

First Quarter 2023

AF Gruppen ASA

12 May 2023



Q1



From the CEO

We delivered weak results in the first quarter as a result of challenges in some of our Swedish units, as well as weak profitability in the construction business area. The industry is experiencing a demanding construction and property market, however the results are primarily due to our own performance. This has resulted in downward adjustments in our Swedish portfolio for the quarter. We will ensure the best possible execution of these projects.

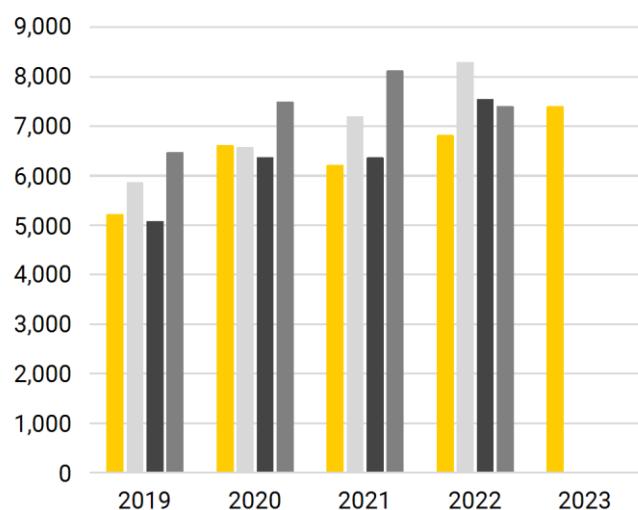
There were many strong performances in the quarter, especially within the Offshore and Civil Engineering business areas. We have a solid order backlog with large, complex projects of high social benefit. Our base principles for the business remain unchanged, as good safety work is a prerequisite for profitable growth. It is pleasing to see that there was a positive development in sick leave during the quarter.

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.

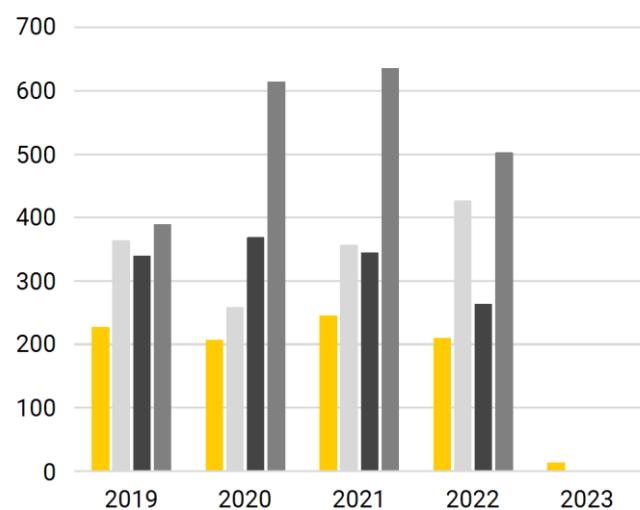
OVERVIEW

- Revenues were NOK 7,393 million (6,809 million) for the 1st quarter.
- Earnings before tax were NOK 13 million (209 million) for the 1st quarter.
- The profit margin was 0.2 % (3.1 %) for the 1st quarter.
- Net operating cash flow was NOK -24 million (607 million) for the 1st quarter.
- The order backlog stood at NOK 41,668 million (42,697 million) as at 31 March 2023.
- Net interest-bearing debt as at 31 March 2023 were NOK 570 million (-371 million).
- The Board of Directors has proposed a dividend of NOK 6.50 (6.50) due in the first half of 2023.

REVENUES PER QUARTER (NOK MILLION)



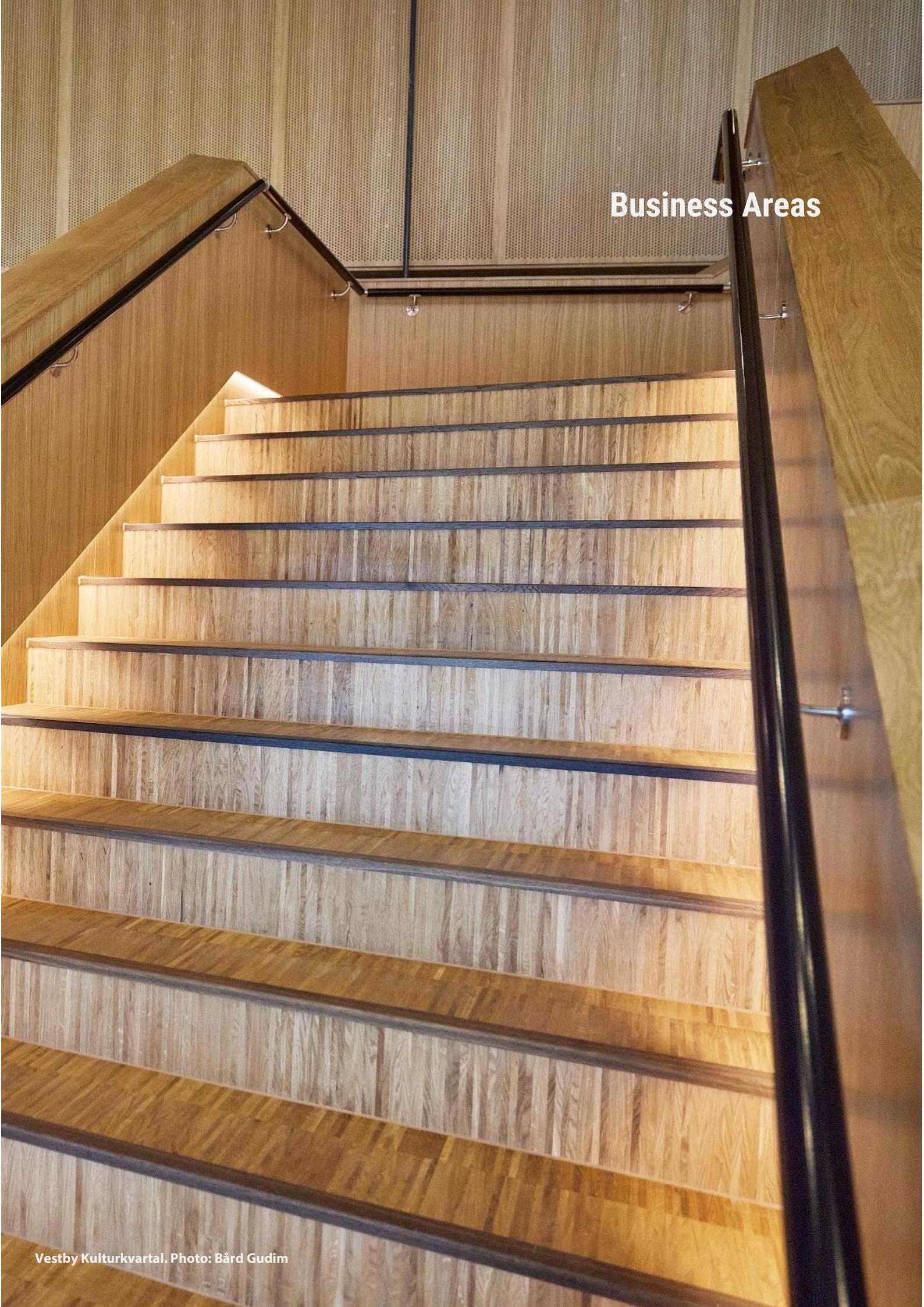
EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



SUMMARY OF 1ST QUARTER

Key figures (NOK million)	1Q 23	1Q 22	2022
Operating and other revenue	7,393	6,809	31,205
EBITDA	146	345	1,937
Earnings before financial items and tax (EBIT)	15	215	1,409
Earnings before tax (EBT)	13	209	1,400
Result per share (NOK)	-0.03	1.40	8.96
Diluted result per share (NOK)	-0.03	1.39	8.96
EBITDA margin	2.0 %	5.1 %	6.2 %
Operating profit margin	0.2 %	3.2 %	4.5 %
Profit margin	0.2 %	3.1 %	4.5 %
Return on capital employed (ROaCE) ¹⁾	26.8 %	35.4 %	31.6 %
Cash flow from operating activities	-24	607	1,460
Net interest-bearing debt (receivables)	570	-371	329
Shareholders' equity	3,458	3,639	3,494
Total equity and liabilities	15,180	13,574	14,457
Equity ratio	22.8 %	26.8 %	24.2 %
Order backlog	41,668	42,697	39,765
LTI-1 rate	1.4	0.9	1.1
Absence due to illness	4.4 %	5.5 %	4.6 %

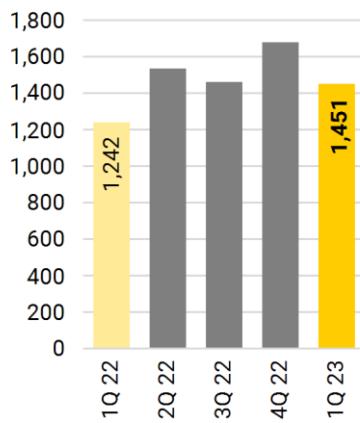
¹⁾ Rolling average last four quarters



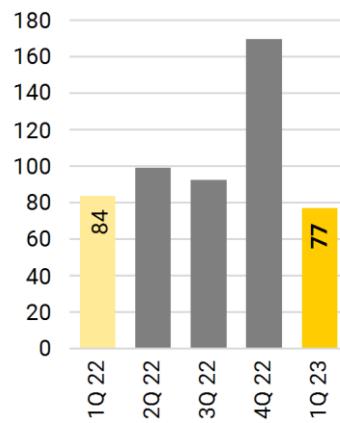
Business Areas

CIVIL ENGINEERING

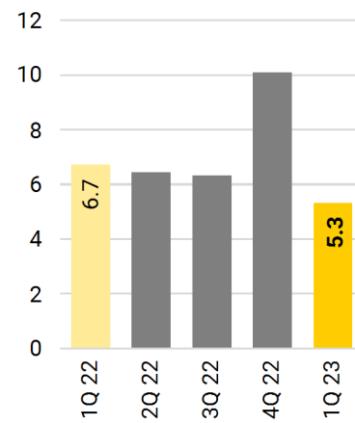
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



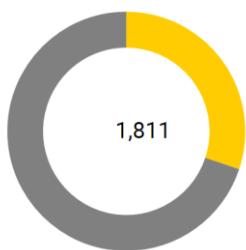
OPERATING PROFIT (%)



KEY FIGURES

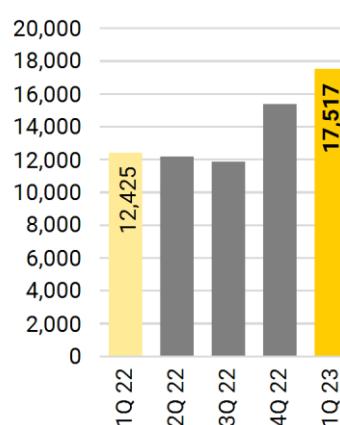
NOK million	1Q 23	1Q 22	2022
Operating and other revenue	1,451	1,242	5,919
Earnings before financial items and tax (EBIT)	77	84	445
Earnings before tax (EBT)	78	83	440
Operating profit margin	5.3 %	6.7 %	7.5 %
Profit margin	5.4 %	6.7 %	7.4 %

NUMBER OF EMPLOYEES



AF Gruppen 6,012

ORDER BACKLOG (NOK million)



CIVIL ENGINEERING CONSISTS OF

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



Statpipe New Landfall. Photo: Hans Fredrik Asbjørnsen

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.

