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# WE ARE BUILDING FOR THE FUTURE

ANNUAL REPORT 2023

AF Gruppen is a leading contracting and industrial group forged from an entrepreneurial spirit and an ability to execute. We provide services in the areas of Civil Engineering, Construction, Energy and Environment, Property and Offshore, primarily in Norway and Sweden. AF creates value for its employees, customers and owners, while helping to solve important social challenges. In brief, we clear the past, and build for the future.

AF Gruppen aims to be the Nordic region's most profitable contractor by preserving and strengthening the foundation of AF Gruppen: a value-based corporate culture and an uncompromising attitude towards safety and ethics. Ambitious goals have been set for the strategy period 2021–2024, and the objective is to achieve revenue of NOK 40 billion, have an operating margin of 7 per cent and zero work-related absences and serious personal injuries. To continue profitable growth, AF Gruppen will select the right projects, aim to attract, develop and retain the best talent, and contribute to solving social challenges through curiosity and our ability to execute.

REVENUES

NOK MILLION  
**30,530**

EQUITY RATIO

**21.9%**

EBIT

NOK MILLION  
**749**

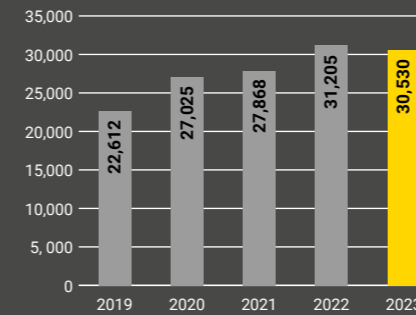
LTI-1 RATE

**0.8**

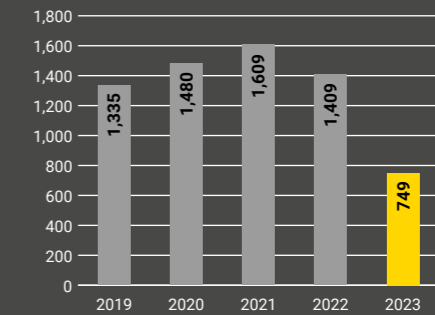
OPERATING MARGIN

**2.5%**

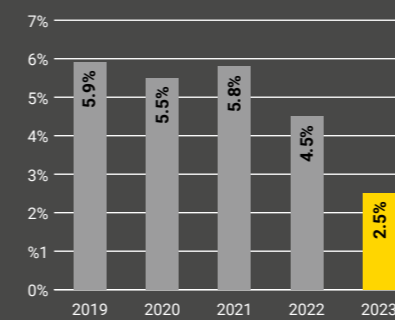
REVENUES (NOK MILLION)



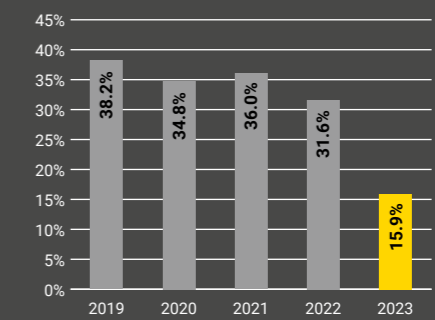
EARNINGS BEFORE INTEREST AND TAXES (NOK MILLION)



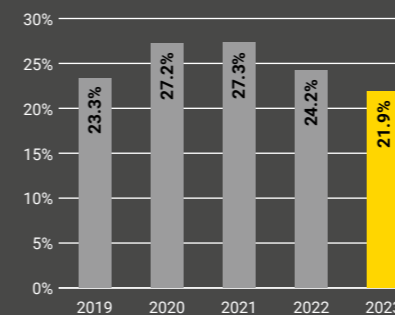
OPERATING MARGIN



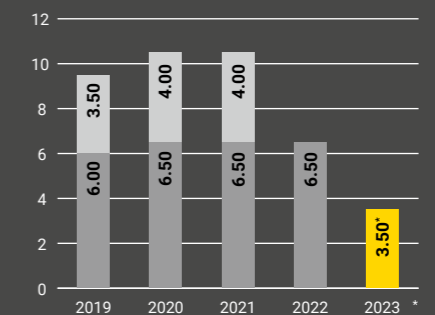
RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)



EQUITY RATIO

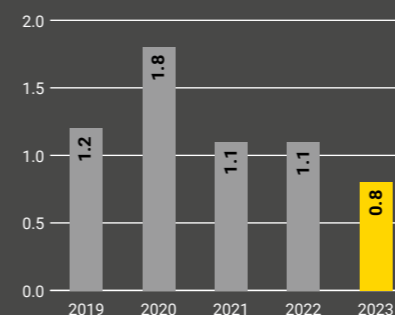


DIVIDEND PER SHARE (NOK)

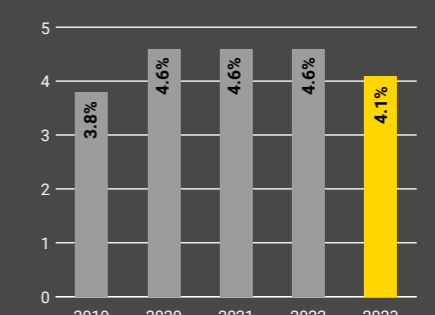


\* Dividend to be distributed in the first half of 2024 is proposed, not approved

LTI-1 RATE



ABSENCE DUE TO ILLNESS



## FINANCIAL RATIOS

Year	2023	2022	2021	2020	2019
<b>REVENUES (NOK MILLION)</b>					
Operating and other revenue	30,530	31,205	27,868	27,025	22,612
Order backlog	41,991	39,765	38,646	30,617	28,200
Order intake	32,756	32,324	35,897	29,442	29,271
<b>EARNINGS (NOK MILLION)</b>					
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,325	1,937	2,176	2,053	1,882
Depreciation and write-downs	-576	-528	-567	-573	-547
Earnings before interest and tax (EBIT)	749	1,409	1,609	1,480	1,335
Earnings before tax (EBT)	700	1,400	1,580	1,447	1,317
Earnings after tax	515	1,151	1,229	1,158	1,027
<b>PROFITABILITY</b>					
EBITDA-margin (%)	4.3	6.2	7.8	7.6	8.3
Operating margin (%)	2.5	4.5	5.8	5.5	5.9
Profit margin (%)	2.3	4.5	5.7	5.4	5.8
Return on equity (%)	16.4	34.0	36.1	36.6	43.7
Return on average capital employed (ROaCE) (%)	15.9	31.6	36.0	34.8	38.2
Economic Value Added (NOK Million)	144	736	839	788	735
Cash flow from operations (NOK million)	1,552	1,460	1,415	1,189	1,508
<b>BALANCE SHEET (NOK MILLION)</b>					
Total assets	14,647	14,457	13,108	12,862	12,854
Shareholders' equity	3,203	3,494	3,572	3,494	2,999
Capital employed	4,540	4,900	4,571	4,621	4,183
Average capital employed	5,032	4,561	4,491	4,313	3,603
Equity ratio	21.9	24.2	27.3	27.2	23.3
Equity ratio excluding the effect of IFRS 16	23.2	25.4	28.7	29.0	25.3
Gross interest-bearing liabilities	1,337	1,406	999	1,127	1,184
Net interest-bearing liabilities (receivables)	641	329	-29	-90	163
<b>THE SHARE</b>					
Shareprice	124.20	143.80	193.60	175.60	176.00
No. of shares	108,532,000	107,702,000	106,804,500	105,998,497	103,065,277
Market value (NOK million)	13,480	15,488	20,677	18,613	18,139
Earnings per share (NOK)	3.73	8.96	9.60	9.29	8.51
Diluted earnings per share (NOK)	3.73	8.96	9.57	9.27	8.46
Dividend per share first half of the year (NOK 1)	3.50	6.50	6.50	6.50	6.00
Dividend per share second half of the year (NOK)	-	-	4.00	4.00	3.50
<sup>1)</sup> Dividend to be distributed in the first half of 2024 is proposed, not approved.					
<b>PERSONNEL</b>					
Number of salaried employees	2,578	2,555	2,580	2,602	2,638
Number of skilled employees	3,335	3,420	2,833	2,908	2,898
Total number of employees	5,913	5,975	5,413	5,510	5,536
LTI-1 rate	0.8	1.1	1.1	1.8	1.2
Absence due to illness (%)	4.1	4.6	4.6	4.6	3.8
<b>EXTERNAL ENVIRONMENT</b>					
Carbon footprint	1.2	1.1	1.3	1.6	2.0
Source separation rate – building (%)	84	86	88	88	84
Source separation rate – renovation (%)	87	89	90	87	90
Source separation rate – demolition (%)	96	95	96	96	95
Total amount source separation in tonnes	287,588	278,172	294,776	400,995	339,221

For definitions of key figures, see the description of alternative performance measures on page 230 and the definitions on page 232.

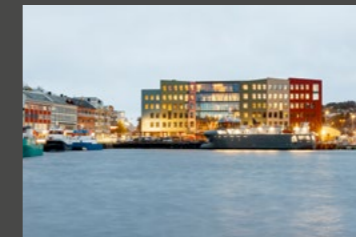
### ELECTRIC FERRIES IN WESTERN NORWAY

Innovative solution removes excess heat when charging. Pages 8 and 20



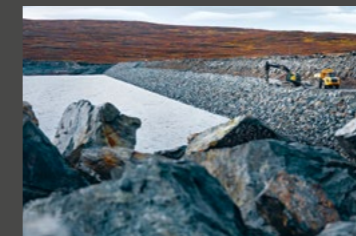
### NEW ARENA FOR EDUCATION

Energy-efficient buildings house Kristiansund's new knowledge centre. Page 28



### ENSURING FUTURE ENERGY SUPPLY

Renovations and upgrading of Nesjødammen. Page 74



### A CARING RESIDENCY

High-tech nursing home for residents with cognitive impairment. Page 106



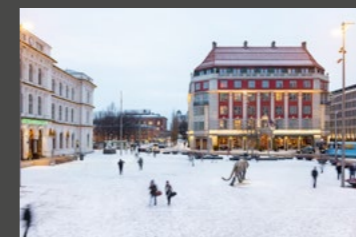
### WASTEWATER TREATMENT

Modernisation of wastewater treatment plant in Sweden. Page 128



### HISTORICAL RESTORATIONS

Landmark preservation through the use of traditional craftsmanship and respect for history. Page 148



# CONTENT

<b>01</b>	<b>ABOUT AF GRUPPEN</b>
02	The CEO
04	Highlights
06	Our business
18	Risk management
22	Strategy
<b>30</b>	<b>CORPORATE SOCIAL RESPONSIBILITY</b>
32	Corp. social responsibility in AF
34	Climate and Environment
44	Climate risks and opportunities (TCFD)
51	EU taxonomy
62	Social conditions
70	Corporate governance
<b>76</b>	<b>BUSINESS AREAS</b>
78	Civil Engineering
82	Construction
86	Betonmast
90	Property
94	Energy and Environment
98	Sweden
102	Offshore
<b>108</b>	<b>SHAREHOLDER INFORMATION</b>
110	Corporate Management Team
112	Board of Directors
114	Corporate governance
124	The share
<b>130</b>	<b>BOARD OF DIRECTOR'S REPORT</b>
132	Board of Directors' Report
<b>150</b>	<b>FINANCIAL STATEMENT</b>
152	Consolidated financial statements
153	Income statement
153	Total comprehensive income
154	Statement of financial position
156	Statement of changes in equity
157	Cash flow statement
158	Notes
214	Annual accounts
215	Income statement
215	Total comprehensive income
216	Statement of financial position
217	Cash flow statement
218	Notes
224	Statement of the Board
225	Auditor's report
230	Alternative performance measures
232	Definitions
233	Addresses

## BUILDING FOR THE FUTURE

CEO Amund Tøftum describes 2023 as a year with highs and lows for AF: The overall profitability was impacted by the unsatisfactory performance of some projects, but large parts of the business have delivered very good results.

One of the most rewarding things I do is to visit our projects. Getting up close and seeing the entrepreneurial spirit and dedication put into our projects is a great inspiration. AF Gruppen completes more than 2,000 large and small projects every year. We build roads, water supply systems, schools, hospitals and more, and structures are demolished and recycled.

The AF culture is characterised by systematic work to safeguard health, protect the environment and uphold safety. Our job is to ensure that everyone can return home safely at the end of the working day, which is why we include both our own employees and employees of subcontractors in our safety statistics. Good safety performance requires us to maintain good risk management practices and a high level of compliance throughout the organisation, and I am glad to see a positive development in this regard in 2023.

2023 was a year with highs and lows for AF. On the one hand, we have delivered very strong results in Construction and Energy and Environment, and profitability has improved for the Construction business area. On the other hand, significant downscaling of project estimates in the former Betonmast Sweden units, Betonmast Boligbygg and one of our offshore projects impacted AF's total profitability. This is unsatisfactory.

2024 is the final year of the current strategy period, with ambitious goals of profitable growth. Through our strategic initiatives, we will increase our competitiveness and promote profitable growth. The impact our projects have on climate and the environment is becoming increasingly

important. We are well positioned and have built leading expertise over time to deliver high quality, cost-effective projects with consideration for the environment. Close collaboration with customers and suppliers is key to finding solutions that meet the needs of the future.

Innovation and the use of digital solutions and artificial intelligence have a natural place in our project activities. In addition, we invest in venture companies that can help shape the construction industry. Current developments contribute to an industry which appeals to young people, both men and women. We have made it a priority to further enhance the attractiveness of the industry. Above all, we aim to showcase both the opportunities the industry can offer, and the exciting projects we in AF are helping to implement.

Our people are our greatest asset. A recent employee satisfaction survey confirmed that AF's employees have a high level of job satisfaction and well-being at work. We believe that job satisfaction and well-being at work creates a commitment that enables us to deliver good and future-proof services together.

The impact of the current geopolitical situation continues to create great uncertainty in the market, and may affect our operations in the time to come. Therefore I am happy to see that we are entering 2024 with a solid order backlog and motivated employees. Our adaptability and drive will ensure that we are well equipped to seize opportunities when the market returns. We look forward to carrying out even more socially beneficial projects in the years ahead.



## HIGHLIGHTS FROM 2023

We have seen many solid project performances over the past year. Here are some examples and milestones that show the breadth and societal benefit of our portfolio.



### Q1 / HASLE TRE AWARDED TO THE WOODEN BUILDING OF THE YEAR

Hasle Tre is an office building made completely out of wood. The building is constructed in such a way that it should be possible to dismantle and reuse the materials in the future. All joints are made with wooden pegs, wooden nails and plywood locking blocks. The building, designed by Oslotre, won the Wooden Building of the Year Award in 2022 during Byggedagene. Höegh Eiendom and AF Eiendom contracted the building, where Redd Barna moved into the building at the beginning of 2023.

### Q2 / SIGNED CONTRACT FOR THE LIFE SCIENCE BUILDING

The Life Sciences Building, which is under construction at Blindern in Oslo, will be a joint facility for leading university and hospital environments within life sciences. AF Energi supplies piping work for the 97,500-square-metre building. The piping contract includes sanitary, heating, fire extinguishing, gas and compressed air, process and comfort cooling systems. After 4.5 years of collaboration, this is the largest contract signed for AF Gruppen's Energy business area to date.



### Q3 / NEW SUBWAY SECTION OPENED

On September 4, the opening of the first new subway section in seven years was celebrated in Oslo. AF Anlegg built the new subway section for Østsjøbanen between the stations Brynseng and Hellerud. Among other things, the project involved the 400-metre long Hellerud tunnel, two new bridges and groundworks for 1.5 kilometer of the new subway line. The old section was built in the 1920s, and was steep and winding, resulting in a lot of wear and tear on the subway trains.

### Q4 / FINAL BLAST ON THE E4 FÖRBIFART STOCKHOLM

We reached a major milestone in October, when the final blasting was completed in the main tunnels of the new highway west of the Swedish capital. E4 Förbifart Stockholm is one of Sweden's largest infrastructure projects of all time. The highway has three lanes in each direction, and is being constructed close to densely populated neighbourhoods, existing roads, nature reserves and the world heritage site Drottningholm. 18 kilometers of the highway is tunneled. AF Anlegg is carrying out tunnel blasting and roadworks underneath the Lovön island, where Drottningholm castle is situated. The project comprises approximately seven kilometres of tunneled highway in two parallel courses as well as six kilometres of ramp tunnels, for a total of about 20 kilometers of tunnel.



# GOALS AND RESULTS

## PROFITABILITY

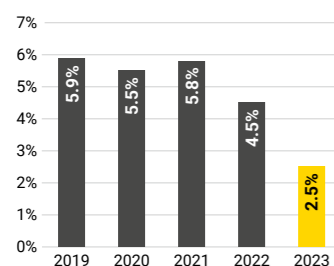
### GOAL

AF shall have an operating margin greater than 5 per cent. The goal for the strategy period leading up to 2024 is to achieve a return on capital employed greater than 20 per cent and increase the operating margin to 7 per cent.

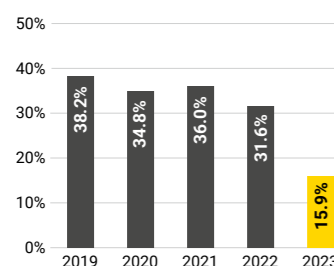
### RESULTS 2023

In 2023, AF had an operating margin of 2.5 per cent and a return on invested capital employed of 15.9 per cent.

#### OPERATING MARGIN



#### RETURN ON AVERAGE CAPITAL EMPLOYED



## FINANCIAL STRENGTH

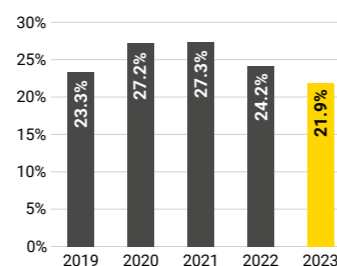
### GOAL

AF's financial strength target is to achieve a minimum equity ratio of 20 per cent and to have sufficient liquidity to cover the Group's current needs at any given time.

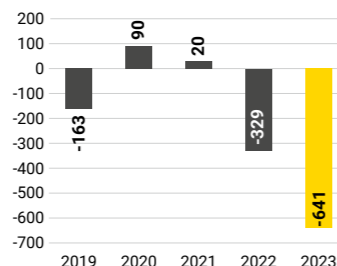
### RESULTS 2023

AF's equity ratio was 21.9 per cent at the end of 2023. The Group had net interest-bearing liabilities of NOK 641 million. Available liquidity as of 31 December 2023, including overdraft facilities with Handelsbanken and DNB, totalled NOK 3,625 million.

#### EQUITY RATIO



#### NET INTEREST-BEARING LIABILITIES (RECEIVABLES) (NOK MILLION)



## DIVIDEND

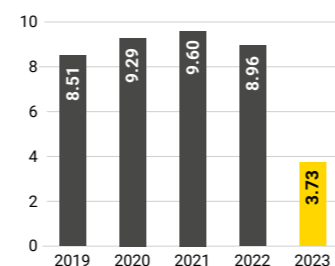
### GOAL

AF's dividend policy is to provide shareholders with a competitive dividend yield. The aim is to distribute a minimum of 50 per cent of the financial results for the year as a dividend per share over time. Dividends are paid out up to twice per year.

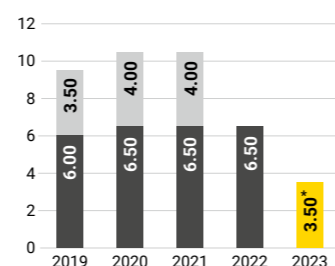
### RESULTS 2023

In 2023, AF paid out a total dividend of NOK 6.50 per share for the 2022 financial year. Earnings per share was NOK 8.96 in 2022. Earnings per share was NOK 3.73 in 2023. For the 2023 financial year, payment of a dividend of NOK 3.50 per share is proposed for the 1st half of 2024.

#### EARNINGS PER SHARE (NOK)



#### DIVIDEND PER SHARE (NOK)



\* The dividend for payment in the first half-year 2024 has been proposed, but not approved

## HEALTH AND SAFETY

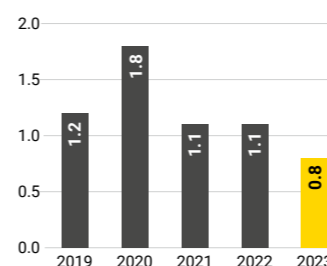
### GOAL

AF's workplace health objective is to achieve zero work-related absences. AF's safety objective is to achieve zero serious injuries and zero lost-time injuries, i.e. an LTI-1 value of zero. The working environment shall be safe for everyone, and therefore we also include figures for those employed by our subcontractors in our injury statistics.

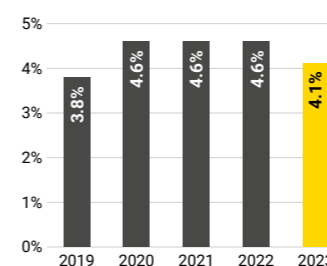
### RESULTS 2023

AF achieved an LTI-1 rate of 0.8 and an absence due to illness rate of 4.1 per cent. The LTI-1 rate represents the most serious injuries, and significant potential for reducing the injury statistics still remains.

#### LTI-1 RATE



#### ABSENCE DUE TO ILLNESS



## CLIMATE AND ENVIRONMENT

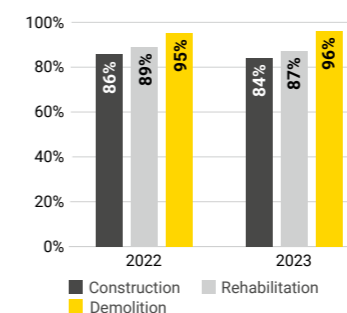
### GOAL

AF shall sort at least 80 per cent of the waste from our projects. By 2030, AF aims to reduce its unsorted waste going to incineration and landfills, as well as greenhouse gas emissions, by half. Both targets apply per service type relative to revenue.

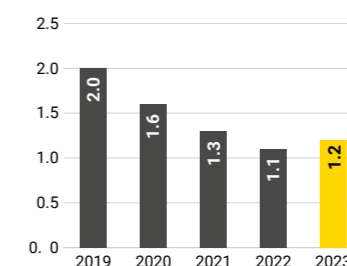
### RESULTS 2023

Our source separation rate in 2023 was 84 per cent for construction, 87 per cent for renovations and 96 per cent for demolition. Our climate footprint for scope 1 and 2 for 2023 was 1.2.

#### SOURCE SEPARATION



#### CARBON FOOTPRINT





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## ELECTRIC FERRIES IN WESTERN NORWAY

Ferries bring people along the coast to their destination and back home again. The next generation of ferries in Norwegian fjords marks a significant step towards a more sustainable future. The transition from diesel to electric operation significantly reduces the environmental impact. Each of the electric ferries operating on the connection Vangsnes-Hella-Dragsvik in Sogn is calculated to reduce CO<sub>2</sub> emissions by approximately 2,000 tonnes per year.

# BUSINESS STRUCTURE

AF is a project-based contracting and industrial group with seven operational business areas: Civil Engineering, Construction, Betonmast, Property, Energy and Environment, Sweden and Offshore.



## CIVIL ENGINEERING

AF is one of Norway's largest actors in the civil engineering market, and the customers include both public and private actors. Its project portfolio includes roads, railways, 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.

## CONSTRUCTION

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 and is mainly located in Eastern Norway and the Bergen region.

## 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 possesses specialist expertise in project development and collaborative contracts. Betonmast also has a property portfolio in Norway.

Revenues (NOK million)	6,776	10,182	4,553
Operating profit (EBIT) (NOK million)	550	396	34
Earnings before tax (EBT) (NOK million)	572	378	58
Operating margin (%)	8.1	3.9	0.7
Profit margin (%)	8.4	3.7	1.3
Order backlog (NOK million)	18,140	9,464	6,203
Order intake (NOK million)	9,548	9,601	6,341
Employees	1,878	1,618	618



## PROPERTY

AF develops, designs and carries out residential and commercial projects in Norway, and activities takes 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.

## ENERGY AND ENVIRONMENT

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. Over 80 per cent of the materials are recycled.

## SWEDEN

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

## OFFSHORE

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.

27	1,417	7,501	1,082
-20	90	-152	-124
-8	96	-160	-139
-	6.3	-2.0	-11.5
-	6.8	-2.1	-12.9
-	1,249	5,128	1,410
-	2,027	4,991	798
21	383	951	247



# OUR HISTORY

## 1980 2010 2020



**ENTREPRENEURIAL SPIRIT**  
The year is 1985. Per Aftreth and Leif Jørgen Moger found Arbeidsfellesskapet, subsequently AF, with a group of former colleagues, supported by an overdraft facility of NOK 20 million. AF targets civil engineering projects. A high level of integrity, thoroughness, hard work and an entrepreneurial spirit result in positive earnings for the company in its first year of operation.



**PROFITABILITY AND GROWTH**  
Our core values quickly contribute to results and larger contracts, and give AF the muscles to look towards the building and property market. In 1997, AF merges with the contractor Ragnar Evensen AS and lays the foundation for the Property business area through acquisitions. AF is listed on Oslo Børs that same autumn.



**NEW MARKETS**  
New acquisitions give AF access to a larger part of the value chain in the civil engineering and construction industry, and AF gains a foothold in Sweden. The entry into the demolition market in the year 2000 starts a new growth adventure for AF through the Energy and Environment business area as well as the Offshore business area.




**LEADING CONTRACTOR**  
AF grows through acquisitions in and outside of Norway. There is also high organic growth, especially in civil engineering and construction. Major acquisitions in the Swedish engineering and construction market lay the foundation for the Sweden business area. The decade is rounded off with the acquisition of Betonmast – AF Gruppen's largest acquisition to date.




**ABILITY TO SUCCEED**  
AF Gruppen consists of more than a hundred companies. Our composite expertise enables us to execute challenging projects. Growth ambitions continue without compromising safety and ethics. AF creates value for employees, customers and owners, and aim to be the Nordic region's most profitable contractor.




**VALUE-BASED CULTURE**  
Our core values are the bedrock of our business and their roots go back to the establishment of AF Gruppen in 1985.




**SAFETY CULTURE AND HSE**  
Experiences of the offshore industry's safety culture lead to the early establishment of HSE systems in our own operations.



**RISK MANAGEMENT AND ENTREPRENEURIAL SPIRIT**  
AF has a systematic approach to risk management, and we shall actively assume risk that we can influence. Seizing opportunities that provide profitability is part of our culture.



**AMBITION FOR GROWTH**  
AF is growing and constantly adding new companies to its portfolio. Culture and values are important selection criteria in acquisition processes.



**THE BEST PEOPLE**  
Our competitiveness comes from our employees. The project "The best people" is established to support our units in the work to increase the proportion of women and diversity. In AF, everyone is of equal value, and everyone should be given equal opportunities.

	1990	2000	2010	2020	2023
Revenue (NOK million)	175	1,426	5,828	27,025	30,530
Share price as of 31.12. (NOK)	-	5.00	40.00	175.60	124.20
Employees as of 31.12.	150	860	1,933	5,510	5,913

# VISION AND VALUES

## OUR CORE VALUES



AF Gruppen is a value-based company and our core values have roots back to the establishment of AF Gruppen in 1985. The core values are the very bedrock of our business and characterise everything we do, and do not do.



### Reliability

Our employees, and particularly our managers, represent the organisation's morals and conscience. All employees have a duty and right to contribute to discussions on important processes or decisions. When decisions are made, they shall be implemented quickly, loyally and efficiently.



### Freedom to exercise entrepreneurship and discipline in accordance with goals and requirements

The operative activities shall be decentralised and have a good balance between freedom and discipline, and allow for employees to see and seize opportunities. We must at the same time exercise discipline so that the creation of value is not at the expense of safety, ethics or other goals and requirements.



### Persistence in achieving profitable growth

AF shall create value through profitable revenue growth. The ability and capacity to operate a growing organisation must be constantly developed. We shall invest in new business areas where we can achieve competitive advantages and keep a commercial mindset in all our business.



