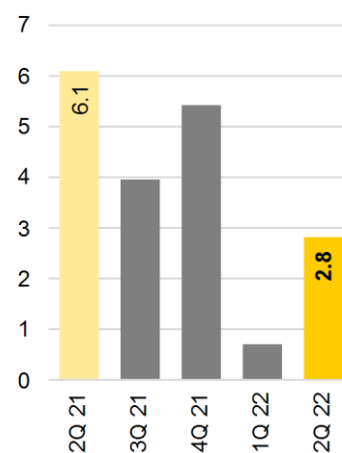
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



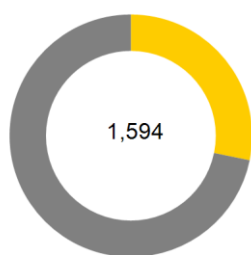
OPERATING MARGIN (%)



## KEY FIGURES

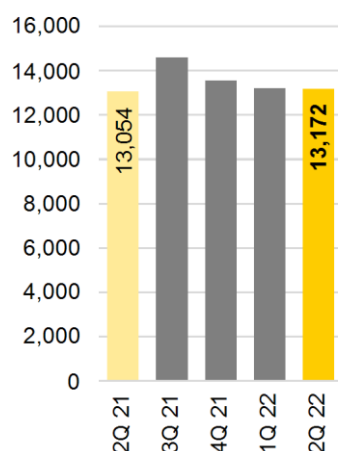
NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
Operating and other revenue	2,916	2,165	5,397	4,019	8,865
Earnings before financial items and tax (EBIT)	82	132	100	214	447
Earnings before tax (EBT)	83	134	100	216	450
Operating profit margin	2.8 %	6.1 %	1.8 %	5.3 %	5.0 %
Profit margin	2.9 %	6.2 %	1.9 %	5.4 %	5.1 %

NUMBER OF EMPLOYEES



AF Gruppen 5,643

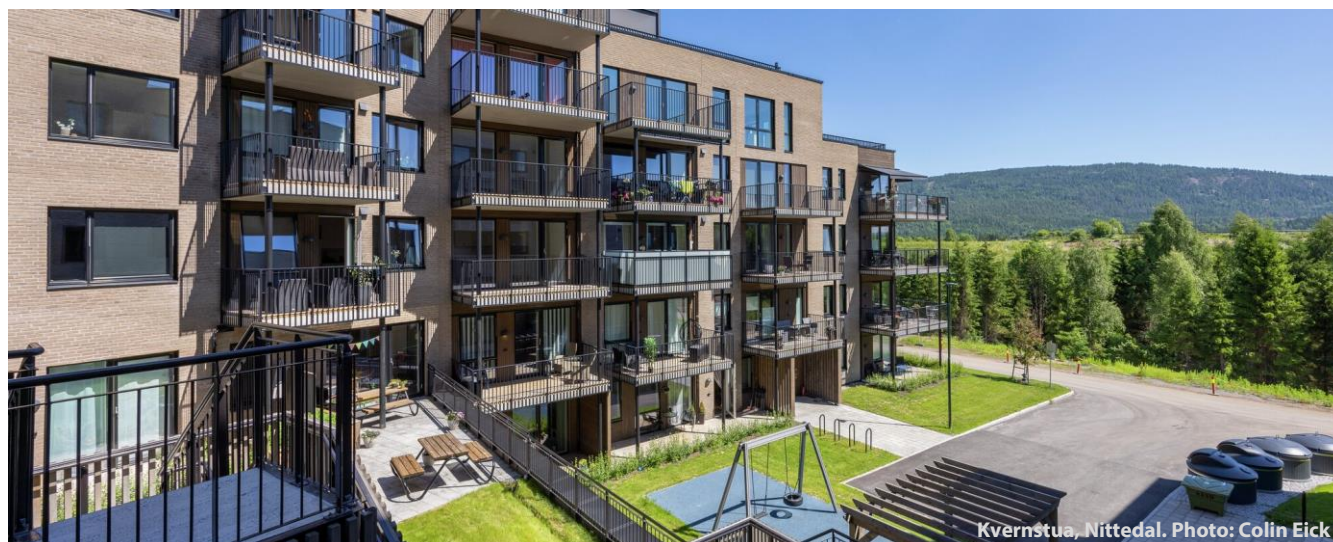
ORDER BACKLOG (NOK million)



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)





Kvernstua, Nittedal. 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.

Construction reported revenues of NOK 2,916 million (2,165 million) for the 2nd quarter. This corresponds to a revenue growth of 35% compared to the same quarter last year. Price developments for raw materials such as steel and wood products have a negative impact on the profitability of the building units. Earnings before tax were NOK 83 million (134 million). For the 1st half of the year revenues totalled NOK 5,397 million (4,019 million) and earnings before tax were NOK 100 million (216 million).

Haga & Berg and AF Håndverk excelled with very good results in the second quarter. AF Bygg Oslo, AF Bygg Østfold, Strøm Gundersen Vestfold and Åsane Byggmesterforretning also delivered good results in the quarter. Good operational performance and projects in the final phase contributed to profitability.

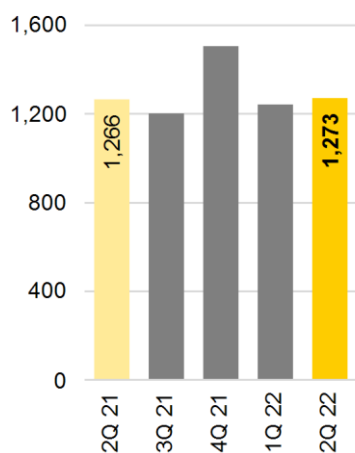
Cost increases and delays in AF Nybygg's portfolio resulted in further loss provisions during the quarter.

In the second quarter, five new agreements with an estimated value of NOK 1,390 million have been announced to the stock exchange. AF Bygg Oslo has signed a contract with Rolvsrud Idrettspark Holding AS to build the Rolvsrud Arena project with 300 apartments in Lørenskog outside Oslo. The agreement is a turnkey contract valued at NOK 810 million excl. VAT. LAB Entreprenør has signed a contract with Baneveien 16 for the renovation of a commercial building in the Bergen city centre. The contract has a value of NOK 190 million, excl. VAT.

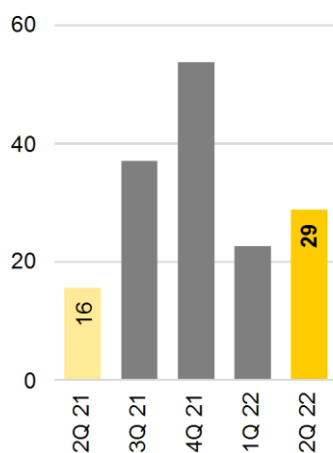
Construction's order backlog was NOK 13,172 million (13,054 million) as at 30 June 2022.

# BETONMAST

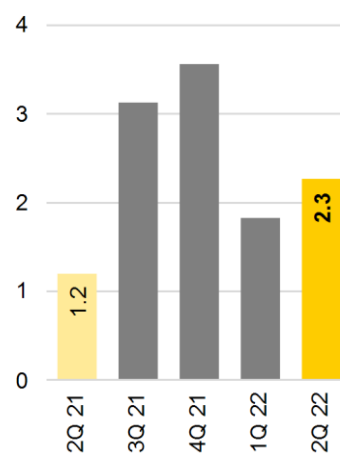
REVENUE (NOK million)\*



OPERATING PROFIT (NOK million)\*



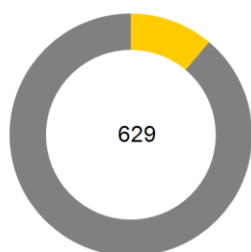
OPERATING MARGIN (%)\*



## KEY FIGURES\*

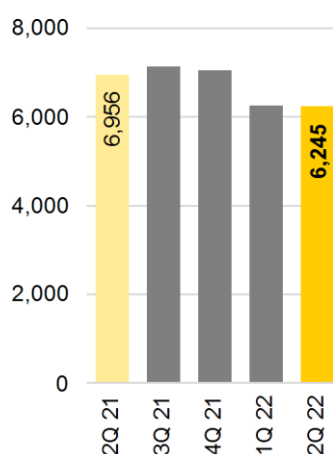
NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
Operating and other revenue	1,273	1,266	2,517	2,488	5,196
Earnings before financial items and tax (EBIT)	29	16	52	41	132
Earnings before tax (EBT)	30	14	50	30	111
Operating profit margin	2.3 %	1.2 %	2.0 %	1.6 %	2.5 %
Profit margin	2.3 %	1.1 %	2.0 %	1.2 %	2.1 %

NUMBER OF EMPLOYEES



AF Gruppen 5,643

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.





Fjellhamar school. Photo: Betonmast

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.

Betonmast had a level of activity that was at the same level as the same period last year, and overall delivered weak profitability in the quarter. Betonmast reported revenues of NOK 1,273 million (1,266 million) and a pre-tax profit of NOK 30 million (14 million) in the 2nd quarter. For the 1st half of the year revenues totalled NOK 2,517 million (2,488 million) and earnings before tax were NOK 50 million (NOK 30 million). Since 2022, Betonmast Sweden has become part of the Swedish business area, and the comparison figures have been restated.

There was a wide variation in the earnings of the units. The Betonmast Oslo, Romerike, Trøndelag, Røsand and Østfold

units delivered good results. Betonmast Boligbygg improved its result compared to last year and delivered a result of about zero during the quarter. Betonmast Innlandet has made write-downs in its project portfolio.

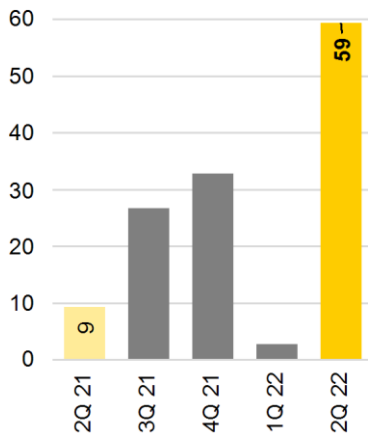
Betonmast has a separate property portfolio with three property projects with a total of 373 units under production. For further information on the projects, see Note 7.