Civil Engineering increased the level of activity in during the first quarter and delivered good results. The Civil Engineering business area reported revenues of NOK 1,451 million (1,242 million) for the 1st quarter. Earnings before tax were NOK 78 million (83 million).

AF Anlegg had two major projects in production at the end of the quarter: E6 Rentvannstunnel in Oslo and Bergtunnlar Lovö in Stockholm. Both of these projects have a high level of activity and good operations. Several other projects also

contributed good results for the quarter. AF Anlegg has two major projects that are in the early start-up phase: The E1 Vannbehandlingsanlegg at Huseby in Oslo and the Cable Tunnel between Sogn and Ulven in Oslo. AF Anlegg delivered good results for the first quarter.

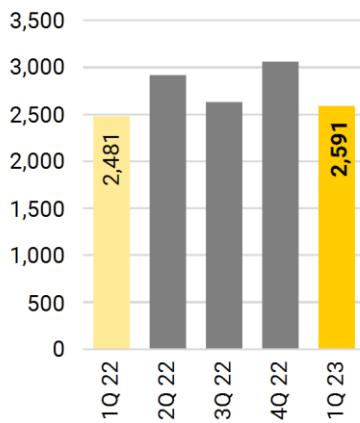
Målselv Maskin & Transport had strong revenue growth and a very good result in the first quarter. Stenseth &RS reported good results, while Eiqon and Consolvo reported weak results for the quarter.

One contract was reported to the stock exchange in the first quarter. AF Anlegg will construct 9.6 km of the new E6 motorway from Storhove near Lillehammer to Øyer, including the 2.7 km Fåberg Tunnel. The agreement is valued at approximately NOK 1,800 million, excl. VAT. Construction is expected to commence during the third quarter of 2023 and will be handed over in the fourth quarter of 2026.

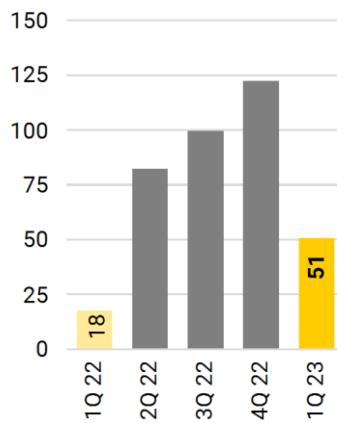
The order backlog for Civil Engineering was NOK 17,517 million (12,425 million) as at 31 March 2023.

CONSTRUCTION

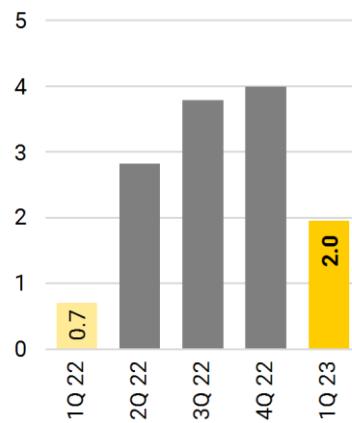
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



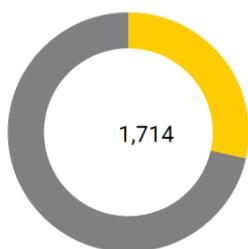
OPERATING MARGIN (%)



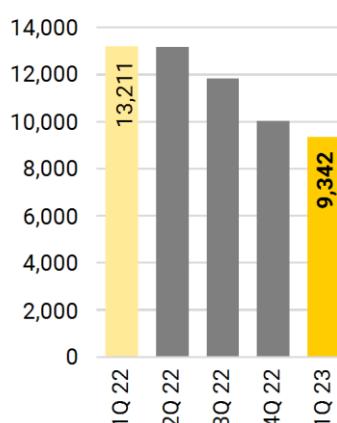
KEY FIGURES

NOK million	1Q 23	1Q 22	2022
Operating and other revenue	2,591	2,481	11,090
Earnings before financial items and tax (EBIT)	51	18	322
Earnings before tax (EBT)	46	17	318
Operating profit margin	2.0 %	0.7 %	2.9 %
Profit margin	1.8 %	0.7 %	2.9 %

NUMBER OF EMPLOYEES



ORDER BACKLOG (NOK million)



CONSTRUCTION CONSISTS OF

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



Kommunegården in Sandvika. 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. The business area encompasses the Norwegian entities except for Betonmast and is mainly located in Eastern Norway and the Bergen Region.

Construction reported revenues of NOK 2,591 million (2,481 million) for the 1st quarter. The market is demanding and there are significant variations in terms of results and performance at project and unit level. On the whole, the business area reported a weak result for the quarter. Earnings before tax were NOK 46 million (17 million).

Strøm Gundersen and AF Bygg Østfold had good results for the first quarter. AF Bygg Oslo, Strøm Gundersen Vestfold, AF Håndverk, LAB Entreprenør, HTB, Åsane Byggmesterforretning and FAS delivered results for the quarter that were somewhat below expectations.

AF Byggfornyelse and Haga & Berg delivered weak results for the quarter.

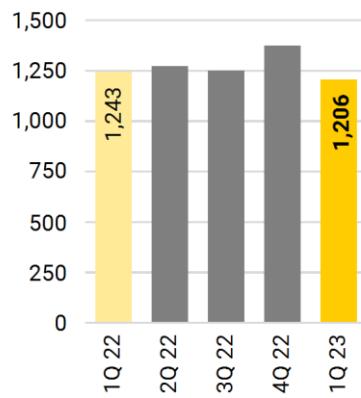
Five contracts were reported to the stock exchange in the quarter. HTB will construct the new commercial building Kokstad Mobilitetspark in Bergen. The turnkey contract has a value of NOK 287 million, excl. VAT. AF Byggfornyelse has agreed to further renovation work at Dronning Mauds gate 15 in Oslo at a value of NOK 130 million, excl. VAT. LAB Entreprenør has signed a contract for the remodelling and rehabilitation of the county administration building in Leikanger valued at NOK 115 million, excl. VAT, and for a combined residential and commercial building for Frekhaug Torg AS valued at NOK 103 million, excl. VAT. AF Byggfornyelse has started a collaborative phase for the renovation of Akersgata 13-15 / Tollbugata 32 in Oslo, the expected construction cost of approximately NOK 480 million will be included in the order backlog when the final implementation contract is signed.

Construction's order backlog was NOK 9,342 million (13,211 million) as at 31 March 2023.

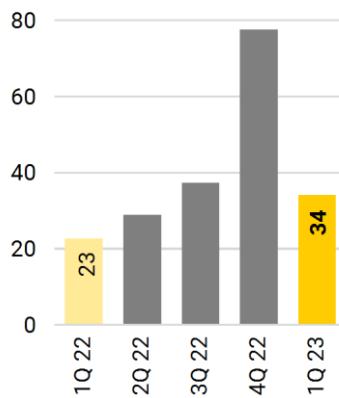
Since the end of the quarter, AF Bygg Østfold has signed a contract for the construction of a new treatment plant for FREVAR KF in Fredrikstad, which has a contract value of NOK 1,081 million, excl. VAT. Construction is scheduled to commence in June 2023.

BETONMAST

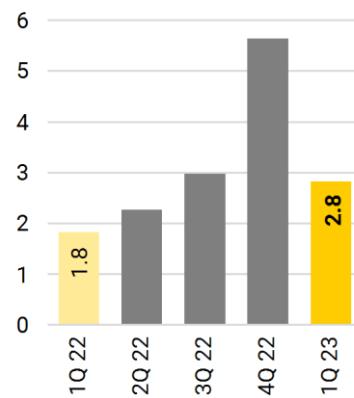
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



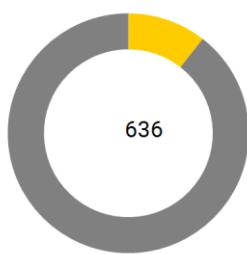
OPERATING MARGIN (%)



KEY FIGURES

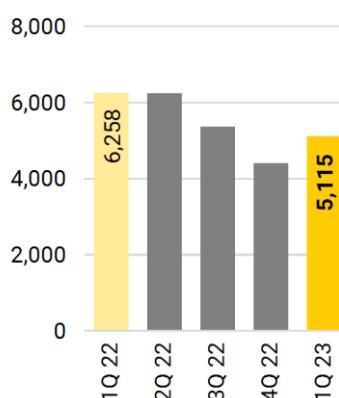
NOK million	1Q 23	1Q 22	2022
Operating and other revenue	1,206	1,243	5,145
Earnings before financial items and tax (EBIT)	34	23	166
Earnings before tax (EBT)	40	20	174
Operating profit margin	2.8 %	1.8 %	3.2 %
Profit margin	3.3 %	1.6 %	3.4 %