### Thoroughness and hard work

We shall have perseverance to ensure thorough preparations, clear decisions, complete execution and reliable documentation. Risk willingness is dependent on flexible employees who can make an extra effort when the situation requires an effort be made.



### Management through presence and involvement

Managers at AF shall set the norms by being present and setting an example. We shall have the ability to prioritise and focus our resources on defined tasks. Whoever is managed is entitled to guidance in their work.

# BUSINESS MODEL



## Value creation for our stakeholders

- |  |   |   |  |
|--|---|---|--|
| <p><b>EMPLOYEES</b></p> <ul style="list-style-type: none"> <li>• A safe workplace for our employees and subcontractors.</li> <li>• A good working environment for our employees as well as opportunities for competence development and co-ownership.</li> </ul> | <p><b>CUSTOMERS</b></p> <ul style="list-style-type: none"> <li>• High quality projects prepared in collaboration with customers and suppliers.</li> </ul> | <p><b>OWNERS</b></p> <ul style="list-style-type: none"> <li>• Good returns for investors through dividends and share price appreciation.</li> </ul> | <p><b>SOCIETY</b></p> <ul style="list-style-type: none"> <li>• Contribution to society's climate battle through the reduction of waste and greenhouse gases that arise as a result of our activities.</li> <li>• Delivery of sustainable services and products required by society.</li> </ul> |
|--|---|---|--|

# SUCCESS FACTORS

Success factors are a key part of the business model. This is the essence of what characterises us as an organisation and the conditions that have to be in place for us to succeed. Our common denominator for goal achievement is our dedicated and capable employees.

## Values-based corporate culture

### PEOPLE CREATE VALUE

AF's corporate culture has been built up over time by motivated and capable employees. We are proud of our culture, and we believe that it is distinguished by ethical conduct, cooperation and dedication. A key ingredient in AF's recipe for success is building our corporate culture on core values so that a uniform perception is established for how AF shall emerge both internally and externally. Corporate culture develops and is refined throughout the entire organisation at any given time, from the CEO to the project organisations. Presence and interaction between the various business units are essential to the creation of a common understanding of who we are. Corporate culture is also an important selection criterion when acquiring new companies, as we see it as crucial to how well we succeed together that the corporate culture of the companies we acquire is consistent with our own.

## Employee ownership

### EMPLOYEES TAKE PART IN JOINT VALUE CREATION

Employee ownership is part of the AF culture, and we search actively for businesses where the employees would like to participate on the ownership side in connection with acquisition processes. When AF Gruppen was established in 1985, one of the aims was for the employees to be given an opportunity to become co-owners. The idea was that as many employees as possible should be able to take part in the increase in value resulting from the joint creation of value and the development of the company. The same philosophy still applies. The offer of employee ownership through share and option programmes contributes to making AF an attractive place to work. The purpose of the programmes is to motivate employees to have a greater, long-term commitment to the business. Employees own shares in AF Gruppen ASA valued at more than NOK 2 billion. In addition to this, there is the value of the non-controlling shares in subsidiaries that are partly owned by employees. Read more about the share and option programme for employees on page 126.

## Decentralised decision-making authority

### MOTIVATED AND QUALIFIED EMPLOYEES ARE GIVEN MANAGERIAL RESPONSIBILITY AND DECISION-MAKING AUTHORITY

AF has a decentralised operating model, and the authority and responsibility lies where value is created. Compliance with AF's goals and requirements is a prerequisite for our decentralised business model. AF's many capable employees are given an opportunity to assume managerial positions at an early stage. We have a goal to develop our managers internally, and over 80 per cent of our managers have risen up the ranks internally. With motivated and qualified employees, it is natural to delegate decision-making authority to those who are closest to the practical challenges. Decision-making authority and autonomy are important in order to challenge the status quo.

## Active risk management

### WE SHALL ACTIVELY ASSUME RISK THAT WE CAN INFLUENCE

AF Gruppen wants to assume 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 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. Read more about how we work systematically with risk management in all our projects and business units on page 18.

# RISK MANAGEMENT – WE SHALL ACTIVELY ASSUME RISK THAT WE CAN INFLUENCE

Risk management is a key tool that enables AF Gruppen to deliver good results over time. AF has a systematic approach to risk management in the projects and the units, during both the tender and the execution phases.

Risk is an uncertain event or action that can have a positive or negative effect on project targets, such as time, cost, scope or quality. AF Gruppen works systematically with risk management in all projects and business units. We desire to actively assume risk that we can influence, and to ensure against or avoid risk that we cannot influence. This approach to risk also contributes to our ability to submit competitive tenders. In addition, we want to have a better decision-making basis and insight before operative decisions are taken in matters with a high level of risk and a broad range of potential outcomes. Risk management has contributed to fewer loss-making projects and increased profitability in general.

## AF'S RISK MANAGEMENT PROCESSES

Risk management and a scenario mentality have become integral parts of all commercial activities of AF Gruppen, involving managers at all levels. A special function for risk management facilitates the necessary processes related to risk.

Targeted efforts have been made to adapt risk management to the various business units. Decision support has been strengthened by making risk information more readily available through a common digital platform.

Risk management at the project level is the foundation of AF's risk work, and it starts already before a project tender is submitted. Various opportunities and threats associated with the project are discussed in the risk review, and various scenarios are considered for 5–10 predefined risk groups. This may, for example, include risk related to our capacity, our experience with the customer, contractual terms and conditions, climate and

the environment and the extent to which the project is in accordance with our strategy and expertise. The aim is not to eliminate risk, but to identify, manage and price risk correctly. For tenders in excess of NOK 100 million, the Executive Vice President for the business area will participate in the risk review, and the Corporate Management Team must approve the tender before it is submitted. Tenders with a contract value in excess of NOK 600 million are also reviewed by the Board of Directors prior to submission.

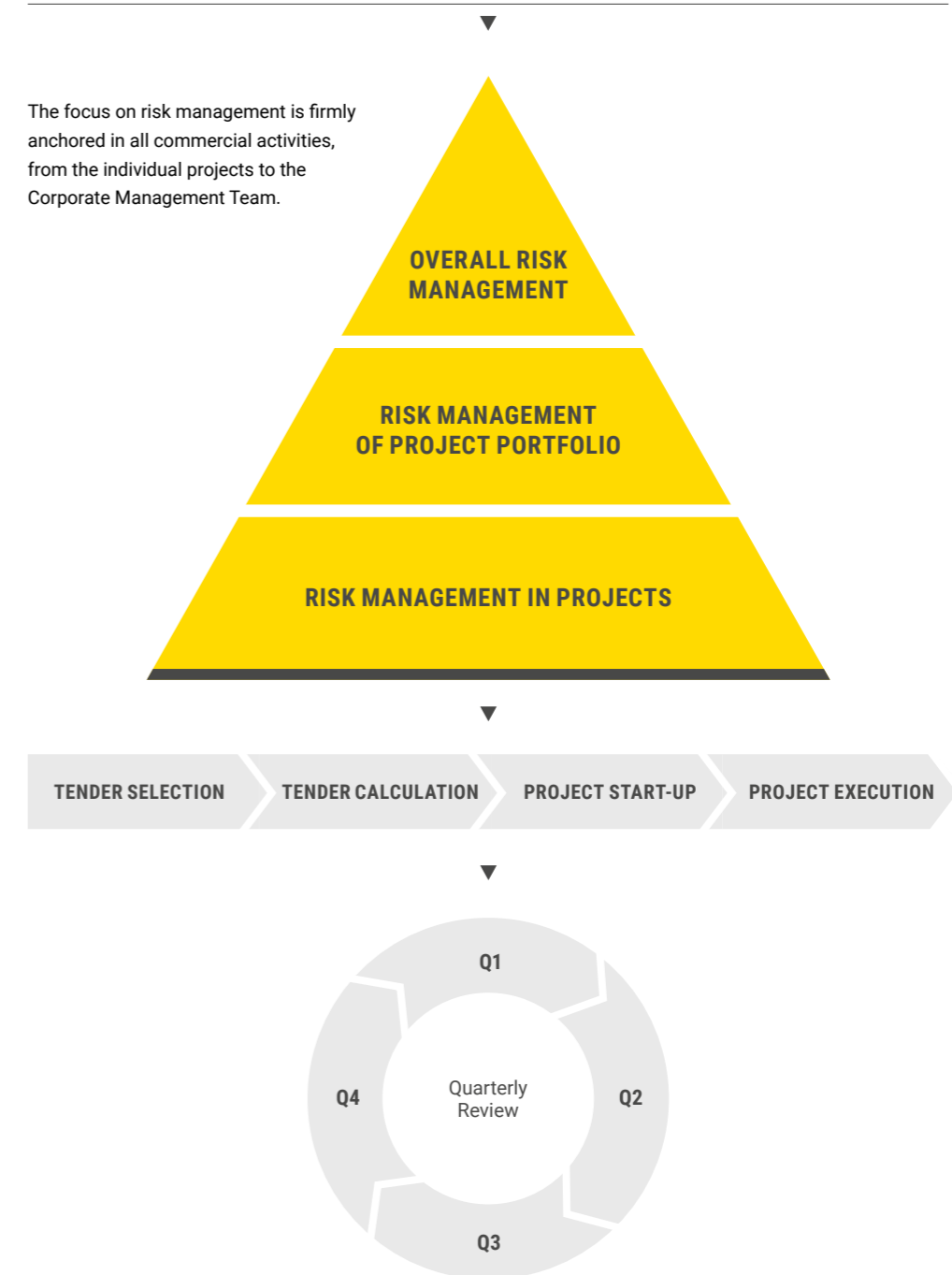
During the execution phase, risk reviews are carried out for large projects every quarter, with broad participation from the project organisation. The project management is responsible for defining specific and measurable measures for handling threats and exploiting opportunities in the project.

The business unit's management group aggregates the project analyses. A risk analysis of the project portfolio is conducted quarterly, with a quantitative assessment of the range of outcomes for each project, and representatives for the Corporate Management Team participate in this analysis. This analysis establishes the basis for the unit's priorities in the following quarter and illustrates the risk situation in the unit to the Corporate Management Team.

All the risk reviews at the business unit level are aggregated by the Corporate Management Team, and the main points are presented to the Board of Directors every quarter.

## RISK HIERARCHY

The focus on risk management is firmly anchored in all commercial activities, from the individual projects to the Corporate Management Team.



**Continuous work with risk management in the projects.** Risk management is performed in all processes ranging from tender management, project execution and completion of the projects.

Fast charging is essential for the efficient operation of the ferries. However, charging generates a lot of heat. To address this challenge, Aeron has developed an innovative solution that removes the excess heat using seawater.



# STRATEGY TOWARDS 2024

AF Gruppen now consists of more than a hundred companies, and it is the strength of diversity and breadth of competence that allows AF to undertake the most demanding projects. A shared set of values and an uncompromising attitude to safety and ethics give us a unique competitive advantage in solving the challenges of the future.

The journey towards 2024 shall be safe, environmentally friendly, innovative and not least profitable. AF will be the Nordic region's most profitable contractor while continuing to be inquisitive and challenging the status quo. At AF, we are constantly looking for

new technology and improvements that will increase productivity and have less of an impact on health and the environment. We succeed best when the projects are profitable for all parties: for our customers, the climate, society, owners and for the employees.

## STRATEGIC GOALS



# MARKET TRENDS

In the 2024 strategy, we have assessed external drivers and trends in the market that we believe are important to address in the way we think and work going forward.

## Urbanisation

- ▶ Population growth is highest in the most central parts of Norway and Sweden.
- ▶ Growth in the Norwegian and Swedish construction and civil engineering markets is concentrated in the areas with the highest population density.

## Technological advances

- ▶ New technology is becoming increasingly accessible.
- ▶ Digitalisation and industrialisation in the markets in which we operate provides new business opportunities.
- ▶ Competence requirements are constantly changing.

## Green transition

- ▶ Society's climate and environmental focus provides new business opportunities.
- ▶ Emission requirements are becoming increasingly stringent.
- ▶ Government and customer requirements can radically change framework conditions and create new business opportunities.

## Market fluctuations

- ▶ There will be greater fluctuations in political priorities in the future.
- ▶ Uncertainty and delays will affect the markets.
- ▶ We expect increased investment in public buildings, especially in health and social care.
- ▶ Increased infrastructure investment is expected.

## Complexity of projects and customer requirements

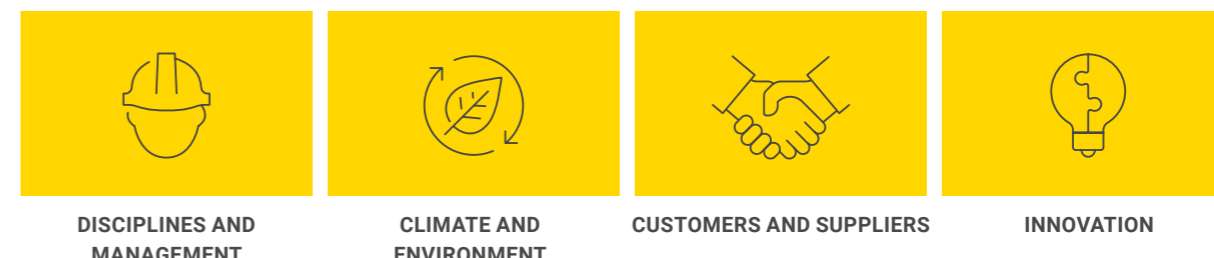
- ▶ The proportion of large and complex projects will increase and this tightens requirements for the optimal organisation, management and technical expertise.
- ▶ Customer requirements will be further tightened, particularly regarding seriousness and environmental focus.

## Battle for qualified resources

- ▶ The construction industry needs to develop its competitiveness in order to attract resources.
- ▶ There will be a fierce battle for the best people in the markets we operate in.

## OUR STRATEGIC INITIATIVES

AF Gruppen will increase competitiveness and profitable growth through four strategic initiatives that will be operationalised in each individual business unit.



# STRATEGIC INITIATIVES

AF Gruppen will increase competitiveness and promote profitable growth through four strategic initiatives that will be operationalised in each individual business unit.



## Disciplines and management

We will attract, develop and retain the industry's best management and technical expertise.

Skilled employees are the main contributors to AF Gruppen's goal achievement. There is a battle for qualified resources, projects are getting larger and more complex, and the transition to a green and sustainable world requires the best of the best.

AF aims to be the industry's preferred employer. To strengthen access to the best people, we will work with educational institutions, ensure diversity and have good processes to identify the causes of increased turnover.

We will create an inclusive, safe and good working environment with a strong culture and a high level of satisfaction. AF has zero tolerance of discrimination, and will ensure that all employees have equal opportunities. We will work to ensure that the construction industry is an attractive career choice for everyone.

Skills development is supported through on-the-job training and in the AF Academy. AF will have the foremost academic environments in strategically important subjects and offer the best leadership development in the market for managers at all levels. This creates a resilient organisation and good management capacity.

- Position in Universum's scale (target: top 5)
- Percentage of women at AF (target: 20 per cent)
- ESS score (target: > 5)
- Percentage of apprentices (target: 7 per cent)
- Percentage of skilled workers with a certificate of completed apprenticeship (target: 60 per cent)



### EXPERT MECHANICS

**Make sure the machines are running smoothly.**

AF Gruppen has a specialised machinery department which manages machinery and equipment that is leased to companies and business units in AF Gruppen. At AF Maskin at Haga north of Oslo, maintenance and repairs are carried out. Their equipment fleet consists of more than 12,000 units, and includes everything from construction machinery and vehicles to barracks, containers, defibrillators and waste treatment plants. The highly skilled staff develop and build machinery and equipment or make special adaptations to existing equipment. The result is innovative solutions that add value to projects. Among other things, the Machinery Department has developed mobile charging containers that can be easily transported between the various projects to charge electrical construction machines. The department has the mechanical expertise to develop and build its own tunnel injection machines in close collaboration with the tunneling projects in AF Gruppen.



## Climate and environment

We will reduce our footprint and lead the way in creating socially beneficial business opportunities.

Our industry impacts the climate and the environment and there is an ever-increasing demand from both society, customers and employees for our projects to have a clear environmental profile.

We depend on innovative solutions for the world to achieve the UN's climate goals. AF will be an ambassador for profitable climate and environmental savings and will actively look for business opportunities and develop new socially beneficial services. For example, AF's environmental centres clean and recycle materials that would previously have ended up in landfill sites, so that they can be reused in other economic activities.

AF has extensive experience from projects that set comprehensive environmental requirements and has an in-depth understanding of how processes, material choices and operating solutions impact the environment. We will use this expertise to find good environmentally friendly solutions and encourage customers to choose these.

We see that the measures that have the greatest effect in our own operations are within greenhouse gas emissions and waste volumes. The goal is for AF to halve greenhouse gas emissions and unsorted waste that go to incineration or landfill by 2030. Both goals are per type of service relative to revenues.

- Halve greenhouse gas emissions per type of service relative to revenues by 2030
- Halve waste volumes that go to incineration or landfill per type of service relative to revenues by 2030

### A LEADING PROFESSIONAL COMMUNITY IN CIRCULAR ECONOMY, WASTE AND RECYCLING

A subsidiary committed to a sustainable future.

Mepex Consult AS became a new subsidiary of AF Gruppen in 2023. A consulting company with more than 35 years' experience in waste management and recycling, they have a strong professional community with expertise in circular economy.

The company has 30 employees and is located centrally in Asker. Through systematic data capture and waste analyses, Mepex can help gather knowledge about material flows and provide systems for reducing emissions and improving resource use.

They develop circular solutions by analysing opportunities for improvement, developing strategies and preparing proposals for interventions linked to reuse and recycling. In Mepex's proprietary digital solution, Sikt, waste analysis and climate accounts are brought together in one tool that provides the user with information on key areas for improvements and potential emission reductions. In connection with the construction of sorting and recycling facilities, Mepex offers everything from needs analyses, pilot studies and preparation of technical specifications for use in the construction phase until the facility is delivered. The company's expertise and commitment to the environment make them an important player in the effort to create a circular economy.





## Customers and suppliers

We shall be the preferred partner.

In particular, stricter customer requirements within seriousness and environmental topics are expected to affect the market in the future.

If we are to succeed, AF must be the preferred partner. We will build long-term relationships based on trust, performance and loyalty with the customers and suppliers who have the greatest potential for mutual value creation. AF sets requirements for those we work with and shall have partners who do not compromise on safety and ethics.

We seek early involvement in order to arrive at the best solutions and identify future customer needs. AF shall have the best possible understanding of the market and customers, to be solution-oriented and to be the best in the market at solving urgent customer problems.

We measure customer and supplier satisfaction on a scale from 1–6, with the goal of being over 5 on both. We will refine our cooperation and communication skills by using learning points from the surveys to improve.

For 2022 and 2023, supplier surveys have been conducted for selected units in the AF Group. The results from the surveys show the following results:

- Customer satisfaction 2023: 5.0
- Supplier satisfaction 2022–2023: 5.0



### REBUILDING A WATER TREATMENT PLANT

Extensive cooperation results in a satisfied customer and good results at Skreia.

Betonmast Innlandet and Østre Toten Municipality have good experience cooperating on several previous projects. That is why they came together once more when Skreia sewage treatment plant was to be rebuilt after a fire in 2018. A new building was erected on the foundations of the former facility based on a general contract with coordination from the process provider. In the early stage of the project, clear goals were established in collaboration with the customer, with progress being continuously monitored through the course of the project to ensure the goals were met. The process was characterised by productive collaboration and focused discussions, resulting in good solutions to any challenges that arose along the way. The demanding concrete and renovation work was carried out by our own skilled timber and concrete workers, and there was an emphasis on using local subcontractors. Skreia waste treatment plant is a state of the art facility with advanced technologies. The plant applies biological, mechanical and chemical waste treatment processes, and the facility has a number of complex technical solutions. The plant was handed over to a very satisfied client, and helps to ensure efficient drainage and environmentally friendly treatment of the municipality's wastewater.



## Innovation

We will be the Nordic region's most inquisitive contractor.

Technological advances, green transition and complex projects require an innovative and dynamic organisation. By being future-oriented and solution-oriented, we will increase our attractiveness among current and future employees and customers.

AF will continue to be characterised by its strong entrepreneurial spirit. Innovative changes can include both digitalisation and industrialisation of existing activities as well as investment in new businesses.

This entails the increased use of digital tools and improvement of associated work processes, as well as the streamlining of our project operations through better utilisation of data.

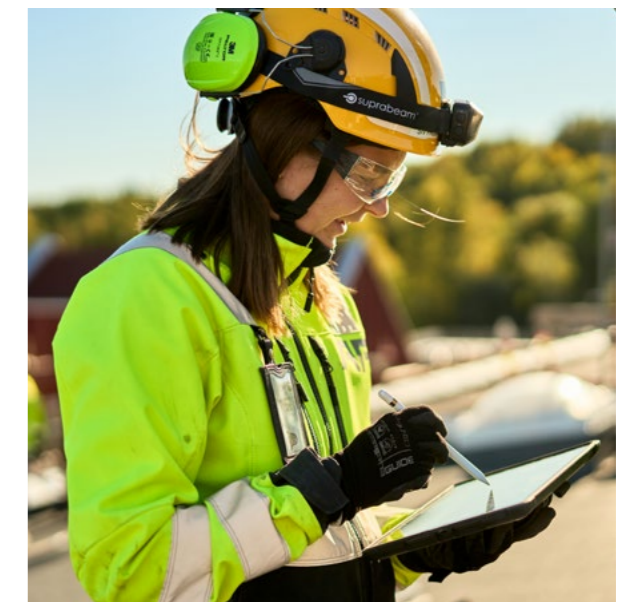
AF will explore new or improved business models and constantly evaluate new value-creating start-ups. Ownership in early stage companies shall be both profitable and also strengthen our reputation as a challenger and innovator.

- Return on investment in the early phase (target: > 15 per cent)
- New profitable business outside the core business
- Introduce at least two digital tools that provide operational results each year

### EFFECTIVE CHANGE MANAGEMENT

In collaboration with several of AF's projects, the Innovation and Digitisation Department in AF Gruppen has developed the solution Endringer.no.

Usually, any change requests in a project are sent between the client, contractor and subcontractor by e-mail and followed up in Excel. Getting a complete overview can be challenging, and the data that is input and exported is difficult to verify. In the absence of an adequate tool, the Innovation and Digital Department has developed a web application which streamlines change management in construction projects. It enables stakeholders to interact seamlessly by inviting both the contractor, client, advisors, subcontractors and suppliers to Endringer.no, facilitating easy communications throughout the relevant project and ensuring that all information is structured, in addition to safeguarding document management and data security. Any cost-related implications are logged for each change and totaled at the project level, making it easier to get a comprehensive financial overview.







## NEW ARENA FOR EDUCATION

In the centre of Kristiansund, the region's new arena for education, research and innovation is currently being built. The campus is approximately 20,500 square meters and will contain teaching facilities, offices, laboratories and various special use rooms. The colors used on the buildings are taken from the reconstruction period when the city was rebuilt after the bombing during World War II.

Betonmast Røsand has extensive experience in the construction of school and educational buildings. Campus Kristiansund will be built with solid wood structures that help create a healthy indoor climate. The plan is to achieve the BREEAM-certification Excellent and energy class A.

## CORPORATE SOCIAL RESPONSIBILITY

- [32 CORPORATE SOCIAL RESPONSIBILITY IN AF](#)
- [34 CLIMATE AND ENVIRONMENT](#)
- [44 CLIMATE RISKS AND OPPORTUNITIES \(TCFD\)](#)
- [51 EU TAXONOMY](#)
- [62 SOCIAL CONDITIONS](#)
- [70 CORPORATE GOVERNANCE](#)

# CORPORATE SOCIAL RESPONSIBILITY IN AF

AF shall be a responsible player that amplifies positive and minimises negative impacts on the environment, people and society in our project operations. We will also deliver products and services that contribute to reduced consumption of energy and other scarce resources.

The UN has defined 17 Sustainable Development Goals that specify the global societal challenges that we must solve together and these goals represent a working plan to eradicate poverty, combat inequality and stop climate change by 2030. Corporate social responsibility (CSR) means taking responsibility for the organisation's impact on people, society and the environment and contributing to positive social development through the sustainable creation of value.

### What are AF Gruppen's corporate social responsibilities?

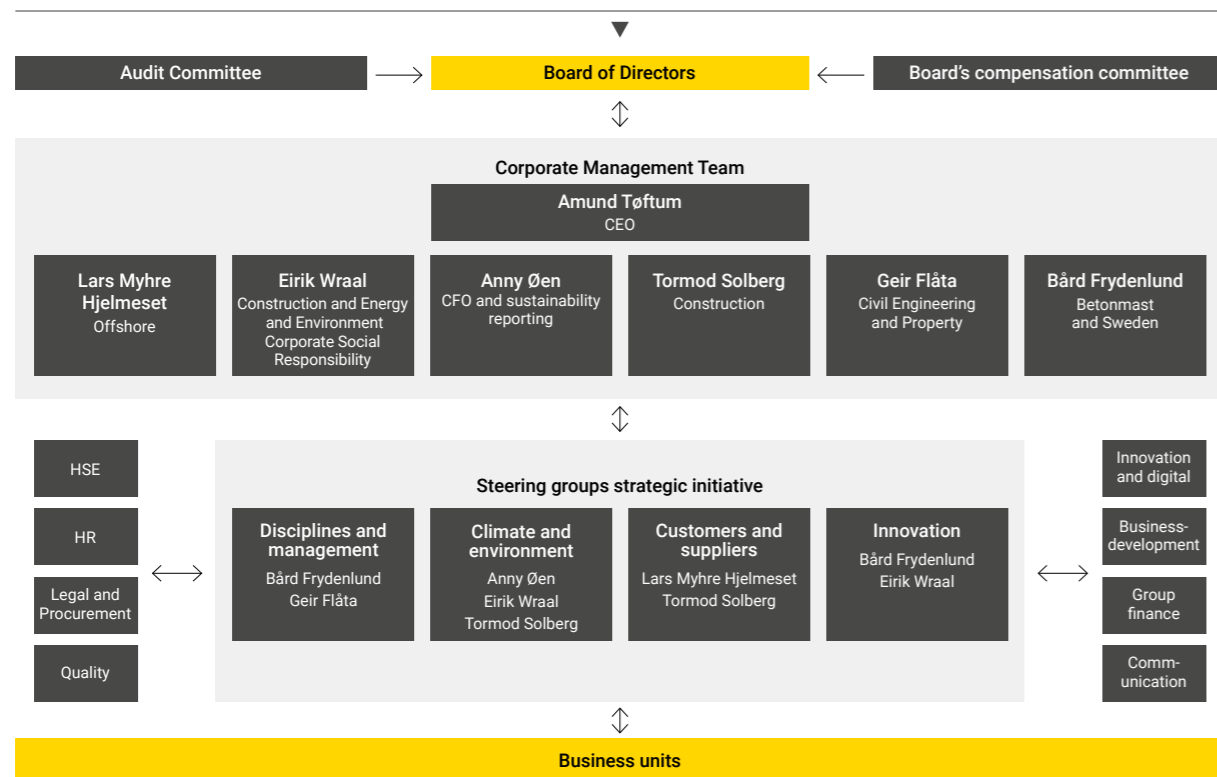
AF has a special responsibility when it comes to societal challenges that can be linked to our business activities. Above all, we will implement our projects in a sustainable manner by ensuring that all business operations comply with the Code of Conduct, laws and regulations, and we will also minimise any negative impacts on the climate and environment. Our employees and subcontractors shall ensure a safe and good working environment where diversity is valued and harassment is not tolerated.

Furthermore, we have a corporate social responsibility to develop and offer services that are needed by our customers and society, and we will be a driving force to ensure that projects that are sustainable when it comes to the climate, environment and social issues, can also be profitable.