Three new contracts were reported to the stock exchange in the second quarter. Betonmast Røsand has signed a contract with Devoldholmen Utvikling AS to build Campus Kristiansund. This is a turnkey contract and has an estimated value of NOK 582 million excl. VAT. Betonmast Buskerud-Vestfold has entered into an agreement with Søreberg Gate 3 AS for the construction of an office building in Sandefjord. The contract is a collaborative turnkey contract with a value of NOK 110 million excl. VAT. Betonmast Romerike has entered into an agreement with Møller Eiendom and Stokke Industri for the construction of a car facility adjacent to Oslo Airport City in Gardermoen. The contract will be carried out as a turnkey contract, and it is valued at NOK 220 million, excl. VAT.

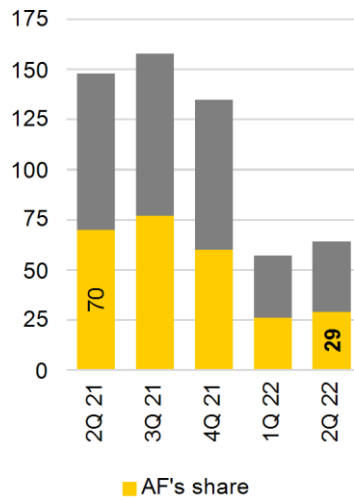
As at 30 June 2022, Betonmast's order backlog was NOK 6,245 million (6,956 million).

# PROPERTY

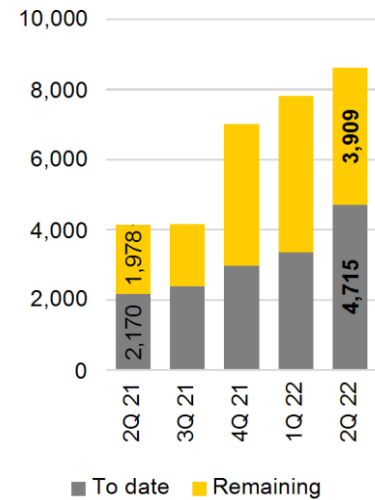
EARNINGS BEFORE TAX (NOK million)



ENTERED INTO SALES CONTRACTS (NUMBER)



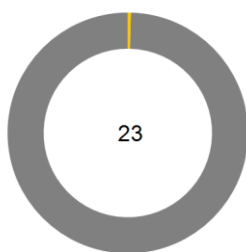
TURNOVER UNITS IN PRODUCTION (NOK million)



## KEY FIGURES

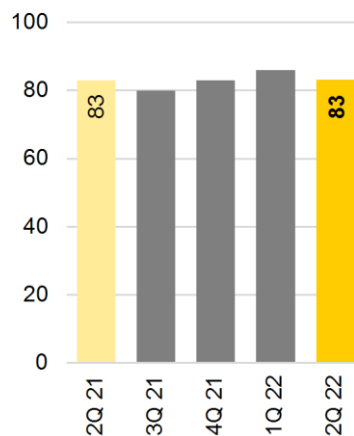
NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
Operating and other revenue	5	8	11	15	35
Earnings before financial items and tax (EBIT)	57	9	59	16	75
Earnings before tax (EBT)	59	9	62	16	76
Capital employed	532	922	532	922	703

NUMBER OF EMPLOYEES



AF Gruppen 5,643

SALES RATIO PROJECTS IN PROGRESS (%)



PROPERTY CONSISTS OF

- AF Eiendom
- LAB Eiendom





Rolvsrud Arena, Illustration.

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 59 million (9 million) in the 2nd quarter, affected by the completion of the sale of the hotel and office building Karvesvingen 7 at Hasle in Oslo. For the 1st half of the year earnings before tax were NOK 62 million (NOK 16 million). 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 signed contracts for a total of 64 (148) homes in the quarter, of which AF's share is 29 (70). Year to date, a total of 121 (270) contracts have been signed, of which AF's share was 54 (125).

A total of 4 (173) residential properties were handed over in the second quarter. In addition to one home at Billingstad, three units were handed over at LAB Eiendom's project Skiparviken in Bergen.

There were eight residential property projects in the production stage at the end of the quarter. A total of 917 units are in production, of which AF's share is 410.

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 71 sales contracts have been signed)
- Fyrstikkbakken in Oslo (159 units in production, of which 128 sales contracts have been signed)
- Skårersletta MIDT in Lørenskog (169 units in production, of which 115 sales contracts have been signed)
- Bekkestua Have in Bærum (232 units in production, of which 215 sales contracts have been signed)
- Skårersletta MIDT in Lørenskog (95 units in production, of which 59 sales contracts have been signed)

LAB Eiendom:

- Kråkehaugen in Bergen (55 units in production, of which 51 sales contracts have been signed)
- Skiparviklia 3D in Bergen (4 units in production, of which 2 sales contracts have been signed)

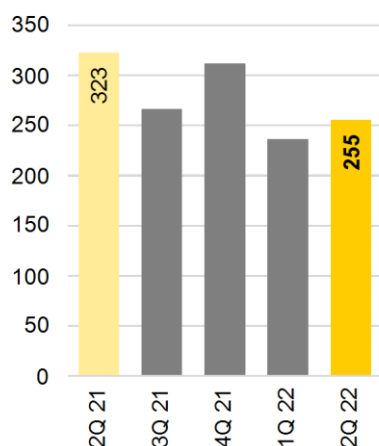
This gives a sales ratio of 83% for commenced projects. Property also has 169 units for sale in projects in the sales phase: Rolvsrud Arena (88 units) and Skårersletta MIDT (81 units) in AF Eiendom. There was 1 (1) completed unsold unit at the end of the quarter, of which AF's share was 0 (0). For more information on projects for own account, see Note 7.

AF also has a significant development portfolio in Norway which is estimated at 1,576 (2,112) units. AF's share of this was 761 (1,064) residential units. The majority of our portfolio is located in Greater Oslo and Bergen.

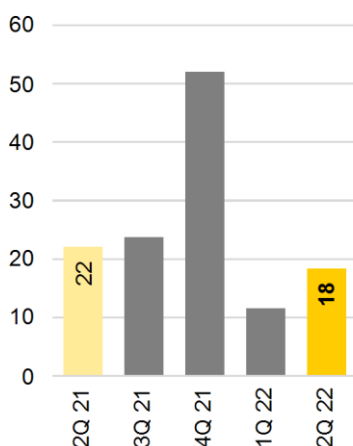
AF has an ownership stake in commercial property under construction with a total RFA of 62,256 (143,380) square metres, of which AF's share is an RFA of 30,949 (41,196) square metres. In the second quarter, LAB Eiendom started rehabilitation of Baneveien 16 in Bergen, which will be developed into housing, offices and outward-facing business.

# ENERGY AND ENVIRONMENT

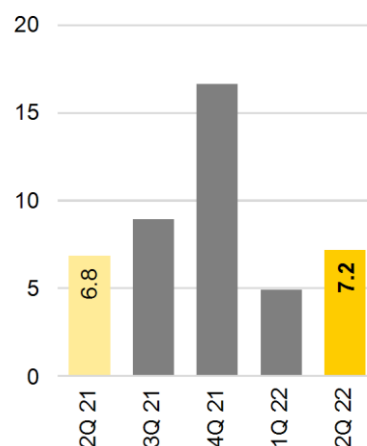
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



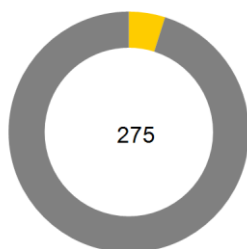
OPERATING MARGIN (%)



## KEY FIGURES

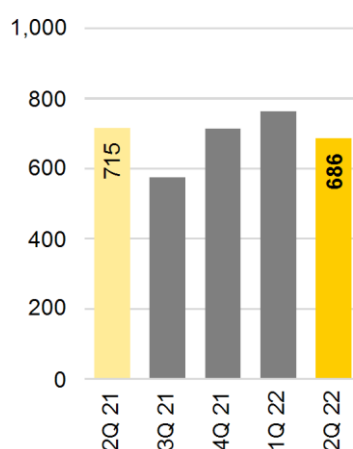
NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
Operating and other revenue	255	323	492	573	1,152
Earnings before financial items and tax (EBIT)	18	22	30	33	109
Earnings before tax (EBT)	19	21	29	31	107
Operating profit margin	7.2 %	6.8 %	6.1 %	5.8 %	9.4 %
Profit margin	7.4 %	6.6 %	6.0 %	5.3 %	9.3 %

NUMBER OF EMPLOYEES



AF Gruppen 5,643

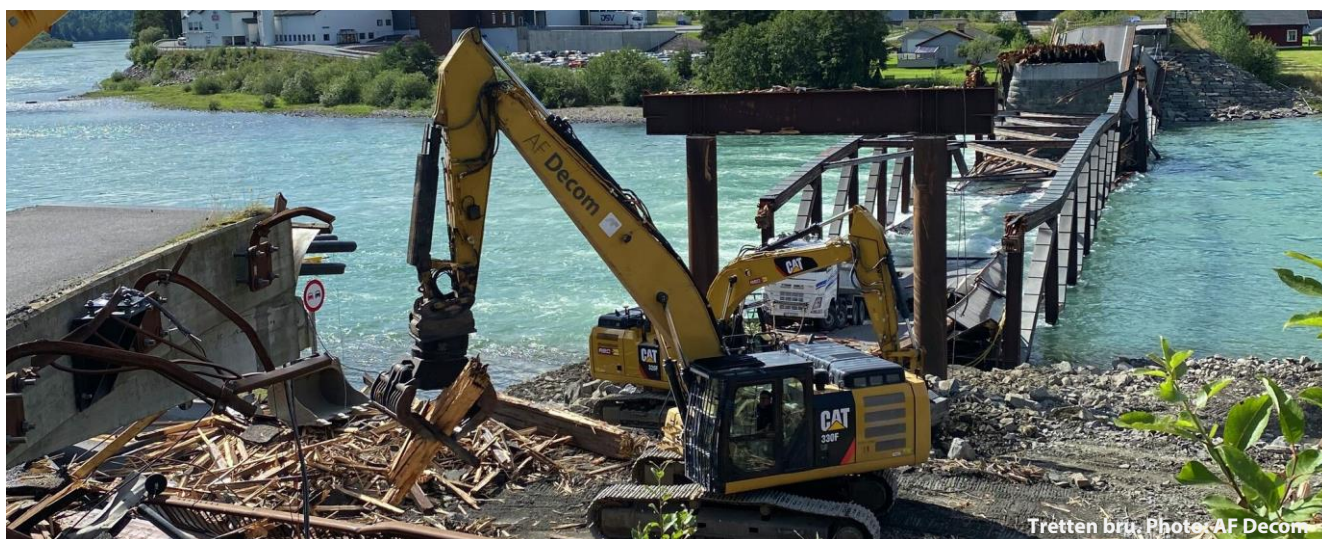
ORDER BACKLOG (NOK million)



## 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 delivered good results in the second quarter. Revenues for the 2nd quarter were NOK 255 million (323 million). Earnings before tax were NOK 19 million (21 million). For the 1st half of the year revenues totalled NOK 492 million (573 million) and earnings before tax were NOK 29 million (31 million).