NUMBER OF EMPLOYEES



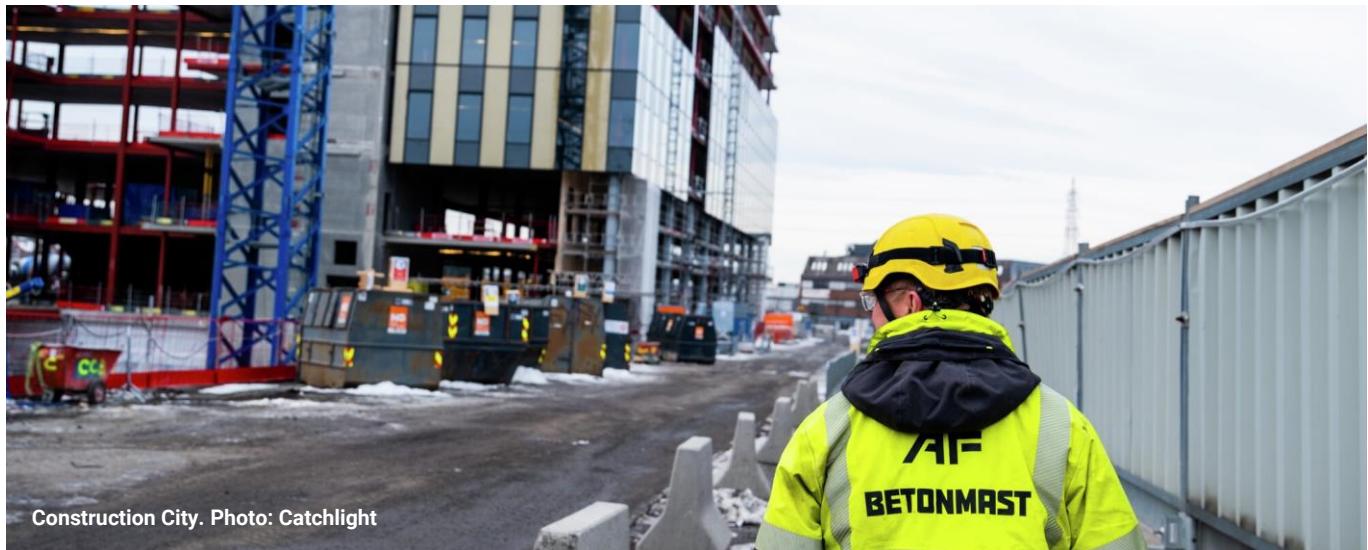
AF Gruppen 6,012

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

Overall, Betonmast reported revenue that was at the same level as the previous year. Although the result for the quarter was weak, it was an improvement when compared with the first quarter of last year. Betonmast reported revenues of NOK 1,206 million (1,243 million) and earnings before tax of NOK 40 million (20 million) in the 1st quarter.

The Betonmast Romerike, Trøndelag, Røsand and Asker and Bærum units delivered good results in the quarter. Betonmast Oslo og Østfold delivered results that were below expectations. Betonmast Boligbygg, Innlandet and Buskerud-Vestfold had weak results during the quarter.

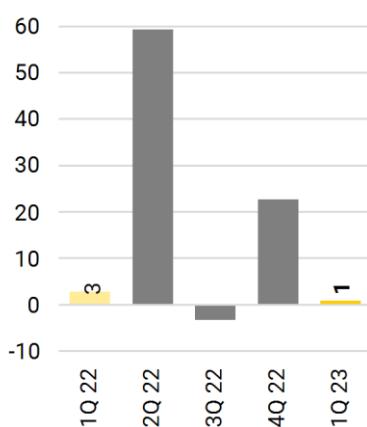
Betonmast has a separate property portfolio with one property project with a total of 256 units under production. Betonmast Eiendom delivered a weak result in the quarter. For further information regarding these projects, see Note 7.

Three new contracts were reported to the stock exchange in the first quarter. Betonmast Buskerud-Vestfold has signed a contract with Horten Industrial Park for the construction of a combined industrial and office building in Horten. The contract is a turnkey contract valued at approximately NOK 840 million, excl. VAT. Betonmast Buskerud-Vestfold has also entered into an agreement with Fritzøe Eiendom to develop and build a commercial building in the centre of Larvik. The contract is a collaborative contract valued at approximately NOK 239 million, excl. VAT. In addition, during the quarter, Betonmast Østfold signed a contract with Nordre Follo municipality for phase 2 of the project to build Sofiemyr School in Nordre Follo. The collaborative contract was reported to the stock exchange in the fourth quarter of 2021. The contract has a value of NOK 390 million, excl. VAT.

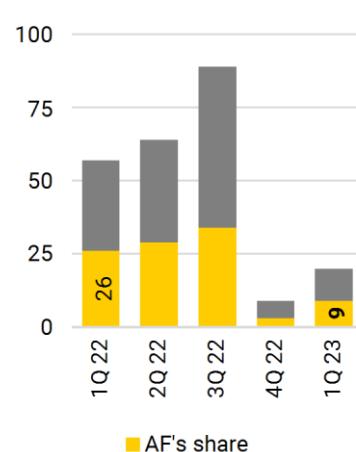
As at 31 March 2023, Betonmast's order backlog was NOK 5,115 million (6,258 million).

PROPERTY

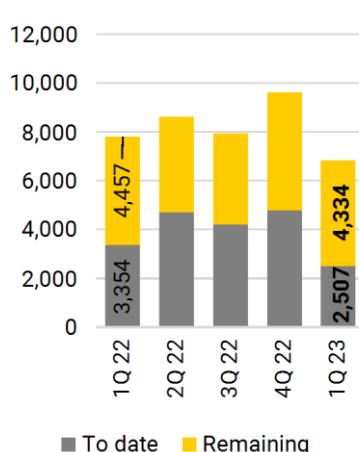
EARNINGS BEFORE TAX (NOK million)



ENTERED INTO SALES CONTRACTS (NUMBER)



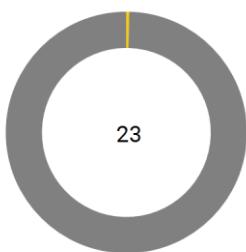
TURNOVER UNITS IN PRODUCTION (NOK million)



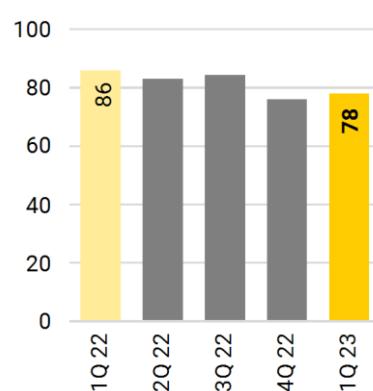
KEY FIGURES

NOK million	1Q 23	1Q 22	2022
Operating and other revenue	10	6	30
Earnings before financial items and tax (EBIT)	-1	2	75
Earnings before tax (EBT)	1	3	82
Capital employed	678	678	654

NUMBER OF EMPLOYEES



SALES RATIO PROJECTS IN PROGRESS (%)



PROPERTY CONSISTS OF

- AF Eiendom
- LAB Eiendom



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 1 million (3 million) in the 1st quarter. Property consists of two operating units, AF Eiendom and LAB Eiendom, with local presence in Greater Oslo and the Bergen region respectively.

Rising interest rates and economic instability have resulted in a challenging property market, and contributed to low sales during the quarter. Sales contracts for 20 (57) homes were signed in the quarter, of which AF's share is 9 (26).

There were seven residential property projects in the production stage at the end of the quarter. A total of 940 units are in production, of which AF's share is 438:

- Fyrstikkbakken in Oslo (159 units in production, of which 139 sales contracts have been signed).
- Skårersletta MIDT in Lørenskog (295 units in production, of which 179 sales contracts have been signed).

- Bekkestua Have in Bærum (232 units in production, of which 227 sales contracts have been signed).
- Rolvsrud Arena in Lørenskog (194 units in production, of which 130 sales contracts have been signed).
- Kråkehaugen in Bergen (55 units in production, of which 53 sales contracts have been signed).
- Skiparviklia 3D in Bergen (4 units in production, of which 4 sales contracts have been signed).
- Baneveien 16 in Bergen (1 unit in production, 1 sales contract has been signed).

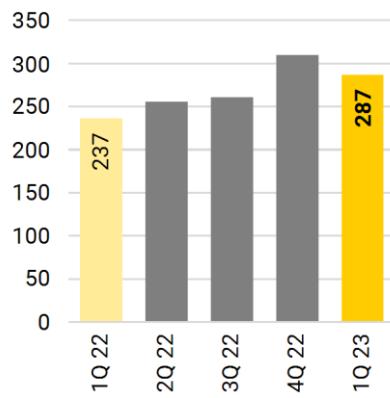
This gives a sales ratio of 78 per cent for commenced projects. Property also has 28 units for sale in projects in the sales phase at Rolvsrud Arena at AF Eiendom. There was a total of 5 (4) completed unsold units at the end of the quarter, of which AF's share was 2 (2). For more information on projects for own account, see Note 7.

AF also has a significant development portfolio in Norway which is estimated at 1,580 (1,658) residential units. AF's share of this was 788 (802) residential units.

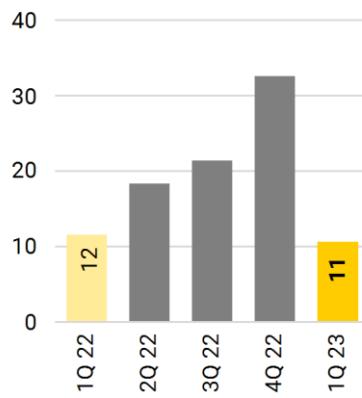
AF has a commercial building in the production stage at Baneveien 16 in Bergen, which also includes one residential unit. AF has ownership stakes in commercial property under construction with a total RFA of 58,899 (61,856) square metres, of which AF's share is an RFA of 29,270 (30,749) square metres.

ENERGY AND ENVIRONMENT

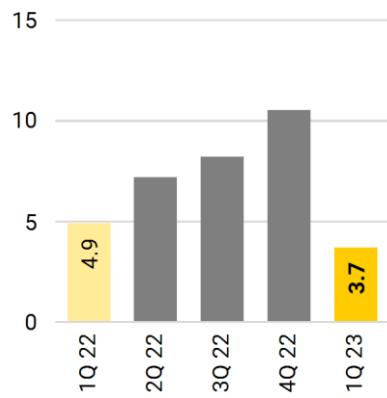
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



OPERATING MARGIN (%)

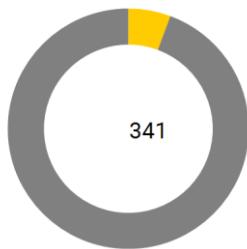


KEY FIGURES

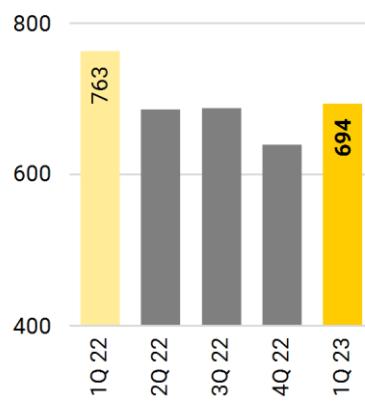
NOK million

	1Q 23	1Q 22	2022
Operating and other revenue	287	237	1,062
Earnings before financial items and tax (EBIT)	11	12	84
Earnings before tax (EBT)	13	11	82
Operating profit margin	3.7 %	4.9 %	7.9 %
Profit margin	4.4 %	4.5 %	7.7 %

NUMBER OF EMPLOYEES



ORDER BACKLOG (NOK million)



AF Gruppen 6,012

ENERGY AND ENVIRONMENT

CONSIST OF

- AF Energi
Enaktiv
AF Energija Baltic
- AF Decom
Rimol Miljøpark
Nes Miljøpark
Jølsen Miljøpark
- Mepex



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

Energy and Environment had a higher level of activity in the first quarter when compared to the same quarter last year, however the overall results reported were below expectations. Revenues for the 1st quarter were NOK 287 million (237 million). Earnings before tax were NOK 13 million (11 million).