### Roles and responsibilities

The Board of Directors has the ultimate responsibility for corporate social responsibility at AF. CEO Amund Tøftum has operational responsibility for corporate social responsibility and this follows the line management, whereby each executive vice president is responsible for their respective business areas. AF has established individual steering groups for each of our strategic initiatives, with representatives from the Corporate Management Team and relevant staff functions. It is a requirement that business units and projects be capacitated with sufficient expertise in health, safety and the environment (HSE). Mapping and analysis of risk in connection with HSE shall be carried out and

## ORGANISATION OF CORPORATE SOCIAL RESPONSIBILITY IN AF



## CORPORATE SOCIAL RESPONSIBILITY IN AF



documented in all projects - both at the start and during implementation.

### Our Code of Conduct and our Purpose, Goals and Values

AF's Corporate social responsibility guidelines are laid down in the Code of Conduct and the document Purpose, Goals, Values, which are available at <https://afgruppen.com/about-af/vision-and-values/>.

The Code of Conduct applies to all employees and other persons representing or holding office in AF Gruppen. Our "Purpose, Goals and Values" document provides a brief outline of who we at AF are, what we stand for and what we want to achieve. Among other things, it covers our principles, goals and requirements in the following areas: Finance, employees, clients, suppliers, HSE, climate & environment, quality and improvement.

### Suppliers and the Transparency Act

An important part of our procurement work is to ensure that our suppliers implement the same requirements toward ethics, quality, safety and the external environment as we in AF Gruppen do. Suppliers and subcontractors in our projects are required to comply with our values and requirements relating to conduct as well as applicable legislation and the UN Global Compact by consenting to the AF supplier declaration (see: <https://afgruppen.com/supply-to-af/>)

AF's efforts to identify and report actual and potential risks related to fundamental human rights and fair working conditions are integrated into the processes related to procurement and follow-up of suppliers and subcontractors throughout the Group. This work has been further solidified by the introduction of the Transparency

Act in 2022 (see: [www.afgruppen.no/apenhetsloven](http://www.afgruppen.no/apenhetsloven)) The Act sets strict requirements for transparency and accountability, and is intended to help prevent human rights violations and unfair working conditions in our own business, our business associates and further down the supply chain.

### Sustainability reporting in AF

Sustainability-related issues are reported publicly along with financial matters through AF's quarterly and annual reporting. Lost time injuries, serious injuries and reporting of adverse events (RUI) are reported internally on an ongoing basis. Each business unit in AF Gruppen ensures that the necessary data is reported by the relevant deadlines, and the data is summarised and reported to the Corporate Management Team. Targets (KPI's) related to climate, environment and social issues are reported to the Corporate Management Team and the Board on a quarterly basis.

The EU Corporate Sustainability Reporting Directive (CSRD) is expected to enter into force in Norwegian law from the 2024 reporting year. The Directive will apply to AF Gruppen. The CSRD requires detailed reporting on key sustainability issues in line with the European Sustainability Reporting Standards (ESRS). A key concept in the new regulations is the concept of double materiality, which involves considering key sustainability issues with regards to how AF is impacted by people and the environment (financial materiality) as well as how AF's operations impact people and the environment (material impact). The issues to be considered are related to the areas of climate and environment, social issues and corporate governance. AF is well underway with preparations for the implementation of the Directive.

# CLIMATE AND ENVIRONMENT

Climate change and environmental impact are among the greatest societal challenges of our time. AF aims to reduce the footprint of its own operations and be a leader in developing and delivering services that reduce the use of energy and other limited resources.

The civil engineering, construction and property sector have a major impact on climate and the environment. 36 per cent of global greenhouse gas emissions can be attributed to these sectors. In Norway, emissions are estimated to be somewhat lower as a result of the high proportion of renewable energy being used, but it is estimated that as much as half of a building's impact on climate is due to its construction materials<sup>1</sup>. Globally, it is estimated that civil engineering, property and construction work account for approximately 40 per cent of all resources introduced to the economy, and in Norway, construction is currently the largest single source of waste<sup>2</sup>. Nature loss and climate change mutually reinforce each other, generating effects that have serious social consequences, and there is therefore an increasing focus on addressing nature loss and preserving biodiversity. Construction activities are both dependent on and impacting nature in terms of changes in land use<sup>3</sup>. Our company also relies on the use of natural resources and input factors such as

steel, concrete, asphalt and wood. Our industry can therefore greatly influence and contribute to solutions for limiting climate and environmental issues. We will present our double materiality analysis in our annual report for 2024. When it comes to climate and the environment, preliminary work indicates that the standards concerning climate change (ESRS E1), biodiversity and ecosystems (ESRS E4) and resource use and circular economy (ESRS E5) are material sustainability topics for AF. As a result of increased knowledge, upcoming regulatory changes and the implementation of the double materiality analysis, we see a need to expand our climate and environment reporting, particularly with regards to our impact on nature. In our preparations for reporting under the new Sustainability Directive, we are working on mapping and following up on missing data and have ongoing processes to further develop our solution for data collection and reporting. In our 2020 Corporate Strategy, climate and environment is one of our four key initiatives, and AF has set specific objectives.

<sup>1</sup> Study for a National Strategy for Circular Economy - Short summary  
<sup>2</sup> Statistics Norway – Waste Accounts  
<sup>3</sup> NOU 2024:2: In interaction with nature

CDP is an independent not-for-profit organisation working to promote climate reporting within the focus areas of climate, water and forestry. AF has reported on climate in 2023, and received a score of B for the fiscal year 2022.



### Main strategic objectives

**50%** AF will halve greenhouse gas emissions for each service type relative to revenue by 2030.

**50%** AF will halve the amount of unsorted waste sent for incineration and landfill for each service type relative to revenue by 2030.

We aim to be climate-neutral by 2050.

### CLIMATE AND ENVIRONMENTALLY-FRIENDLY PRODUCTS AND SERVICES

AF's vision is that we are clearing up the past, and building for the future. This means that we need to

- provide energy solutions that reduce energy demand, and build and upgrade renewable energy sources
- remove and purify materials and land that are harmful to the environment and ensure that materials remain in circulation
- have the expertise and knowledge required to offer innovative solutions in construction, civil engineering and property projects

One of AF's fundamental tenets is that projects that are sustainable for the climate and environment also need to be profitable. AF provides several types of services that are necessary for society to achieve the target of limiting the temperature increase to 1.5°C and that also create value for our investors. This year's taxonomy reporting shows AF Gruppen's taxonomy-eligible activities and what proportion of our operating income within these activities can be defined as sustainable according to the EU Taxonomy. We expect that the demand for taxonomy-adapted and sustainable projects will increase. There are very strict criteria for meeting the Taxonomy criteria, and the work is resource-intensive in terms of time, financial, and human capital resources. We succeed when our projects are profitable for all stakeholders: for our customers, the climate, society, owners and our employees. We are therefore satisfied with the profitability potential of the project portfolio which is defined as sustainable according to the EU Taxonomy.

### Climate and environmental certifications

AF Gruppen's construction activities in Norway within the business areas Construction and Betonmast are highly proficient in BREEAM. BREEAM is an environmental certification scheme for buildings that classifies how climate and environmentally friendly a building is in terms of both construction and usage. AF is experiencing an increased demand for BREEAM-certified buildings,



### SUSTAINABLE CITIES AND COMMUNITIES

The UN goal is to make cities and local communities inclusive, safe, resilient and sustainable.

and we are constantly working to ensure we have sufficient specialist expertise.

AF Anlegg has expertise in BREEAM Infrastructure (formerly CEEQUAL), a tool used to promote sustainability and quality in construction projects related to infrastructure, including roads, tunnels, railways, ports, bridges and wind farms. The BREEAM group of certification schemes is managed by the Building Research Establishment (BRE) in the UK.

In our Swedish construction business, the environmental certification Miljöbyggnad is more widely used. For this certification, the environmental work and the environmental performance of the building are reviewed by a third party. The system is owned and developed by Sweden's largest organisation for sustainable community development, Sweden Green Building Council, which is also responsible for the certifications.

### Renovation

Renovation accounts for a significant share of AF's construction activities. The renovation of buildings and other structures often involves reusing emission-intensive materials, such as load-bearing structures, which usually consist of concrete and steel, and can therefore have major environmental benefits. Choosing renovation rather than building new has a major circular impact, limiting emissions, energy consumption, transportation, waste generation and depletion of natural resources. One such example is Consolvo's use of cathodic protection in rebar in existing bridges, which extends the life of civil engineering structures.



### Energy saving project

Grand Hotel Terminus, a listed 18th century villa in Bergen, has undergone extensive renovations in recent years. As part of the ongoing modernisation work, AF Energi is installing a new heat pump and drilling eight energy wells. In the summer, surplus energy will be used for cooling. This efficient energy system will result in a 26 per cent reduction in energy consumption, return on investment within 10 years.



**AFFORDABLE AND CLEAN ENERGY**

The UN has a goal of achieving sustainable management and effective consumption of natural resources by 2030.

**Energy efficiency and development of renewable energy**

High electricity prices and fears of power shortages have highlighted the importance of energy efficiency and the development of renewable energy if the world is to achieve its climate goals. Effective energy efficiency measures are essential when it comes to reducing the overall need for energy, and the development of renewable energy is critical to ensure future energy supply.

AF Energi delivers energy-efficient solutions, local energy production and maintenance of energy solutions through monitoring, operational optimisation and service contracts. The measures should benefit both the environment and the clients' bottom line. The solutions will utilise local energy, such as surplus heat, which would otherwise be lost. Increased energy efficiency can, in most cases, lead to an energy saving of 20-50 per cent and, with the current electricity prices, this investment can be paid off in only a few years.

Aeron contributes to reducing greenhouse gas emissions through electrification and improving energy efficiency in the marine sector. The company is a market leader in its field, and delivers several different types of ventilation and cooling systems for energy optimisation of operations on board ferries, cruise ships and other types of commercial vessels. These deliveries are supplied to shipyards worldwide and include capacities for remote monitoring and management of the system from Norway. The company also works on offshore wind projects.

Kanonaden Entreprenad in Sweden has been developing wind farms in Sweden for several years, contributing to the green energy supply. Kanonaden is constructing access roads and power grids in close collaboration with the turbine and grid suppliers.

<sup>1)</sup> Somers, J., *Technologies to decarbonise the EU steel industry*, EUR 30982 EN, Publications Office of the European Union, Luxembourg, 2021  
<sup>2)</sup> Data for the calculation of the last three comparison figures retrieved from the non-profit organisation Fremtiden i våre hender's website.



**RESPONSIBLE CONSUMPTION AND PRODUCTION**

The UN has a goal of achieving sustainable management and effective consumption of natural resources by 2030.

**Purification and reuse of materials**

AF's mass recovery facilities (Environmental Centres / Miljøpark) Rimol, Jølsen and Nes recover bulk masses that would otherwise have been sent to landfills, for reuse. In 2023, 288,511 (315,269) tonnes of masses have been recovered. Mass reuse leads to reductions in CO<sub>2</sub> emissions compared to conventional aggregate production, as well as additional environmental benefits in the form of fewer interventions in nature. In total, the facilities have a recovery rate of approximately 80 per cent. The European Commission's goal is that 80 per cent of all materials should be recycled and remain in circulation by 2030. AF is continuously looking at possibilities for establishing more mass recovery facilities.

The steel industry accounts for about 7 per cent of the world's total CO<sub>2</sub> emissions<sup>1</sup>. Recovered steel has 70 per cent less CO<sub>2</sub> emissions than ore-based production, which corresponds to a reduction in emissions of 1 kg of CO<sub>2</sub> for each kilogram of steel that is recycled. AF Environmental Base Vats is purpose-built for handling offshore installations and other marine structures. Here, ships and offshore installations are demolished and separated for recycling by AF Offshore Decom, and the port is approved in accordance with ISPS regulations. In 2023, 26,243 (36,911) tons of steel were demolished and sorted at AF Environmental Base Vats. At AF Decom, 11,200 (17,629) tonnes of metal were removed and sorted for recycling.

CO<sub>2</sub> reduction from the mass recovery facilities and AF's demolition activities amount to<sup>2</sup>:

- 170 per cent of AF Gruppen's greenhouse gas emissions for scope 1 og 2 (see page 43)
- 6.2 per cent of Oslo Municipality's CO<sub>2</sub> emissions in 2022
- Approx. 25,160 passenger cars in one year
- 2,630,584 kg beef
- The lifecycle emissions of 717,432 smartphones

TON CO <sub>2</sub> -SAVINGS RELATED TO DEMOLITION, SORTING AND RECYCLING	2023	2022
Savings CO <sub>2</sub> from AF Environmental centres compared to conventional aggregate production	22,343	24,249
Savings CO <sub>2</sub> from AF Decom and AF Offshore Decom compared to conventionally sourced metal	37,443	54,540
Savings in tonnes of CO <sub>2</sub> per year compared to conventional production	59,786	78,789



**CLIMATE ACTION**

The UN goal involves taking immediate action to combat climate change and the consequences thereof.

**Clean-up, recovery and reconstruction**

In 2023, the storm "Hans" swept across large parts of southern Norway with extremely heavy rainfall, causing widespread disruption, with several cases of landslides and floods. There is reason to believe that extreme weather events will occur more frequently in the years to come. We need to strengthen the focus on safety in our projects accordingly, with clear lines of responsibility between all stakeholders involved. Several of AF's projects, for example in foundation construction and landslide protection prevention measures, also contribute to society's overall efforts to adapt to climate change in order to tackle the increasing frequency and severity of extreme weather. In 2023, the government allocated NOK 1.7 billion to the municipalities that were most severely impacted by the extreme weather event Hans for handling the acute crisis, clean-up and reconstruction<sup>1</sup>. Extreme weather such as Hans and destruction of key infrastructure also create an increased demand for AF's expertise and services in recovery and reconstruction. At the same time, climate change will require greater resilience in new buildings and changes in the maintenance of existing buildings, either through more frequent maintenance or other measures.

Climate change and nature loss are connected, and AF is seeing increasing demand for projects related to nature restoration. The natural restoration of the mining areas in Svea and Lunckefjellet in Svalbard, where AF was commissioned to remove buildings and infrastructure from more than 100 years of mining history, is highlighted in Norway's Nature Risk Commission's report published in February 2024<sup>2</sup>. This is an example of a project where AF is contributing to the achievement of goals in the UN Nature Agreement (the Kunming-Montreal Global Biodiversity Framework).



**INDUSTRY, INNOVATION AND INFRASTRUCTURE**

The UN goal involves constructing solid infrastructure and promoting inclusive and sustainable industrialisation and innovation.

**Developing innovative solutions**

A large part of AF's work related to climate and the environment is focused on developing our climate and environmental expertise. This is fundamental to deliver civil engineering, construction and property projects according to the client's wishes and needs. By having a high level of expertise, AF can identify opportunities and suggest other, more cost-effective solutions in projects, such as reusing parts of a building structure instead of building from scratch, finding ways to reduce the amount of bulk masses that need to be moved, or using other types of materials. For almost 20 years, low-carbon concrete has been used in many of AF's projects. Our unique experience and expertise in concrete enables us to develop and deliver innovative climate and environmentally friendly concrete formulas and tailor-made solutions for our customers.

Electric construction machinery is being used in an increasing number of areas in our operations, where AF Gruppen's Machinery Department plays an important role. The Machinery Department is at the forefront of finding suitable areas of application for electrical machines in accordance with our current project needs, including adapting machines developed for other applications and converting fossil-fueled machines to electric machines.

AF's own innovation and digitalisation department is consistently developing technological tools to streamline our climate and environmental work. In Clara, AF's proprietary online tool for managing HSE risks, a separate environmental module has been developed to assist in assessing the environmental risk in projects. The simple user interface provides access to experiences from many other projects.

<sup>1)</sup> Press release Regjeringen  
<sup>2)</sup> NOU 2024:2: In interaction with nature



**Building materials of the future**

In 2023, AF Offshore Decom was awarded funding from the Research Council of Norway, as a part of their "Green Platform" scheme, for a research and innovation project on the upcycling of maritime metal in a consortium with several other stakeholders. This is one of nine major research and innovation projects aimed at developing climate and environmentally friendly solutions in the Norwegian business and industry sector. Under the leadership of AF Offshore Decom, the project aims to upcycle maritime metal from shipping and oil platforms into environmentally friendly building materials that don't have a climate footprint. AF Offshore Decom has planned for approximately 2 per cent of the steel from Curlew to be recycled, and an agreement was recently signed with Nordic Circles for the delivery of a small batch of steel plates from the ship's hull. These steel plates will be used for the roof construction of Løren Flerbrukshall in Oslo, among other things.

**RESOURCE EFFICIENCY AND CIRCULARITY**

Based on figures from Statistics Norway's waste accounts, building and construction activities in Norway accounted for 26 per cent of all waste in 2022. Globally, and in the EU, our industry accounts for a high consumption of materials and generation of waste which is not reused or recycled. In addition, there is waste from the production of construction products and other activities upstream in the value chain. The EU's target is for a minimum of 70 per cent of construction and demolition waste to be reused or recycled, or otherwise recovered<sup>1</sup>. The European Commission has launched an action plan for the circular economy based on the reuse and recycling of materials, so that as few resources as possible are lost. Central to the action plan is a framework directive that ranks measures to reduce waste volumes. The waste hierarchy illustrates the desire to treat waste as close to the top of the hierarchy as possible and to avoid unnecessary disposal of waste in landfills.

In AF the projects are planned so that as little waste as possible is created and so that the waste can be sorted for recycling to the greatest possible extent. To facilitate recycling, the source separation rate at all our business units is measured and this rate represents how much of the waste from our project activities is sorted for recycling. AF's target is to sort 80 per cent of waste, well above the current government requirement of 70 per cent<sup>2</sup>.

**How can AF reduce the amount of waste sent for energy recovery and to landfill?**

In the AF strategy, we have resolved to halve the amount of waste sent for energy recovery and to landfill relative to revenue per service type. Each business unit has drawn up specific action plans to reduce non-recyclable waste. We have worked on and measured source separation in the projects over several years, and now we are raising

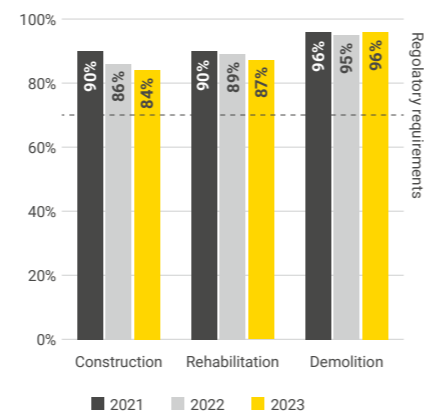
<sup>1</sup> Waste Framework Directive - European Commission (europa.eu)  
<sup>2</sup> Regulations on technical requirements for construction works ("Byggetekniske forskrifter")



**RESPONSIBLE CONSUMPTION AND PRODUCTION**

The UN has a goal of achieving sustainable management and effective consumption of natural resources by 2030.

**SOURCE SEPARATION RATE**



the bar even higher. To achieve our goal, we will reduce the amount of waste produced at construction sites (at the top of the waste hierarchy) and prioritise the work on fractions that are typically sent for incineration or to landfill. There is also a potential for increased recycling of materials for these waste fractions. AF is currently analysing representative KPIs for how different types of waste are handled in Norway and Sweden, and possibly for specific geographical locations in each country.

In Norway, a very large proportion of the waste generated by construction projects is currently source separated. Still, this waste that is in excess of the over



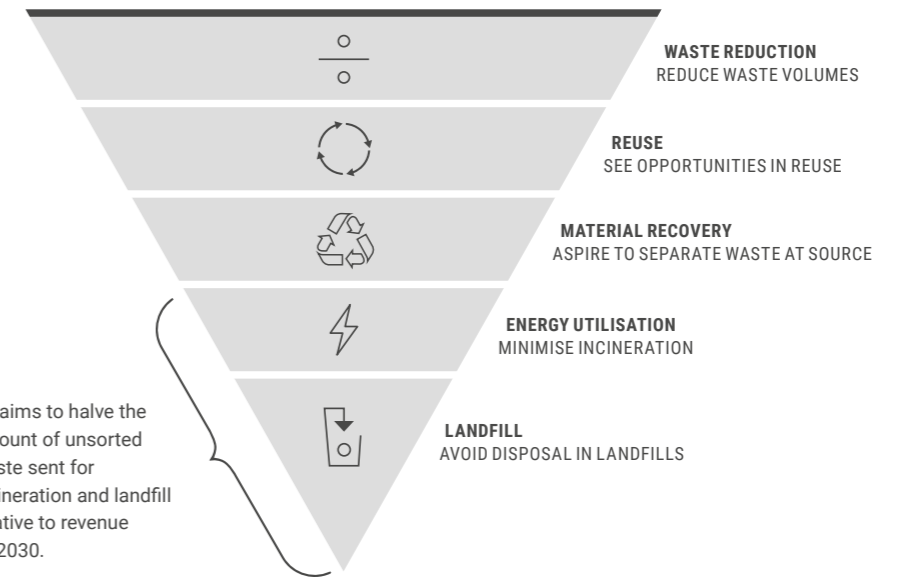
**Cleaning up contaminated seabed**

The Hammerfest Ren Havn (Hammerfest Clean Port) project is a key environmental, infrastructure and urban development project. Hammerfest port is one of the 17 priority coastal and fjord areas in the national action plan for cleaning up contaminated seabed. The Fundamentering business unit has contributed to a healthier and cleaner seabed, which in the longer run will make it safer to eat seafood from this area. The interventions are also a significant contribution to achieving the goal of achieving a satisfactory chemical and ecological environmental status by 2027, cf. the The Norwegian Water Regulation.<sup>1</sup>

<sup>1</sup> Hammerfest Clean Port Norwegian Coastal Administration

**THE WASTE HIERARCHY**

The waste hierarchy illustrates the desire to treat waste as close to the top of the hierarchy as possible and to avoid unnecessary disposal of waste in landfills.



**50%**

AF aims to halve the amount of unsorted waste sent for incineration and landfill relative to revenue by 2030.

3 million tonnes requires a high number of storage containers<sup>1</sup>. Dismantling and demolishing buildings in a way that facilitates reuse and material recycling is resource-intensive in terms of time, financial, and human capital resources. Choosing virgin materials is usually more cost-efficient due to, among other things, the documentation requirements for reused materials, logistics and regulatory barriers, which do not provide sufficient incentives for reuse and recycling<sup>2</sup>. Collaboration along the entire value chain is therefore important to exploit the potential for more circular solutions and to address the current economic challenges. One example of such a collaboration is the

Group agreement AF Gruppen has entered into with Ombygg, which operates the reuse facility at Økern in Oslo. The agreement allows for contractors to drop off surplus materials for resale or storage for future projects, and several of AF's business units have already made use of this scheme. Other examples include increased use of standardised products, pre-cut materials and prefabricated elements, reducing the use of customised solutions, as well as return schemes with suppliers for unused materials.

<sup>1</sup> Waste Accounts – Statistics Norway  
<sup>2</sup> Study for a National Strategy for Circular Economy – Short summary



**Better waste management across projects**

AF Gruppen's subsidiary Mepex has developed a shared system for signage of AF Gruppen's waste containers. The aim is to make the waste stations at our project sites more professional and make it easier to sort waste correctly. Mepex has carried out project inspections to map relevant waste fractions, and made suggestions for equipment and signage that will facilitate efficient sorting of waste for source separation.

## GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

AF has set a goal of halving our relative greenhouse gas emissions by 2030 for scope 1 and 2 emissions compared to the baseline year 2020, as well as a goal of achieving climate neutrality by 2050. This target is quantified on the service type level in order to allow us to implement real changes in operations and achieve real environmental benefits, rather than achieving the target by moving the point of gravity for our service offerings from e.g. civil engineering to construction works. The relevant service types in this context are our construction, civil engineering and demolition activities. Services that are not included in these categories are energy efficiency services, mass recovery facilities, property activities and shared services. Both civil engineering and demolition operations require heavy construction machinery to manage the large quantities of materials and structures in projects. However, in our construction projects, the use of heavy construction machinery is limited to groundwork and logistics operations. For this reason, it is important to AF to analyse and reduce greenhouse gas emissions and savings for each service type and not to reduce civil engineering and demolition activities in relation to construction. AF's climate and environment targets have not been verified as being science-based.

### Calculation methods and emission sources

AF reports its 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 CO<sub>2</sub> equivalents. The reporting for scope 1 and 2 is based on an assessment of operational control and on reported data from the Group's consolidated companies. AF uses



## CLIMATE ACTION

The UN goal involves taking immediate action to combat climate change and the consequences thereof.

the company CEMAsys' database of emission factors to calculate our greenhouse gas emissions, in order to obtain a representative impression of the emissions resulting from AF's operations. Measuring and reporting greenhouse gas emissions and increasing our knowledge of how emissions occur gives us a good basis for cutting emissions going forward.

Key assumptions and calculation methods for the scope 3 categories AF reports on in 2023: Category 5 – Waste generated in operations is generally calculated based on direct data collection from our waste suppliers. In addition, AF carries out manual reporting based on waste reports for some projects. Waste from our demolition activities is not included in the emission figures. Categories 6 and 7 – Business travel and employee commuting are calculated based on data collected from travel agencies with which AF has a group agreement, in addition to our mileage reimbursement system. A smaller part of the calculation is based on estimates from user surveys sent to employees. In addition, some data is collected from manual reporting for individual projects.

Scope 3 is divided into 15 categories according to the GHG protocol, and consists of upstream and downstream emissions in the value chain. According to information from PwC's 2023 climate index, Scope 3 accounts for more than 97 per cent of the total emissions for the construction, civil engineering and property industry.

AF has assessed the Scope 3 categories that are material to our climate accounts. Based on preliminary work, the highlighted categories below are considered material. The materiality assessment for the categories Upstream leased assets (Category 8) and Downstream transportation and distribution (Category 9) has not been finalised.

**Category 1: Purchased goods and services**

**Category 2: Capital goods**

**Category 3: Fuel- and energy-related activities**

**Category 4: Upstream transportation and distribution**

**Category 5: Waste generated in operations**

**Category 6: Business travel**

**Category 7: Employee commuting**

Category 8: Upstream leased assets

Category 9: Downstream transportation and distribution

Category 10: Processing of sold products

**Category 11: Use of sold products**

**Category 12: End-of-life treatment of sold products**

Category 13: Downstream leased assets

Category 14: Franchises

Category 15: Investments

Construction products account for more than 80 per cent of greenhouse gas emissions from the construction sector<sup>1</sup>, and the main category for AF will be Category 1: Purchased goods and services. The scope 3 reporting is undergoing continuous development, and AF is currently working on quality assurance of the preferred method for calculation. AF will present a complete climate account with key categories within scope 3 for the financial year 2024.

### Status – target attainment

In 2023, AF had a climate footprint of 1.2 (1.1) for scope 1 and 2, corresponding to total emissions of 35,166 (33,777) tons of CO<sub>2</sub> equivalents. The use of diesel in construction machinery is our largest source of direct emissions. We mainly use construction machinery for earth moving, and AF's reduced climate footprint from the baseline year 2020 is largely due to the fact that the amount of earth moving in road projects for civil engineering services was higher in 2020 than in 2023. The amount of earth moving will vary depending on the type of civil engineering projects and the implementation stage that the projects are in. Future greenhouse gas emissions will also vary based on access to fossil-free construction equipment and/or biofuels in different geographical locations. In addition, the type of contract, the degree of involvement in the design stage as well as requirements and expectations from the client will also affect greenhouse gas emissions in each project. AF's project portfolio for civil engineering is varied and 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. Despite AF's ongoing work on the interventions mentioned above, our varied project portfolio, the implementation phase and the specific nature of each project will lead to natural variations in our greenhouse gas emissions.