AF Decom had a somewhat lower level of activity, but still delivered very good results in the second quarter. AF's demolition operations demolish and sort different materials for recycling. AF Decom demolished and facilitated the recycling of approximately 1,888 (2,302) tonnes of metal in the second quarter, and 13,117 (6,007) tonnes of metal in the first six months of the year. The steel industry accounts for about 7% of the world's total CO<sub>2</sub> emissions. Reusing steel results in 70 per cent 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 13,117 tonnes so far in 2022.

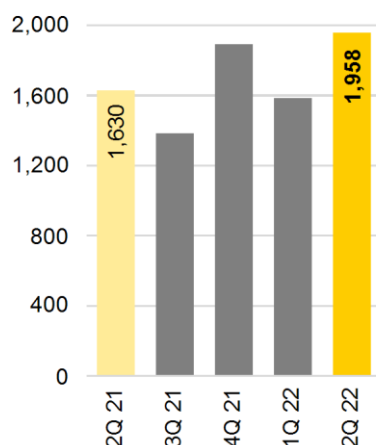
The foundation for our environmental activities is that to a large extent waste can be reused, and thus be a valuable resource in a growing circular economy. AF's environmental parks receive contaminated material and are working to reuse as much of this as possible instead of it going to landfill. The 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 a total of 95,532 (103,625) tonnes of material in the second quarter, and a total of 147,046 (141,597) tonnes of material for the first half of 2022. The recycling rate realised for contaminated material in the second quarter was 81%, which is slightly above the target of 80%.

AF Energi reported good results for the second quarter. AF Energi's business includes designing and supplying energy plants for the delivery of alternative forms of energy to residential and commercial projects, which are favourable in a long-term ownership perspective.

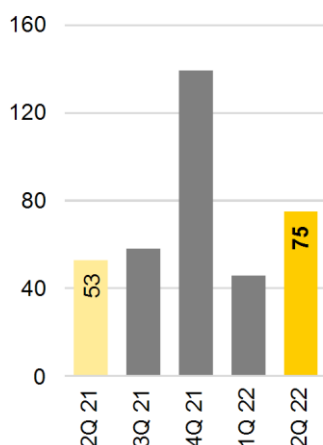
The order backlog for Energy and Environment stood at NOK 686 million (715 million) as at 30 June 2022.

# SWEDEN

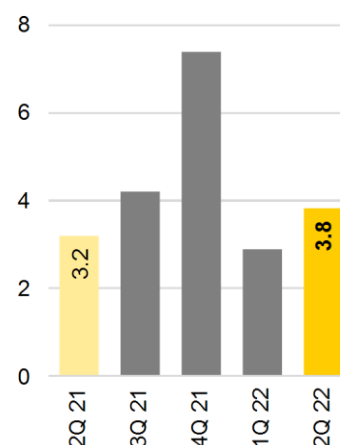
REVENUE (NOK million)\*



OPERATING PROFIT (NOK million)\*



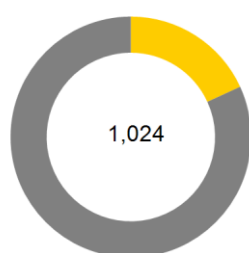
OPERATING MARGIN (%)\*



## KEY FIGURES\*

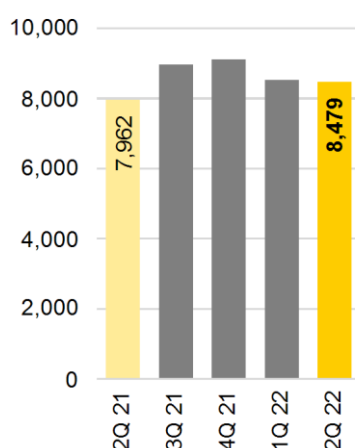
NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
Operating and other revenue	1,958	1,630	3,544	3,024	6,300
Earnings before financial items and tax (EBIT)	75	53	121	104	302
Earnings before tax (EBT)	74	51	118	101	295
Operating profit margin	3.8 %	3.2 %	3.4 %	3.4 %	4.8 %
Profit margin	3.8 %	3.1 %	3.3 %	3.3 %	4.7 %

NUMBER OF EMPLOYEES



AF Gruppen 5,643

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 performs groundwork for Karskurv wind power plant. Photo: Per Erséus

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 revenue and profit compared to the same quarter last year. The result was affected by increased energy and raw material prices as well as delivery challenges in the projects. Sweden reported revenues of NOK 1,958 million (1,630 million) for the 2nd quarter. Earnings before tax were NOK 74 million (51 million). For the 1st half of the year revenues totalled NOK 3,544 million (3,024 million) and earnings before tax were NOK 118 million (101 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 strong revenue growth compared to the same quarter last year and the unit continues to deliver good results. AF Härnösand Byggreturer had very good results in the quarter.

Total revenue for the Swedish building units was higher than in the corresponding quarter last year, but profits remain lower than expected.

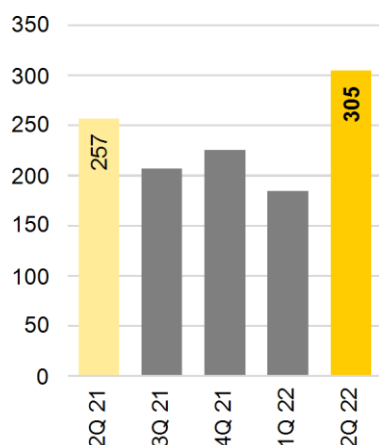
AF Projektutveckling, AF's property business in Sweden, has two residential projects with a total of 188 units under production. For further information on the residential projects, see Note 7. The unit has a building site inventory (residential units under development) that is estimated at 950 (651) residential units. AF's share of this was 510 (313) residential units.

Two contracts were announced to the stock exchange in the second quarter with a total value of SEK 625 million excl. VAT. HMB will build 182 apartments and a kindergarten in Örebro. The client is Tornet Bostadsproduktion. The contract is a turnkey contract valued at approximately SEK 280 million, excl. VAT. Betonmast Stockholm will build an office block in Solna, just north of Stockholm city centre, commissioned by Skandia Fastigheter. The contract amount is approximately SEK 345 million excl. VAT. The project will be carried out as a turnkey contract.

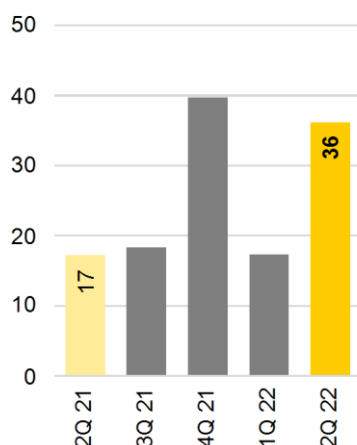
The order backlog for Sweden stood at NOK 8,479 million (7,962 million) as at 30 June 2022.

# OFFSHORE

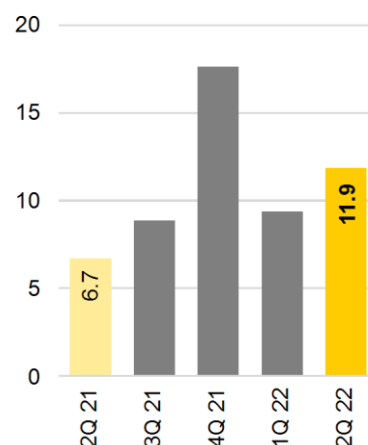
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



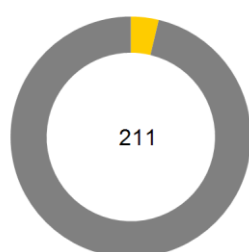
OPERATING MARGIN (%)



## KEY FIGURES

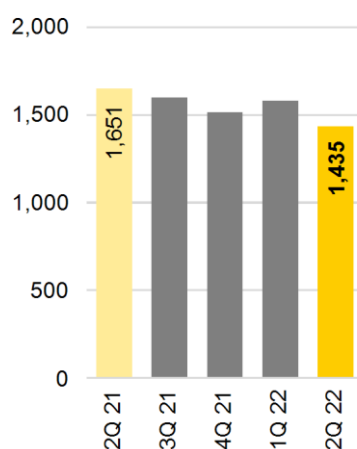
NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
Operating and other revenue	305	257	489	416	848
Earnings before financial items and tax (EBIT)	36	17	53	25	83
Earnings before tax (EBT)	40	16	55	22	78
Operating profit margin	11.9 %	6.7 %	10.9 %	6.0 %	9.8 %
Profit margin	13.0 %	6.3 %	11.3 %	5.3 %	9.2 %