AF Decom reported a low level of activity for the quarter and delivered a weak result. AF's demolition operations demolish and sort different materials for recycling. AF Decom demolished and facilitated the recycling of approximately 4,542 (11,229) tonnes of metal in the first quarter. The steel industry accounts for about 7 per cent of the world's total CO₂ emissions. Reusing steel results in 70 per cent lower CO₂ emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO₂ for each kilo of steel recycled. This means that

AF Decom's demolition operations have helped to reduce alternative CO₂ emissions by 4,542 tonnes thus far in 2023.

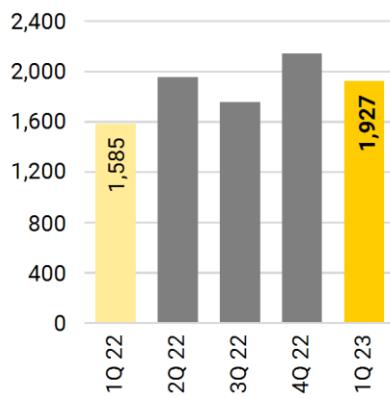
The foundation for our environmental activities is that waste can to a large extent be reused, and thus be a valuable resource in a growing circular economy. AF's environmental centres receive contaminated material and are working to reuse as much as possible instead of it going to landfill. The profitability of the environmental centres was weak during the quarter as a result of a planned, temporary shutdown of one of the plants, as well as seasonal effects. AF's environmental centres recycled 46,565 (51,514) tonnes of material in the first quarter. The recycling rate realised for contaminated material in the first quarter was 78 per cent.

AF Energi reported significant revenue growth for the quarter. A high level of activity and good operational performance in the projects contributed to a very good result for the first quarter. Mepex reported very good profitability during its first quarter as part of AF Gruppen.

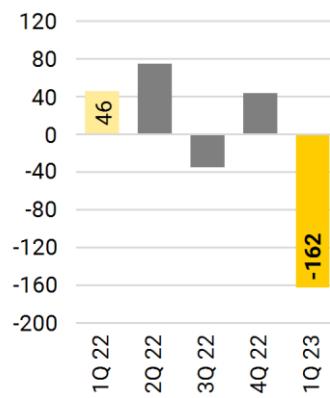
The order backlog for Energy and Environment stood at NOK 694 million (763 million) as at 31 March 2023. Since the end of the quarter, AF has signed a contract with Statsbygg to provide piping and plumbing works for the Life Sciences building, total value based on a target price is NOK 680 million, excl. VAT.

SWEDEN

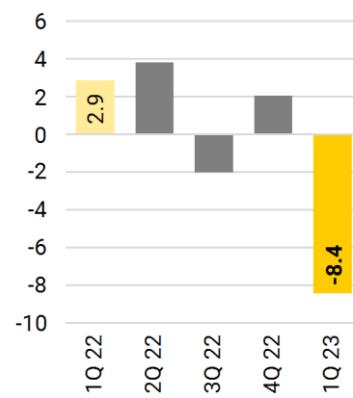
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



OPERATING MARGIN (%)

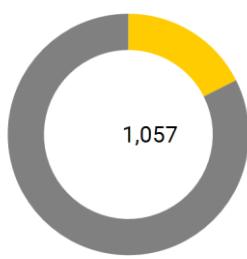


KEY FIGURES

NOK million

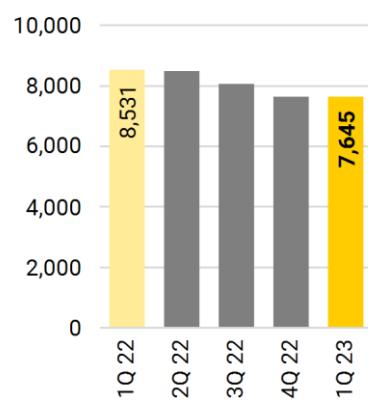
	1Q 23	1Q 22	2022
Operating and other revenue	1,927	1,585	7,445
Earnings before financial items and tax (EBIT)	-162	46	130
Earnings before tax (EBT)	-163	44	127
Operating profit margin	-8.4 %	2.9 %	1.7 %
Profit margin	-8.5 %	2.8 %	1.7 %

NUMBER OF EMPLOYEES



AF Gruppen 6,012

ORDER BACKLOG (NOK million)



SWEDEN CONSISTS OF

- Kanonaden
- AF Prefab i Mälardalen
- AF Bygg Syd
- AF Projektutveckling
- AF Härnösand Byggreturer
- HMB
- AF Bygg Väst, prev. Betonmast Göteborg
- AF Bygg Öst, prev. Betonmast Mälardalen
- AF Öresund, prev. Betonmast Malmö
- AF Bygg Stockholm, prev. Betonmast Stockholm
- AF Anläggning Väst, prev. Betonmast Anläggning



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

Sweden reported a negative result as a consequence of further downward adjustments of the project estimates in the Group's Swedish business. The project estimates have been adjusted downwards by approximately NOK 230 million, excl. VAT, and relate to the companies in the former Betonmast Sweden. Several organizational and operational measures have been implemented the last quarters. The loss making projects have a remaining production value of NOK 940 million, excl. VAT.

Of the business area's total order backlog of NOK 7,645 million (8,531 million) as of 31 March 2023, the order backlog for the former Betonmast Sweden was NOK 2,097 million.

Sweden reported revenues of NOK 1,927 million (1,585 million) for the 1st quarter. Earnings before tax were NOK -163 million (44 million).

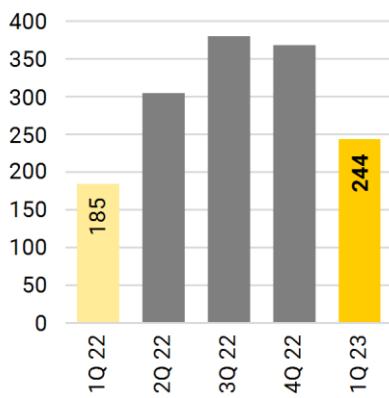
AF Prefab in Mälardalen and AF Härnösand Byggeturer delivered both revenue growth and very good results in the quarter. Kanonaden, AF Bygg Syd and HMB made positive profit contributions, however delivered results somewhat below expectations in the first quarter.

AF Projektutveckling, AF's property business in Sweden, has one residential project with a total of 83 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 1,080 residential units. AF's share of this is 540 residential units.

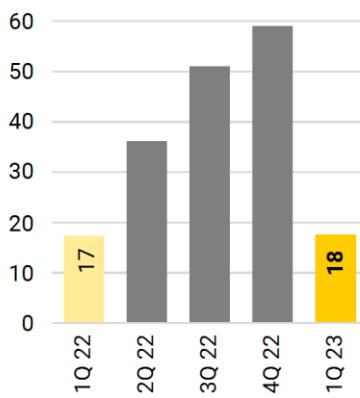
Two new contracts were reported to the stock exchange in the first quarter. Kanonaden Entreprenad will carry out the earthworks for Metsä Tissue's expansion of the paper mill in Mariestad. The value of the contract is approximately SEK 300 million, excl. VAT. The contract will be carried out as a construction contract for the client Skeppsviken Bygg in Skövde. In addition, HMB Construction was awarded a contract to build the residential care complex Gårdsjö Strand in Flen for Flen Kommunfastigheter. The contract amount is approximately SEK 150 million, excl. VAT, and will be carried out as a turnkey contract.

OFFSHORE

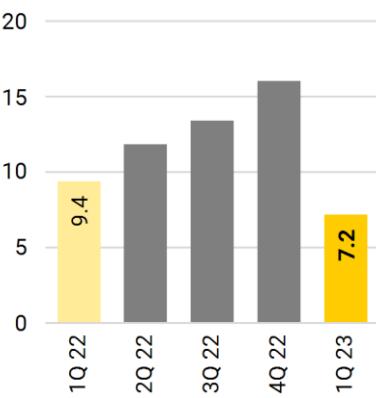
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



OPERATING MARGIN (%)

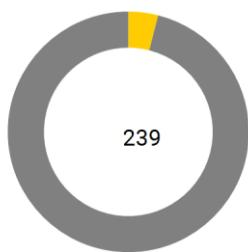


KEY FIGURES

NOK million

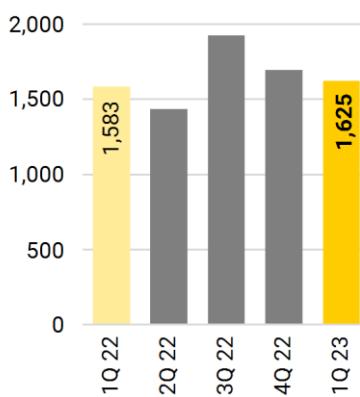
	1Q 23	1Q 22	2022
Operating and other revenue	244	185	1,238
Earnings before financial items and tax (EBIT)	18	17	164
Earnings before tax (EBT)	16	16	160
Operating profit margin	7.2 %	9.4 %	13.2 %
Profit margin	6.4 %	8.6 %	12.9 %

NUMBER OF EMPLOYEES



AF Gruppen 6,012

ORDER BACKLOG (NOK million)



OFFSHORE CONSISTS OF

- AF Offshore Decom
- Aeron



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.

There was a significant increase of 32% in offshore revenue compared to the first quarter last year, and the business area delivered good results that were on par with the previous year. Revenues in the 1st quarter were NOK 244 million (185 million). Earnings before tax were NOK 16 million (16 million).