<sup>1</sup> Norway's Climate Action Plan for 2021–2030 – Meld. St. 13 (2020–2021) Report to the Storting (white paper)



## Reduction of greenhouse gas emissions

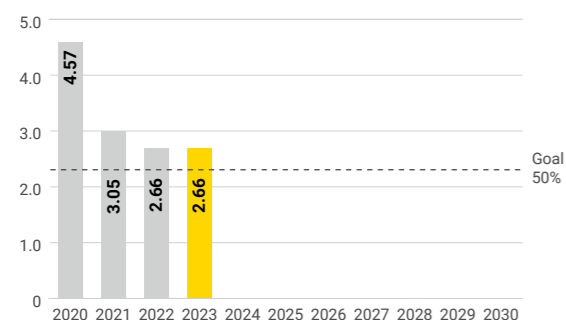
Strøm Gundersen has achieved excellent results in reducing greenhouse gas emissions in connection with the renovation of Kommunegården in Sandvika. The Sandvika project is Norway's second BREEAM Outstanding building in renovation, and achieved a greenhouse gas reduction of 59 per cent compared to a reference building. BREEAM certification involves very strict requirements for e.g. energy consumption, ventilation, water consumption, materials and waste solutions. This is particularly challenging in a building that will be renovated instead of constructing a new building, and requires proper planning from the start.



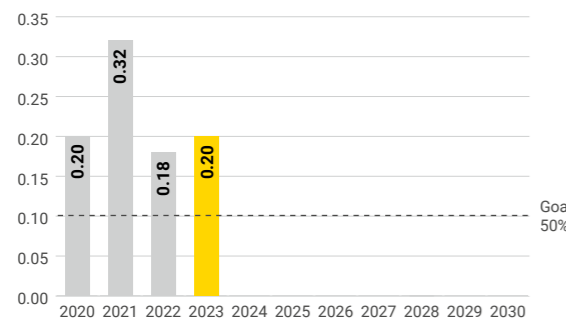
## Climate-friendly shotcrete in new tunnel

JV AF Ghella is building a new tunnel system for the distribution of drinking water on behalf of Oslo Municipality's Water and Wastewater Authority (Vann- og avløpsetaten). To minimise the environmental impact of the project, shotcrete is produced using sand from cleaned excavated material from another AF Gruppen company, Nes Miljøpark. The project is one of the first in the Oslo area where aggregates from used excavated material are used for shotcrete. An electric concrete mixer drum is used to mix sand with cement, water and additives. Ølen Betong has established a concrete factory at the project's rig site, which reduces the need for transportation, and electric concrete trucks are also used to transport the concrete.

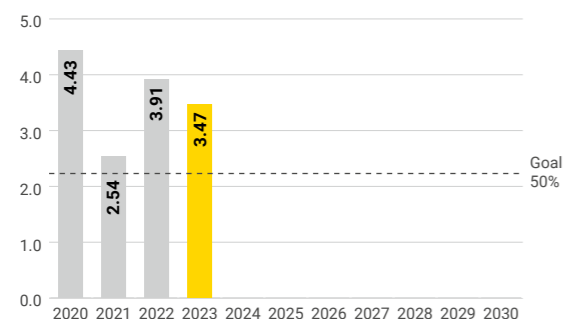
SERVICE TYPE CIVIL ENGINEERING – CLIMATE FOOTPRINT (SCOPE 1 AND 2)



SERVICE TYPE CONSTRUCTION – CLIMATE FOOTPRINT (SCOPE 1 AND 2)



SERVICE TYPE DEMOLITION – CLIMATE FOOTPRINT (SCOPE 1 AND 2)



**How can AF reduce greenhouse gas emissions from its projects?**

To achieve our targets for reducing greenhouse gas emissions in scope 1 and 2, AF's entrepreneurial spirit and our employees' knowledge and expertise are key. In addition, close collaboration with our customers and suppliers will be important in order for AF to achieve our climate-related goals.

There are several possible measures that can help reduce greenhouse gas emissions from AF's projects. In large civil engineering projects, comprehensive planning of road sections can help significantly reduce mass excavation and related earth movement. It is possible to take steps to cut significant costs during the design phase, and developments in the market, with the increased use of collaborative contracts in which contractors have the opportunity to contribute to the design phase, can have a positive impact in cutting emissions during the production phase. The industry can contribute to ensuring carbon storage in building materials, for example by extending the use of wood and timber, and by reusing a greater proportion of existing buildings to avoid unnecessary new construction. In other words, the input factors in our projects can contribute to fighting climate change.

AF Gruppen's machines have been monitored over a long period of time to gather data on driving patterns, and there is an increase in the installation of auto-stop mechanisms to prevent idle running. The use of electric machines and machines using hydrogen, renewable diesel and biodiesel will reduce emissions. The use of electric loaders, dumpers and wheel loaders is now being tested to a greater extent on construction sites. The need for emission-free construction machinery in areas with underdeveloped infrastructure has led AF to build its own mobile charging stations for heavy construction machinery. An increasing number of construction sites are now operating as fossil-free construction sites. In addition to fossil-free civil engineering operations reducing greenhouse gas emissions, a transition to electric or hydrogen-powered solutions will reduce local emissions and create a better physical working environment on the construction site.

CLIMATE ACCOUNTS	Energy equi. (MWh) <sup>1)</sup>		Emissions (tonnes CO <sub>2</sub> e) <sup>2)</sup>		Base year
Category	2023	2022	2023	2022	2020
Petrol (l)	2,283	2,332	580	563	257
Diesel oil (l)	127,519	132,011	32,325	31,301	42,065
Biodiesel (l)	12,565	8,010	76	93	50
Propane (kg)	2,069	2,240	482	522	182
Other	94	23	197	80	146
Scope 1: Direct emissions	144,530	144,615	33,660	32,559	42,699
District cooling and heating (kWh)	5,672	3,904	238	121	140
Power (kWh)	53,224	47,609	1,268	1,096	2,180
Scope 2: Indirect emissions from own activities (locationbased)	58,896	51,512	1,506	1,217	2,320
Scope 2: Indirect emissions energyconsumption (markedbased) <sup>3)</sup>			15,827	11,339	
Greenhouse gas emissions (tonn CO <sub>2</sub> e)			35,166	33,777	45,019
Carbon footprint <sup>4)</sup> scope 1 and 2			1.2	1.1	1.6
Waste			10,843	4,480	
Business travel			1,408	1,167	
Employee commuting			1,945	2,227	
Scope 3: Other indirect emissions			14,196	7,874	
Greenhouse gas emissions (tonn CO <sub>2</sub> e)			49,362	41,651	
Carbon footprint <sup>4)</sup> scope 1, 2 and 3			1.6	1.3	

EMISSIONS BY SERVICE TYPE <sup>5)</sup>	Civil engineering services			Construction services			Demolition services		
	2023	2022	2020	2023	2022	2020	2023	2022	2020
Emissions (tonnes CO <sub>2</sub> e) <sup>2)</sup>									
Scope 1: Direct emissions	25,441	23,092	34,236	2,736	2,769	2,735	4,724	5,900	4,338
Scope 2: Indirect emissions energy consumptions	484	272	861	862	781	839	102	97	153
CO <sub>2</sub> e emissions (tonnes CO <sub>2</sub> e)	25,925	23,364	35,097	3,598	3,550	3,575	4,826	5,998	4,491
Carbon footprint (scope 1 and 2)	2.66	2.66	4.57	0.20	0.18	0.20	3.47	3.91	4.43
Change from base year (2020)	-42%	-42%		0%	-10%		-22%	-12%	

<sup>1)</sup> Energy equivalents illustrate the annual energy intensity of AF Gruppen's activities within scope 1 and 2.  
<sup>2)</sup> Greenhouse gas emissions with warming potential equivalent to CO<sub>2</sub>.  
<sup>3)</sup> AF Gruppen use productionbased method to calculate scope 2-emissions, and use markedbased scope 2-emissions for information.  
<sup>4)</sup> Carbon footprint is calculated as tonnes CO<sub>2</sub>e per NOK million revenues.  
<sup>5)</sup> Servicetype defined according to segment note, see note 4 in the Groups consolidated financial statements.



# CLIMATE RISKS AND OPPORTUNITIES

AF has used the TCFD framework for reporting climate risks and opportunities as a starting point.

Climate risk in this context refers to how climate change affects AF financially, not how AF affects the climate. The TCFD framework recommends reporting in four main areas: corporate governance, strategy, risk management and objectives and methods. In 2023, the Corporate Management Team, with the support of the Board of Directors, updated our climate risk analysis to identify the most important climate risks affecting AF Gruppen. In the following, we present our climate risk reporting based on the TCFD framework.

Climate and natural challenges are closely interlinked, and natural risk and climate risk must therefore be viewed in conjunction with each other. Climate risk is a key factor in AF's resilience strategy against climate change and the stricter framework conditions that will apply in the transition to a low-emission society. Natural risk concerns they ways in which AF is dependent on nature and the impact AF's operations have on nature, and whether policy changes or loss of nature pose a risk to AF. Recently, frameworks have been developed that can be used to report on and manage nature-related risks. The Task Force on Nature Related Financial Disclosures (TNFD) framework is structured in the same way as TCFD, and ESRS refers to both the TNFD and TCFD frameworks. In 2024, AF started analysing, assessing and managing nature-related risks.

### Corporate governance

the Board of Directors has the ultimate responsibility for ensuring that climate risks and opportunities are managed satisfactorily, while operational responsibility lies with the Corporate Management Team.

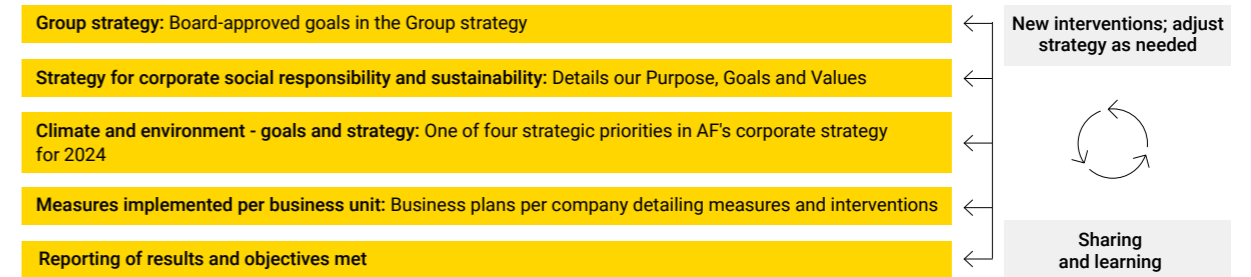
- ▶ Board oversight of climate risks and opportunities

The Board has a strong focus on CSR and takes part in AF Gruppen's evaluation and revision of climate risks. Monitoring and evaluation of implemented key measures implemented is reported to the Board as needed. The Board considers climate-related issues when reviewing risk areas and internal controls, as well as in their approval of strategies, quarterly accounts, annual accounts and budget work. Climate-related assessments are also made when reviewing AF's core values, guidelines for ethics and social responsibility, organisational structure and corporate governance principles. In addition to the regular items, the Board also assesses any climate-related matters linked to potential acquisitions of companies valued at over NOK 50 million, site investments where our share is over NOK 100 million and contract tenders with a contract sum in excess of NOK 600 million. CEO Amund Tøftum's

### FRAMEWORK TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
<b>Recommended disclosures</b>	<b>Recommended disclosures</b>	<b>Recommended disclosures</b>	<b>Recommended disclosures</b>
▶ Describe the board's oversight of climate-related risks and opportunities.	▶ Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	▶ Describe the organisation's processes for identifying and assessing climate-related risks.	▶ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
▶ Describe management's role in assessing and managing climate-related risks and opportunities.	▶ Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	▶ Describe the organisation's processes for managing climate-related risks	▶ Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	▶ Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	▶ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	▶ Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

## FROM CORPORATE STRATEGY TO CONCRETE PROJECT MEASURES



reporting to the Board of Directors of AF includes quarterly reporting on climate-related matters. The Board and the Audit Committee review the targets and events related to climate and the environment every quarter in connection with the quarterly reporting, and on an annual basis in the annual report. The Audit Committee is an advisory body to the Board and prepares reports with respect to statutory auditing, financial reporting and sustainability reporting. The Audit Committee also prepares the Board's annual quality assurance of sustainability reporting in AF.

- ▶ Management's role in assessing and managing climate risks and opportunities

CEO Amund Tøftum has the main operational responsibility for climate risk management in the day-to-day operations and in the implementation and monitoring of the Group's strategy. Each EVP is responsible for their respective business areas. EVP Eirik Wraal has a dedicated role in following up on corporate social responsibility in AD, and CFO Anny Øen has a dedicated role in following up on AF Gruppen's external sustainability reporting. In connection with the implementation of the operationalisation of AF Gruppen's climate and environmental strategy, a separate steering group has been established, led by representatives from the Corporate Management Team, in which the HSE Department and Corporate Finance Department are represented. Key issues related to sustainability reporting are raised in the steering group for discussion and passed on to the rest of the Corporate Management Team as required.

The Corporate Management Team monitors the status of strategic goal achievement through the Climate and Environment Department's quarterly reporting of key performance indicators. In connection with the risk review of tenders with a contract sum exceeding NOK 100 million, the project's climate and environmental risk must be described and possible measures to

minimised climate and environmental risk must be reviewed. This also applies to contracts with a lower contract sum if the risk situation or other circumstances so indicate. The individual AF business units are responsible for mitigating climate and environmental risk as part of the daily operations and implement relevant measures to help achieve the overall Group strategy. It is a requirement that business units and projects be capacitated with sufficient expertise in climate and environment issues. Mapping and analysis of risk in connection with HSE shall be carried out and documented in all projects, including issues related to the climate and environment, both at the start and during implementation.

### Strategy

The green shift presents both risks and opportunities for AF. Good environmental solutions will attract employees, investors and new projects, while a lack of willingness or ability to innovate and adapt will hinder competitiveness. AF Gruppen's strategy for climate and the environment is fundamentally anchored in our vision: we are clearing up the past, and building for the future. This means that we must remove, clean or eliminate materials, land and energy solutions that are harmful to the environment, and that we must offer services that society needs to meet current and future energy and environmental challenges.

- ▶ Climate risks and opportunities AF has identified in the short, medium and long term

The tables on the following pages present the climate risks and opportunities AF has identified in the short, medium and long term. A description of the different timelines is provided below. These tables show the material risks and opportunities AF has identified in this process, but do not provide a complete overview of all the risks and opportunities AF has considered. For example, AF has assessed the climate risk associated with financing and

Timeline	Years	Description
Short	1–3 years	In line with the average duration of AF's projects and climate actions or decisions taken in the short term.
Medium	3–10 years	Covers the timeline for AF's larger, longer-term projects and our climate and environmental targets leading up to 2030.
Long	> 10 years	Covers the period up to 2050 and our long-term goal of climate neutrality.

TYPE	DESCRIPTION OF OPPORTUNITIES	POTENTIAL FINANCIAL IMPACT	FINANCIAL IMPACT – LOW EMISSIONS SCENARIO			FINANCIAL IMPACT – HIGH EMISSIONS SCENARIO			AF's response to opportunities	
			Short (1–3 years)	Medium (3–10 years)	Long (> 10 years)	Short (1–3 years)	Medium (3–10 years)	Long (> 10 years)		
OPPORTUNITIES	<b>Resource efficiency</b>	Circularity in our construction and civil engineering projects	Reduced project costs	Low	Low	Medium	Low	Low	Low	▶ See the section on resource efficiency and circularity, p. 38–39
	<b>Products and services</b>	Increased demand for climate and environmentally friendly products and services: – Climate and environmentally classified buildings – Renovations – Energy efficiency – Renewal energy development – Purification and reuse of materials	Increased revenue from climate and environmentally friendly products and services	Medium	High	High	Low	Low	Low	▶ See the section about climate and environmentally friendly products and services, p. 35–36
		Development of innovative solutions to reduce climate and environmental impacts	Increased revenue from new products and services	Low	Low	Medium	Low	Low	Low	▶ See the section on developing innovative solutions, p. 37
		Increased demand for our products and services as a result of: – A demand for products and services that can withstand extreme weather events and lasting climate change – Recovery and reconstruction after extreme weather	Increased revenue from new products and services	Low	Medium	Medium	Low	Medium	High	▶ See the section on recovery and reconstruction, p. 37
<b>Reputation</b>	Employee value proposition related to climate issues and AF's adaptability	Increased revenue due to increased competitiveness and reduced project costs	Low	Medium	High	Low	Low	Low	▶ See section 04.2, p. 50	

access to capital. AF has not yet identified any material financial effects in this regard, but this could change if future investment decisions or allocation of capital is impacted to a greater extent than our preliminary assessments suggest. In connection with the Group's financial period-end closing, relevant climate risks are assessed against potential accounting effects. No climate risk has been identified as having a significant impact on the consolidated financial statements for 2023. Read more in note 37.

▶ The impact of climate risks and opportunities on AF's business model, strategy and financial planning

In order to achieve our long-term ambitions for the climate and environment, it will be crucial in the short and medium term to:

- Increase our knowledge about our greenhouse gas emissions and waste production
- Use and develop circular products and other desirable climate and environmental services that make us competitive
- Actively help meet our customers' and partners' climate and environmental goals by identifying and providing alternative solutions
- Actively attract and recruit talent with the relevant climate and environmental expertise

The figure on the previous page shows how the Group strategy is operationalised into concrete steps in each business unit.

▶ The impact of different scenarios

The TCFD framework recommends assessing risks and opportunities based on different scenarios. At a general level, AF Gruppen has based its assessment of climate-related risks and opportunities on a low-emission scenario and a high-emission scenario. These two scenarios represent extremes in future developments

and have been chosen to stress test the potential financial effects of the transition to a low-emission society versus a future high-emission society.

The low emissions scenario describes a world where global CO<sub>2</sub> emissions are successfully cut in order to achieve net zero by 2050. Extreme weather is more common, but the world has managed to avoid the most severe impacts of climate change. At the core of this scenario is the rapid deployment of clean energy technologies and increased energy efficiency. This scenario is consistent with the Paris Agreement's goal of keeping global warming to around 1.5°C above pre-industrial temperatures, and is also in line with the emission reductions stated in the IPCC's sixth assessment report.

The high-emissions scenario represents a society with high greenhouse gas emissions and no effective emission reduction policies. In this scenario, the global temperature rises above 4°C and the severity and frequency of extreme weather events will increase.

In the low-emission scenario, transition risks will be higher, while physical risks will be lower. In the scenario with high emissions and global warming exceeding 4°C, the opposite will be the case. There is great uncertainty about how climate risks and opportunities will impact AF in the future, and identified risks and opportunities associated with selected scenarios do not necessarily imply that these will become a reality. AF will continue to work on the use of scenarios in our climate-related risk and strategy efforts and to assess how our risk exposure may change in the future.

**Risk management**

Climate risk can be divided into physical risk and transition risk. Physical risk is risk associated with climate- and weather-related events such as heatwaves, droughts, floods and storms, and arises due to the uncertainties associated with what future climate change will entail. Extreme weather events can potentially lead

to major financial losses and reduce the value of assets. Physical risk can be divided into two categories: Acute physical risk and chronic physical risk. Acute physical risk is caused by extreme weather events that have an immediate impact and can cause disruptions the supply chain. Chronic physical risk is caused by steadily deteriorating conditions over time that cause lasting temperature changes or rising sea levels. Transition risks are risks that follow from the transition to a low-emission society. Transition risk arises due to uncertainty about future social developments, including climate policy and technology developments. In addition to the various types of climate risk, there are many opportunities associated with climate change and climate policy, such as increased resource efficiency and the development of climate and environmentally friendly products and services.

▶ AF's process for identifying and assessing climate risk

In conducting AF's climate risk analysis, the Corporate Management Team, with the support of the Board of Directors and with the involvement of representatives from business units in AF, has assessed physical risks and transition risks. Similarly, we have assessed opportunities related to resource efficiency, energy sources, products and services, markets and resilience. In the process of identifying significant climate risks and opportunities, an assessment has been made of the probability of the risks and opportunities arising given two different extreme scenarios, and the financial impact this would have on AF. AF has used the same baseline values as those used for assessing financial materiality in the Group's annual accounts in the assessment of climate-related risks and opportunities.

▶ AF's processes for managing climate risks and opportunities

AF's systematic approach to risk management in the Group's projects also includes monitoring climate-related

risk. Identified risks form the basis for implementing necessary risk mitigation measures for the Group as a whole, and in individual projects as required. Seising opportunities for profitability is part of our culture, and we rely on innovative solutions to address climate risks and opportunities. In the following sections, we provide a more detailed description of how AF manages the material climate risks we have identified. See the table above for further information on how AF manages identified climate opportunities.

F1.1 Acute physical risk

More frequent and severe extreme weather, such as heavy rainfalls and flooding, can lead to greater unpredictability and an increased risk of accidents, especially in the construction industry. Such extreme weather events can also cause operational challenges and disruptions in our supply chain. As a result, this increases the risk of unforeseen costs in the execution of our projects, for example associated with increased prices, logistics issues or damages to our own contract work or materials. AF conducts and documents a mapping and analysis of HSE risk in all projects, including acute climate risk.

F2.1 Chronic physical risk

Permanent temperature changes, rising sea levels and changes in precipitation patterns may in the long term change AF's production capacity as a result of potentially longer construction times and reduced progress in our projects. In the coming years, AF will work to expand our understanding and the impact on our business model, including further developing our scenario analyses to meet potentially changing requirements and the need for necessary interventions.

01.1 Unpredictable policy and contract terms

Norwegian authorities have set ambitious targets that impact our industry, but there are currently great

TYPE	DESCRIPTION OF RISKS	POTENTIAL FINANCIAL IMPACT	FINANCIAL IMPACT – LOW EMISSIONS SCENARIO			FINANCIAL IMPACT – HIGH EMISSIONS SCENARIO			AF's management of risk	
			Short (1–3 years)	Medium (3–10 years)	Long (> 10 years)	Short (1–3 years)	Medium (3–10 years)	Long (> 10 years)		
PHYSICAL RISK	<b>Acute physical risk</b>	More frequent and severe extreme weather can lead to: – Supply chain disruptions – Operational challenges – Increased risk of accidents	Increased project costs and lower revenue due to lower productivity	Low	Low	Medium	Low	Low	High	▶ See section F1.1
	<b>Chronic physical risk</b>	Permanent temperature changes, rising sea levels and changing precipitation patterns may impact AF's production capacity	Lower revenue due to lower productivity and reduced progress in our projects	Low	Low	Low	Low	Low	Medium	▶ See section F2.1
TRANSITION RISK	<b>Political and regulatory/legal</b>	Unpredictable policy and contract terms	Increased unforeseen project costs	Low	Low	Medium	AF has not yet identified material financial transition risks associated with a high emissions scenario			▶ See section O1.1
		Price increases associated with CO <sub>2</sub> emissions	Increased project costs	Low	Medium	High				▶ See section O1.2
		Risk of disputes and litigation related to unproven solutions and construction methods, or failure to meet the climate and environmental requirements for our projects	Increased project costs	Medium	Medium	Medium				▶ See section O1.3
		Increased reporting scope on both Group and project levels	Increased administrative costs for internal and external reporting	Medium	Low	Low				▶ See section O1.4
	<b>Market</b>	Changing demand for climate and environmentally friendly products and services in our industry	Lower revenue from products and services if we fail to meet future climate and environmental requirements	Low	Medium	High				▶ See section O2.1
		Increased input costs for AF as our suppliers face ever-increasing costs related to energy consumption and climate and environmental requirements	Increased project costs and lower revenue due to lower demand for more expensive products and services	Low	Medium	High				▶ See section O2.2
	<b>Technology</b>	Limited access to the necessary technology, materials and machinery to meet customer climate and environmental requirements	Increased project costs	Low	Medium	High				▶ See section O3.1
		Introduction and development of new technologies	Increased project costs and costs related to research and development	Medium	Medium	Low				▶ See section O3.2
	<b>Reputation</b>	Changed customer behavior and reduced demand for products and services due to poor reputation if we fail to adapt	Reduced turnover	Low	Medium	High				▶ See section O4.1
		Employee value proposition related to climate issues and AF's adaptability	Lower revenue due to reduced competitiveness and increased project costs	Low	Medium	High				▶ See section O4.2

CORP. SOCIAL RESPONSIBILITY

CORP. SOCIAL RESPONSIBILITY

uncertainties and geographical variations with respect to the specific changes in requirements our project business will be subject to. The industry is therefore characterised by uncertainty and risk related to future framework conditions. AF has a very high level of expertise and experience when it comes to demanding policy requirements and the preparation of contract documents that make AF well equipped to respond to future changes in policy requirements.

**01.2 Price increases associated with CO<sub>2</sub> emissions**  
The government proposes to gradually increase the tax on greenhouse gas emissions (carbon tax) until 2030. The construction industry accounts for a significant share of Norway's total greenhouse gas emissions and increased carbon taxes have therefore been identified as a financial climate risk for AF. In addition to higher carbon taxes, other pricing mechanisms have also been proposed to increase the costs associated with greenhouse gas emissions. AF has set a goal of halving our relative greenhouse gas emissions by 2030, and several initiatives are underway to attain these goals. See the section on greenhouse gas emissions and energy consumption, pages 40–43, for more information about AF's strategy for reducing greenhouse gas emissions.

**01.3 Disputes and litigation**  
Increased demands, untested solutions and new contractual terms related to climate issues may result in new, unclear or complex responsibilities that will have a direct impact on our company's operations and services. Complex or untested innovative solutions and construction methods can potentially incur unforeseen costs due to failing to meet client requirements. In addition, failure to meet climate and environmental requirements for our projects may result in fines from our clients if they are not met. Key climate and environmental requirements are managed and monitored as part of the ongoing project management and AF Gruppen's risk management methodology.

**01.4 Increased reporting scope**  
The regulatory landscape for sustainability reporting is undergoing major changes, and the EU's Corporate Sustainability Reporting Directive (CSRD) puts financial reporting and sustainability reporting on an equal footing. This will require even more time and resources at Group level and a more demanding scope of reporting for our projects. In addition, we are spending more time on documentation and reporting exercises for individual projects related to customer requirements

and compliance with various climate and environmental certifications. AF is working on developing innovative solutions to ensure reporting of sustainability data in an efficient manner that adds value. In recent years, AF has also allocated significant resources to internal skills development and attracting relevant expertise in recruitment processes.

**02.1 Future climate and environmental requirements**  
The regulatory requirements for classifying products and services as climate and environmentally friendly are consistently being more stringent. There is a risk of reduced sales if AF is unable to adapt to meet future climate and environmental requirements. AF has extensive experience from projects that set comprehensive environmental requirements and has an in-depth understanding of how processes, material choices and operating solutions impact the climate and environment. In addition, AF has good expertise in climate and environment-related certifications, such as the BREEAM and Miljöbyggnad certification tools. In 2023, a pilot project was carried out under the auspices of Nye Veier, AF Gruppen and Norconsult, which showed how Norwegian road construction must meet strict criteria to fulfill the screening criteria under the EU

taxonomy. This is an example of a project that provides AF with useful knowledge about how we can meet increasingly stringent policy requirements for climate and the environment. AF's combined expertise enables us to take on the most demanding assignments, and our adaptability and drive puts us in a good position to meet the demands and expectations of the future.

**02.2 Increased input costs for AF**  
Like AF, our suppliers and subcontractors are also experiencing increased costs related to energy consumption and greenhouse gas emissions, which can lead to increased input costs for AF's projects. AF works closely with clients, suppliers and subcontractors to identify and select suitable for our projects. We will share our knowledge when it comes to meeting climate and environmental requirements, while guiding our customers and suppliers in selecting solutions that are both profitable as well as feasible.

**03.1 Access to input factors**  
The transition to a low-emission society depends on having access to the right input factors. Fossil-free construction reduces greenhouse gas emissions, but also requires access to the right machines. Increasing

demand for electrical construction equipment, climate and environmentally friendly materials and other input factors therefore increases the risk associated with the supply of such equipment. There are also significant geographical variations both with respect to charging facilities and access to materials, equipment and machinery with a low impact on the climate and environment. AF's fruitful collaboration with clients, suppliers and subcontractors will therefore play a key role in the green shift.