NUMBER OF EMPLOYEES



AF Gruppen 5,643

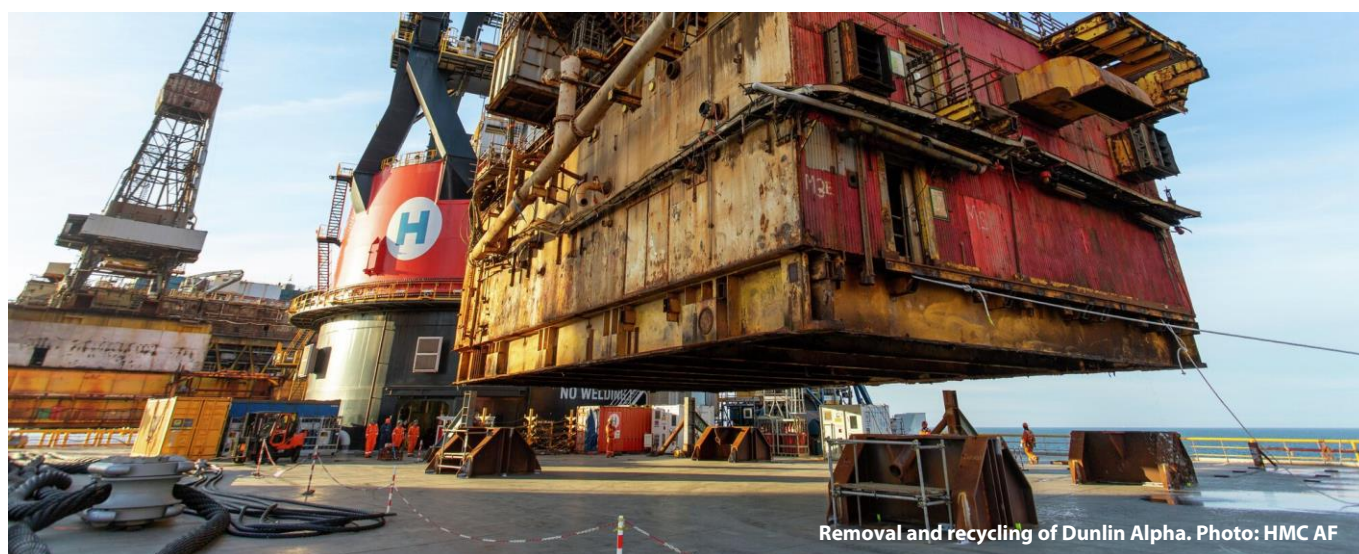
ORDER BACKLOG (NOK million)



## OFFSHORE CONSISTS OF

- AF Offshore Decom
- AF AeronMollier





Removal and recycling of Dunlin Alpha. Photo: HMC AF

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 18.7% compared to the second quarter last year and profitability was very good. Revenues in the 2nd quarter were NOK 305 million (257 million). Earnings before tax were NOK 40 million (16 million). Revenues totalled NOK 489 million (416 million) and earnings before tax were NOK 55 million (22 million) for the 1st half of the year.

AF Offshore Decom had a high level of activity during the quarter with very good profitability. 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. New demolition campaigns begin in August, and there is a high outstanding supply volume.

AF Offshore Decom demolishes and facilitates the recycling of offshore installations. AF Offshore Decom sorted 89% of the structures for recycling in the second quarter, where metal is the main component. AF Offshore Decom demolished and facilitated the recycling of approximately 11,737 (6,305) tonnes of steel in the second quarter, and 28,314 (17,069) tonnes of steel for the first half of the year, which corresponds to a reduction of alternative CO<sub>2</sub> emissions of 28,314 tonnes, compared to ore based production.

AF AeronMollier delivered revenue growth, but results remain below expectations for the second quarter.

The order backlog for Offshore was NOK 1,435 million (1,651 million) as at 30 June 2022.





M1 at E39 Kristiansand vest-Mandal øst. Foto: Lars Brath-Heyerdahl



## 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 2nd quarter, net operating cash flow was NOK 619 million (529 million) and net cash flow from investments was NOK 203 million (-98 million). Cash flow before capital transactions and financing was NOK 822 million (430 million) for the 2nd quarter. For the 1st half of the year cash flow from operating activities was NOK 1,226 million (734 million), and cash flow from net investments NOK 169 million (-136 million). Cash flow before financing activities was NOK 1,395 million (598 million) for the 1st half of the year.

At the end of the 2nd quarter, AF Gruppen had cash and cash equivalents of NOK 1,086 million (205 million). Net interest-bearing receivables (debt) as at 30 June 2022 was NOK 145 million (-333 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 30 June 2022, including overdraft facilities with Handelsbanken and DNB, is NOK 3,804 million.

Total assets were NOK 14,085 million (12,547 million) as at 30 June 2022. The Group's equity totalled NOK 3,126 million (3,117 million) as at 30 June 2022. This corresponds to an equity ratio of 22.2% (24.8%).

## THE SHARE

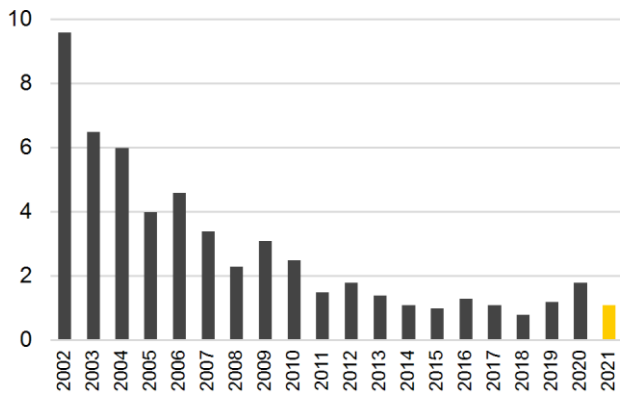
AF Gruppen's shares are listed on the Oslo Børs OB Match List and trade under the ticker AFG. The share is included in the Oslo Børs All Share Index (OSEAX), Benchmark Index (OSEBX) and Mutual Fund Index (OSEFX) and the Industrials Index (OINP).

As of 30 June 2022, the AF share had a closing price of NOK 157.60. This corresponds to a negative return of -15.2% in

## LIST OF SHAREHOLDERS AS AT 30 JUNE 2022

Name	No. Shares	% share
ØMF Holding AS	17,741,375	16.6
OBOS BBL	17,459,483	16.3
Constructio AS	15,260,012	14.3
Folketrygdfondet	8,352,104	7.8
LJM AS	2,515,217	2.4
Artel Kapital AS	2,508,267	2.3
VITO Kongsvinger AS	1,911,676	1.8
Arne Skogheim AS	1,753,870	1.6
Janiko AS	1,320,186	1.2
Moger Invest AS	1,242,609	1.2
<b>Ten largest shareholders</b>	<b>70,064,799</b>	<b>65.5</b>
Total other shareholders	36,637,201	34.2
Own shares	305,626	0.3
<b>Total number of shares</b>	<b>107,007,626</b>	<b>100.0</b>

## LTI-1 RATE DEVELOPMENT



the first half of 2022. The Oslo Børs Benchmark Index showed a negative return of -2.6% for the same period.

As a result of the Group's strong financial position, a dividend for the first half of the year was distributed in the quarter to AF Gruppen's shareholders totalling NOK 6.50 (6.50) per share. 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.

The company's Board of Directors has been granted authority by the General Meeting to determine the dividend to be distributed in the second half of the year. A decision will be made on this in connection with the presentation of the quarterly results for the third quarter on 11 November 2022.

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

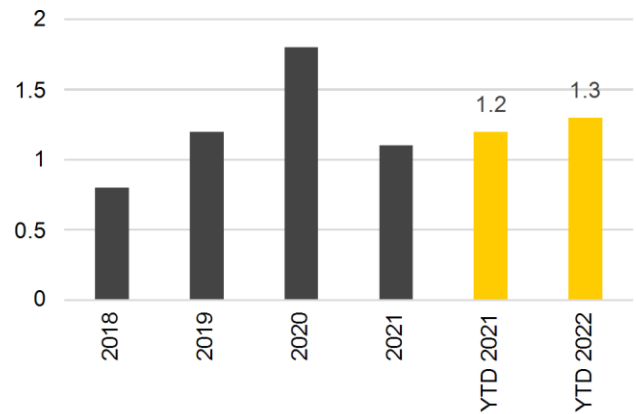
## SAFETY AND HEALTH

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.

An accident occurred in Molde in AF Gruppen's subsidiary Fundamentering on 8 July that had a fatal outcome. The incident is under investigation, and we are seeking to learn from the incident and implement measures.

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 9 (5) injuries resulting in absence were registered in the 2nd quarter. This gives an

## LTI-1 RATE



LTI-1 rate of 1.7 (0.9) for the 2nd quarter. For the 1st half of the year the LTI-1 rate is 1.3 (1.2).

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

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

The registration of sickness absence forms the basis for the measurement of health work at AF. For the 2nd quarter, sickness absence was 4.1% (4.3%), and 4.8% (4.7%) for the 1st half of the year. Our target is a healthy sickness absence level, without absence due to occupational illnesses or injuries. Systematic efforts are being made, which consist of ongoing risk analysis of exposure that is harmful to health, the establishment of physical and organisational barriers, and close follow-up of employees on sick leave. Sick leave in the first quarter of 2021 and 2022 is affected by Covid-19.

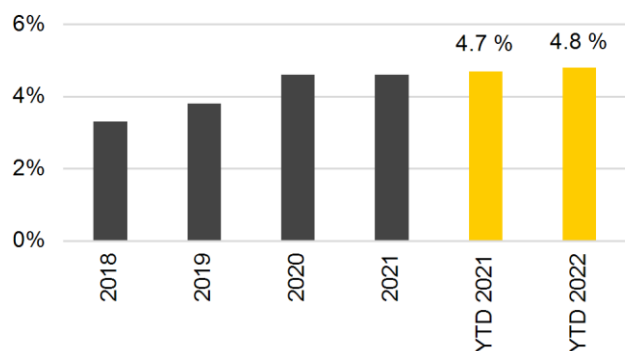
AF strives to avoid environmental damage and minimise undesirable effects on the environment. Environmental work is an integral part of HSE work, and the main tools used are therefore the same that are used otherwise in connection with HSE work.