AF Offshore Decom had a high level of activity compared to the same quarter last year and reported good profitability. A high level of activity at the Environmental Base at Vats also contributed to the good result for this quarter.

AF Offshore Decom demolishes and facilitates the recycling of offshore installations. AF Offshore Decom sorted 95 per cent of the structures for recycling in the first quarter, where metal is the main component. AF Offshore Decom demolished and facilitated the recycling of 11,651 (16,577) tonnes of steel in the first quarter, which corresponds to a reduction of alternative CO₂ emissions of 11,651 tonnes compared to ore-based production.

Aeron had a high level of activity and good profitability during the quarter.

The order backlog for Offshore was NOK 1,625 million (1,583 million) as at 31 March 2023.



Locus Ensjø. Photo: Bård Gudim

SHARE PRICE PERFORMANCE DURING THE LAST 12 MONTHS



FINANCIAL INFORMATION

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

In the 1st quarter, net operating cash flow was NOK -24 million (607 million) and net cash flow from investments was NOK -77 million (-34 million). Cash flow before capital transactions and financing was NOK -101 million (573 million) for the 1st quarter.

At the end of the 1st quarter, AF Gruppen had cash and cash equivalents of NOK 677 million (974 million). Net interest-bearing debt (receivables) as at 31 March 2023 was NOK 570 million (-371 million).

AF Gruppen's total financing facilities are NOK 3,000 million. The financing include a multi-currency overdraft facility (revolving 1-year term) of NOK 2,000 million with DNB and a revolving long-term credit facility of NOK 1,000 million with Handelsbanken, available until 2024. Available

LIST OF SHAREHOLDERS AS AT 31 MARCH 2023

Name	No. Shares	% share
ØMF Holding AS	17,922,233	16.6
OBOS BBL	17,459,483	16.2
Constructio AS	15,288,012	14.2
Folketrygdfondet	8,404,284	7.8
LJM AS	2,515,217	2.3
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	1,350,186	1.3
Moger Invest AS	1,242,609	1.2
Ten largest shareholders	70,355,837	65.3
Total other shareholders	37,299,163	34.6
Own shares	47,000	0.04
Total number of shares	107,702,000	100.0

liquidity at 31 March 2023, including overdraft facilities with Handelsbanken and DNB, is NOK 3,084 million.

Total assets were NOK 15,180 million (13,574 million) as at 31 March 2023. The Group's equity totalled NOK 3,458 million (3,639 million) as at 31 March 2023. This corresponds to an equity ratio of 22.8% (26.8%).

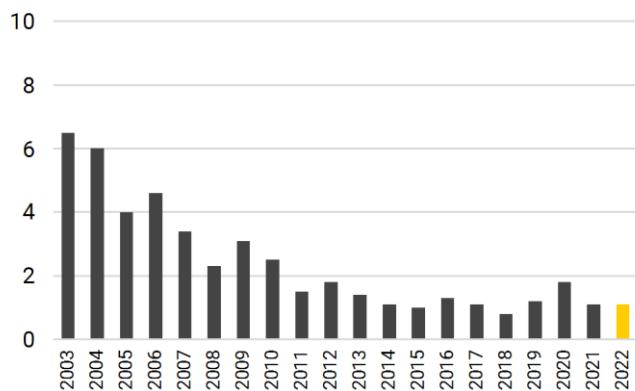
THE SHARE

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 31 March 2023, the AF share had a closing price of NOK 149.00. This corresponds to a return of 3.6% in the first quarter. The Oslo Børs Benchmark Index showed a return of 0.4% for the same period.

As a result of the Group's strong financial position, it has been decided to propose to the General Meeting on

LTI-1 RATE DEVELOPMENT



12 May 2023 that a dividend of NOK 6.50 (6.50) per share be distributed for the first half of the year. This distribution is consistent with the company's dividend policy, namely a semi-annual distribution and the intention to distribute a minimum of 50 per cent of the profit for the year as a dividend.

The number of shares in AF Gruppen is 107,702,000, which corresponds to share capital of NOK 5,385,100.

SAFETY AND HEALTH

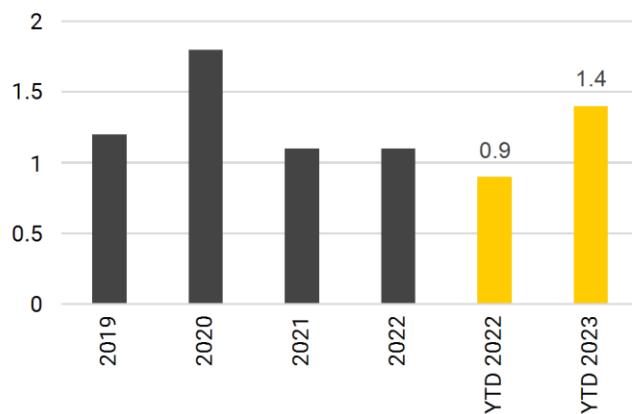
Health, safety and environment (HSE) has high priority in AF Gruppen and is an integral part of the management at all levels. AF has a structured and uniform HSE system that encompasses all projects. The working environment should be safe for everyone, including those who are employed by our subcontractors.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

The LTI (lost-time injury) rate is an important measurement parameter for safety work at AF. The LTI-1 rate is defined as the number of serious personal injuries and absence injuries per million man-hours. A total of 8 (5) injuries resulting in absence were registered in the 1st quarter. This gives an LTI-1 rate of 1.4 (0.9) for the 1st quarter.

Systematic and long-term work is being carried out to reduce the LTI-1 rate. Significant resources are being invested to further improve our HSE efforts in order to be able to achieve our goal of an LTI-1 rate of zero. Key to this work is AF's fundamental understanding and acceptance that all injuries have a cause and can therefore be avoided. Identifying risk and risk analysis are key parts of our preventive activities. Based on a given risk scenario, 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 follow up of undesired incidents, as well as investigating the most

LTI-1 RATE



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 decrease in injuries.

The registration of sick leave forms the basis for the measurement of health work at AF. In the 1st quarter, sick leave rate was 4.4% (5.5%). Our target is a healthy sick leave level, without absence due to occupational illnesses or injuries. Systematic efforts are being made, which consist of ongoing risk analysis of exposure that is harmful to health, the establishment of physical and organisational barriers, and close follow-up of employees on sick leave.

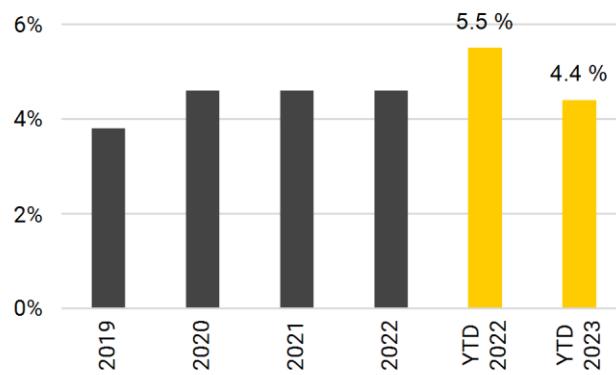
AF strives to avoid environmental damage and minimise undesirable effects on the environment. Environmental work is an integral part of HSE work, and the main tools used are therefore the same that are used otherwise in connection with HSE work.

CLIMATE AND ENVIRONMENT

As part of the strategy for 2021-2024, AF has set a goal of halving relative greenhouse gas emissions and waste volumes that cannot be reused or recycled by 2030. The most important factor in reducing our own climate footprint is logistics planning to, among other things, reduce the transport of masses. In addition, the use of electric machinery, a modern machinery and car fleet 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 70%. In the 1st quarter, the source separation rate for construction was 86% (89%), for renovation it was 89% (88%) and for demolition it was 97% (95%). These results are considered to be very good. A total of 125,160 tonnes (82,661 tonnes) of waste were separated at source in the 1st quarter.

SICK LEAVE DEVELOPMENT

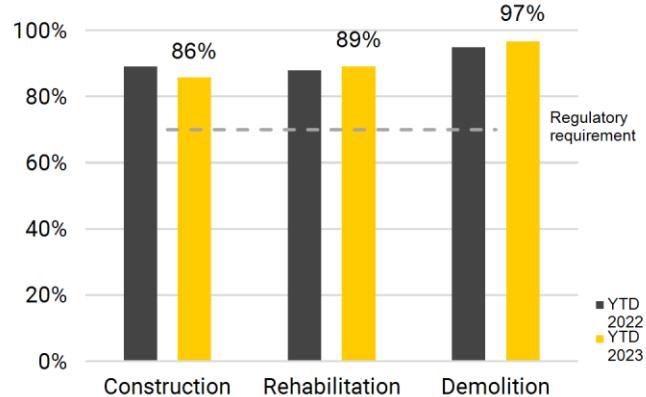


AF wants to use the expertise we have to create further indirect savings on greenhouse gas emissions. AF's environmental centres are examples of services where materials that previously would have ended up in landfill sites now can be recovered and have their useful life extended. The environmental centres have recycled a total of 46,565 tonnes (51,514 tonnes) of materials for the 1st quarter.

The Offshore and Energy and Environment business areas are based on services that solve environmental challenges in the area of demolition and recycling. All our demolition activities, both onshore and offshore, are based on a circular economy, where over 95% of all material from demolition is sorted for recycling. Metals, especially steel, are one of the main components of that which is recycled. The steel industry accounts for about 7% of the world's total CO₂ emissions. Reusing steel results in 70% lower CO₂ emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO₂ for each kilo of steel recycled. AF Offshore Decom and AF Decom demolished and facilitated the recycling of 16,193 tonnes (27,806 tonnes) of metal in the 1st quarter. This represents a reduction of alternative CO₂ emissions by around 16,193 tonnes (27,806 tonnes) for the 1st quarter.

Each year, AF reports climate accounts based on the Greenhouse Gas Protocol (GHG), where our own direct and indirect emissions (scope 1 and 2), as well as other selected indirect emissions (scope 3) are measured in tonnes of CO₂ equivalents. The other selected indirect emissions included in the climate accounts are emissions from waste generated, business travel and commuting. Waste from demolition operations is not included in the emission figures in scope 3. As at 31 March 2023, the carbon footprint was 1.6 (1.4). AF has set a target of halving greenhouse gas emissions for each service type relative to revenue by 2030. The basis year of the reduction target of scope 1 and 2-emissions is 2020, and the carbon footprint for that year was 1.6. In AF's climate accounts, the use of

SOURCE SEPARATION RATE



diesel in construction equipment is the largest direct source of emissions.