**O3.2 New technologies**

The introduction and development of new technologies can help resolve several climate and environment-related issues, and will play an important role in the transition to a low-emission society. At the same time, the introduction of new technologies may involve increased start-up costs and unexpected costs associated with unproven technology. AF will be a driving force for innovative solutions in the future, with a strong focus on cost-benefit assessments to ensure that new technology is introduced at the right time and in the right projects.

**O4.1 Changing customer behaviors**

Demands for sustainable products and services are increasing. The civil engineering, construction and property sectors have a major impact on climate and the environment. The ever-increasing demands and expectations from our stakeholders could affect demand if AF fails to adapt accordingly. There is therefore a risk of reduced demand related to our project business if AF does not meet the climate and environmental requirements of the future. AF's high level of expertise in climate and environmental matters allows us to identify opportunities and suggest other, more cost-effective solutions in projects. In conjunction with ensuring a good dialogue with our clients, this will help mitigate the risk of reduced demand. Early involvement of the contractor and close collaboration both before and during the development phases offer the greatest potential for environmentally friendly construction and civil engineering projects.

**O4.2 Employee value proposition**

AF's competitiveness lies in our people, and there is competition for the best people in the markets in which we operate. If AF does not contribute to the green shift, or if we fail to adequately communicate our contributions to key stakeholders, this could negatively affect our reputation and employee value proposition. AF has identified our employee value proposition as both a risk and an opportunity to our climate efforts. While our industry has a significant climate and environmental impact, there are also great opportunities to help push the industry in the right direction and towards the green shift. AF wants to be challenged by inquisitive students and new and existing employees who will help shape our industry in the future, while we will also be recruiting, developing and retaining the right people with the right skills. We will be the Nordic region's most

inquisitive contractor and challenge the status quo. One of AF's ongoing commitments is to operationalise our strategy for the climate and environment. AF is also committed to actively developing our sustainability reporting to ensure transparent and appropriate communication about AF's climate-related work and provide good examples of how individual employees can contribute. In this way, we will ensure that our employee value proposition becomes our greatest asset.

- Integration of AF's processes for identifying, assessing and managing climate risk into AF's overall risk management

The risk assessment already established across the Group is used in the same way to identify and assess climate risk. Read more about AF's risk management on pages 18–19.

**Goals and methods**

- The methods AF uses to assess climate risks and opportunities related to monitoring out strategy and risk management processes

More information about methods used in relation to TCFD is provided in the sections "Greenhouse gas emissions and energy consumption" on pages 40–43 and "Resource efficiency and circularity" on pages 38–39.

- AF's climate accounts and the emission categories we report on (scope 1, 2 and 3)

AF's climate accounting and reporting on scope 1, scope 2, and material scope 3 categories, as well as related risk factors. AF reports a climate account based on the GHG protocol. See the section on greenhouse gas emissions and energy consumption, pages 40–43.

- AF's objectives for managing climate risks and opportunities and our achievement of these objectives

AF has set a goal of halving our relative greenhouse gas emissions by 2030 for scope 1 and 2 emissions compared to the baseline year 2020. We have also set goals for resource efficiency and circularity. To achieve our long-term climate and environmental ambitions, we have three prioritised focus areas for climate and the environment:

- Climate and environmentally friendly products and services
- Greenhouse gas emissions and energy consumption
- Resource efficiency and circularity

Read more about our targets and achievements in the sections "Greenhouse gas emissions and energy consumption" on pages 40–43 and "Resource efficiency and circularity" on pages 38–39.

# EU TAXONOMY

The EU taxonomy is part of the European Green Deal, which is a growth strategy designed to make Europe the first climate-neutral region in the world by 2050.

The taxonomy is a classification system that defines what is considered a sustainable activity. Its purpose is to increase investments in sustainable solutions and manage financial risks caused by climate change. The taxonomy is also designed to prevent greenwashing by ensuring that there is a common system for what can be called sustainable. The Sustainable Finance Act, which enacts the EU Taxonomy Regulation ((EU) 2020/852) in Norwegian law, came into force on 1 January 2023.

In the EU taxonomy for sustainable activities, an activity is considered taxonomy-eligible if it is included in the list of activities that the EU has defined as potentially sustainable. The sectors that have so far been prioritised in the taxonomy are sectors and activities for which the EU has found that there is high potential to contribute to reducing emissions and negative environmental impacts. These sectors include civil engineering, construction and property.

An activity is taxonomy-aligned if it makes a significant contribution to at least one of the EU's six defined climate and environmental objectives, does no significant harm to the other climate and environmental objectives and the activity meets minimum requirements for social and governance conditions.

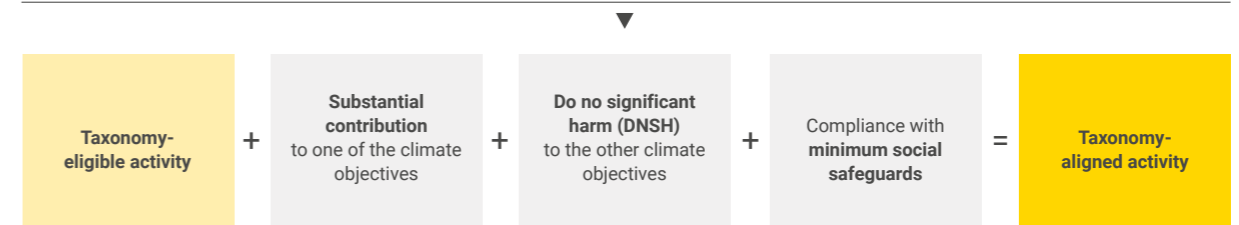
For the 2023 financial year, AF Gruppen is reporting for the first time on taxonomy-aligned activities in addition to taxonomy-eligible activities. The latter have previously been reported on a voluntary basis. More than

**THE EU'S CLIMATE AND ENVIRONMENTAL OBJECTIVES:**

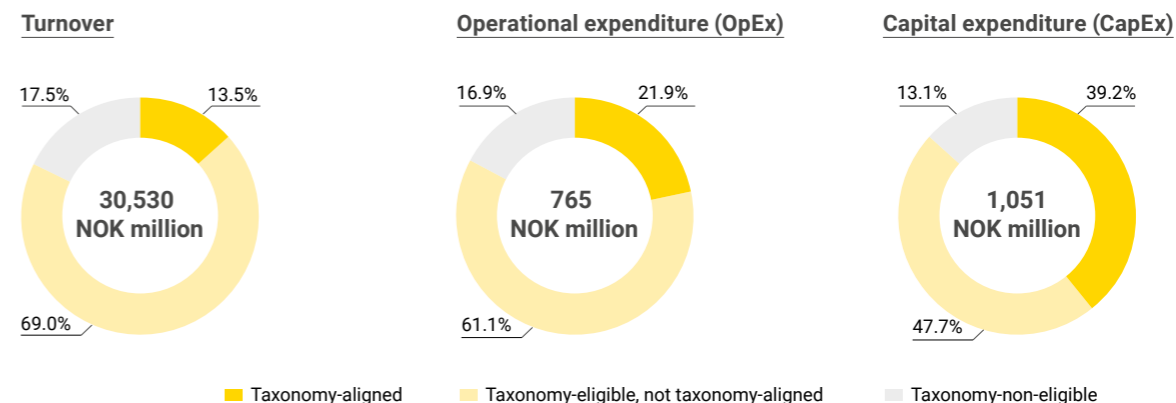
1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

80 per cent of AF's operating revenue is covered by the EU taxonomy, spread across well over 20 activities. In excess of 10 per cent of AF's operating revenue has been assessed as taxonomy-aligned. The operating revenue that has been assessed as being taxonomy-aligned was linked to the following environmental objectives: 1. Climate change mitigation; 4. Transition to a circular economy; and 5. Pollution prevention and control. The taxonomy-aligned projects include demolition projects, energy-saving projects, some housing development projects and some major civil engineering projects.

**ASSESSMENT OF PROJECTS IN EU TAXONOMY**



	Portion of Turnover / Total Turnover		Portion of OpEx / Total OpEx		Portion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation (CCM)	9.3%	66.7%	16.1%	58.4%	33.9%	42.6%
Climate change adaptation (CCA)	0.0%	0.0%	0.0%	58.4%	0.0%	42.6%
Water and marine resources (WTR)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Circular economy (CE)	3.8%	64.9%	5.5%	56.9%	4.7%	29.0%
Pollution (PPC)	0.4%	0.0%	0.3%	0.0%	0.5%	0.0%
Biodiversity and ecosystems (BIO)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



**REPORTING PRINCIPLES, ASSUMPTIONS AND ASSESSMENTS**

The reporting on the EU taxonomy follows the Group’s structure for financial reporting. The assessments are made by the project organisations that know the projects best, with quality review at a group level to ensure consistency. All projects are assessed individually to identify taxonomy-eligible and aligned activities, with a few exceptions where a portfolio assessment of comparable projects has been made.

Some ambiguities remain in the taxonomy regulation and some wordings that require interpretation and exercise of judgement. Therefore, there is a risk that AF has a different understanding of formulations and requirements in the taxonomy to those of other actors. Where AF has found that formulations or criteria can be understood in several ways, we have, based on our best judgement, applied the guidance that exists and assessed the reasonableness of our judgement based on the purpose of the EU taxonomy. Updates to EU regulations or relevant guidance from the Norwegian authorities may result in changes in AF’s reporting on both taxonomy eligibility and alignment in subsequent years.

**Key performance indicators (KPIs)**

AF reports on the KPIs operating revenue, operating expenses (OpEx) and capital expenditure (CapEx). The purpose of the operating expenses and capital expenditure KPIs is to identify the investments that contribute to sustainable activities and transition in a company. The KPIs are presented on pages 56-61 in accordance with the templates provided in Annex II of the Disclosures Delegated Act. Since this is the first year that AF is reporting on taxonomy-aligned, no comparable figures are presented in the table. Since AF has no activities linked to natural gas and nuclear energy (activities 4.26-4.31), we do not use the dedicated templates introduced for these activities.

Operating revenue in the taxonomy corresponds to operating revenue according to IFRS 15 Revenue from Contracts with Customers. See Note 2 “Material accounting policies”, Note 4 “Segment information” and Note 6 “Operating and other revenue” in the consolidated

financial statements for further information on operating revenue.

Operating expenses under the EU taxonomy are not linked to an IFRS definition in the same way as operating revenue, and are limited to expenses related to the maintenance and repair of property, plant and equipment that are essential for performing taxonomy-eligible activities. For AF Gruppen, these are expenses related to short-term leases that have not been activated on the balance sheet and expenses related to the repair, maintenance and cleaning of capitalised fixed assets.

Capital expenditures in AF Gruppen include investments in our own and leased buildings, production facilities, machinery and business assets under IAS 16 Property, Plant and Equipment and IFRS 16 Leases, as well as intangible assets under IAS 38. Any additions from business combinations in these categories are also included. Goodwill is not included, as it is not defined as an intangible asset under IAS 38.

Machines in AF Gruppen may be used in a number of different projects over the course of their service life. Therefore, accurately attributing capital expenditures and operating expenses associated with these machines to activities is challenging. Capital expenditures and operating expenses associated with the machine fleet are thus allocated based on a distribution formula determined by the distribution of operating revenue. The distribution formula is calculated per company or per subgroup, as appropriate.

**Assessment of taxonomy eligibility**

AF’s projects are classified by looking at the definition of the taxonomy’s different activities, with support from the associated NACE codes as guidance. The projects are not disaggregated when assigning them to activities when they could be assigned to two activities. For example, if a project involves a combination of renovation and new construction, an assessment is made as to which activity the project contributes the most and the entire project is then assigned to that activity. Of the material interpretations and assumptions AF has made in our assessments of taxonomy-eligible activities, the following should be mentioned:

**CCM 7.1/CE 7.1 Construction of new buildings**

All projects that contribute to a new building, from excavating contractor to property developer, are included in the activity unless they fit into a smaller and more specific activity. This means that even if AF only has a subcontract for a new building, the project is considered to be “construction of new buildings”.

**CCM 7.2/CE 7.2 Renovation of existing buildings**

AF finds that the description of this activity is missing a clear distinction between renovation and maintenance. AF has therefore used its judgement when assessing the projects with respect to what is renovation and what is maintenance. AF Gruppen does not include projects it has assessed as being maintenance in this activity.

**CCM 6.15/CCA 6.15 Infrastructure enabling low-carbon road transport and public transport**

Our interpretation is that CCM 6.15 only applies to road construction that is specifically for low carbon transport. Therefore, road construction in AF is not included in this activity as the roads we build, with some exceptions, are not specifically for low carbon transport only. As far as CCA 6.15 is concerned, operating revenue from road construction that is not necessarily specifically for low carbon transport is not included as taxonomy-eligible since the taxonomy does not define this as an enabling activity. Operating revenue from activities that are not defined as enabling cannot be included.

As a result of these interpretations, just under 20 per cent of AF’s operating revenue was assessed as not being taxonomy-eligible in 2023. This is mainly operating revenue related to road projects, as well as maintenance and service agreements and other minor maintenance projects that we have not classified as renovation of existing buildings. Projects classified as construction of new buildings make up the largest proportion of our taxonomy-eligible activities.

The fact that an activity is not currently considered taxonomy-eligible does not necessarily mean that the activity is harmful to the environment or that it is not sustainable. The taxonomy will develop in the

years to come, and several new activities and stricter requirements for existing activities are expected to be introduced. One example of projects in AF that contribute to the green transition but which nonetheless are not taxonomy-eligible is the cathodic protection of buildings and other structures. This prolongs the service life of existing infrastructure and buildings. The projects help to avoid new builds with their associated high greenhouse gas emissions.

**Assessment of taxonomy alignment**

AF has a very large number of taxonomy-eligible projects. In many cases, assessing whether an individual project satisfies the taxonomy’s criteria is time-consuming work. The largest projects and the projects that were most likely to be taxonomy-aligned were therefore prioritised in 2023 when assessments were being made in relation to the taxonomy’s criteria.

The majority of AF’s projects span several years. Because of this, projects that were not completed by the end of 2023 may not yet have achieved and documented compliance with all of the taxonomy’s criteria. If we believe that the project will have met the necessary criteria by the end of the project, the project is defined as taxonomy-aligned.

The requirement to do no significant harm that is common to all activities is a requirement to conduct a climate-related risk analysis in line with Appendix A of the EU Taxonomy Regulation. There is room for interpretation with respect to what object the climate-related risk analysis concerns, i.e. whether it is AF’s process and/or the product being produced. In principle, AF believes that we should analyse AF’s process in relation to the potential climate-related risks in the projects.

AF currently has few housing development projects that have been assessed as being taxonomy-aligned. The proportion of taxonomy-aligned buildings is expected to increase in the years to come, both because the alignment criteria will be clearer and because we expect an increase in demand and orders from our clients.

Taxonomy-eligible activities in AF Gruppen		
<b>SECTOR: ENERGY</b>		
CCM 4.1	Electricity generation using solar photovoltaic technology	AF carries out projects in connection with the development of solar farms.
CCM 4.3	Electricity generation from wind power	AF carries out projects in connection with groundworks and foundations for onshore wind turbines, as well as technical solutions and equipment deliveries for offshore turbines.
CCM 4.9	Transmission and distribution of electricity	AF constructs infrastructure that enables the transmission and distribution of electricity. This includes tunnels and trenches, as well as foundations and erecting masts.
CCM 4.15	District heating/cooling distribution	AF has many projects in this category that are related to pipe systems that carry district heating and cooling to buildings.
CCM 4.16	Installation and operation of electric heat pumps	AF delivers services related to the ongoing operation of central energy plants. Installing central energy plants is assigned to activity 7.6 Installation, maintenance and repair of renewable energy technologies.
CCM 4.22	Production of heat/cool from geothermal energy	Projects related to the production of heating/cooling at ports.
<b>SECTOR: WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION</b>		
CCM 5.1	Construction, extension and operation of water collection, treatment and supply systems	One of AF's significant activities is executing projects involving the construction and extension of water collection, treatment and supply systems. This includes sheet piling and drilling for steel core piles, concrete works for new water treatment plants, new tunnels and pipes for water supply and other works as needed.
CCM 5.2	Renewal of water collection, treatment and supply systems	AF carries out projects that involve the renewal of water collection, treatment and supply systems designed to improve the efficiency of the facility's energy consumption.
CCM 5.3	Construction, extension and operation of waste water collection and treatment	AF constructs waste water collection and treatment facilities.
CCM 5.4	Renewal of waste water collection and treatment	Renewal projects for treatment facilities that do not increase capacity are assigned to this activity.
PPC 2.4	Remediation of contaminated sites and areas	AF carries out projects related to the remediation of contaminated areas in which hazardous substances are removed from water and/or the ground, or otherwise handled in a manner designed to stop any adverse impacts on the environment.
CE 2.6	Depollution and dismantling of end-of-life products	AF Miljøbase Vats breaks up scrapped platforms and ships. Materials from these installations are decontaminated and can be resold as new products.
CE 2.7	Sorting and material recovery of non-hazardous waste	AF has three environmental centres that receive contaminated earth and rock that would otherwise end up in landfill sites and decontaminates them. The materials can then be reused. Revenue from the environmental centres are assigned to this activity.
CCM 5.9	Material recovery from non-hazardous waste	AF executes projects linked to recycling facilities for non-hazardous waste.
<b>SECTOR: TRANSPORT</b>		
CCM 6.5	Transport by motorbikes, passenger cars and light commercial vehicles	AF has company vehicles that are assessed in relation to the CapEx and OpEx criteria.
CCM 6.12	Retrofitting of sea and coastal freight and passenger water transport	AF delivers equipment and services for improving energy efficiency and electrifying ocean-going and coastal transport vessels. AF's part of such deliveries largely involves HVAC equipment on board and charging stations on land.
CCM 6.13	Infrastructure for personal mobility, cycle logistics	AF constructs infrastructure designed for pedestrians and cyclists specifically for personal mobility. A large proportion of the projects include construction of bridges for personal mobility. Where pedestrian and cycling paths form part of a larger road project, these are not included as taxonomy-eligible.
CCM 6.14	Infrastructure for rail transport	Infrastructure for rail transport includes the construction, modernisation and maintenance of stations, bridges and track for trains and metro lines.
CCM 6.15	Infrastructure enabling low-carbon road transport and public transport	AF executes projects in which we build roads specifically for public transport. Infrastructure that is constructed where public transport is operated in conjunction with other traffic is not included in this activity, nor is it included as a taxonomy-eligible activity for AF.
CCM 6.16	Infrastructure enabling low carbon water transport	AF implements adaptations to ports that enable low carbon water transport, such as installing charging stations for ferries and express boats.

Taxonomy-eligible activities in AF Gruppen		
<b>SECTOR: CONSTRUCTION AND REAL ESTATE ACTIVITIES</b>		
CCM 7.1	Construction of new buildings	AF's largest activity is constructing new buildings, both residential and commercial buildings. The activities that are included are projects involving groundworks for buildings, subcontracts, main contracts and turnkey contracts in connection with new buildings, if these cannot be assigned to other, more specific, activities.
CCM 7.2	Renovation of existing buildings	Renovation of existing buildings is AF's second largest activity. This includes renovating both residential and commercial buildings. Projects considered to be maintenance and not renovation has not been included.
CE 3.3	Demolition and wrecking of buildings and other structures	AF demolishes buildings and other structures, for example where buildings need to be demolished when new buildings are going to be constructed.
CE 3.5	Use of concrete in civil engineering	AF carries out concrete work in a number of construction projects related to the construction of new bridges and tunnels. The use of concrete in residential projects is classified under CCM 7.1 Construction of new buildings.
CCM 7.3	Installation, maintenance and repair of energy efficiency equipment	AF carries out projects involving the installation of energy efficiency equipment in buildings. This includes putting in new energy efficient windows and doors and installing energy efficient ventilation and HVAC equipment.
CCM 7.6	Installation, maintenance and repair of renewable energy technologies	AF's projects assigned to this activity involve the installation of solar panels for buildings, as well as the construction of central energy plants that provide heating and cooling in buildings using renewable energy sources. We also carry out maintenance and repair projects at wind farms.
CCM 7.7	Acquisition and ownership of buildings	AF has a number of office premises and production facilities it is relevant to assess in relation to the CapEx and OpEx criteria.
<b>SECTOR: PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES</b>		
CCM 9.3	Professional services related to energy performance of buildings	AF provides professional services that involve reviewing a building's energy performance and suggesting improvements. These can be in the form of engineering for energy saving projects or as EPC contracts.

#### Assessment of minimum requirements for social and governance conditions

AF's assessments of minimum requirements for social and governance conditions are based on the guidelines presented in the "Final Report on Minimum Safeguards" published by the Platform on Sustainable Finance. Based on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), the eight ILO Conventions on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights, this report defines four main categories for which a company must document that it complies with the minimum requirements. These are human rights, corruption, taxation and fair competition. Within each main category,

there are two criteria that indicate that a company is not complying with the minimum requirements. If the company only meets one of these criteria, it cannot claim that it is complying with the minimum requirements.

The guidelines in the "Final Report on Minimum Safeguards" overlap with other existing legislation, such as the Transparency Act, and AF's approach to human rights, the working environment and other relevant conditions as embodied in the Code of Conduct and in Purpose – Goals – Values. Based on an assessment in line with these criteria, AF's activities meet minimum requirements for social and governance conditions. Further information about AF's work on social and governance conditions can be found on pages 62-71.

## Turnover

Turnover	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
	Code (2)	Turnover (3)	Proportion of turnover 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, 2022 (18)	Enabling activity (19)	Transitional activity (20)
Economic activities (1)		NOK million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally Sustainable activities (Taxonomy-aligned)</b>																			
Electricity generation from wind power	CCM 4.3	440	1.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
District heating/cooling distribution	CCM 4.15	658	2.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Installation and operation of electric heat pumps	CCM 4.16	28	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	1,056	3.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of waste water collection and treatment	CCM 5.3	259	0.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Remediation of contaminated sites and areas	PPC 2.4	109	0.4%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Depollution and dismantling of end-of-life products	CE 2.6	228	0.7%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y			
Sorting and material recovery of non-hazardous waste	CE 2.7	89	0.3%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction of new buildings	CCM 7.1/CE 3.1	103	0.3%	Y	N/EL	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y			
Renovation of existing buildings	CCM 7.2/CE 3.2	95	0.3%	Y	N/EL	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y			T
Demolition and wrecking of buildings and other structures	CE 3.3	857	2.8%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	124	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			E
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	54	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			E
Professional services related to energy performance of buildings	CCM 9.3	30	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			E
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>4,129</b>	<b>13.5%</b>	<b>9.3%</b>	<b>0%</b>	<b>0%</b>	<b>0.4%</b>	<b>3.8%</b>	<b>0%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>			
Of which Enabling		208	0.7%	0.7%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y			E
Of Which Transitional		95	0.3%	0.3%						Y	Y	Y	Y	Y	Y	Y			T
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Electricity generation using solar photovoltaic technology	CCM 4.1	1	0.0%																
Electricity generation from wind power	CCM 4.3	30	0.1%																
Transmission and distribution of electricity	CCM 4.9	163	0.5%																
District heating/cooling distribution	CCM 4.15	73	0.2%																
Installation and operation of electric heat pumps	CCM 4.16	23	0.1%																
Production of heat/cool from geothermal energy	CCM 4.22	1	0.0%																
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	48	0.2%																
Renewal of water collection, treatment and supply systems	CCM 5.2	196	0.6%																
Construction, extension and operation of waste water collection and treatment	CCM 5.3	185	0.6%																
Renewal of waste water collection and treatment	CCM 5.4	26	0.1%																
Material recovery from non-hazardous waste	CCM 5.9	5	0.0%																
Retrofitting of sea and coastal freight and passenger water transport	CCM 6.12	29	0.1%																
Infrastructure for personal mobility, cycle logistics	CCM 6.13	44	0.1%																
Infrastructure for rail transport	CCM 6.14	250	0.8%																
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	97	0.3%																
Infrastructure enabling low carbon water transport	CCM 6.16	6	0.0%																
Construction of new buildings	CCM 7.1/CE 3.1	16,641	54.5%																
Renovation of existing buildings	CCM 7.2/CE 3.2	2,719	8.9%																
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	30	0.1%																
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	20	0.1%																
Demolition and wrecking of buildings and other structures	CE 3.3	35	0.1%																
Use of concrete in civil engineering	CE 3.5	430	1.4%																
<b>Turnover of Taxonomy-eligible but not Taxonomy-aligned activities (A.2)</b>		<b>21,054</b>	<b>69.0%</b>																
<b>A. Turnover of Taxonomy eligible activities (A.1+A.2)</b>		<b>25,183</b>	<b>82.5%</b>																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Turnover of Taxonomy-non-eligible activities		5,357	17.5%																
<b>Total</b>		<b>30,530</b>	<b>100.0%</b>																

<sup>1)</sup> Turnover are only set as taxonomy-eligible or -aligned according to climate objective no. 2 in cases where the activity is defined as enabling for climate objective no. 2

CapEx

CapEx	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
	Code (2)	CapEx (3)	Proportion of CapEx 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, 2022 (18)	Enabling activity (19)	Transitional activity (20)
Economic activities (1)		NOK million	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally Sustainable activities (Taxonomy-aligned)</b>																			
Electricity generation from wind power	CCM 4.3/CCA 4.3	5	0.5%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
District heating/cooling distribution	CCM 4.15/CCA 4.15	12	1.1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1/CCA 5.1	331	31.5%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of waste water collection and treatment	CCM 5.3/CCA 5.3	9	0.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Depollution and dismantling of end-of-life products	CE 2.6	2	0.2%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y			
Sorting and material recovery of non-hazardous waste	CE 2.7	13	1.3%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y			
Demolition and wrecking of buildings and other structures	CE 3.3	36	3.4%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y			
Remediation of contaminated sites and areas	PPC 2.4	6	0.5%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>412</b>	<b>39.2%</b>	<b>33.4%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.5%</b>	<b>4.8%</b>	<b>0.0%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>			
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y		E	
Of Which Transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y			T
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Transmission and distribution of electricity	CCM 4.9/CCA 4.9	6	0.5%																
District heating/cooling distribution	CCM 4.15/CCA 4.15	1	0.1%																
Renewal of water collection, treatment and supply systems	CCM 5.2/CCA 5.2	3	0.3%																
Construction, extension and operation of waste water collection and treatment	CCM 5.3/CCA 5.3	2	0.2%																
Infrastructure for rail transport	CCM 6.14/CCA 6.14	9	0.8%																
Construction of new buildings	CCM 7.1/CCA 7.1/CE 3.1	231	22.0%																
Renovation of existing buildings	CCM 7.2/CCA 7.2/CE 3.2	21	2.0%																
Sorting and material recovery of non-hazardous waste	CE 2.7	35	3.3%																
Use of concrete in civil engineering	CE 3.5	17	1.6%																
Acquisition and ownership of buildings	CCM 7.7/CCA 7.7	83	7.9%																
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5/CCA 6.5	92	8.8%																
<b>CapEx of Taxonomy-eligible but not Taxonomy-aligned activities (A.2)</b>		<b>501</b>	<b>47.7%</b>																
<b>A. CapEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>913</b>	<b>86.9%</b>																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CapEx of Taxonomy-non-eligible activities		138	13.1%																
<b>Total</b>		<b>1,051</b>	<b>100%</b>																



## OpEx

OpEx	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
	Code (2)	OpEx (3)	Proportion of OpEx 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, 2022 (18)	Enabling activity (19)	Transitional activity (20)
Economic activities (1)		NOK million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally Sustainable activities (Taxonomy-aligned)</b>																			
District heating/cooling distribution	CCM 4.15/CCA 4.15	22	2.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1/CCA 5.1	82	10.7%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of waste water collection and treatment	CCM 5.3/CCA 5.3	16	2.1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction of new buildings	CCM 7.1/CCA 7.1/CE 3.1	2	0.2%	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 /CCA 7.3	2	0.3%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Depollution and dismantling of end-of-life products	CE 2.6	12	1.6%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y			
Demolition and wrecking of buildings and other structures	CE 3.3	30	3.9%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y			
Remediation of contaminated sites and areas	PPC 2.4	2	0.3%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>168</b>	<b>21.9%</b>	<b>13.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.3%</b>	<b>5.5%</b>	<b>0.0%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>			
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y		E	
Of Which Transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y			T
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Transmission and distribution of electricity	CCM 4.9/CCA 4.9	9	1.1%																
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1/CCA 5.1	1	0.1%																
Construction, extension and operation of waste water collection and treatment	CCM 5.3/CCA 5.3	6	0.8%																
Infrastructure for rail transport	CCM 6.14/CCA 6.14	12	1.6%																
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15/CCA 6.15	5	0.7%																
Construction of new buildings	CCM 7.1/CCA 7.1/CE 3.1	393	51.4%																
Renovation of existing buildings	CCM 7.2/CCA 7.2/CE 3.2	24	3.1%																
Use of concrete in civil engineering	CE 3.5	18	2.3%																
<b>OpEx of Taxonomy-eligible but not Taxonomy-aligned activities (A.2)</b>		<b>468</b>	<b>61.1%</b>																
<b>A. OpEx of Taxonomy eligible activities (A.1+A.2)</b>		<b>636</b>	<b>83.1%</b>																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OpEx of Taxonomy-non-eligible activities		130	16.9%																
<b>Total</b>		<b>765</b>	<b>100%</b>																

# SOCIAL CONDITIONS

Everyone working for AF shall have a safe and secure workplace. We want a good, equal working environment and will safeguard the rights of our employees in accordance with applicable legislation and international human rights.