## CLIMATE AND ENVIRONMENT

As part of the strategy for 2021-2024, AF has set a goal of halving relative greenhouse gas emissions and waste



## SICK LEAVE DEVELOPMENT



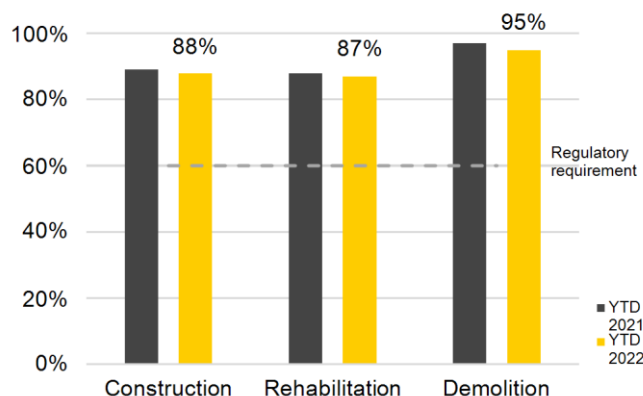
volumes that cannot be reused or recycled by 2030. The most important factor in reducing our own climate footprint is logistics planning to, among other things, reduce the transport of material. In addition, the use of electric machinery, a modern machinery stock and car fleet, the choice of materials 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 2nd quarter, the source separation rate for construction was 88% (92%), for renovation it was 87% (91%) and for demolition it was 94% (97%). For the 1st half of the year the recycling result for building was 88% (89%), the result for renovation was 87% (88%) and the result for demolition was 95% (97%). These results are considered to be very good. A total of 61,246 tonnes (70,843 tonnes) of waste were separated at source in the 2nd quarter and a total of 143,907 tonnes (176,211 tonnes) of waste were separated at source for the 1st half of the year.

AF wants to use the expertise we have to create further indirect savings on greenhouse gas emissions. AF's environmental centres are examples of solutions where materials that previously would have ended up in landfill sites can now be recovered and have their useful life extended. The environmental centres have recycled a total of 147,046 tonnes (141,597 tonnes) of materials for the 1st half of the year.

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

## SOURCE SEPARATION RATE



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 13,625 tonnes (8,607 tonnes) of metal in the 2nd quarter and 41,431 tonnes (23,077 tonnes) of metal for the 1st half of the year. In total, this represents a reduction of alternative CO<sub>2</sub> emissions by around 41,431 tonnes (23,077 tonnes) for the 1st half of the year.

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 for the 1st half of 2022 it was 1.2. 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.

Climate accounts (tonnes CO <sub>2</sub> e <sup>1</sup> )	1H 22	2021
Direct emissions	14,512	35,412
Indirect emissions, energy consumption	690	1,270
Other indirect emissions	3,081	8,888
<b>Greenhouse gas emissions (tonnes CO<sub>2</sub>e)</b>	<b>18,282</b>	<b>45,570</b>
Revenue (NOK million)	15,101	27,868
Carbon footprint <sup>2</sup>	1.2	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

From 1 September 2022, Anny Øen and Lars Myhre Hjeltneset will join the Corporate Management Team with responsibility for Finance and Offshore respectively.

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 2nd quarter the share of women is 9.3 % (9.9 %) in total and 19.0 % (18.9 %) amongst officials.

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

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 2nd quarter AF Gruppen had a total of 5,643 (5,518) employees. Of these employees 4,557 (4,436) were employed in Norway, 1,061 (1,056) in Sweden, 12 (11) in Lithuania and 13 (15) 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 2nd 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 3,804 million as at 30 June 2022.

## MARKET OUTLOOK

Geopolitical uncertainty due to Russia's invasion of Ukraine and lockdowns in China are expected to continue to affect the projects' cost levels. Furthermore, inflation and interest rate increases affect our markets and there is uncertainty related to the commencement of new projects in the short and medium term. During the second quarter, commodities such as steel and wood have had falling price developments from high levels, but there is considerable uncertainty about future price levels. The challenges of meeting demand for energy, steel, concrete, wood and labour could make reuse and energy efficiency more profitable.

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-19 measures are excluded. Prognosesenteret expects growth of 14% in civil engineering 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 civil engineering investments, of which 42% of investments will come from road construction, while 16% will come from railway and tramline systems. The forecasts for the civil engineering market indicate a good basis for further growth for AF's civil engineering activities, but higher material prices due to the geopolitical situation also create uncertainty in the civil engineering market.

Figures from Eiendom Norge show a strong price development in the housing market in the first half year, where residential prices have risen by as much as 8.8% nationally so far this year. The 12-month nominal change was 7.0% in Oslo, 6.8% in Bergen and 6.4% in Trondheim. At the interest rate meeting in August 2022, Norges Bank decided to raise the key rate from 1.25% to 1.75%. The key rate will most likely be raised further in September. Norges Bank's current forecast indicates that the interest rate will increase to around 3% in the period up to summer next year. Eiendom Norge's experience from the previous period of interest rate increases in 2018 and 2019 is that it takes time

for the increased borrowing costs to manifest in house prices.

The construction market in Norway is estimated to have had a total production value of NOK 374 billion in 2021, according to Prognosesenteret. In Prognosesenteret's latest report of 16 March 2022, the country-wide production value was expected to fall by 1.3% in 2022, while an increase of 0.6% was expected in 2023. There is great uncertainty in the estimates. For the whole country, new residential buildings were expected to drive the reduction in 2022, while the market for rehabilitation, renovation and extensions (ROT) was 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 start permits would be for 28,000 and 27,000 homes respectively. For Oslo, housing starts were expected to amount to 2,800 residential units in 2022 and 3,000 in 2023. The consequences of high commodity prices contribute to significantly higher 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 Ministry of Labour and Social Inclusion aims for the new rules to take effect from 2023.

Price developments for steel and wood products are a significant element of uncertainty for our business going forward. The price of reinforcing steel has gone up 19%, structural steel 17% and wood products 12% in the last 12 months. According to Statistics Norway's construction cost index for "Housing in total", prices in July are 8.9% higher compared to the same period last year, of which labour costs have increased by 3.1% and materials by 15.6%. Price developments particularly affect units with projects that have entered into fixed-price agreements, while units with agreements on ongoing wage and price increase mechanisms for the projects 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.

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

The 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 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 expansion 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.

Bygghälsan estimates that construction investments in Sweden (excluding civil engineering 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 Russia's invasion of 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. In November, Cementa AB received a temporary permit to continue with lime extraction through 2022. According to Bygghälsan, a halt in production will have major consequences, including construction stoppages, unemployment and loss of investment.

The Swedish housing market fell in the second quarter. At the end of June, Svensk Mäklarstatistik reported a 3.6% price decline from the previous quarter for apartments and 0.1% for detached houses. The increase in prices compared to the same quarter in 2020 was 2.0% for apartments and 3.2% for detached houses. In June 2022, the Swedish central bank decided to raise the key rate from 0.25% to 0.75%, as a result of high inflation. The Swedish central bank's forecast is now that the interest rate will be increased further and will be close to 2% at the beginning of next year.

## **Oslo, 25 August 2022**

Board of Directors of AF Gruppen ASA

For more detailed information, please contact:

**Amund Tøftum, CEO**

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## RESPONSIBILITY STATEMENT FROM MEMBERS OF THE BOARD AND CEO

On this day, the Board of Directors and the CEO have reviewed and approved the semi-annual report and the unaudited abridged consolidated semi-annual financial statements for AF Gruppen as at 30 June 2021, and for the 1st half of 2021 (Semi-annual Report 2021).

It is confirmed to the best of our knowledge that:

- The semi-annual financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting and IFRS, as approved by the EU, as well as supplementary requirements in the Norwegian Accounting Act.
- The amounts and disclosures in the semi-annual financial statements provide a true and fair view of AF Gruppen's assets, liabilities, financial position and results as a whole.
- The amounts and disclosures in the semi-annual report provide a true and fair view of performance, earnings and the position of the company and group, along with a description of the most important risk and uncertainty factors AF Gruppen faces.

**Oslo, 25 August 2022**

**Amund Tøftum**  
CEO

**Pål Egil Rønn**  
Board Chairman

**Hege Bømark**

**Kristian Holth**

**Saloume Djoudat**

**Erik Veiby**

**Hilde Kristin Herud**

**Arne Baumann**

**Arne Sveen**  
Ansattvalgt

**Hilde Wikesland Flaen**  
Ansattvalgt

**Espen Jahr**  
Ansattvalgt

*The document is signed electronically and therefore has no hand-written signatures.*



A welder is shown in profile, wearing a white helmet with a black face shield, a bright yellow high-visibility jacket with reflective silver stripes, dark blue work pants, and green rubber boots. They are wearing heavy-duty gloves and a red protective sleeve on their left arm. The welder is kneeling on a wooden plank, using a welding torch to weld a vertical, rusted steel rebar. A bright blue and white welding arc is visible at the point of contact. The rebar is part of a larger structure, with a horizontal steel plate above it. The background shows a muddy construction site with various cables and tools scattered around.