Climate accounts (tonnes CO ₂ e ¹)	Per 1. kv. 23	Per 1. kv. 22
Direct emissions	8,513	7,493
Indirect emissions, energy consumption	514	430
Other indirect emissions	2,549	1,420
Greenhouse gas emissions (tonnes CO₂e)	11,576	9,343
Revenue (NOK million)	7,393	6,809
Carbon footprint ²	1.6	1.4

¹⁾ Greenhouse gas emissions with global warming potential

²⁾ Tonnes CO₂e emissions per NOK million in revenue

ORGANISATION

AF Gruppen is working continuously to build a uniform corporate culture. Motivated employees and a solid organisation are an important foundation for creating value. It is prioritized in AF to develop 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 high degree of influence.

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 total proportion of women to 20% and the proportion amongst officials to 40%. This is an ambitious goal. In the 1st quarter the share of women is 9.4% (9.3%) in total and 19.3% (18.6%) 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 maintains a high 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 working environment 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 development of employees through the AF Academy. More than 80% of the current managers have been recruited internally. Our employees are good ambassadors in the recruitment of new colleagues.

At the end of the 1st quarter AF Gruppen had a total of 6,012 (5,639) employees. Of these employees 4,846 (4,590) were employed in Norway, 1,122 (1,025) in Sweden, 21 (11) in Lithuania, 20 (13) in Germany and 3 (0) in Great Britain.

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 effect of Covid-19 pandemic and Russia's invasion of Ukraine. 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, 38 quarterly reviews in the business units were completed during the 1st quarter, where the Corporate Management Team also participated.

Financial risk encompasses market risk, credit risk and liquidity risk. Market risk includes commodity price risk, foreign exchange risk and interest rate risk. AF is exposed to foreign exchange risk, including indirectly via suppliers who purchase from abroad, as well as the purchase and leasing of machinery manufactured abroad. As a major demolition and recycling operator, AF Gruppen is also exposed to fluctuations in steel prices. AF aims to have low exposure to risks that cannot be influenced, and use 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 3,084 million as at 31 March 2023.

MARKET OUTLOOK

High inflation, the energy crisis and disruptions to supply chains have resulted in a shift in the Norwegian and international economies. Significant increases in interest rates have been introduced over a short period of time and forecasts from Norges Bank, the central bank of Sweden (Riksbanken) and several other central banks indicate that interest rates will continue to rise. The Norwegian krone has weakened considerably as of late, and there is major uncertainty associated with the future market outlook.

The civil engineering market in Norway is less sensitive to cyclical fluctuations, as public sector demand is the greatest driver behind civil engineering investments. The Norwegian Government has set aside NOK 82.8 billion for transport in the 2023 national budget. Prognosenteret updated its forecast in March with downward adjustments to growth expectations since September 2022.

Prognosesenteret expects the total civil engineering market to grow by 1.7 per cent in 2023, 1.9 per cent in 2024 and 4.8 per cent in 2025. While growth will mainly come from operations and maintenance in 2023, investments are expected to drive growth in 2024 and 2025. Investments in the road development segment are expected to grow for the duration of the forecast period. The forecasts for the civil engineering market indicate a good basis for further growth for AF's civil engineering activities.

Figures from Property Norway (Eiendom Norge) show growth in residential property prices during the first quarter after a negative price development during the second half of 2022. On a national basis, residential property prices have risen by 6.8 per cent in the year to April 2023. At the interest rate meeting in April 2023, Norges Bank decided to raise the key rate by 0.25 percentage points to 3.25 per cent and maintain the inflation target of 2.0 per cent. Norges Bank indicated that there would be a further interest rate increase in June.

Prognosesenteret expects marginal changes in production value nationwide for 2023 and 2024 in the construction market. An increase in production values of 5.4 per cent is expected in 2025. There is expected to be a nationwide reduction in new builds in 2023, while the market for rehabilitation, renovation and extensions (ROT) is expected to grow. The growth is particularly evident in the regions of Oslo and the former counties of Akershus, Hordaland and Rogaland. Start permits for approximately 29,820 new residential units were registered in 2022. Prognosesenteret estimates that the number of start permits will decrease in 2023, however will pick up again in 2024 and 2025.

The general increase in prices for materials, energy and other goods is a significant element of uncertainty for our activities going forward. According to Statistics Norway's construction cost index for "Housing in total", prices increased by 6.0 per cent in March compared to the same period last year, of which labour costs increased by 4.5 per cent and materials by 7.6 per cent. The price of concrete has increased by 10.9 per cent since the previous quarter, while concrete elements have increased by 3.2 per cent during the same period. The price level for reinforcing steel and wood products fell by 10.8 per cent and 7.9 per cent respectively from the previous quarter, however remains significantly higher than prior to the Covid-19 pandemic. Projects with ongoing wage and price

increase mechanisms partly compensate for the increased cost levels.

The Norwegian Government's national budget for 2023 contains several aspects that could impact our activities in Norway, both in terms of activity level and our direct costs. Lower predictability linked to public sector investments and indications of reduced public sector development and budget allocations for road and railway development are all creating added uncertainty in a challenging market. The Government's tightening of the contracting rules effective from 1 April 2023 also constitutes a challenge for AF Gruppen's Norwegian business, both directly and indirectly through our subcontractors.

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. According to the Norwegian Building Industry Association, the potential for energy efficiency is 10TWh throughout Norway, which will provide good market opportunities for AF's energy business.

The Energy and Environment business area encompasses AF's energy services related to land-based operations, as well as services related to demolition and recycling onshore in Norway. The activities of the business area are closely related to the construction market, where the level of new building starts will affect the market for demolition and recycling services. Demand for energy and other environmental-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.

AF's offshore climate control business (HVAC) as well as maintenance and modifications, also has a better market outlook. Electrification of the marine sector and installations on the Norwegian shelf provides new market opportunities. The carbon tax is NOK 952 per tonne in 2023, and the "Climate Plan for 2021-2030" white paper has signaled that it will be increased to NOK 2,000/tonne in 2030. This can help accelerate the rate of electrification.

Offshore services for the removal and recycling of decommissioned oil platforms solve a significant societal challenge. The aim is to recycle as much of the materials from the decommissioned offshore platforms as possible. The recycling of steel from decommissioned oil platforms

is a significant contribution to reducing greenhouse gas emissions compared with ordinary steel production.

The run-down of petroleum activities on a global basis, with approximately 10,000 platforms in operation, provides great potential for AF Gruppen's decommissioning operations. During the 2022-2031 period, the British trade association Offshore Energies UK (OEUK) anticipates that two million tonnes of oil and gas installations will be removed from the North Sea. The market for removing offshore installations has long been characterised by postponements. At the same time, it is now expected that several large portfolios of oil platforms will be demolished over the next decade.

The growth in offshore wind expansion will create pressure on available vessels and port facilities. This may lead to higher prices for offshore decommissioning. Increased investment in offshore wind can also provide new market opportunities for AF's business.

Byggföretagen reports that building investments in Sweden (excluding civil engineering investments) amounted to

SEK 491.5 billion in 2022, and expects this to decrease to SEK 409.5 billion (-16.7 per cent) in 2023, primarily in connection with the residential segment.

The Swedish residential property market had a moderate price development during the first quarter. At the end of March, Svensk Mäklarstatistik reported a 11.0 per cent price decrease for apartments and a 13.1 per cent decrease for detached houses since the previous year. As a result of high inflation, the central bank of Sweden decided in April to increase the key rate by 0.50 percentage points, from 3.0 per cent to 3.5 per cent.

Oslo, 11 May 2023

Board of Directors of AF Gruppen ASA

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Financial information



Construction City. Photo: Catchlight

CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	1Q 23	1Q 22	2022
Operating and other revenue	7,393	6,809	31,205
Subcontractors	-3,879	-3,498	-16,554
Cost of materials	-1,263	-1,255	-5,346
Payroll costs	-1,485	-1,342	-5,487
Operating expenses ex. depreciation and impairment	-655	-420	-2,072
Net gains (losses) and profit (loss) from associates	35	52	190
EBITDA	146	345	1,937
Depreciation and impairment of tangible fixed assets	-52	-49	-209
Depreciation and impairment of right of use assets	-79	-81	-317
Depreciation and impairment of intangible assets	-	-	-2
Earnings before financial items and tax (EBIT)	15	215	1,409
Net financial items	-2	-6	-10
Earnings before tax (EBT)	13	209	1,400
Income tax expense	-3	-30	-248
Net income for the period	10	179	1,151
Attributable to:			
Shareholders in the Parent Company	-3	149	958
Non-controlling interests	13	29	193
Net income for the period	10	179	1,151
Earnings per share (NOK)	-0.03	1.40	8.96
Diluted earnings per share (NOK)	-0.03	1.39	8.96
Key figures	1Q 23	1Q 22	2022
EBITDA margin	2.0 %	5.1 %	6.2 %
Operating profit margin	0.2 %	3.2 %	4.5 %
Profit margin	0.2 %	3.1 %	4.5 %
Return on capital employed (ROaCE) ¹⁾	26.8 %	35.4 %	31.6 %
Return on equity	29.4 %	35.4 %	34.0 %
Equity ratio	22.8 %	26.8 %	24.2 %
Net interest-bearing debt (receivables) ²⁾	570	-371	329
Capital employed ³⁾	5,071	4,593	4,900
Order backlog	41,668	42,697	39,765

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

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

³⁾ Capital employed = Equity + interest-bearing debt

STATEMENT OF COMPREHENSIVE INCOME

NOK million	1Q 23	1Q 22	2022
Net income for the period	10	179	1,151
Net actuarial gains and losses	-	-	2
Currency translation differences non-controlling int.	6	-7	-6
Items that will not be reclassified to income statement in subsequent periods	6	-7	-5
Net cash flow hedges	-29	1	4
Currency translation differences shareholders of the	71	-40	-35
Items that may be reclassified to income statement in subsequent periods	42	-40	-31
Other comprehensive income for the period	48	-48	-36
Total comprehensive income for the period	58	133	1,116
Attributable to:			
- Shareholders of the parent	39	111	929
- Non-controlling interests	19	22	187
Total comprehensive income for the period	58	133	1,116