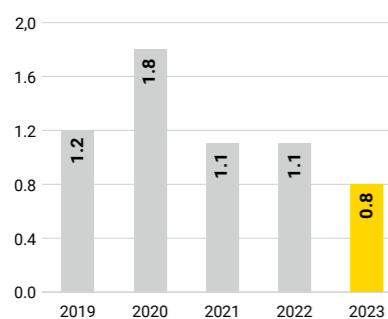
The project industry of which AF is a part has inherent risks related to working conditions that we take seriously and always consider:

- There are significant forces at play and high levels of exposure in terms of health and this constitutes a risk to AF's employees and our partners' employees.
- Traditionally, civil engineering, construction and industry have been male-dominated sectors where there is a risk of conscious and unconscious gender bias.
- Strong competition and relatively low margins may lead to employees feeling pressured to work more than is safe and desirable.
- In some of the disciplines involved in our projects, there is a risk of work-related crime and a lack of basic labour rights. Examples include undeclared work and foreign workers being subjected to social dumping and unacceptable working conditions.

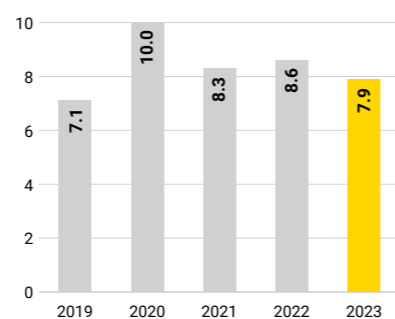
AF has implemented provisions designed to safeguard the health, safety and rights of employees at work. The regulations apply to our own employees, subcontractors and suppliers in all our projects.

The EU's Sustainability Directive and the upcoming new sustainability reporting standards also address reporting on social conditions. Based on the preliminary work for our double materiality analysis, ESRS S1 Own Workforce, ESRS S2 Workers in the Value Chain, and certain aspects related to the standard ESRS S3 Affected Communities are considered material reporting topics. AF's existing reporting on social conditions remains relevant for identified reporting topics, although stricter requirements for detailed information mean that AF's reporting on social conditions will be extended for the 2024 reporting year.

LTI-1 RATE



LTI-2 RATE



## HEALTH AND SAFETY

### – EVERYONE SHOULD GET HOME SAFELY

At AF, we create value and opportunities through project activities with an uncompromising attitude to safety and ethics. We take a systematic approach to HSE work to ensure that we provide safe and healthy working conditions. Our fundamental goal is to avoid all types of injuries, illness and complaints resulting from the work, and we focus in particular on avoiding occupational accidents that lead to serious injuries and health exposure that may result in long-term or permanent disability.

AF expects its subcontractors to comply with the same HSE standards AF does. The core principle on which our HSE work is based is that all adverse events and incidents have an underlying cause and can therefore be avoided.

### Risk management

Risk management is a key factor in preventive HSE work. AF identifies, communicates and manages HSE risks that could lead to occupational accidents and impaired health. At AF, we reduce risk to acceptable levels via a system of barrier controls, including both physical and organisational barriers. Many of AF's projects now use Clara, a digital system for HSE risk management developed by corporate staff resources within HSE and Innovation and Digital. The system is specifically designed for project activities within construction. The system helps projects manage barriers effectively and with the intelligent transfer of experiences from previous incidents and accidents.

### Learning and improvement

Adverse events and matters relating to HSE are highlighted to ensure learning and further development. Particularly serious incidents are followed up in detail through investigation processes involving all levels of the

organisation. The basic purpose of our investigations is to identify opportunities for improvement and measures to prevent similar situations from occurring again and we actively use these experiences in our systematic risk management. There is a strong will to continuously improve and, in 2023, nearly 55,089 (50,112) incidents and other matters were reported. These are all registered and managed using the non-conformity system Synergi Life or equivalent systems.

### Measuring performance

The most important measurable parameter for safety work at AF is the LTI rate. The LTI rate is defined as the number of serious injuries and lost-time injuries per million hours worked and includes our own employees, subcontractors and suppliers who are injured in our projects. AF's LTI rate definition is somewhat stricter than the industry standard. We include all injuries considered medically serious, including those that do not result in absence from work. The injury rate has shown a positive trend throughout the years, from an LTI rate of around 20 for the Norwegian operations in the early 1990s, to an LTI rate of 0.8 (1.1) in 2023. This rate represents 17 (24) LTI injuries in 2023.

The number of cut injuries on hands and fingers decreased in 2023 compared with 2022, which contributed to the decreases in the LTI rate and the TRIF rate. At the same time, analyses show that as many as 27 of the 33 most serious cut injuries on fingers and hands could have been less medically serious had the injured person been wearing more cut resistant gloves. Steps are being taken to make it easier for individuals to make good choices with respect to glove use, such that the right gloves are used for the right purpose.

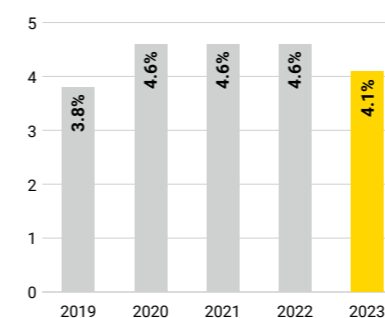
The end of the year marked 2 years since AF made it mandatory to use helmet chin straps in all of our projects. It appears that the order may have had some effect. The number of head injuries resulting in LTI and TRIF injuries has halved since 2021.

Although AF's LTI rate for 2023 can be considered to be low, the organisation was affected by the most serious accidents. A fire at the beginning of the year resulted in a serious personal injury that left an employee of a subcontractor with a permanent injury. This reminds us of the importance of good HSE work, on-site management and compliance with our HSE systems and procedures.

### Absence due to illness

Absence due to illness is an indicator of health work and our rate was 4.1 per cent (4.6 per cent) in 2023. AF Gruppen's absence due to illness is considered lower than the average for the construction and civil engineering

ABSENCE DUE TO ILLNESS



sector. Figures for the construction and civil engineering sector are presented by the Contractors Association – Building and Construction EBA. The average absence due to illness rate was 5.9 per cent. Nevertheless, in AF, we believe that our absence due to illness rate is still too high. This is because we know that some of the absence due to illness is work-related and can thus be mitigated. Our long-term systematic work aims to achieve a “healthy sickness picture”, without any absence resulting from conditions at work. We anticipate an absence due to illness of less than 3 per cent when this target has been met.

#### Health-related work

Health-related work is a natural part of our HSE efforts in the same way as safety work. AF’s internal occupational health service constitutes a strong, expert and positive adviser within preventive health-related work. Risk management in the area of health requires both expertise and knowledge of what our employees can be exposed to at work. To ensure that we understand the relevant exposures and the measures that can prevent damage to someone’s health, AF has health cards for the 15 most relevant types of exposure available in several languages.

In 2023, we marked World Mental Health Day with fundraising collections, courses and talks. Mental health has long had a place in AF’s culture and systems, but is now gaining extra momentum due to positive social

changes with a greater focus on, and openness about, the topic.

The physical working environments in construction projects can impact employees’ bodies. Therefore, ergonomics is an important topic when AF’s occupational health service surveys occupational health. Analyses for 2023 show that AF’s employees report slightly higher rates of ailments than those we see at a national level in the sector. Based on this experience, we want to take a good, risk-based approach to ergonomics going forward.

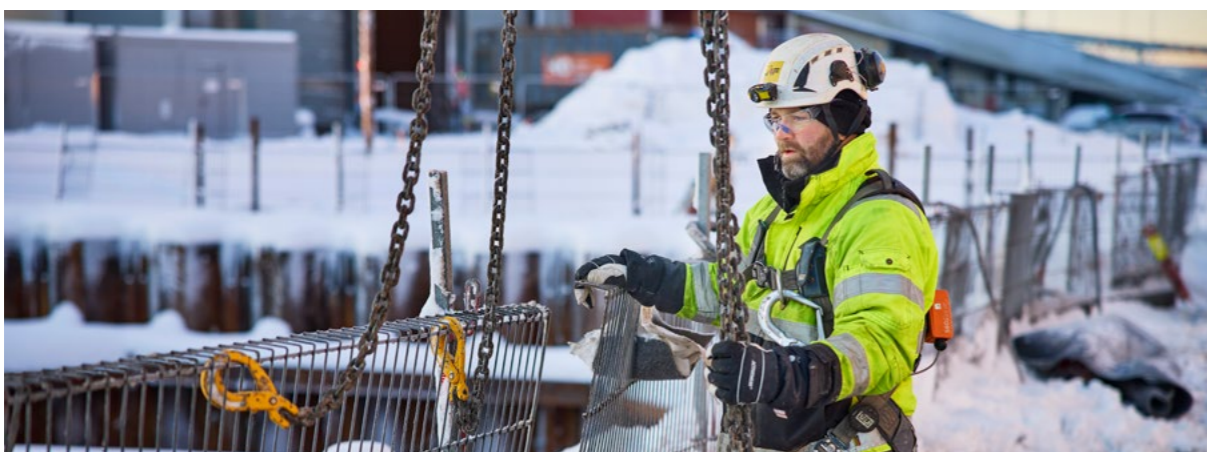
#### Contingency planning

AF must be prepared to manage emergency situations at all levels of the organisation. AF’s overall emergency preparedness plan sets out the framework for the organisation of emergency preparedness and plans for companies throughout the AF family. We need to be prepared for a wide range of challenging situations, such as serious accidents at work, pandemics, cyberattacks and hacking, irregularities, terrorism, etc. In the event of challenging emergency situations, AF will mobilise a central crisis team that will manage the overall emergency response efforts and support the management of the project and the affected unit. Emergency preparedness will always be influenced by the prevailing risk picture. That’s why in 2023, we increased our focus on cyberattacks and hacking, as well as on the unstable security policy situation in Europe.

#### Recommendation concerning chin straps has yielded results

Two years ago, AF introduced a strong recommendation that climbing helmet with chin straps should be used to prevent head injuries. A review of the serious accidents involving head injuries in AF shows that wearing a helmet and using the chin strap could reduce the consequences of injury in many cases. The chin strap ensures that the helmet does not fall off. Most employees now wear industrial climbing helmets, which we

know protect the back and sides of the head very well. The helmets have evolved over time, from primarily protecting against falling objects, to today where they now also provide good protection in case of fall accidents. In the two years since the recommendation came into effect, the use of helmets with chin strap has increased significantly, while the number of head injuries is reduced.



#### RESPONSIBLE CONSUMPTION AND PRODUCTION

The UN goal includes protecting labour rights and promoting a safe, secure and inclusive working environment for all employees.

#### DECENT WORKING CONDITIONS – WORKING ENVIRONMENT AND LABOUR RIGHTS

AF’s policy for human rights and the working environment is set out in the Code of Conduct and in Purpose – Goals – Values.

#### Human rights and measures against work-related crime

The construction and civil engineering industry faces some general challenges, particularly in relation to labour rights. It is important that major players such as AF take responsibility for ensuring that the entire value chain follow ethical guidelines and basic human rights. AF committed to complying with the human rights principles of the UN Global Compact in 2009, and has comprehensive systems in place to prevent our projects becoming places where work-related crime is committed and labour rights are breached. We will only work with clients and suppliers that share our fundamental and uncompromising attitude towards safety and ethics. Our work on human rights is embedded in the Board and the Corporate Management Team, and is embodied in AF Gruppen’s Code of Conduct.

AF requires our entire value chain to comply with fundamental human rights and decent working conditions. AF Gruppen is subject to the Transparency Act and reports on due diligence and impacts on the Group in our annual report.

Requests for information about AF Gruppen’s work on the Transparency Act and due diligence can be sent to [apenhetsloven@afgruppen.no](mailto:apenhetsloven@afgruppen.no).

#### Respect for human rights and decent working conditions

Purchases of goods and services account for around 70 per cent of AF’s total turnover. AF Gruppen’s purchases generally consist of services performed by Norwegian and Swedish subcontractors and AF generally purchases the materials, tools and machines we use from suppliers based in Norway and Sweden. AF requires all of our subcontractors to comply with all applicable laws and regulations. According to the Norwegian Regulations on the obligation to disclose information, the obligation to ensure compliance, and the right of inspection, AF has a duty to establish systems and procedures that ensure that subcontractors’ pay and working conditions on construction sites comply with the applicable Norwegian Regulations on the general application of collective agreements. Suppliers to AF Gruppen’s projects must commit to complying with our Code of

Conduct for the entire contract pyramid. AF Gruppen’s Supplier Statement is a mandatory contract appendix for purchasing agreements and we have a zero tolerance policy for conduct that breaches the provisions of this statement. Breaches of this will result in the supplier being blacklisted, which in practice means that the supplier is flagged and not allowed to participate in AF’s projects.

AF has organisational responsibility for the entire contract pyramid, and our approach to the work on responsibility is risk-based and targeted. The corporate staff have overall responsibility for ensuring a comprehensive process, although most of the day-to-day follow-up is performed and organised by purchasing and compliance managers in the line. This makes project organisations accountable on the construction sites. Inspections of subcontractors on construction sites are performed in the projects, and corporate staff act as a support function.

Inspection procedures have been established in order to detect undeclared work, money laundering and corruption. The inspection procedures include ongoing internal reporting and following up purchases of products from risk countries, purchases of risk products and any purchases from blacklisted suppliers, as well as annual monitoring and surveys. Internal reporting is performed on an ongoing basis in connection with periodic reporting at a project and portfolio level. The requirements of the Transparency Act are embedded in governing documents, through clear role and responsibility allocation at different organisational levels, and through being integrated into day-to-day operations through courses, procedures, purchasing routines, contract templates, reporting, the obligation to ensure compliance, checks in projects and whistleblowing procedures.

AF works both proactively and reactively to ensure compliance with our strict requirements and allows only two levels of subcontractors to ensure acceptable transparency. AF proactively uses StartBANK and their risk filter to assess potential suppliers, as well as other tools. AF also has a dedicated resource in the corporate staff who works preventively on work-related crime. AF has its own blacklisting group that reviews reports on suppliers and can decide to blacklist rogue actors. When subcontractors are approved and given access to a project, they are followed up through spot checks and inspections to verify that their activities comply with the regulations and applicable guidelines. The most important verifications we carry out are:

- Checks of pay and working conditions among suppliers, subcontractors and employment agencies, both by the projects themselves and with the assistance of AF Gruppen’s work-related crime adviser.
- Access control in projects.
- Internal audits conducted at all levels of the organisation and on-site inspections carried out on the construction site.

- Safety rounds are conducted weekly for all projects to ensure compliance with the regulations for the working environment.
- Requirement to use HMSREG in a steadily increasing number of projects. This is an information system designed to counteract work-related crime and social dumping.

If work-related crime is detected among our subcontractors, this will be classified as an urgent situation and will be investigated.

**Material risks and consequences of conducted due diligence**

AF Gruppen's greatest inherent risk with respect to breaches of human rights and decent working conditions has been assessed as being incidents on our construction sites. AF has great opportunities to conduct inspections and exert its influence on construction sites,

and we have taken a number of steps to ensure that everyone who works on our projects receives the pay and treatment to which they are entitled. The inherent risks associated with subcontractors in value chains are particularly high. Problems linked to a living wage, working hours and forced labour are difficult to detect, and on-site inspections in projects are important when it comes to being able to detect such incidents. AF views subcontractors and suppliers based outside Scandinavia as companies with an elevated risk.

The most profiled case in 2023 involved Killingmo Freseservice AS, a family-owned company with 86 employees. Killingmo has worked for multiple large Norwegian contractors and was a small supplier to AF Anlegg. After being issued with a fixed penalty notice by the police for gross wilful work-related crime, the company was banned and blacklisted from working on new projects for AF Gruppen. The case demonstrates that breaches of the Working Environment Act do occur and

that timesheets are sometimes falsified. This is one of the areas where we see the greatest risk in the construction and civil engineering sector.

When risk assessments are conducted in connection with purchases of physical factor inputs for production, primarily various construction materials, we comply with internationally recognised overviews of what are considered risk products and countries with an elevated risk of production in breach of fundamental human rights and decent working conditions.

AF Gruppen is required to report purchases from defined risk countries by the International Trade Union Confederation (ITUC) and that score a 4 or 5 on its scale. The list of risk products is dynamic and reviewed and updated based on volume and risk. Risk products that have been identified as particularly relevant for AF's construction and civil engineering activities include:

- Cement
- Bricks
- Rainforest sourced timber, tropical timber and teak
- Furniture, interior building fixtures
- Plasterboard (mineral)
- Nails
- Stone products

Overall, 0.05 per cent (0.17 per cent) of AF Gruppen's purchases in 2023 were from countries defined by the ITUC as risk countries. The purchases were made from nine different actors in six different countries. AF's offshore activities accounted for 82 per cent of the total purchases from risk countries. The business area purchased goods and services from China, Hong Kong, Malaysia and Brazil. AF used a Hong Kong-based actor to lease a vessel for a heavy lift offshore. The operator in question was checked in advance as required by both AF and the end client.

AF's civil engineering business area purchased machine parts from Turkey, as well as some modifications to an IT solution from Ukraine. In addition to this, AF has for many years purchased tunnel bolts manufactured in China through a Norwegian company, which is also subject to the Transparency Act. No products classified as risk products from risk countries were registered in 2023.

At the end of 2023, AF had opted not to work with 60 Norwegian companies based on risk assessments based on the histories of the companies and key personnel.

**Measures for mitigating material risk**

Corrective measures in the event of significant findings will involve stopping, preventing or mitigating adverse impacts and/or harm. The specific actions will depend on the specific case and AF's ability to influence the incident in question.

AF wants potential issues to be reported internally in order to raise awareness of this type of risk. We have improved our internal training to help ensure that this

becomes a stronger element of our culture. A mandatory introductory online course on the Transparency Act was introduced in 2023, and AF will continue to raise awareness about human rights and unacceptable working conditions.

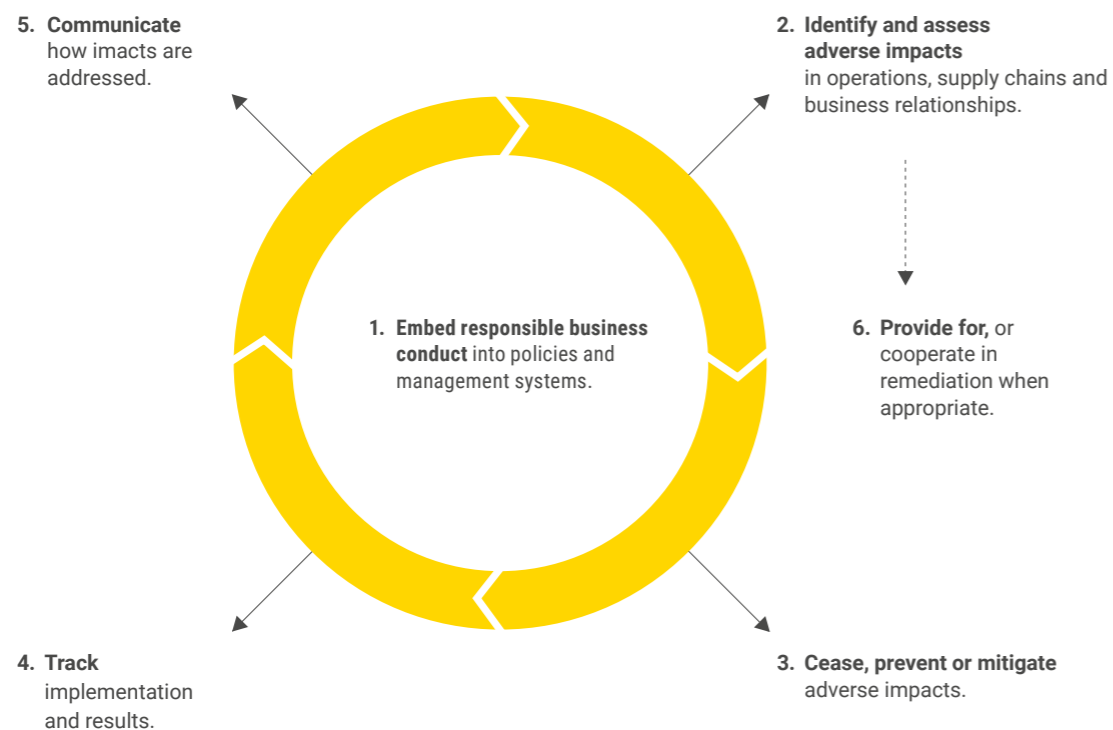
The impact of implementation of the Transparency Act's and mandatory reporting increase focus on the work being done, and the transparency surrounding challenges in the sector. AF wants to establish the extensive work done on construction sites to protect our own employees and the employees of subcontractors, and prevent rogue actors. Several companies in AF use HMSREG, a system that is used to compile data from other systems. The increased use of HMSREG to digitally follow up documents and information will simplify inspections on construction sites. AF's work on new reporting requirements related to the EU's Sustainability Directive and new sustainability reporting standards requires further awareness raising and the specification and documentation of non-financial data.

**Employment conditions**

AF has union- and safety representatives that ensures that employees have an opportunity to influence their working conditions. There is a special Works Council and Working Environment Committee with representatives from the Corporate Management Team, the employees and principal representative. The employees are represented on the Board of Directors by both salaried employees and skilled workers, and by both men and women.

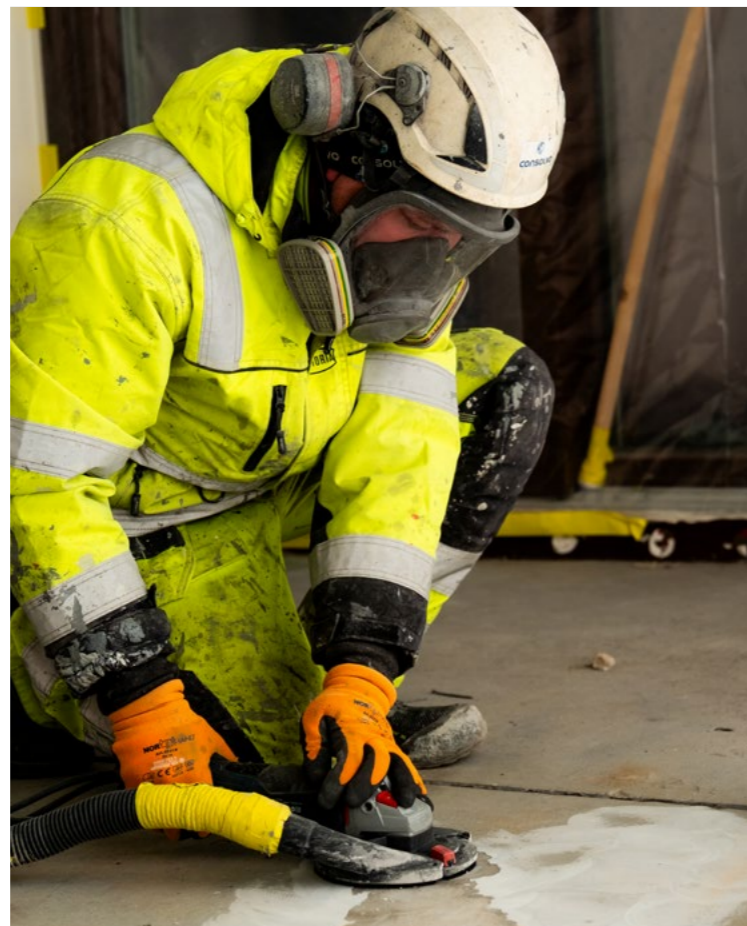
In line with the UN's Global Compact, AF facilitates the conditions for craftsmen and production workers to join a union and over 90 per cent are unionised. Laws, regulations and collective agreements are framework conditions that AF Gruppen adheres to and this applies to both pay and working time provisions for our employees. Pay negotiations are conducted with the trade unions and are presented in AF's Code of Conduct.

**DUE DILIGENCE PROCESS AND SUPPORTING MEASURES**



### Tools for combatting work-related crime

AF Gruppen adopted a new analysis tool for our work on combating work-related crime in 2023. The Enin platform gathers relevant data from various sources that provide information about companies AF works with. This includes public reports and testimonials, accounting information, bankruptcy risk scores, ownership information and sanctions lists. In the past, each of the individual sources had to be checked manually. Therefore, the introduction of this tool streamlines the job of conducting research designed to detect negative indicators. In addition to reports in various registers, we are now able to monitor the industry, specify criteria and flag companies that AF wants to keep an eye on. The implementation of Enin as an analysis tool has improved AF's efforts to identify relevant incidents and potential risks. With up-to-date real-time information, we can act faster and more precisely in our proactive work on combating work-related crime.



### What does an environmental adviser do?

In the "Take my Job" competition conducted in 2023, students were given an opportunity to enter a virtual world in which several different positions typical of AF were presented. Here they could meet AF's environmental adviser Helena, who works on safeguarding the external environment in both the engineering and implementation phases of a project. The work include project management, contract follow-up and quality assurance. According to Helena, the best parts of the job are being able to influence projects in a way that contributes to better infrastructure, collaborating with others and having the opportunity to constantly learn something new.



### GENDER EQUALITY

The UN goals involves ensuring that women have complete and genuine access to participate and equal opportunities for leading positions at all levels where decisions are made.

### WELL-BEING AND THE WORKING ENVIRONMENT

It is important for AF to recruit, develop and retain the best people. We want an inclusive working environment with zero tolerance for discrimination.

### Competence development

Developing the knowledge and skills of our employees is our most profitable investment. Practical training through participation in projects is the most important tool for promoting professional development and AF's decentralised decision-making structure provides early opportunities for talented employees to assume responsibility. AF also offers formal education through the AF Academy and external further education. The breadth of AF's expertise environments provides a good foundation for professional development and career opportunities throughout the Group. AF's goal is to develop managers through internal training and around 80 per cent of today's managers have been recruited internally.

### Apprentices

AF has reinforced its commitment to apprenticeships in recent years by encouraging more people to choose vocational subjects through an increased presence in schools and targeted communication on social media. We have worked closely with schools and career advisers to combat prejudices and promote positive attitudes to the construction and civil engineering sector. AF hopes that this will inspire more young people to choose vocational courses. One example of this is our participation in Bygg Arena Arendal, an initiative designed to bring together construction, civil engineering and property participants in Arendal Week. We also actively participate in the "Attractive Sector" working group, organised by the Construction City cluster, with the aim of increasing the attractiveness of the sector. In our strategy for 2024, AF's goals are for more than 7 per cent of our skilled workers to be apprentices and for the proportion of skilled workers with a certificate of completed apprenticeship to exceed 60 per cent.