**Financial  
information**



# CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
Operating and other revenue	8,292	7,189	15,101	13,398	27,868
Subcontractors	-4,473	-3,657	-7,971	-6,970	-14,633
Cost of materials	-1,577	-1,549	-2,832	-2,385	-4,440
Payroll costs	-1,252	-1,170	-2,595	-2,465	-5,142
Operating expenses ex. depreciation and impairment	-507	-374	-928	-745	-1,677
Net gains (losses) and profit (loss) from associates	75	63	128	69	200
<b>EBITDA</b>	<b>557</b>	<b>503</b>	<b>902</b>	<b>903</b>	<b>2,176</b>
Depreciation and impairment of tangible fixed assets	-55	-49	-104	-98	-206
Depreciation and impairment of right of use assets	-81	-91	-162	-178	-360
Depreciation and impairment of intangible assets	-1	-	-1	-1	-1
<b>Earnings before financial items and tax (EBIT)</b>	<b>421</b>	<b>363</b>	<b>636</b>	<b>626</b>	<b>1,609</b>
Net financial items	5	-7	-1	-25	-29
<b>Earnings before tax (EBT)</b>	<b>426</b>	<b>356</b>	<b>635</b>	<b>602</b>	<b>1,580</b>
Income tax expense	-89	-77	-119	-128	-351
<b>Net income for the period</b>	<b>337</b>	<b>279</b>	<b>516</b>	<b>473</b>	<b>1,229</b>
Attributable to:					
Shareholders in the Parent Company	285	221	435	386	1,019
Non-controlling interests	52	58	81	87	210
<b>Net income for the period</b>	<b>337</b>	<b>279</b>	<b>516</b>	<b>473</b>	<b>1,229</b>
Earnings per share (NOK)	2.67	2.09	4.07	3.65	9.60
Diluted earnings per share (NOK)	2.68	2.09	4.07	3.64	9.57
<b>Key figures</b>	<b>2Q 22</b>	<b>2Q 21</b>	<b>1H 22</b>	<b>1H 21</b>	<b>2021</b>
EBITDA margin	6.7 %	7.0 %	6.0 %	6.7 %	7.8 %
Operating profit margin	5.1 %	5.0 %	4.2 %	4.7 %	5.8 %
Profit margin	5.1 %	5.0 %	4.2 %	4.5 %	5.7 %
Return on capital employed (ROaCE) <sup>1)</sup>	-	-	36.6 %	36.7 %	36.0 %
Return on equity	-	-	37.1 %	38.0 %	36.1 %
Equity ratio	22.2 %	24.8 %	22.2 %	24.8 %	27.3 %
Net interest-bearing debt (receivables) <sup>2)</sup>	-145	333	-145	333	-29
Capital employed <sup>3)</sup>	4,366	4,231	4,366	4,231	4,571
Order backlog	42,003	37,837	42,003	37,837	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	2Q 22	2Q 21	1H 22	1H 21	2021
Net income for the period	337	279	516	473	1,229
Net actuarial gains and losses	-	-	-	-	-2
Currency translation differences non-controlling interests	3	9	-3	1	-8
<b>Items that will not be reclassified to income statement in subsequent periods</b>	<b>3</b>	<b>9</b>	<b>-3</b>	<b>1</b>	<b>-10</b>
Net cash flow hedges	8	4	9	3	27
Currency translation differences shareholders of the	31	28	-9	-15	-46
<b>Items that may be reclassified to income statement in subsequent periods</b>	<b>39</b>	<b>32</b>	<b>-</b>	<b>-11</b>	<b>-19</b>
<b>Other comprehensive income for the period</b>	<b>42</b>	<b>41</b>	<b>-3</b>	<b>-11</b>	<b>-30</b>
<b>Total comprehensive income for the period</b>	<b>380</b>	<b>320</b>	<b>513</b>	<b>462</b>	<b>1,199</b>
Attributable to:					
- Shareholders of the parent	324	253	435	375	997
- Non-controlling interests	55	67	78	88	202
<b>Total comprehensive income for the period</b>	<b>380</b>	<b>320</b>	<b>513</b>	<b>462</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	-	-15	-	3	386	375	88	462
Capital increase	-	-	-	-	-	-	2	2
Sale of treasury shares	-	-	-	-	16	16	-	16
Dividend paid	-	-	-	-	-689	-689	-162	-850
Share-based remuneration	16	-	-	-	-	16	2	18
Transactions with non-controlling interests	-	-	-	-	-18	-18	-8	-25
<b>As at 30 June 2021</b>	<b>776</b>	<b>47</b>	<b>-18</b>	<b>-46</b>	<b>1,534</b>	<b>2,294</b>	<b>824</b>	<b>3,117</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	-	-9	-	9	435	435	78	513
Capital increase	40	-	-	-	-	40	-	40
Purchase of treasury shares	-	-	-	-	-66	-66	-	-66
Sale of treasury shares	-	-	-	-	10	10	-	10
Dividend paid	-	-	-	-	-695	-695	-242	-936
Share-based remuneration	15	-	-	-	-	15	1	16
Put options for non-controlling interests	-	-	-	-	4	4	-	4
Addition from acquisition of subsidiaries	-	-	-	-	-	-	14	14
Transactions with non-controlling interests	-	-	-	-	-82	-82	41	-41
<b>As at 30 June 2022</b>	<b>561</b>	<b>7</b>	<b>-20</b>	<b>-13</b>	<b>1,781</b>	<b>2,315</b>	<b>811</b>	<b>3,126</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	30/06/22	30/06/21	31/12/21
Tangible fixed assets	1,443	1,486	1,437
Right of use assets	800	889	780
Intangible assets	4,479	4,362	4,335
Investment in associates and joint ventures	465	584	639
Deferred tax asset	62	9	7
Interest-bearing receivables	232	448	282
Pension plan and other financial assets	13	8	10
<b>Total non-current assets</b>	<b>7,494</b>	<b>7,786</b>	<b>7,490</b>
Inventories	278	218	198
Projects for own account	49	136	51
Trade receivables and other receivables	5,111	4,073	4,623
Interest-bearing receivables	67	128	65
Cash and cash equivalents	1,086	205	680
<b>Total current assets</b>	<b>6,591</b>	<b>4,761</b>	<b>5,618</b>
<b>Total assets</b>	<b>14,085</b>	<b>12,547</b>	<b>13,108</b>
Equity attributable to shareholders of the parent	2,315	2,294	2,654
Non-controlling interests	811	824	918
<b>Total equity</b>	<b>3,126</b>	<b>3,117</b>	<b>3,572</b>
Interest-bearing debt	87	144	90
Interest-bearing debt - lease liability	608	644	554
Retirement benefit obligations	5	4	6
Provisions	116	76	100
Deferred tax	617	498	585
Derivatives	5	13	8
<b>Total non-current liabilities</b>	<b>1,438</b>	<b>1,378</b>	<b>1,343</b>
Interest-bearing debt	288	7	54
Interest-bearing debt - lease liability	257	319	301
Trade payables and other short-term debt	8,132	6,899	6,956
Derivatives	23	57	24
Provisions	607	561	625
Tax payable	214	210	232
<b>Total current liabilities</b>	<b>9,522</b>	<b>8,052</b>	<b>8,193</b>
<b>Total liabilities</b>	<b>10,960</b>	<b>9,430</b>	<b>9,536</b>
<b>Total equity and liabilities</b>	<b>14,085</b>	<b>12,547</b>	<b>13,108</b>



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
Earnings before financial items and tax (EBIT)	421	363	636	626	1,609
Depreciation, amortisation and impairment	136	140	266	276	567
Change in net working capital	189	159	610	44	-340
Income taxes paid	-60	-81	-175	-162	-283
Net gains (losses) and profit (loss) from associates	-75	-63	-128	-69	-200
Other adjustments	8	11	16	18	62
<b>Cash flow from operating activities</b>	<b>619</b>	<b>529</b>	<b>1,226</b>	<b>734</b>	<b>1,415</b>
Net investments	203	-98	169	-136	175
<b>Cash flow before financing activities</b>	<b>822</b>	<b>430</b>	<b>1,395</b>	<b>598</b>	<b>1,589</b>
Share issue	-	-	-	-	119
Dividends paid to shareholders in the Parent Company	-695	-689	-695	-689	-1,116
Dividends paid to non-controlling interests	-186	-58	-242	-162	-186
Transactions with non-controlling interests	-3	-20	-41	-25	-28
Sale (purchase) of treasury shares	-26	-	-56	16	24
Borrowings (repayment) of debt	188	-91	61	-184	-343
Interest and other financial expenses paid	-11	-10	-22	-20	-35
<b>Cash flow from financing activities</b>	<b>-731</b>	<b>-867</b>	<b>-995</b>	<b>-1,064</b>	<b>-1,565</b>
<b>Change in cash and cash equivalents with cash effect</b>	<b>90</b>	<b>-436</b>	<b>400</b>	<b>-466</b>	<b>24</b>
Net cash and cash equivalents at the beginning of period	974	630	680	708	708
Change in cash and cash equivalents without cash effect	22	12	5	-37	-52
<b>Net cash and cash equivalents at the end of period</b>	<b>1,086</b>	<b>205</b>	<b>1,086</b>	<b>205</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	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	1,382	1,461	2,524	2,901	5,597
Internal operating and other revenue	154	107	254	176	405
<b>Total operating and other revenue</b>	<b>1,537</b>	<b>1,568</b>	<b>2,778</b>	<b>3,077</b>	<b>6,002</b>
EBITDA	153	154	282	306	734
Earnings before financial items and tax (EBIT)	99	100	183	197	515
<b>Earnings before tax (EBT)</b>	<b>96</b>	<b>99</b>	<b>179</b>	<b>193</b>	<b>510</b>
EBITDA-margin	9.9 %	9.8 %	10.2 %	9.9 %	12.2 %
Operating margin	6.5 %	6.4 %	6.6 %	6.4 %	8.6 %
Profit margin	6.3 %	6.3 %	6.4 %	6.3 %	8.5 %
Assets	3,038	2,213	3,038	2,213	2,229
<b>Order backlog</b>	<b>12,193</b>	<b>7,224</b>	<b>12,193</b>	<b>7,224</b>	<b>6,878</b>



## Construction

NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	2,897	2,122	5,363	3,942	8,740
Internal operating and other revenue	19	44	35	77	125
<b>Total operating and other revenue</b>	<b>2,916</b>	<b>2,165</b>	<b>5,397</b>	<b>4,019</b>	<b>8,865</b>
EBITDA	104	150	143	252	532
Earnings before financial items and tax (EBIT)	82	132	100	214	447
<b>Earnings before tax (EBT)</b>	<b>83</b>	<b>134</b>	<b>100</b>	<b>216</b>	<b>450</b>
EBITDA-margin	3.6 %	6.9 %	2.7 %	6.3 %	6.0 %
Operating margin	2.8 %	6.1 %	1.8 %	5.3 %	5.0 %
Profit margin	2.9 %	6.2 %	1.9 %	5.4 %	5.1 %
Assets	4,914	4,181	4,914	4,181	4,554
<b>Order backlog</b>	<b>13,172</b>	<b>13,054</b>	<b>13,172</b>	<b>13,054</b>	<b>13,549</b>