EQUITY

NOK million	Paid-in capital	Translation differences	Actuarial pension gain/ (loss)	Cash flow hedge	Retained earnings	Attributable to share-holders	Non-controlling interests	Total equity
As at 31 December 2021	506	16	-20	-22	2,174	2,654	918	3,572
Comprehensive income	-	-40	-	1	149	110	22	133
Capital increase	40	-	-	-	-	40	-	40
Purchase of treasury shares	-	-	-	-	-40	-40	-	-40
Sale of treasury shares	-	-	-	-	10	10	-	10
Dividend paid	-	-	-	-	-	-	-56	-56
Share-based remuneration	7	-	-	-	-	7	1	8
Put options for non-controlling interests	-	-	-	-	4	4	-	4
Addition from acquisition of subsidiaries	-	-	-	-	-	-	14	14
Transactions with non-controlling interests	-	-	-	-	-83	-83	37	-46
As at 31 March 2022	553	-24	-20	-21	2,215	2,703	936	3,639
As at 31 December 2022	682	-19	-19	-18	1,950	2,575	918	3,494
Comprehensive income	-	71	-	-29	-3	39	19	58
Capital increase	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-18	-18	-	-18
Sale of treasury shares	-	-	-	-	11	11	-	11
Dividend paid	-	-	-	-	-	-	-63	-63
Share-based remuneration	7	-	-	-	-	7	1	8
Put options for non-controlling interests	-	-	-	-	-10	-10	-	-10
Addition from acquisition of subsidiaries	-	-	-	-	-	-	3	3
Transactions with non-controlling interests	-	-	-	-	4	4	-29	-25
As at 31 March 2023	689	52	-19	-47	1,933	2,608	850	3,458

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	31/03/23	31/03/22	31/12/22
Tangible fixed assets	1,469	1,429	1,462
Right of use assets	895	787	859
Intangible assets	4,533	4,456	4,461
Investment in associates and joint ventures	507	632	490
Deferred tax asset	131	8	76
Interest-bearing receivables	315	284	268
Pension plan and other financial assets	9	13	13
Total non-current assets	7,859	7,608	7,630
Inventories	304	222	301
Projects for own account	159	47	158
Trade receivables and contract assets	6,125	4,657	5,557
Interest-bearing receivables	51	67	44
Derivatives	4	-	-
Cash and cash equivalents	677	974	765
Total current assets	7,320	5,967	6,827
Total assets	15,180	13,574	14,457
Equity attributable to shareholders of the parent	2,608	2,703	2,575
Non-controlling interests	850	936	918
Total equity	3,458	3,639	3,494
Interest-bearing debt	77	90	75
Interest-bearing debt - lease liability	649	587	607
Retirement benefit obligations	3	6	3
Provisions	135	113	117
Deferred tax	430	580	445
Derivatives	28	4	2
Total non-current liabilities	1,323	1,381	1,250
Interest-bearing debt	603	9	433
Interest-bearing debt - lease liability	284	267	290
Trade payables and other short-term debt	8,361	7,467	7,969
Derivatives	36	35	20
Provisions	705	604	585
Tax payable	409	172	416
Total current liabilities	10,399	8,554	9,713
Total liabilities	11,721	9,935	10,963
Total equity and liabilities	15,180	13,574	14,457

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	1Q 23	1Q 22	2022
Earnings before financial items and tax (EBIT)	15	215	1,409
Depreciation, amortisation and impairment	131	130	528
Change in net working capital	-63	421	-43
Income taxes paid	-81	-115	-299
Net gains (losses) and profit (loss) from associates	-35	-52	-190
Other adjustments	8	8	55
Cash flow from operating activities	-24	607	1,460
Net investments	-77	-34	67
Cash flow before financing activities	-101	573	1,527
Share issue	-	-	85
Dividends paid to shareholders in the Parent Company	-	-	-1,125
Dividends paid to non-controlling interests	-53	-56	-240
Transactions with non-controlling interests	-23	-38	-135
Sale (purchase) of treasury shares	-7	-30	-9
Borrowings (repayment) of debt	69	-127	29
Interest and other financial expenses paid	-19	-12	-41
Cash flow from financing activities	-33	-263	-1,437
Change in cash and cash equivalents with cash effect	-134	310	90
Net cash and cash equivalents at the beginning of	765	680	680
Change in cash and cash equivalents without cash	45	-17	-4
Net cash and cash equivalents at the end of period	677	974	765

BUSINESS AREAS

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

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

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

Civil Engineering

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	1,356	1,141	5,370
Internal operating and other revenue	95	100	549
Total operating and other revenue	1,451	1,242	5,919
EBITDA	122	129	636
Earnings before financial items and tax (EBIT)	77	84	445
Earnings before tax (EBT)	78	83	440
EBITDA-margin	8.4 %	10.4 %	10.7 %
Operating margin	5.3 %	6.7 %	7.5 %
Profit margin	5.4 %	6.7 %	7.4 %
Assets	3,572	2,614	3,546
Order backlog	17,517	12,425	15,368

Construction

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	2,558	2,466	10,992
Internal operating and other revenue	33	15	98
Total operating and other revenue	2,591	2,481	11,090
EBITDA	73	39	410
Earnings before financial items and tax (EBIT)	51	18	322
Earnings before tax (EBT)	46	17	318
EBITDA-margin	2.8 %	1.6 %	3.7 %
Operating margin	2.0 %	0.7 %	2.9 %
Profit margin	1.8 %	0.7 %	2.9 %
Assets	4,859	4,631	4,887
Order backlog	9,342	13,211	10,045

Betonmast

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	1,206	1,243	5,142
Internal operating and other revenue	-	-	2
Total operating and other revenue	1,206	1,243	5,145
EBITDA	39	29	190
Earnings before financial items and tax (EBIT)	34	23	166
Earnings before tax (EBT)	40	20	174
EBITDA-margin	3.3 %	2.4 %	3.7 %
Operating margin	2.8 %	1.8 %	3.2 %
Profit margin	3.3 %	1.6 %	3.4 %
Assets	3,209	3,400	3,257
Order backlog	5,115	6,258	4,415

Property

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	10	6	30
Internal operating and other revenue	-	-	-
Total operating and other revenue	10	6	30
EBITDA	-1	2	75
Earnings before financial items and tax (EBIT)	-1	2	75
Earnings before tax (EBT)	1	3	82
EBITDA-margin	-	-	-
Operating margin	-	-	-
Profit margin	-	-	-
Assets	701	688	660
Order backlog	-	-	-

Energy and Environment

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	276	222	988
Internal operating and other revenue	11	15	74
Total operating and other revenue	287	237	1,062
EBITDA	27	28	150
Earnings before financial items and tax (EBIT)	11	12	84
Earnings before tax (EBT)	13	11	82
EBITDA-margin	9.4 %	11.7 %	14.2 %
Operating margin	3.7 %	4.9 %	7.9 %
Profit margin	4.4 %	4.5 %	7.7 %
Assets	708	612	733
Order backlog	694	763	640

Sweden

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	1,921	1,585	7,438
Internal operating and other revenue	7	1	7
Total operating and other revenue	1,927	1,585	7,445
EBITDA	-145	61	193
Earnings before financial items and tax (EBIT)	-162	46	130
Earnings before tax (EBT)	-163	44	127
EBITDA-margin	-7.5 %	3.9 %	2.6 %
Operating margin	-8.4 %	2.9 %	1.7 %
Profit margin	-8.5 %	2.8 %	1.7 %
Assets	3,113	2,760	2,712
Order backlog	7,645	8,531	7,638

Offshore

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	244	184	1,236
Internal operating and other revenue	-	-	1
Total operating and other revenue	244	185	1,238
EBITDA	25	26	194
Earnings before financial items and tax (EBIT)	18	17	164
Earnings before tax (EBT)	16	16	160
EBITDA-margin	10.3 %	13.9 %	15.7 %
Operating margin	7.2 %	9.4 %	13.2 %
Profit margin	6.4 %	8.6 %	12.9 %
Assets	1,022	923	1,003
Order backlog	1,625	1,583	1,694

Other Segments (Group)

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	17	14	59
Internal operating and other revenue	12	12	48
Total operating and other revenue	29	26	107
EBITDA	19	11	40
Earnings before financial items and tax (EBIT)	1	-5	-24
Earnings before tax (EBT)	-6	-4	-31
Assets	1,965	1,650	2,175
Order backlog	-	-	-

Eliminations

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	-81	-2	152
Internal operating and other revenue	-158	-143	-779
Total operating and other revenue	-240	-145	-627
EBITDA	-2	-2	33
Earnings before financial items and tax (EBIT)	-2	-2	33
Earnings before tax (EBT)	-1	-2	33
Assets	-3,894	-3,640	-4,448
Order backlog	-461	-297	-410

GAAP adjustments (IFRS 15)

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	-112	-50	-203
Internal operating and other revenue	-	-	-
Total operating and other revenue	-112	-50	-203
EBITDA	-10	21	15
Earnings before financial items and tax (EBIT)	-10	21	15
Earnings before tax (EBT)	-10	21	15
Assets	-76	-64	-67
Order backlog	193	222	375

Segment total

NOK million	1Q 23	1Q 22	2022
External operating and other revenue	7,393	6,809	31,205
Internal operating and other revenue	-	-	-
Total operating and other revenue	7,393	6,809	31,205
EBITDA	146	345	1,937
Earnings before financial items and tax (EBIT)	15	215	1,409
Earnings before tax (EBT)	13	209	1,400
EBITDA-margin	2.0 %	5.1 %	6.2 %
Operating margin	0.2 %	3.2 %	4.5 %
Profit margin	0.2 %	3.1 %	4.5 %
Assets	15,180	13,574	14,457
Order backlog	41,668	42,697	39,765

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 Oslo Børs under the ticker symbol AFG.

This summary of financial information for the 1st quarter 2023 has not been audited.

2. BASIS OF PREPARATION

The consolidated accounts for AF Gruppen encompass AF Gruppen ASA and its subsidiaries, joint ventures and associated companies. The consolidated financial statements for the 1st quarter 2023 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

There were no material changes to the Group's structure during the year.