### Diversity and equality

It is a central principle at AF and part of the Code of Conduct that recruitment, employment, training, pay, promotion, punishment and other working conditions must be handled without regard to personal friendship, ethnicity, skin colour, religion, nationality, gender, sexual

orientation, age or disability. Our goals include ensuring that the distribution of new hires by gender reflects the recruitment pool and that men and women receive an equal proportion of promotions relative to their ratios. AF has a long-term strategic goal of increasing the proportion of women among salaried employees to 40 per cent and the overall proportion of women to 20 per cent. AF's work on diversity, including through the Diversitas network and the partnership with #EqualityCheck, has contributed to a clearer focus on, and changes of attitude in relation to, unconscious bias. In 2023, the percentage of women in AF was 9.8 per cent (9.0 per cent), which represented 19.5 per cent (18.7 per cent) of salaried employees and 1.7 per cent (1.4 per cent) of skilled workers. At the end of 2023, AF had one woman and six men in the Corporate Management Team. The Board of Directors comprises five women and five men.

### Employee satisfaction

The Employee Satisfaction Survey (ESS) conducted in 2023 shows that our employees are very satisfied with their jobs and with AF as their employer. AF achieved 5.2 on a scale from 1-6, where 6 is the best, and has as a strategic goal towards 2024 to be above 5.0. The survey shows that the on-the-job development opportunities are the most important driver of satisfaction on the job for both skilled and salaried employees. The ESS consists of a number of questions within the areas of satisfaction, collaboration and management, and each business unit draws up an action plan based on the survey.

### Recruitment

AF will increase its strategic cooperation with educational institutions to improve its access to talented people in the future. AF Gruppen has a long tradition of attracting, developing and retaining talented people. New this year is the "Take My Job" student concept where engineering students are given an opportunity to explore and try out the jobs of 10 actual AF employees. The concept will provide students with valuable insights into the positions and what their working day looks like by solving various challenges in a job simulator visualised in a digital AF world. A total of 20 winners from seven university colleges and universities won one week of work experience in a business unit, as well as an educational scholarship and participation in general seminars. The new student concept showcases construction's opportunities by sharing knowledge and generating curiosity about, and a commitment to, our industry.

# CORPORATE GOVERNANCE AND BUSINESS CONDUCT

AF's credibility and competitiveness are based on trust and we must therefore have an uncompromising attitude to ethics and make clear demands on everyone we work with.

Internal control and compliance with AF's Code of Conduct and Purpose – Goals – Values are embedded in the Board of Directors, and are put into practice by the Corporate Management Team, in our projects and by our employees. Our employees represent AF Gruppen in all business contexts and it is essential that they identify with AF's Code of Conduct. Suppliers and subcontractors are also required to observe the Code of Conduct through AF's Supplier Statement. When assessing candidates for acquisition, decisive importance is placed on whether the company's corporate culture and core values align with those of AF.

AF has comprehensive systems in place for internal control and risk management. The systems are reviewed annually by both the auditor and the Board's Audit Committee. For all major tenders, a risk review must be carried out with a representative from the Corporate Management Team before the binding offer is submitted. If the tender value exceeds NOK 100 million, the offer must be approved by the Corporate Management Team, and if it exceeds NOK 600 million, the offer must be approved by the Board of Directors. In the execution phase of the projects, the units themselves are responsible for ongoing follow-up of risk and for larger projects, quarterly risk reviews shall be carried out together with representatives from the Corporate Management Team. See pages 18-19 for further details of risk management in projects.

## TRANSPARENCY AND REPORTING

AF Gruppen must be transparent and trustworthy. Laws and regulations constitute framework conditions that AF needs to adhere to and our reporting will be complete and in accordance with relevant legislation. Furthermore, AF has an objective for all investors and stakeholders to have access to the same financial information about the Group at all times and we encourage open dialogue with stakeholders. The chapter on corporate social responsibility in AF was written in line with the

requirements of the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) of 2022.

The standard for reporting on corporate governance (ESRS G1), in the new reporting standards in the Sustainability Directive to which AF is subject, has been identified as a material topic for sustainability in relation to the conduct of double materiality analyses in AF. Business culture, whistleblowing, economic crime and other topics discussed in this chapter will also be relevant topics under this standard.

## ECONOMIC CRIME

AF has zero tolerance for price collusion, corruption and bribery. This means that employees shall not give or receive gifts and other benefits that might be designed to create doubt about the integrity of AF Gruppen and compliance with current regulations. Our Code of Conduct also forbids the Company's employees to discuss, propose or enter into agreements with competitors that may affect the competitive situation.

In accordance with AF's authority matrix, all contracts must be in writing and signed by at least two representatives of AF. This reduces the risk that individuals will be offered, or choose to accept, bribes. AF Gruppen has zero tolerance for economic or financial crime and strict requirements have been introduced for invoice processing as a barrier to embezzlement and financial irregularities. Incoming invoices are processed electronically, and they must be approved and authorised in accordance with the authority matrix. Payments must also be approved by two persons. Furthermore, AF shall handle tax and duties in a responsible manner in accordance with applicable laws and regulations.

AF Gruppen's Code of Conduct covers topics such as insider trading and anti-corruption. This includes, for example, if an employee has any information that could

impact the price of the company's share, then such information must be treated as confidential information. No-one, by virtue of their position, has the right to use information in order to obtain financial benefits for themselves or others. AF Gruppen has a special policy related to price-sensitive information and maintains ongoing control of transactions with shares in AF carried out by the Company's employees and their related parties. Abuse of price-sensitive information will result in police charges and a dismissal.

## Training

AF employees are able to participate in an induction course where they are provided with an introduction to our Code of Conduct and core values. This ensures that all employees understand what is required, and what is expected, of them, and it is an important means of building a corporate culture with high ethical standards.

AF delivers management training covering topics such as purchasing, HSE and HR management. The management courses at AF include "dilemma training" and other attitude-forming tasks to ensure that AF's guidelines are practised uniformly. AF has also developed and delivers a course on the prevention of work-related crime. Furthermore, all subcontractors must complete a mandatory HSE course before starting an AF project.

## Cooperating with others

AF has introduced organisational and structural measures to ensure that AF only cooperates with serious actors. The corporate staff group includes a dedicated resource who specialises in work-related crime and each business unit has its own dedicated manager who focuses on this topic. These regularly communicate via AF's networking organisation on work-related crime, A-krim.

Intercompany network organisations have been established to create arenas for cooperation and the transfer of experience across the various units and to ensure compliance with the requirements throughout all of AF:

- HSE Forum for questions related to HSE legislation
- Personnel Forum for safeguarding employee rights
- A-krim Forum for work to counteract work-related crime
- Cooperation with Fairplay Oslo on preventing work-related crime
- A responsibility forum, an open forum with external and internal participants

- Purchasing Forum for questions related to business ethics

All of AF's business units have management systems, and many of them are ISO-certified. The management system contains the plans, risk assessments and procedures that are required to ensure uniform management of the various projects, and that the activities are carried out in accordance with the Group's business model and ethical framework conditions. Internal audits of all business units are carried out to ensure adequate compliance.

## NOTIFICATION OF MISCONDUCT

Notification (whistleblowing) involves speaking up about misconduct in the company, including violation of laws and key policies. All permanent employees and contracted employees have the right to submit reports. AF has established procedures for whistleblowing and managing misconduct in order to ensure a predictable and prudent approach under which the whistleblower is protected against retaliation resulting from the report. Reports can be submitted either openly or anonymously and both the report and identity of the whistleblower must be treated as confidential information. Reports can be submitted to the line manager, to a more senior manager, via email to the whistleblowing committee (varsling@afgruppen.no) or using the reporting form available at [www.afgruppen.com/](http://www.afgruppen.com/) notification. The whistleblowing committee conducts a preliminary investigation of all written and documented reports that are received and investigates the facts if necessary. If a case permits it, the whistleblower will be informed of how AF is handling the matter and its outcome.

## THE AF WHISTLEBLOWING COMMITTEE CONSISTS OF:

- Olav Aune, Director of HSE (committee chair)
- Thomas Gyran, Company Doctor
- Sif Løvdaal, HR Manager
- Ellen Hammer, Senior HR Adviser
- Christian Berg, Chief Employee Representative/Chief Safety Representative
- Håkon Stenseth, Director Purchasing and Legal
- Tinis Wensing, HR Manager (Sweden)

**FN GLOBAL COMPACT**

The United Nations Global Compact is based on ten principles in the areas of human rights, working conditions, the environment and anti-corruption. Adherence to the UN Global Compact entails companies doing their utmost to operate their businesses in accordance with the ten principles:

PRINCIPLES	Relevance to AF	Action
 <p><b>HUMAN RIGHTS</b></p>		
<b>1</b> Businesses should support and respect the protection of internationally recognised human rights and	AF Gruppen complies with all current laws and respects internationally recognised human rights, regardless of where we operate.	AF has laid down its attitudes and principles concerning human rights in fundamental documents: the Code of Conduct, corporate policy and Purpose, Goals and Values.
<b>2</b> make sure that they are not complicit in human rights abuses	AF does not deal with companies that contribute in any way to human rights violations.	AF follows up suppliers on an ongoing basis, and excludes actors who we suspect may practice unethical conduct. See also principle 4. Risk transactions are reported on an ongoing basis and followed up in order to deal with potential adverse impacts on human rights and decent working conditions. <i>Read more on page 62 (Social conditions).</i>
   <p><b>WORKING CONDITIONS</b></p>		
<b>3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,	AF facilitates the organisation of employees and the right to collective bargaining is recognised and respected.	More than 90 per cent of the skilled workers in units wholly owned by AF are unionised. AF participates in collective bargaining for all employees and at all levels where this is relevant. AF also has a well-functioning employee representative organisation. <i>Read more on page 62 (Social conditions).</i>
<b>4</b> ensure that all forms of forced labour are abolished,	AF's employees have pay conditions in accordance with the national legislation and agreements with trade unions. AF uses only suppliers that undertake to comply with our Code of Conduct, satisfy statutory requirements, collective agreement requirements and internal requirements at AF.	AF has a procedure for verifying the pay and working conditions at subcontractors and employment agencies. In 2023, AF blocked specific parties who did not comply with AF's ethical guidelines relating to working conditions. <i>Read more on page 62 (Social conditions).</i>
<b>5</b> the effective abolition of child labour and	AF does not make use of child labour in its projects and we must not make use of companies (particularly transnational companies) that have product and service chains in which the economic exploitation of children may occur.	AF examines the employment contracts of all the employees of subcontractors and employment agencies as a result of the Seriousness Initiative. No actual instances of child labour have been uncovered, suspected or identified in any of our projects or at any of our suppliers. <i>Read more on page 62 (Social conditions).</i>
<b>6</b> ensure that discrimination in employment is abolished	AF shall have a working environment in which there is no prejudice, discrimination, verbal abuse or persecution. AF's principles relating to discrimination are laid down in the Code of Conduct.	The Code of Conduct applies to all employees and is presented to employees at the introductory course. The long-term target is to increase the proportion of women at AF to 20 per cent. The Corporate Management Team and the entire organisation are working actively to make AF an attractive employer for everyone. <i>Read more on page 62 (Social conditions).</i>

PRINCIPLES	Relevance to AF	Action
     <p><b>ENVIRONMENT</b></p>		
<b>7</b> Businesses should support a precautionary approach to environmental challenges	AF works continuously to reduce its impact on our environment. Every one of AF Gruppen's companies and business units has its own goals for the external environment. AF shall also comply with the main principles of the ISO 14001 environmental standard.	AF requires that a risk analysis shall be conducted prior to the start-up of any project. Environmental risk is an element in this analysis. <i>Read more on page 18 (Risk management).</i>
<b>8</b> undertake initiatives to promote greater environmental responsibility and	By focusing on the environment, energy and recycling, we will safely remove and eliminate materials, ground and energy solutions that are harmful to the environment. Our services and solutions will enable our customers to assume greater environmental responsibility.	AF is continuously developing its range of services. The source separation rate and carbon footprint are parameters that are measured in AF's projects and focusing on these parameters promotes greater environmental responsibility in the organisation as a whole. In addition, AF has developed several business areas that can contribute to a circular economy. <i>Read more on page 34 (Climate and environment).</i>
<b>9</b> encourage the development and spread of environmentally friendly technologies	One of AF's core values is entrepreneurial spirit. We will offer services and solutions that meet the environmental challenges of today and tomorrow through our environmental expertise.	AF has developed unique technology that enables the decontamination and reuse of contaminated materials at our environmental centres. Energy conservation services and environmentally friendly buildings are a range of services that are under constant development at AF.  For offshore activities, AF Environmental Base Vats has been established as an approved and certified reception facility for recyclable materials. <i>Read more on page 34 (Climate and environment).</i>
 <p><b>ANTI-CORRUPTION</b></p>		
<b>10</b> Businesses should work against corruption in all its forms, including extortion and bribery	AF aims to be trustworthy. The Company has an uncompromising attitude towards safety and ethics. AF's Code of Conduct describes our attitude towards corruption, price collusion and bribery.	It is expected that all employees comply with the principles that are laid down in our Code of Conduct, which includes anti-corruption principles.  One approval requirement for the engagement of subcontractors and suppliers is compliance with applicable laws and regulations relating to historical corruption, including compliance with the tax laws. <i>Read more on page 70 (Corporate governance).</i>



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## SECURING FUTURE ENERGY SUPPLIES

For more than 100 years, the Nea-Nidelv watercourse has been the foundation of the City of Trondheim's electricity supply. The renovation of the Nesjø dam constitutes an important contribution to ensuring the production of renewable and adjustable hydropower in the watercourse for many decades to come. The work includes boring a new tunnel with a drainage system below the dam and a comprehensive upgrade of the dam. In order to carry out the project, the reservoir had to be drained for the first time since the dam was built in the early 1970s.



The process of covering a dam with rocks to make it resistant to ice, erosion and other external impacts is called riprapping. This type of arduous work requires experience and precision. Hydropower and renewable energy projects have been part of AF Gruppen's core activities ever since the company was first established.

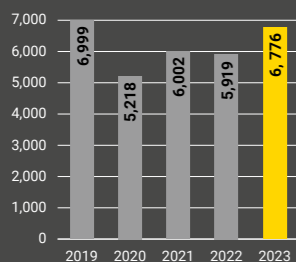
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## BUSINESS AREAS

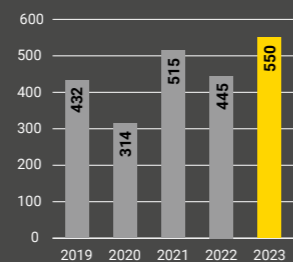
- [78 CIVIL ENGINEERING](#)
- [82 CONSTRUCTION](#)
- [86 BETONMAST](#)
- [90 PROPERTY](#)
- [94 ENERGY AND ENVIRONMENT](#)
- [98 SWEDEN](#)
- [102 OFFSHORE](#)

# CIVIL ENGINEERING

REVENUES NOK MILL.

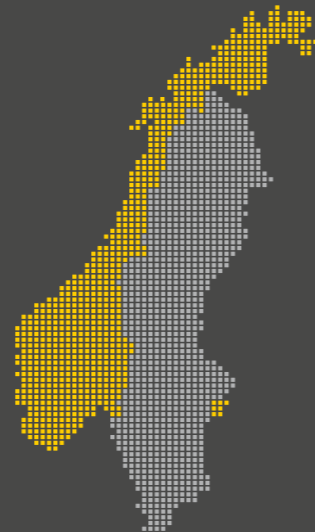


OPERATING PROFIT NOK MILL.



GEOGRAPHIC PRESENCE

- Norway
- Sweden

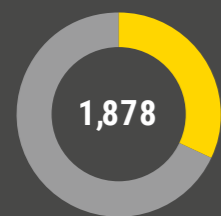


KEY FIGURES

NOK million	2023	2022	2021	2020	2019
Revenue	6,776	5,919	6,002	5,218	6,999
Operating profit (EBIT)	550	445	515	314	432
Earnings before tax (EBT)	572	440	510	292	429
Operating margin (%)	8.1	7.5	8.6	6.0	6.2
Profit margin (%)	8.4	7.4	8.5	5.6	6.1
Order backlog	18,140	15,368	6,878	7,319	6,355
Order intake	9,548	14,409	5,561	6,182	4,902

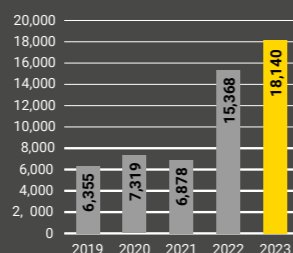
\* Eiqon and Consolvo were transferred from the Construction business area to the Civil Engineering business area with effect from 1 January 2021. Comparative figures have been restated.

EMPLOYEES



AF Gruppen 5,913

ORDER BACKLOG NOK MILL.



CIVIL ENGINEERING CONSISTS OF

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

## VERY GOOD RESULTS AND SOLID ORDER BACKLOG

Civil Engineering had a high level of activity in 2023 and delivered very good results. Two major contracts were signed during the year and will contribute to a continued high level of activity.

AF is one of Norway's largest companies in the civil engineering market, with both public and private sector clients. 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.

### 2023 IN BRIEF

Civil Engineering reported revenue growth of 14 per cent in 2023. The turnover amounted to NOK 6,776 million (5,919 million), and the business area delivered a profit before tax of NOK 572 million (440 million). The profit margin for 2023 was 8.4 per cent, 1 percentage point higher than the profit margin of 7.4 per cent for 2022.

AF Anlegg delivered very good results for 2023. The largest ongoing projects are E6 Rentvannstunnel in Oslo, Bergtunnlar Lovö in Stockholm, a new airport in Mo i Rana and a new water treatment plant in Huseby in Oslo. Good operations in ongoing projects and a number of projects in their final phases contributed to AF Anlegg delivering very good results for 2023.

Målselv Maskin & Transport and Stenseth & RS also reported very good results for 2023. Consolvo and Eiqon reported weak results for 2023.

Two major contracts were announced during the year. AF Anlegg signed a contract with Nye Veier to build the new E6 between Storhove and Øyer north of Lillehammer, including the 2.7 km long Fåbergstunnel. The contract is valued at approximately NOK 1,800 million, excluding VAT. AF Anlegg also signed a contract for the

construction of the new Mo i Rana airport with a contract valued at approximately NOK 3,200 million, excluding VAT and options.

Total order intake amounted to NOK 9,548 million (14,409 million) in 2023, and at year end Civil Engineering had an order backlog of NOK 18,140 million (15,368 million).

### CLIMATE AND ENVIRONMENT

Civil Engineering builds socially beneficial infrastructure such as road systems, treatment facilities and hydropower plants, and carries out renovation projects of bridges and concrete structures. The business area relies on construction machinery to execute these projects, which results in large greenhouse gas emissions. The main driver of greenhouse gas emissions (scopes 1 and 2) is transport of excavated materials. Projects therefore try to reuse as much material as possible within the project. Electric versions of machines are used where appropriate, and a number of projects use biofuel as their fuel source. Civil Engineering has a very modern fleet of machines, and most of them are fitted with a digital chip that reports information on diesel consumption, efficiency and idling. This contributes to more energy-efficient and cost-effective machine use. All major new projects prepare a greenhouse gas budget and accounts.

AF Gruppen's largest project, the E6 Rentvannstunnel in Oslo, demonstrates AF's climate and environmental ambitions. The project is designed to improve the security of clean drinking water supplies throughout Oslo, and uses machines powered by either electricity or palm oil-free biofuel.

The first all-electric concrete lorry was delivered in June 2023, and by the end of the year all concrete was being transported by electric concrete lorries. Several steps have been taken to reduce the environmental impact of the concrete used. For example, recycled admixtures from Nes Environmental Centre were used, and a dedicated concrete mixing plant has been established at the project.

Two of the major transport projects, Mo i Rana Airport and E6 Storhove-Øyer, will be BREEAM Infrastructure certified.

### MARKET OUTLOOK

The civil engineering market in Norway is good and has traditionally been less sensitive to cyclical fluctuations, as public sector demand is the strongest driver behind investments in civil engineering. In the balanced state budget for 2024, nearly NOK 90 billion has been allocated for purposes under the National Transport Plan (NTP). A new NTP was presented in March 2024 and indicates an increase in smaller investments, operations and maintenance with a corresponding reduction in major investments. The annual average financial budget in the new NTP has been maintained at the same level as the current NTP.

As of April 2024, Prognosesenteret estimates that the total civil engineering market amounted to NOK 141.6 billion in 2023. Adjusted for inflation, this represents a decrease in real terms of 3 per cent compared with 2022. Prognosesenteret expects the civil engineering market to remain stable in 2024, with a slight 1.7 per cent increase in 2025, primarily driven by investments.

## SELECTED PROJECTS

### CABLE TUNNEL SOGN-ULVEN

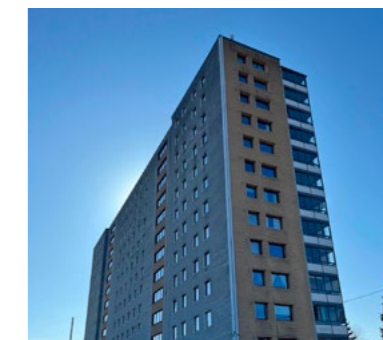
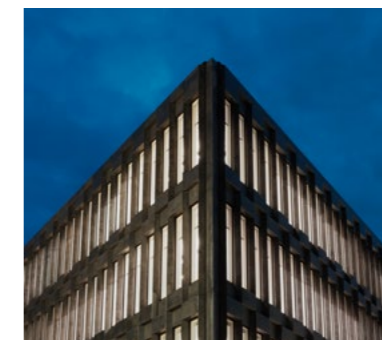
The two cable conduits that currently run between Sogn and Ulven substations in Oslo are from the 1950s and 1960s and need to be replaced to ensure the security of the power supply in and around the capital. The new cables will be installed in a 6.6-kilometre long tunnel that AF Anlegg is in the process of excavating. The works in central Oslo are subject to strict requirements regarding ground vibrations, noise and dust.

BUSINESS UNIT: AF ANLEGG

CLIENT: STATNETT

COMPLETION: 2029

CONTRACT VALUE: NOK 1,800 MILLION, EXCLUDING VAT.



### NEW AIRPORT IN MO I RANA

For the first time since the 1990s, a new airport is built in Norway. AF Anlegg is constructing a complete airport with a runway, roads, infrastructure, aero-technical installations, terminal buildings and operational buildings in Fagerlia, just east of Mo i Rana. Transport of excavated materials accounts for a large part of the initial work. More than 4 million cubic metres of rock and 1 million cubic meters of earth will be moved.

BUSINESS UNIT: AF ANLEGG

CLIENT: AVINOR

COMPLETION: 2027

CONTRACT VALUE: NOK 3,200 MILLION EXCLUDING VAT AND OPTIONS

### THE EMBASSY

The former US embassy is an Oslo landmark. The building was designed by the Finnish-American architect Eero Saarinen and opened in 1959. In 2017, the embassy moved to Huseby, and since then the building on Henrik Ibsen's street has been totally renovated. Both Stenseth & RS and Consolvo carried out work linked to the project. Stenseth & RS was responsible for rebuilding the foundations of the building on two floors below the existing building and has also performed internal concrete casting.

BUSINESS UNIT: STENSETH & RS

CLIENT: ØST-RIV

COMPLETION: 2023

CONTRACT VALUE: NOK 67 MILLION, EXCLUDING VAT.

### MELLOMGÅRDEN HOUSING COOPERATIVE

Consolvo is a national leader in rehabilitation and maintenance of structures. The company is renovating balconies for the Mellomgården housing cooperative in Rødtvet in Oslo. All of the railings and glazing are being removed and replaced, and all damaged concrete structures is being repaired. Steel structures, walls and roofs will be refinished, and all of the floors will be fitted with new membranes.

BUSINESS UNIT: CONSOLVO

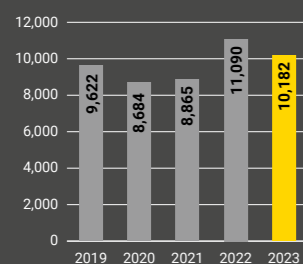
CLIENT: MELLOMGÅRDEN HOUSING COOPERATIVE

COMPLETION: 2024

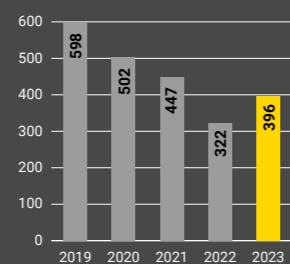
CONTRACT VALUE: NOK 38 MILLION, EXCLUDING VAT.

# CONSTRUCTION

REVENUES NOK MILL.



OPERATING PROFIT NOK MILL.



GEOGRAPHIC PRESENCE

■ Norway

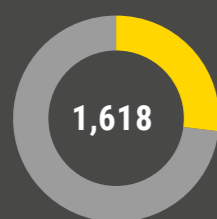


## KEY FIGURES

NOK million	2023	2022	2021	2020	2019
Revenue	10,182	11,090	8,865	8,684	9,622
Operating profit (EBIT)	396	322	447	502	598
Earnings before tax (EBT)	378	318	450	513	614
Operating margin (%)	3.9	2.9	5.0	5.8	6.2
Profit margin (%)	3.7	2.9	5.1	5.9	6.4
Order backlog	9,464	10,045	13,549	9,674	9,115
Order intake	9,601	7,586	12,739	9,243	9,655

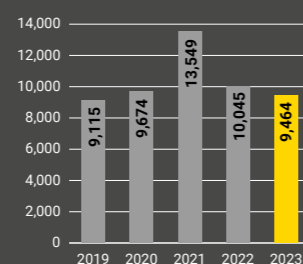
\* Eiqon and Consolvo were transferred from the Construction business area to the Civil Engineering business area with effect from 1 January 2021. Comparative figures have been restated.

## EMPLOYEES



AF Gruppen 5,913

ORDER BACKLOG NOK MILL.



## CONSTRUCTION CONSISTS OF

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

## INCREASED ORDER INTAKE AND BETTER RESULTS

The Construction business area had lower levels of activity, although its profitability improved compared with the year before.

AF provides contracting services for residential, public and commercial buildings. Our services range from planning to construction and renovation. AF cooperates closely with clients to find efficient and innovative solutions suitable for their needs. Construction encompasses the Norwegian business except for Betonmast, and is mainly located in Eastern Norway and the Bergen region.

## 2023 IN BRIEF

Construction reported a turnover of NOK 10,182 million (11,090 million) and a profit before tax of NOK 378 million (318 million) in 2023. This resulted in a profit margin of 3.7 per cent, compared with 2.9 per cent for 2022.

Construction saw an 8 per cent reduction in turnover compared with the year before. Variable performances at a project and business unit level overall resulted in an operating margin that was below AF Gruppen's margin requirements and goals. Despite challenging market conditions, Strøm Gundersen and Åsane Byggmesterforretning distinguished themselves by achieving very good profitability for 2023. AF Bygg Oslo, AF Bygg Østfold and Strøm Gundersen Vestfold delivered good results. AF Håndverk, LAB and HTB delivered results slightly below expectations, while AF Byggfornyelse, Haga & Berg and Fundamentering AS achieved weak results for 2023.

15 new contracts were reported to the stock exchange in 2023. One of the largest contracts signed was with Statsbygg for collaborative phase 2 (engineering and construction) for the Museum of the Viking Age. The

overall contract value is NOK 1,447 million, excluding VAT.

In 2023, Construction had an order intake of NOK 9,601 million (7,586 million) and an order backlog at the end of the year of NOK 9,464 million (10,045 million).

## CLIMATE AND ENVIRONMENT

Construction's various units construct schools, hospitals, swimming pools, water treatment plants and cultural buildings. In addition, renovation projects are carried out with a high degree of reuse, where old building stock are transformed into modern, energy efficient buildings. The units prioritise efficient logistics, reducing material waste and greater circularity, as well as helping clients make environmentally friendly material and engineering choices.