## Betonmast

NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	1,271	1,266	2,515	2,488	5,194
Internal operating and other revenue	2	-	2	-	3
<b>Total operating and other revenue</b>	<b>1,273</b>	<b>1,266</b>	<b>2,517</b>	<b>2,488</b>	<b>5,196</b>
EBITDA	34	25	64	59	168
Earnings before financial items and tax (EBIT)	29	16	52	41	132
<b>Earnings before tax (EBT)</b>	<b>30</b>	<b>14</b>	<b>50</b>	<b>30</b>	<b>111</b>
EBITDA-margin	2.7 %	2.0 %	2.5 %	2.4 %	3.2 %
Operating margin	2.3 %	1.2 %	2.0 %	1.6 %	2.5 %
Profit margin	2.3 %	1.1 %	2.0 %	1.2 %	2.1 %
Assets	3,159	2,647	3,159	2,647	2,817
<b>Order backlog</b>	<b>6,245</b>	<b>6,956</b>	<b>6,245</b>	<b>6,956</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	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	5	8	11	15	35
Internal operating and other revenue	-	-	-	0	0
<b>Total operating and other revenue</b>	<b>5</b>	<b>8</b>	<b>11</b>	<b>15</b>	<b>35</b>
EBITDA	58	9	59	16	76
Earnings before financial items and tax (EBIT)	57	9	59	16	75
<b>Earnings before tax (EBT)</b>	<b>59</b>	<b>9</b>	<b>62</b>	<b>16</b>	<b>76</b>
EBITDA-margin	-	-	-	-	-
Operating margin	-	-	-	-	-
Profit margin	-	-	-	-	-
Assets	556	939	556	939	735
<b>Order backlog</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Energy and Environment

NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	241	307	463	524	1,047
Internal operating and other revenue	15	16	29	49	104
<b>Total operating and other revenue</b>	<b>255</b>	<b>323</b>	<b>492</b>	<b>573</b>	<b>1,152</b>
EBITDA	35	37	63	62	170
Earnings before financial items and tax (EBIT)	18	22	30	33	109
<b>Earnings before tax (EBT)</b>	<b>19</b>	<b>21</b>	<b>29</b>	<b>31</b>	<b>107</b>
EBITDA-margin	13.6 %	11.6 %	12.7 %	10.9 %	14.8 %
Operating margin	7.2 %	6.8 %	6.1 %	5.8 %	9.4 %
Profit margin	7.4 %	6.6 %	6.0 %	5.3 %	9.3 %
Assets	668	659	668	659	706
<b>Order backlog</b>	<b>686</b>	<b>715</b>	<b>686</b>	<b>715</b>	<b>714</b>



## Sweden

NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	1,955	1,627	3,539	3,019	6,289
Internal operating and other revenue	4	4	5	5	11
<b>Total operating and other revenue</b>	<b>1,958</b>	<b>1,630</b>	<b>3,544</b>	<b>3,024</b>	<b>6,300</b>
EBITDA	91	71	152	139	372
Earnings before financial items and tax (EBIT)	75	53	121	104	302
<b>Earnings before tax (EBT)</b>	<b>74</b>	<b>51</b>	<b>118</b>	<b>101</b>	<b>295</b>
EBITDA-margin	4.6 %	4.4 %	4.3 %	4.6 %	5.9 %
Operating margin	3.8 %	3.2 %	3.4 %	3.4 %	4.8 %
Profit margin	3.8 %	3.1 %	3.3 %	3.3 %	4.7 %
Assets	2,722	2,707	2,722	2,707	2,776
<b>Order backlog</b>	<b>8,479</b>	<b>7,962</b>	<b>8,479</b>	<b>7,962</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	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	304	256	489	416	847
Internal operating and other revenue	-	-	1	1	1
<b>Total operating and other revenue</b>	<b>305</b>	<b>257</b>	<b>489</b>	<b>416</b>	<b>848</b>
EBITDA	44	26	69	41	115
Earnings before financial items and tax (EBIT)	36	17	53	25	83
<b>Earnings before tax (EBT)</b>	<b>40</b>	<b>16</b>	<b>55</b>	<b>22</b>	<b>78</b>
EBITDA-margin	14.3 %	10.0 %	14.2 %	9.9 %	13.6 %
Operating margin	11.9 %	6.7 %	10.9 %	6.0 %	9.8 %
Profit margin	13.0 %	6.3 %	11.3 %	5.3 %	9.2 %
Assets	971	924	971	924	988
<b>Order backlog</b>	<b>1,435</b>	<b>1,651</b>	<b>1,435</b>	<b>1,651</b>	<b>1,515</b>

## Other Segments (Group)

NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	12	10	26	36	94
Internal operating and other revenue	9	11	21	33	57
<b>Total operating and other revenue</b>	<b>21</b>	<b>21</b>	<b>47</b>	<b>70</b>	<b>150</b>
EBITDA	12	14	23	21	32
Earnings before financial items and tax (EBIT)	-4	-3	-9	-9	-30
<b>Earnings before tax (EBT)</b>	<b>-3</b>	<b>6</b>	<b>-7</b>	<b>-13</b>	<b>-21</b>
Assets	1,563	1,553	1,563	1,553	1,894
<b>Order backlog</b>			-	-	-

## Eliminations

NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	268	-50	264	-80	-50
Internal operating and other revenue	-205	-181	-346	-340	-706
<b>Total operating and other revenue</b>	<b>63</b>	<b>-232</b>	<b>-83</b>	<b>-420</b>	<b>-756</b>
EBITDA	39	-8	37	-13	-16
Earnings before financial items and tax (EBIT)	39	-8	37	-13	-16
<b>Earnings before tax (EBT)</b>	<b>39</b>	<b>-19</b>	<b>37</b>	<b>-13</b>	<b>-19</b>
Assets	-3,432	-3,213	-3,432	-3,213	-3,505
<b>Order backlog</b>	<b>-469</b>	<b>192</b>	<b>-469</b>	<b>192</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	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	-41	183	-91	139	75
Internal operating and other revenue	-	-	-	-	-
<b>Total operating and other revenue</b>	<b>-41</b>	<b>183</b>	<b>-91</b>	<b>139</b>	<b>75</b>
EBITDA	-11	24	10	19	-7
Earnings before financial items and tax (EBIT)	-11	24	10	19	-7
<b>Earnings before tax (EBT)</b>	<b>-11</b>	<b>24</b>	<b>10</b>	<b>19</b>	<b>-7</b>
Assets	-74	-63	-74	-63	-85
<b>Order backlog</b>	<b>262</b>	<b>84</b>	<b>262</b>	<b>84</b>	<b>172</b>

## Segment total

NOK million	2Q 22	2Q 21	1H 22	1H 21	2021
External operating and other revenue	8,292	7,189	15,101	13,398	27,868
Internal operating and other revenue	-	-	-	-	-
<b>Total operating and other revenue</b>	<b>8,292</b>	<b>7,189</b>	<b>15,101</b>	<b>13,398</b>	<b>27,868</b>
EBITDA	557	503	902	903	2,176
Earnings before financial items and tax (EBIT)	421	363	636	626	1,609
<b>Earnings before tax (EBT)</b>	<b>426</b>	<b>356</b>	<b>635</b>	<b>602</b>	<b>1,580</b>
EBITDA-margin	6.7 %	7.0 %	6.0 %	6.7 %	7.8 %
Operating margin	5.1 %	5.0 %	4.2 %	4.7 %	5.8 %
Profit margin	5.1 %	5.0 %	4.2 %	4.5 %	5.7 %
Assets	14,085	12,547	14,085	12,547	13,108
<b>Order backlog</b>	<b>42,003</b>	<b>37,837</b>	<b>42,003</b>	<b>37,837</b>	<b>38,646</b>

# 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 2nd 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 2nd 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.

<b>Purchase price allocation Stenseth &amp; RS</b>	<b>NOK million</b>
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, with the exception of for short-term or terminable leases. The right of use 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 on the next page.



## Consolidated statement of income – Effect of IFRS 16

NOK million	2Q 22 less IFRS 16	Effect of IFRS 16	2Q 22	YTD 2Q 22 less IFRS 16	Effect of IFRS 16	YTD 2Q 22
Operating expenses excl. depr. and impairment	-583	76	-507	-1,079	151	-928
<b>EBITDA</b>	<b>482</b>	<b>76</b>	<b>557</b>	<b>751</b>	<b>151</b>	<b>902</b>
Depr. and impairment of right of use assets	-10	-71	-81	-20	-142	-162
<b>Earnings before financial items and tax (EBIT)</b>	<b>416</b>	<b>5</b>	<b>421</b>	<b>626</b>	<b>10</b>	<b>636</b>
Net financial items	9	-4	5	7	-8	-1
<b>Earnings before tax (EBT)</b>	<b>426</b>	<b>-</b>	<b>426</b>	<b>634</b>	<b>2</b>	<b>635</b>
Income tax expense	-89	-	-89	-118	-	-119
<b>Net income for the period</b>	<b>337</b>	<b>-</b>	<b>337</b>	<b>515</b>	<b>1</b>	<b>516</b>

NOK million	2Q 21 less IFRS 16	Effect of IFRS 16	2Q 21	YTD 2Q 21 less IFRS 16	Effect of IFRS 16	YTD 2Q 21	2021 less IFRS 16	Effect of IFRS 16	2021
Operating expenses excl. depr. and impairment	-460	85	-374	-914	168	-745	-2,018	341	-1,677
<b>EBITDA</b>	<b>417</b>	<b>85</b>	<b>503</b>	<b>734</b>	<b>168</b>	<b>903</b>	<b>1,835</b>	<b>341</b>	<b>2,176</b>
Depr. and impairment of right of use assets	-8	-83	-91	-19	-159	-178	-38	-321	-360
<b>Earnings before financial items and tax (EBIT)</b>	<b>360</b>	<b>2</b>	<b>363</b>	<b>617</b>	<b>10</b>	<b>626</b>	<b>1,589</b>	<b>20</b>	<b>1,609</b>
Net financial items	-2	-4	-7	-16	-9	-25	-12	-17	-29
<b>Earnings before tax (EBT)</b>	<b>358</b>	<b>-2</b>	<b>356</b>	<b>601</b>	<b>1</b>	<b>602</b>	<b>1,577</b>	<b>3</b>	<b>1,580</b>
Income tax expense	-77	-	-77	-128	-	-128	-351	-1	-351
<b>Net income for the period</b>	<b>281</b>	<b>-2</b>	<b>279</b>	<b>472</b>	<b>1</b>	<b>473</b>	<b>1,227</b>	<b>2</b>	<b>1,229</b>