4. ACCOUNTING POLICIES

Effect of IFRS 16 lease liability

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

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

Consolidated statement of income – Effect of IFRS 16

NOK million	1Q 23			1Q 22			2022		
	less IFRS 16	Effect of IFRS 16	1Q 23	less IFRS 16	Effect of IFRS 16	1Q 22	less IFRS 16	Effect of IFRS 16	2022
Operating expenses excl. depr. and impairment	-725	70	-655	-496	75	-420	-2,368	296	-2,072
EBITDA	76	70	146	270	75	345	1,640	296	1,937
Depr. and impairment of right of use assets	-14	-65	-79	-10	-71	-81	-40	-276	-317
Earnings before financial items and tax (EBIT)	9	6	15	210	5	215	1,389	20	1,409
Net financial items	3	-5	-2	-2	-4	-6	8	-18	-10
Earnings before tax (EBT)	12	-	13	208	1	209	1,397	2	1,400
Income tax expense	-3	-	-3	-30	-	-30	-248	-1	-248
Net income for the period	10	-	10	178	1	179	1,150	2	1,151

Consolidated statement of financial position – Effect of IFRS 16

NOK million	31.03.23			31.03.22			31.12.22		
	less IFRS 16	Effect of IFRS 16	31.03.23	less IFRS 16	Effect of IFRS 16	31.03.22	less IFRS 16	Effect of IFRS 16	2022
Right of use assets	240	655	895	231	556	787	233	627	859
Total assets	14,525	655	15,180	13,018	556	13,574	13,830	627	14,457
Total equity	3,479	-21	3,458	3,661	-22	3,639	3,514	-20	3,494
Interest-bearing debt - lease liability (non-current)	168	480	649	172	415	587	140	467	607
Deferred tax	435	-5	430	586	-5	580	450	-5	445
Interest-bearing debt - lease liability (current)	44	241	284	38	230	267	64	226	290
Total equity and liabilities	14,525	655	15,180	13,018	556	13,574	13,830	627	14,457
Equity ratio	24.0 %	-	22.8 %	28.1 %	-	26.8 %	25.4 %	-	24.2 %
Gross interest-bearing debt	892	721	1,613	309	645	954	713	693	1,406
Net interest-bearing debt (receivables)	-151	721	570	-1,015	645	-371	-364	693	329

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, Property and Sweden segments. 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 -10 million (21 million) for the 1st quarter 2023. The effect on equity was NOK -83 million (-66 million), and the accumulated reversed revenues were NOK 193 million (222 million) as at 31 March 2023.

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

Property projects for own account	AF's construction value ¹⁾	Number of housing units			Construction period		Ownership share AF
		Total number	Hereof transferred in 2022	Hereof completed not transf.	Start up	Completion	
Lilleby Triangel B4, Trondheim	51	54	1	-	Q3 2019	Q2 2021	33%
Brøter Terrasse, Lillestrøm	-	78	1	5	Q3 2020	Q4 2022	35%
Total completed in 2021 - Property²⁾	51	132	2	5			
Kosterbaden Fritid, Koster	-	20	-	13	-	-	100%
Snipetorp, Skien	-	16	-	4	Q3 2018	Q2 2020	50%
Lietorvet II, Skien	-	26	-	1	Q3 2019	Q4 2021	25%
2317 Sentrumskvartalet A-B, Hamar	172	73	1	2	Q2 2020	Q1 2022	50%
2317 Sentrumskvartalet C, Hamar	54	23	-	4	Q2 2021	Q3 2022	50%
Klosterøya Vest 4, Skien	-	44	14	-	Q1 2021	Q3 2022	24%
Total completed earlier years - Betonmast²⁾	226	202	15	24			
Stadsgården 2, Halmstad	69	42	1	-	Q4 2021	Q3 2022	50%
Total completed earlier years - Sweden²⁾	69	42	1	-			
2317 Sentrumskvartalet D, Hamar	59	25	19	6	Q3 2021	Q1 2023	50%
Klosterøya Vest 4, Skien	-	25	11	14	Q2 2021	Q1 2023	24%
Total completed in 2022 - Betonmast segment	59	50	30	20			
Kråkehaugen, Bergen (LAB Eiendom)	185	55	-	-	Q2 2021	Q2 2023	50%
Fyrstikkbakken, Oslo	370	159	-	-	Q2 2021	Q4 2023	50%
Skårersletta Midt 1 og 2, Lørenskog	409	169	-	-	Q3 2021	Q1 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%
Baneveien, Bergen (LAB Eiendom)	17	1	-	-	Q2 2022	Q1 2024	50%
Skårersletta Midt 3 og 4, Lørenskog	305	126	-	-	Q4 2022	Q3 2024	50%
Rolvrsrud Arena trinn 2, Lørenskog	277	99	-	-	Q4 2022	Q1 2025	33%
Total in production - Property segment	1,853	940	-	-			
SPG Bostader Linden, Strömstad ³⁾	148	162	-	-	Q4 2021	Q3 2023	45%
SPG Bostader Häggen, Strömstad ³⁾	86	94	-	-	Q2 2022	Q4 2023	45%
Total in production - Betonmast segment	234	256	-	-			
BRF Prefekten, Mölndal	125	83	-	-	Q4 2021	Q1 2024	50%
Total in production - Sweden segment	125	83	-	-			

¹⁾ NOK million excl. VAT

²⁾ Only projects with not sold or not transferred units as at year end 2022 are included.

³⁾ 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.



Holmängens ARV, Vänersborg. Photo: Jesper Anhede

ALTERNATIVE PERFORMANCE MEASURES

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

Return on capital employed (ROaCE):

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

The alternative performance targets are defined as follows:

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

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

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

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

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

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

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

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

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

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

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

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

Return on equity: Net income divided by average shareholders' equity.

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

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

NOK million	31/03/23	31/03/22	31/12/22
GROSS INTEREST-BEARING DEBT / NET INTEREST-BEARING DEBT			
Non-current interest-bearing debt	77	90	75
Non-current interest-bearing debt - lease liability	649	587	607
Current interest-bearing debt	603	9	433
Current interest-bearing debt - lease liability	284	267	290
Gross interest-bearing debt	1,613	954	1,406
Less:			
Non-current interest-bearing receivables	-315	-284	-268
Current interest-bearing receivables	-51	-67	-44
Cash and cash equivalents	-677	-974	-765
Net interest-bearing debt (receivables)	570	-371	329

NOK million	31/03/23	31/03/22	31/12/22
CAPITAL EMPLOYED			
Shareholders' equity	3,458	3,639	3,494
Gross interest-bearing debt	1,613	954	1,406
Capital employed	5,071	4,593	4,900
AVERAGE CAPITAL EMPLOYED			
Capital employed as at 2nd quarter 2021	-	4,231	-
Capital employed as at 3rd quarter 2021	-	4,489	-
Capital employed as at 4th quarter 2021	-	4,571	-
Capital employed as at 1st quarter 2022	-	4,593	4,593
Capital employed as at 2nd quarter 2022	4,366	-	4,366
Capital employed as at 3rd quarter 2022	4,385	-	4,385
Capital employed as at 4th quarter 2022	4,900	-	4,900
Capital employed as at 1st quarter 2023	5,071	-	-
Average capital employed	4,680	4,471	4,561
RETURN ON CAPITAL EMPLOYED			
Earnings before tax 2nd quarter 2021	-	356	-
Earnings before tax 3rd quarter 2021	-	344	-
Earnings before tax 4th quarter 2021	-	635	-
Earnings before tax 1st quarter 2022	-	209	209
Earnings before tax 2nd quarter 2022	426	-	426
Earnings before tax 3rd quarter 2022	263	-	263
Earnings before tax 4th quarter 2022	502	-	502
Earnings before tax 1st quarter 2023	13	-	-
Earnings before tax last four quarters	1,204	1,543	1,400
Interest expense 2nd quarter 2021	-	10	-
Interest expense 3rd quarter 2021	-	19	-
Interest expense 4th quarter 2021	-	-2	-
Interest expense 1st quarter 2022	-	10	10
Interest expense 2nd quarter 2022	8	-	8
Interest expense 3rd quarter 2022	10	-	10
Interest expense 4th quarter 2022	15	-	15
Interest expense 1st quarter 2023	20	-	-
Interest expense last four quarters	53	37	43
Earnings before tax and interest expense last four quarters	1,256	1,581	1,442
Divided by:			
Average capital employed	4,680	4,471	4,561
Return on capital employed	26.8 %	35.4 %	31.6 %

NOK million	31/03/23	31/03/22	31/12/22
EQUITY RATIO			
Shareholders' equity	3,458	3,639	3,494
Divided by:			
Total equity and liabilities	15,180	13,574	14,457
Equity ratio	22.8 %	26.8 %	24.2 %
AVERAGE SHAREHOLDERS' EQUITY			
Shareholder's equity as at 2nd quarter 2021	-	3,117	-
Shareholder's equity as at 3rd quarter 2021	-	3,378	-
Shareholder's equity as at 4th quarter 2021	-	3,572	-
Shareholder's equity as at 1st quarter 2022	-	3,639	3,639
Shareholder's equity as at 2nd quarter 2022	3,126	-	3,126
Shareholder's equity as at 3rd quarter 2022	3,286	-	3,286
Shareholder's equity as at 4th quarter 2022	3,494	-	3,494
Shareholder's equity as at 1st quarter 2023	3,458	-	-
Average shareholders' equity	3,341	3,427	3,386
RETURN ON EQUITY			
Net income 2nd quarter 2021	-	279	-
Net income 3rd quarter 2021	-	270	-
Net income 4th quarter 2021	-	486	-
Net income 1st quarter 2022	-	179	179
Net income 2nd quarter 2022	337	-	337
Net income 3rd quarter 2022	207	-	207
Net income 4th quarter 2022	428	-	428
Net income 1st quarter 2023	10	-	-
Net income for the last four quarters	983	1,214	1,151
Divided by:			
Average equity	3,341	3,427	3,386
Return on equity	29.4 %	35.4 %	34.0 %

COMPANY INFORMATION

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Norway

Company's Board of Directors

Pål Egil Rønn, Board Chairman

Hege Børmark

Kristian Holth

Saloume Djoudat

Erik Veiby

Hilde Kristin Herud

Arne Baumann

Arne Sveen

Hilde W. Flaen

Espen Jahr

Corporate Management

Amund Tøftum, CEO

Anny Øen, CFO

Geir Flåta, EVP Civil Engineering and Property

Bård Frydenlund, EVP Sweden and Betonmast

Eirik Wraal, EVP Construction, Energy and environment, Corporate social responsibility

Tormod Solberg, EVP Construction

Lars Myhre Hjelmeseth, EVP Offshore

Financial calendar

Presentation of interim accounts:

12/05/2023 Interim report 1st quarter 2023
25/08/2023 Interim report 2nd quarter 2023
10/11/2023 Interim report 3rd quarter 2023

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

Cover: Statpipe New Landfall

Photo: Hans Fredrik Asbjørnsen

OPERATIONAL STRUCTURE



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