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

NOK million	30.06.22 less IFRS 16	Effect of IFRS 16	30.06.22	30.06.21 less IFRS 16	Effect of IFRS 16	30.06.21	31.12.21 less IFRS 16	Effect of IFRS 16	2021
Right of use assets	222	578	800	205	684	889	205	576	780
<b>Total assets</b>	<b>13,507</b>	<b>578</b>	<b>14,085</b>	<b>11,863</b>	<b>684</b>	<b>12,547</b>	<b>12,532</b>	<b>576</b>	<b>13,108</b>
Total equity	3,147	-21	3,126	3,141	-24	3,117	3,595	-22	3,572
Interest-bearing debt - lease liability (non-current)	174	434	608	164	481	644	132	422	554
Deferred tax	622	-5	617	504	-6	498	591	-5	585
Interest-bearing debt - lease liability (current)	35	222	257	33	286	319	58	243	301
<b>Total equity and liabilities</b>	<b>13,507</b>	<b>578</b>	<b>14,085</b>	<b>11,863</b>	<b>684</b>	<b>12,547</b>	<b>12,532</b>	<b>576</b>	<b>13,108</b>
Equity ratio	23.3 %	-	22.2 %	26.5 %	-	24.8 %	28.7 %	-	27.3 %
Gross interest-bearing debt	584	655	1,240	347	767	1,113	334	665	999
Net interest-bearing debt	-801	655	-145	-434	767	333	-694	665	-29

## 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 of the deviant application of principles in the segment accounts with respect to earnings before tax is NOK -11 million (24 million) for the 2nd quarter 2022 and 10 million (19 million) for the 1st half of the year. The effect on equity was NOK -77 million (-62 million), and the accumulated reversed revenues were NOK 262 million (84 million) as at 30 June 2022.

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

Property projects for own account	AF's construction value <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	5	-	Q2 2018	Q2 2021	50%
<b>Total completed in 2021 - Property segment<sup>2)</sup></b>	<b>375</b>	<b>183</b>	<b>5</b>	<b>1</b>			
Kosterbaden Fritid, Koster	-	20	-	13	-	-	100%
Klosterøya Vest 3, Skien	-	25	-	1	Q4 2017	Q4 2019	24%
Snipetorp, Skien	-	16	2	4	Q3 2018	Q2 2020	50%
Lietorvet I, Skien	-	21	2	1	Q3 2019	Q2 2021	25%
Lietorvet II, Skien	-	26	2	3	Q3 2019	Q4 2021	25%
<b>Total completed earlier years - Betonmast</b>	<b>-</b>	<b>108</b>	<b>6</b>	<b>22</b>			
Bo på Billingstad, Asker	-	78	78	-	Q2 2019	Q1 2022	33%
<b>Total completed 2022 - Property segment</b>	<b>-</b>	<b>78</b>	<b>78</b>	<b>-</b>			
2317 Sentrumskvartalet A-B, Hamar	172	73	69	4	Q2 2020	Q1 2022	50%
<b>Total completed in 2022 - Betonmast segment</b>	<b>172</b>	<b>73</b>	<b>69</b>	<b>4</b>			
Brottkärr Hage, Göteborg	-	10	10	-	Q4 2020	Q2 2022	40%
<b>Total completed in 2022 - Sweden segment</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>-</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, 2 og 3, Lørenskog	408	169	-	-	Q3 2021	Q3 2024	50%
Bekkestua Have, Bærum	-	232	-	-	Q4 2021	Q2 2024	50%
Rolvrsrud Arena trinn 1, Lørenskog	266	95	-	-	Q2 2022	Q2 2024	33%
Skiparviklia 3D, Bergen (LAB Eiendom)	23	4	-	-	Q2 2022	Q4 2023	50%
<b>Total in production - Property segment</b>	<b>1,252</b>	<b>917</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 4, Skien	-	29	-	-	Q1 2021	Q3 2022	24%
Klosterøya Vest 4, Skien	-	40	-	-	Q2 2021	Q4 2022	24%
SPG Bostader Linden, Strömstad <sup>3)</sup>	147	162	-	-	Q4 2021	Q3 2023	45%
SPG Bostader Hæggen, Strömstad <sup>3)</sup>	85	94	-	-	Q2 2022	Q4 2023	45%
<b>Total in production - Betonmast segment</b>	<b>345</b>	<b>373</b>	<b>-</b>	<b>-</b>			
Stadsgården 1, Halmstad	103	63	-	-	Q2 2020	Q3 2022	50%
Stadsgården 3, Halmstad	69	42	-	-	Q4 2021	Q3 2022	50%
BRF Prefekten, Mölndal	125	83	-	-	Q4 2021	Q1 2023	50%
<b>Total in production - Sweden segment</b>	<b>297</b>	<b>188</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.

<sup>3)</sup> Built for rental and will be sold collectively ("hyresrett")

## 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	30/06/22	30/06/21	31/12/21
<b>GROSS INTEREST-BEARING DEBT / NET INTEREST-BEARING DEBT</b>			
Non-current interest-bearing debt	87	144	90
Non-current interest-bearing debt - lease liability	608	644	554
Current interest-bearing debt	288	7	54
Current interest-bearing debt - lease liability	257	319	301
<b>Gross interest-bearing debt</b>	<b>1,240</b>	<b>1,113</b>	<b>999</b>
Less:			
Non-current interest-bearing receivables	-232	-448	-282
Current interest-bearing receivables	-67	-127	-65
Cash and cash equivalents	-1,086	-205	-680
<b>Net interest-bearing debt (receivables)</b>	<b>-145</b>	<b>333</b>	<b>-29</b>

NOK million	30/06/22	30/06/21	31/12/21
<b>CAPITAL EMPLOYED</b>			
Shareholders' equity	3,126	3,117	3,572
Gross interest-bearing debt	1,240	1,113	999
<b>Capital employed</b>	<b>4,366</b>	<b>4,231</b>	<b>4,571</b>
<b>AVERAGE CAPITAL EMPLOYED</b>			
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	-	-
Capital employed as at 2nd quarter 2022	4,366	-	-
<b>Average capital employed</b>	<b>4,505</b>	<b>4,455</b>	<b>4,491</b>
<b>RETURN ON CAPITAL EMPLOYED</b>			
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	-	-
Earnings before tax 2nd quarter 2022	426	-	-
<b>Earnings before tax last four quarters</b>	<b>1,613</b>	<b>1,584</b>	<b>1,580</b>
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	-	-
Interest expense 2nd quarter 2022	8	-	-
<b>Interest expense last four quarters</b>	<b>35</b>	<b>51</b>	<b>38</b>
<b>Earnings before tax and interest expense last four quarters</b>	<b>1,649</b>	<b>1,635</b>	<b>1,617</b>
Divided by:			
Average capital employed	4,505	4,455	4,491
<b>Return on capital employed</b>	<b>36.6 %</b>	<b>36.7 %</b>	<b>36.0 %</b>

NOK million	30/06/22	30/06/21	31/12/21
<b>EQUITY RATIO</b>			
Shareholders' equity	3,126	3,117	3,572
Divided by:			
Total equity and liabilities	14,085	12,547	13,108
<b>Equity ratio</b>	<b>22.2 %</b>	<b>24.8 %</b>	<b>27.3 %</b>
<b>AVERAGE SHAREHOLDERS' EQUITY</b>			
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	-	-
Shareholder's equity as at 2nd quarter 2022	3,126	-	-
<b>Average shareholders' equity</b>	<b>3,429</b>	<b>3,340</b>	<b>3,405</b>
<b>RETURN ON EQUITY</b>			
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	-	-
Net income 2nd quarter 2022	337	-	-
<b>Net income for the last four quarters</b>	<b>1,272</b>	<b>1,269</b>	<b>1,229</b>
Divided by:			
Average equity	3,429	3,340	3,405
<b>Return on equity</b>	<b>37.1 %</b>	<b>38.0 %</b>	<b>36.1 %</b>



## COMPANY INFORMATION

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**Postal address:**

Postboks 6272 Etterstad  
0603 Oslo  
Norway

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

Pål Egil Rønn, Board Chairman  
Hege Bømark  
Kristian Holth  
Saloume Djoudat  
Erik Veiby  
Hilde Kristin Herud  
Arne Baumann  
Arne Sveen  
Hilde W. Flaen  
Espen Jahr

### ***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

### ***Financial calendar***

**Presentation of interim accounts:**

26/08/2022 Interim report 2nd quarter and first half of 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](https://afgruppen.com)**

Cover: New Drammen Hospital  
Photo: Colin Eick

## OPERATIONAL STRUCTURE



### **Civil Engineering**

AF Anlegg  
JR Anlegg  
AF Anläggning  
Målselv Maskin & Transport  
Eiqon  
Consolvo  
Consolvo  
Fjerby  
Rakon  
Protector  
Stenseth & RS  
Stenseth & RS Entreprenør  
Stenseth & RS Anlegg

### **Construction**

AF Byggfornyelse  
AF Bygg Oslo  
AF Bygg Østfold  
LAB  
LAB Entreprenør  
Fundamentering  
Åsane Byggmester forretning  
Helgesen Tekniske Bygg  
AF Håndverk  
Kirkstuen  
Lasse Holst  
Thorendahl  
VD Vindu og Dør montasje  
Oslo Stillasutleie  
Storo Blikken-slagerverksted  
Strøm Gundersen  
Strøm Gundersen  
Strøm Gundersen Vestfold  
Haga & Berg  
Haga & Berg Entreprenør  
Haga & Berg Service  
Oslo Brannsikring

### **Betonmast**

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

### **Property**

AF Eiendom  
LAB Eiendom

### **Energy and Environment**

AF Energi  
Enaktiva  
AF Decom  
Jølsen Miljøpark  
Rimol Miljøpark  
Nes Miljøpark

### **Sweden**

Kanonaden  
Kanonaden Entreprenad  
Kanonaden Mälardalen  
Bergbolaget i Götaland  
AF Prefab i Mälardalen  
AF Bygg Syd  
HMB  
HMB Construction  
HMB Construction Örebro  
AF Projektutveckling  
AF Härnösand Byggreturer  
Betonmast Sverige  
Betonmast Göteborg  
Betonmast Mälardalen  
Betonmast Malmö  
Betonmast Stockholm  
Betonmast Anläggning

### **Offshore**

AF Offshore Decom  
AF Environmental Base Vats  
AF AeronMollier