AF Gruppen's construction units have broad experience in constructing buildings that qualify for BREEAM certification, Europe's leading environmental certification tool for buildings.

The new nursing home Furuset Hageby is an example of a project with a strong environmental profile that was handed over in 2023. It consists of 112 nursing home places with a layout designed as a village. The construction site was fossil-free, and the building is a FutureBuilt reference project with BREEAM-NOR Excellent environmental certification. The project cut greenhouse gas emissions from materials, energy and transport in its operations by 50 per cent compared with reference projects.

## MARKET OUTLOOK

Prognosesenteret estimates that the construction market in

Norway amounted to NOK 389.4 billion in 2023, a reduction of 8.0 per cent compared with 2022. Prognosesenteret also estimates that production value will decrease by 5.3 per cent in 2024, and increase by 8.2 per cent in 2025. The upwards adjustment for 2025 is based on the fact that many approved start permits are expected to be forthcoming during the year, as well as two larger new hospital buildings in Oslo. A nationwide decrease in new residential and non-residential buildings is expected in 2024, while weak growth is expected within renovation and extensions. In 2025, all construction segments are expected to grow, with particularly strong growth in new residential and commercial buildings as of March 2024.

As of March 2024, Prognosesenteret estimates that the number of homes started in Norway was 19,800 in 2023, a decrease of more than 30 per cent since 2022. The number of started residential units is expected to pick up in 2024 and 2025, and are estimated at 21,000 and 26,000, respectively. Prognosesenteret's estimates for started residential units are based on statistics regarding the number of start permits. Market sentiment is resulting in greater uncertainty regarding the estimates for started residential units.

The development of factor input prices and shipping costs were significant uncertainty factors at the start of 2023. Over the course of the year they stabilised, albeit at a high level compared with prices before the Covid-19 pandemic, according to Statistics Norway's construction cost indices.

## SELECTED PROJECTS

### LOCUS ENSJØ

The Locus Ensjø housing project in Oslo was developed in close cooperation between the estate agent, developer, contractor and architect. This resulted in good, well thought through solutions, and all 206 of the apartments were sold before the project was handed over. The apartments vary in size between 40 and 130 square metres. Space has been set aside for shops, businesses and a kindergarten on the buildings' ground floors.

BUSINESS UNIT: AF BYGG OSLO  
 CLIENT: SELMER EIENDOM  
 COMPLETION: 2023  
 CONTRACT VALUE: NOK 557 MILLION, EXCLUDING VAT.



### VESTBY CULTURAL QUARTER

Vestby's new large public building with its anodised aluminium facade is eye-catching. The building contains a library, a large hall for performances and concerts, as well as a multi-use hall, café, cultural school and offices. Extensive acoustic measures have been taken in the halls to ensure that the acoustics are optimal. AF Bygg Østfold built the cultural quarter in close cooperation with the client and architect.

BUSINESS UNIT: AF BYGG ØSTFOLD  
 CLIENT: VESTBY MUNICIPALITY  
 COMPLETION: 2023  
 CONTRACT VALUE: NOK 294 MILLION, EXCLUDING VAT.



### MUSEUM OF THE VIKING AGE

The world's best-preserved Viking ships can be found in Bygdøy in Oslo. The earlier museum did not meet the special requirements needed to preserve the old ships and other artefacts from the Viking Age. The new Museum of the Viking Age's ambition is to provide the best window on the Viking Age in the world. A new climate-controlled building with new support systems will protect these unique ships for future generations.

BUSINESS UNIT: AF BYGGFORYELSE  
 CLIENT: STATSBYGG  
 COMPLETION: 2026  
 CONTRACT VALUE: NOK 1,447 MILLION, EXCLUDING VAT AND OPTIONS.



### BECKERWYC HOUSE

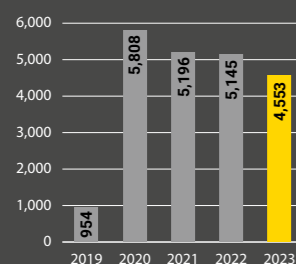
In Bekkjarvik in Austevoll, which is to the south of Bergen, LAB Entreprenør has built an exclusive hotel, Beckerwyc House. Master chef Ørjan Johannessen is behind the project. The hotel's restaurant is described as his gastronomic pet project and is aiming for a Michelin Guide star with dishes based on local ingredients. The building has four floors plus a cellar, and the interior has been specially designed.

BUSINESS UNIT: LAB ENTREPRENØR  
 CLIENT: BEKKJARVIK GJESTGIVERI EIENDOM  
 COMPLETION: 2023  
 CONTRACT VALUE: NOK 88 MILLION, EXCLUDING VAT.

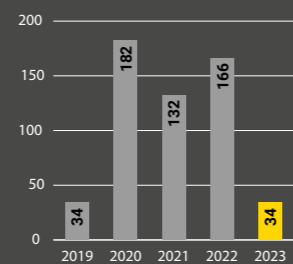


# BETONMAST

## REVENUES NOK MILL.

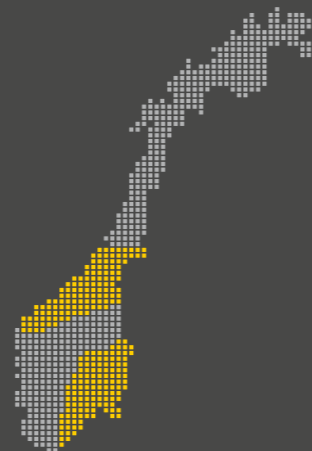


## OPERATING PROFIT NOK MILL.



## GEOGRAPHIC PRESENCE

■ Norway

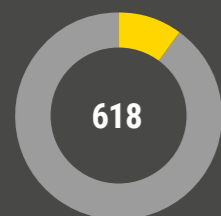


## KEY FIGURES

NOK million	2023	2022	2021*	2020*	2019*
Revenue	4,553	5,145	5,196	5,808	954
Operating profit (EBIT)	34	166	132	182	34
Earnings before tax (EBT)	58	174	111	173	32
Operating margin (%)	0.7	3.2	2.5	3.1	3.6
Profit margin (%)	1.3	3.4	2.1	3.0	3.3
Order backlog	6,203	4,415	7,054	5,715	5,700
Order intake	6,341	2,506	6,535	5,823	*

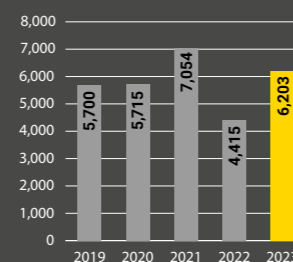
\* The Swedish Betonmast companies were transferred from the Betonmast business area to the Sweden business area with effect from 1 January 2022. Comparative figures have been restated. Betonmast became a part of AF Gruppen on 31 October 2019.

## EMPLOYEES



AF Gruppen 5,913

## ORDER BACKLOG NOK MILL.



## 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

# INCREASED ORDER BACKLOG AND WEAK RESULTS

Betonmast had a lower level of activity in 2023 compared with the year before and weak results. The performances of the units varied greatly.

Betonmast is a construction contractor with operations in the largest markets in Norway. Its project portfolio encompasses everything from major residential projects to commercial and public buildings. Betonmast is a major player in public sector construction and has extensive experience in project development and collaborative contracts. Betonmast also has a property portfolio in Norway.

## 2023 IN BRIEF

Betonmast reported revenue of NOK 4,553 million (5,145 million) and a profit before tax of NOK 58 million (174 million) for 2023. The profit margin for 2023 was 1.3 per cent, compared with 3.4 per cent for the year before.

Betonmast had a total reduction in revenue of 11 per cent compared with the previous year, and reported weak results for the year. The performances of the units varied greatly in 2023. Betonmast's weak results were mainly due to significant write-downs in Betonmast Boligbygg's project portfolio.

Betonmast Asker og Bærum, Betonmast Røsand and Betonmast Østfold delivered good results for 2023. Betonmast Romerike reported results that were somewhat below expectations, while Betonmast Oslo, Betonmast Buskerud-Vestfold, Betonmast Innlandet and Betonmast Trøndelag delivered weak results for the year.

At the beginning of 2024, Betonmast Eiendom had one housing project with a total of 15 units in production. The unit delivered weak results for the year.

Betonmast was awarded several major contracts in 2023, and a total

of 10 new contracts were reported to the stock exchange over the course of the year. The largest of these was Nardoveien 12-14 in Trondheim, where Betonmast Trøndelag will build 724 student apartments for the Student Welfare Organisation in Gjøvik, Ålesund, and Trondheim (Sit). The contract is valued at approximately NOK 930 million, excluding VAT. Betonmast Buskerud-Vestfold was also awarded a major contract and will build a combination of industrial and office building for Horten Industrial Park. The contract is valued at approximately NOK 840 million, excluding VAT.

In 2023, Betonmast had an order intake of NOK 6,341 million (2,506 million) and an order backlog of NOK 6,203 million (4,415 million) at the end of the year.

## CLIMATE AND ENVIRONMENT

Betonmast constructs public buildings such as schools, student housing and sports halls, and helps clients make environmentally friendly material choices and choose sustainable solutions.

Both the projects handed over and the contracts signed in 2023 reflect Betonmast's environmental expertise and its approach to the development of a sustainable society. Betonmast Trøndelag's project involving the renovation and extension of Trondheim Cathedral School is an example of a project with high environmental ambitions. It has been agreed that the project will be executed with an emission-free construction site, a major focus on reuse and ZEB-O (where the building's production of renewable energy compensates

for the greenhouse gas emissions from operation of the building). The project wants to cut its greenhouse gas emissions by 45 per cent compared with a reference building, among other things through the large-scale reuse of bricks. The project has searched for more than 100,000 used bricks from buildings being demolished in the region, since reused and locally sourced bricks will contribute to a 77 per cent cut in greenhouse gas emissions compared with new bricks.

Betonmast Asker's and Bærum Municipality's Hovseter School project is also an example of a project with high environmental requirements. The building wants to achieve an energy rating of A, a passive house standard and a 40 per cent reduction in greenhouse gas emissions compared with reference projects. Electric and fossil-free machines will be used to the greatest extent possible. The school will use geothermal heating and have energy wells in its schoolyard, solar panels on its roofs and integrated into its facade, as well as green sedum roofs. The new building will achieve near zero energy building status, so-called nZEB for FutureBuilt projects.

## MARKET OUTLOOK

Betonmast operates in the same markets as AF Gruppen's other Norwegian construction businesses. See the discussion of the market performance under Construction and Property.



## SELECTED PROJECTS

### ÅSGÅRD SCHOOL

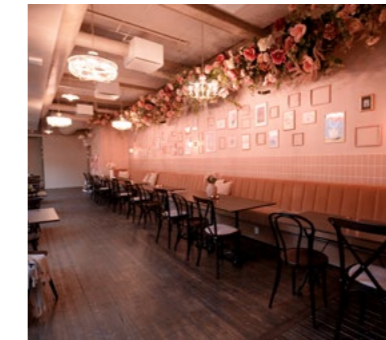
The project includes construction of a new primary school with space for 784 pupils, as well as a multipurpose hall and underground car park. The school is being built in line with the passive house standard and with the extensive use of wood. The 15,200-square metre school has been designed to fit in with the surrounding small buildings, including by sinking the multipurpose hall into the terrain. The schoolyard is exclusively being built using natural materials.

BUSINESS UNIT: BETONMAST ØSTFOLD

CLIENT: ÅS MUNICIPALITY

COMPLETION: 2023

CONTRACT VALUE: NOK 330 MILLION, EXCLUDING VAT.



### RS NOATUN 2

At the heart of the Norwegian Society for Sea Rescue's new headquarters located to the south of Horten lies Norway's first storm simulator. This facility offers completely new opportunities for training and simulating challenging rescue operations. The project also included an accommodation building and a new office building. A successful partnership lasting several years resulted in sustainable, cost-effective solutions.

BUSINESS UNIT: BETONMAST

BUSKERUD-VESTFOLD

CLIENT: THE NORWEGIAN SOCIETY FOR SEA

RESCUE AND HORTEN INDUSTRIAL PARK

COMPLETION: 2023

CONTRACT VALUE: NOK 229 MILLION,  
EXCLUDING VAT.

### TORDENSKIOLDS GATE 5

Renovating the Blomqvist auction house in the centre of Oslo posed a number of challenges. The project would involve work on the foundations, load-bearing structures, stabilisation and levelling floors, at the same time there was a heavy emphasis on reuse and preserving the building's soul and historical value. Having hosted art and auctions for more than 100 years, the building has now been transformed into an exciting restaurant building.

BUSINESS UNIT: BETONMAST OSLO

CLIENT: ANTHON EIENDOM AS AND

BLOMQVIST

COMPLETION: 2023

CONTRACT VALUE: NOK 74 MILLION,  
EXCLUDING VAT.

### HOVSETER SCHOOL

The project includes renovation of the existing Hovseter School and construction of a new school building, as well as significant upgrades and expansions to the outdoor area. The project's environmental requirements are high and it will, for example, achieve an energy rating of A, a passive house standard and a 40 per cent reduction in greenhouse gas emissions compared with reference projects. After its upgrade and extension, the school will have space for 720 pupils.

BUSINESS UNIT: BETONMAST

ASKER OG BÆRUM

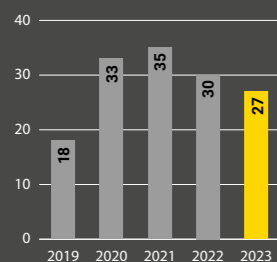
CLIENT: OSLOBYGG KF

COMPLETION: 2024

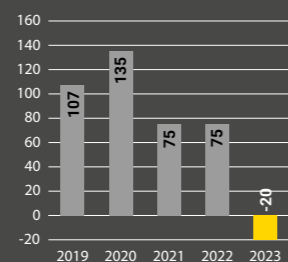
CONTRACT VALUE: NOK 350 MILLION,  
EXCLUDING VAT.

# PROPERTY

REVENUES NOK MILL.



OPERATING PROFIT NOK MILL.



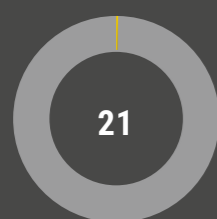
GEOGRAPHIC PRESENCE



KEY FIGURES

NOK million	2023	2022	2021	2020	2019
Revenue	27	30	35	33	18
Operating profit (EBIT)	-20	75	75	135	107
Earnings before tax (EBT)	-8	82	76	132	100
Operating margin (%)	-	-	-	-	-
Profit margin (%)	-	-	-	-	-
Order backlog	-	-	-	-	-
Order intake	-	-	-	-	-

EMPLOYEES



AF Gruppen 5,913

EIENDOM CONSISTS OF

- AF Eiendom
- LAB Eiendom

## LOW HOUSING SALES AND WEAK RESULTS

Property delivered weak results for 2023, mainly due to low housing sales and write-downs in its property development portfolio.

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 property development projects are generally structured as associated companies and joint ventures.

2023 IN BRIEF

Property delivered a result before tax of NOK -8 million (82 million) in 2023. The negative result was mainly attributable to low housing sales and write-downs totalling NOK 21 million in the property development portfolio, which were primarily related to commerce. Together with its partner, AF Eiendom signed a contract to purchase the plot Ullevålsveien 114 for NOK 240 million (AF Eiendom's ownership stake is 50 per cent). The transaction was completed after the end of the year.

Market sentiment characterised by uncertainty and high interest rates contributed to low housing sales with 53 (216) homes sold. AF's share was 24 (89). A total of 172 (281) homes were handed over in 2023, of which AF's share was 85 (96). 110 homes were handed over in Fyrstikkbakken, 55 in Kråkehaugen, three in Skiparviklia 3D, three in Brøter Terrasse and one in Lilleby Triangel. There were a total of 12 (6) unsold completed apartments, of which AF's share was 6 (2).

At the start of 2024, AF's property business had five residential property projects with a total of 797 apartments in the production phase. AF's share was 360. The sales ratio for these projects was 75 per cent.

- Fyrstikkbakken in Oslo (40 units in production, for which 32 sales

contracts have been signed).

- Skårersletta MIDT in Lørenskog (295 units in production, for which 197 sales contracts have been signed).
- Bekkestua Have in Bærum (232 units in production, for which 227 sales contracts have been signed).
- Rolvstrud Arena in Lørenskog (229 units in production, for which 144 sales contracts have been signed).
- Baneveien 16 in Bergen (one unit in production, one sales contract has been signed).

At year end, AF had a development portfolio in Norway estimated at 1,629 (1,580) residential units. AF's share of this was 813 (788). AF also has an ownership stake in commercial property under construction with a total GFA of 73,407 (62,256) square metres, of which AF's share is an GFA of 36,524 (30,949) square metres. The majority of our portfolio is located in Greater Oslo and Bergen.

CLIMATE AND ENVIRONMENT

Property wants to contribute to sustainable living and commercial environments. In addition to developing traditional residential and commercial projects, Property invests in renovation projects where the goal is to reuse and refine old buildings into modern and energy efficient buildings.

Property's goal is for greenhouse gas emissions to be halved by 2030, and for all new projects to be environmentally certified according to the BREEAM-NOR Very Good standard or better. AF Eiendom is Eco-Lighthouse certified and ensures that all new projects practise proactive environmental management.

In 2023, the architect of AF Eiendom's HasleTre project won the Con-

struction Industry's Climate Award. HasleTre consists of prefabricated timber elements and was designed for future disassembly and reuse.

AF Eiendom's project Fyrstikkbakken 14 is FutureBuilt's first commercial housing project in solid timber. New forms of housing are being offered with friend and shared apartments and new house buying models are also being offered via collaborations with Coo and Oslobolig. The project plans to achieve cuts in greenhouse gas emissions of more than 50 per cent and near zero energy consumption when in operation thanks to solar panels on its roofs and other measures.

MARKET OUTLOOK

Figures from Real Estate Norway show that house prices rose by 0.5 per cent in 2023. Real Estate Norway is forecasting a nominal national rise in house prices of 4 per cent for 2024 following 2 years of weak development. Oslo and Stavanger stand out with expected growth of 6 per cent and 7 per cent, respectively.

At its interest rate meeting in March 2024, Norges Bank decided to keep its policy rate unchanged at 4.5 per cent. The prognosis for the policy rate remained unchanged from the previous monetary policy report and indicates a policy rate of 4.5 per cent until autumn 2024, after which it will gradually fall.

High interest rates and construction costs are putting pressure on the profitability of property development projects and affecting the appetite to invest in new projects. Prognosesenteret expects the number of homes started to rise in 2024 and 2025, from 19,800 in 2023 to 21,000 and 26,000, respectively. Prognosesenteret's estimates for started residential units are based on statistics regarding the number of start permits.



## SELECTED PROJECTS

### FYRSTIKKBAKKEN 14

Handover of the first homes in Fyrstikkbakken 14 in Oslo started in November 2023. 159 apartments are being built here in four solid timber buildings. The residents can look forward to a shared banquet hall and sauna on the roof, their own electricity production and short walks to buses and the metro. The project is part of the FutureBuilt programme, where buildings are required to contribute to a good, robust urban environment with a good quality of life and cuts in greenhouse gas emissions of at least 50 per cent.

BUSINESS UNIT: AF EIENDOM  
 CONTRACTOR: AF BYGG OSLO  
 COMPLETION: 2024  
 OWNERSHIP STAKE: 50%



### BANEVEIEN

Baneveien 16 in Bergen is in the process of being transformed into a high quality commercial and apartment building with BREEAM-NOR Very Good certification. The building had been vacated and empty for 12 years before renovation began. The ground and first floors will house commercial premises, the ninth floor will be residential and the others will house offices. The building enjoys a central location, just below The National Stage towards Nøstet and the coastal express terminal.

BUSINESS UNIT: LAB EIENDOM  
 CONTRACTOR: LAB ENTREPRENØR  
 COMPLETION: 2025  
 OWNERSHIP STAKE: 50%

### ROLVSRUD ARENA

This project in Lørenskog comprises 291 apartments spread across five apartment buildings. It also involves approximately 1,100 square meters of commercial premises at street level and an underground car park. The homes are being constructed in line with stringent environmental requirements and certified in accordance with BREEAM-NOR Very Good. The area surrounding Rolvsrud Arena is being revitalised and will have links to other developments in the centre of Lørenskog.

BUSINESS UNIT: AF EIENDOM  
 CONTRACTOR: AF BYGG OSLO  
 COMPLETION: 2025  
 OWNERSHIP STAKE: 33%

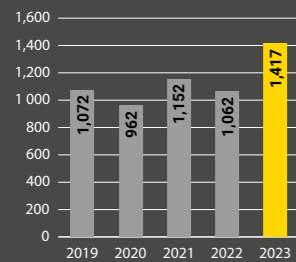
### ULLEVÅLSVEIEN 114

The project is centrally located in Oslo between Ullevål and Majorstuen, and will consist of 75-80 homes, as well as 500 square meters of service and commercial areas at street level. The building has an organic design and fits in well with the neighbouring buildings. A green oasis is being developed on the roof of the building, which will serve as both a recreational and gathering place for residents.

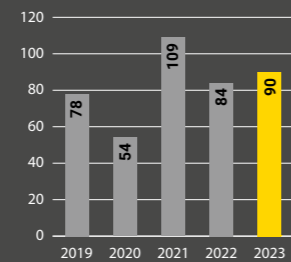
BUSINESS UNIT: AF EIENDOM  
 CONTRACTOR: NOT ASSIGNED  
 COMPLETION: ASSUMED 2027  
 OWNERSHIP STAKE: 50%

# ENERGY AND ENVIRONMENT

REVENUES NOK MILL.

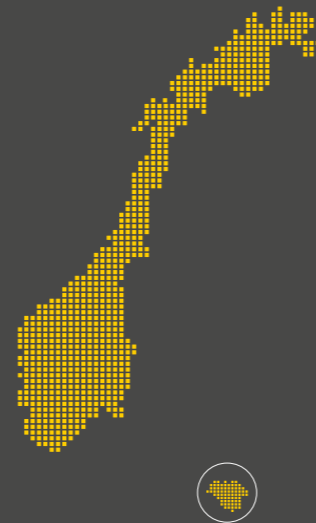


OPERATING PROFIT NOK MILL.



GEOGRAPHIC PRESENCE

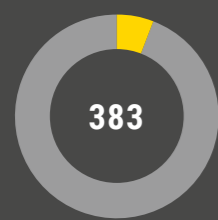
- Norway
- Lithuania



KEY FIGURES

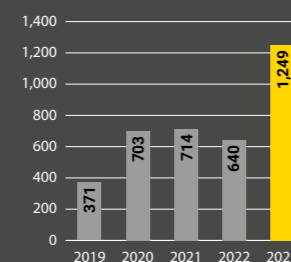
NOK million	2023	2022	2021	2020	2019
Revenue	1,417	1,062	1,152	962	1,072
Operating profit (EBIT)	90	84	109	54	78
Earnings before tax (EBT)	96	82	107	52	75
Operating margin (%)	6.3	7.9	9.4	5.6	7.3
Profit margin (%)	6.8	7.7	9.3	5.5	7.0
Order backlog	1,249	640	714	703	371
Order intake	2,027	987	1,162	1,294	942

EMPLOYEES



AF Gruppen 5,913

ORDER BACKLOG NOK MILL.



ENERGI OG MILJØ CONSISTS OF

- AF Energi
  - Enaktiva
  - AF Energija Baltic
- AF Decom
  - Rimol Miljøpark
  - Jølsen Miljøpark
  - Nes Miljøpark
- Mepex Consult

# RECORD HIGH REVENUE AND GOOD PROFITABILITY

Energy and Environment had significant revenue growth in 2023 and delivered a good result for the year.

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.

### 2023 IN BRIEF

In 2023, Energy and Environment reported growth of 33 per cent compared with the year before. Its revenue amounted to NOK 1,417 million (1,062 million) and its profit before tax was NOK 96 million (NOK 82 million). This corresponds to a profit margin of 6.8 per cent (7.7 per cent).

AF Decom had a higher level of activity and delivered good results despite a new building market characterised by a low number of construction starts. Rig and operation services made a significant contribution to this growth. The environmental centres saw a reduction in activity, and delivered a result somewhat below expectations.

AF Energi significantly increased its revenues in 2023 and delivered a very good result for the year. During the year, the unit reported to the stock exchange a pipe contract for a new life science building valued at NOK 680 million excluding VAT. AF Energi is also working on several major projects that are contributing to high levels of activity and solid results. Through Enaktiva, the unit has developed a model for co-ownership of central energy plants that we design, construct and operate ourselves. The purpose is both to generate value creation through active ownership of the facilities and ensure good reference facilities with low risk for the developer.

Mepex saw good activity and good profitability in its first year as part of AF Gruppen.

Energy and Environment's order intake in 2023 totalled NOK 2,027 million (987 million), and at the end of the year its order backlog was NOK 1,249 million (640 million).

### CLIMATE AND ENVIRONMENT

The Energy and Environment business area offers energy-saving, environmentally friendly services, including the construction of central energy plants, environmental clean-up, demolition and recovery services, as well as the recycling of polluted materials. With Mepex, the business area has gained leading expertise in the circular economy, waste and recycling.

The purpose of AF's energy activities is to reduce clients' energy consumption through alternative and renewable solutions for new and existing buildings. AF Energi offers a wide range of services in connection with the development, construction and operation of district heating/cooling plants, energy efficiency and renewable energy. The business area also includes energy efficiency consulting services, such as help with choosing sustainable refrigerants.

AF's environmental business is based on the idea that waste can to a large extent be reused and be a valuable resource in a circular economy. In 2023, AF Decom achieved a source separation rate of 95 per cent (94 per cent). AF Decom facilitated the recycling of 11,200 tonnes of metal in 2023. Reused steel produces approximately 70 per cent less CO<sub>2</sub> emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO<sub>2</sub> for every kilo of reused steel,

which means that AF Decom's operations have contributed to reducing alternative CO<sub>2</sub> emissions by 11,200 tonnes. AF's environmental centres recovered a total of 288,511 (315,269) tonnes of earth and rock in 2023, and the recycling rate realised for contaminated materials was 78 per cent.

AF Decom's expertise in demolition, handling earth and rock and environmental clean-up are good prerequisites for restoring natural areas. The unit is part of the project "A Cleaner Port of Bergen", where polluted materials on the seabed are being covered with three layers of sand. AF Decom is also involved in a number of research projects aimed at restoring wetland areas and areas polluted with PFAS.

### MARKET OUTLOOK

The demand for energy and environmentally-related services is good. The Norwegian authorities have set ambitious targets for reducing energy consumption by 2030. The targets include reducing energy consumption in existing buildings by 10 TWh, improving energy intensity by 30 per cent and reducing total emissions by 55 per cent by 2030. Uncertainty concerning electricity prices is also making investing in energy efficiency measures very attractive.

The business area's demolition and recycling activities are closely related to the construction market, where the level of new build starts affects the market for demolition and recycling services. Entry into new markets has resulted in a more diversified project portfolio and our environmental activities maintained their levels of activity in a construction market characterised by a lower level of activity.



## SELECTED PROJECTS

### CLEAN-UP ON SVALBARD

AF Decom has been commissioned to handle 39,000 tonnes of PFAS-polluted earth and rock at Svalbard Airport in Longyearbyen. The earth and rock are being excavated, transported across land and then transported by ship to the mainland. The area will then be restored. AF Decom has carried out a number of projects on Svalbard, including restoring the natural areas encompassing the Svea mining community and restoration of the historic cable car.

BUSINESS UNIT: AF DECOM

CLIENT: AVINOR

COMPLETION: 2023

CONTRACT VALUE: NOK 67 MILLION, EXCLUDING VAT.



### MØLLER EIENDOM

Møller Eiendom manages a large building stock that houses Møller Bil's car dealerships. Based on an analysis of 23 buildings, AF Energi has been commissioned to implement energy saving measures in 12 business premises. The measures include solar panels, heat pumps, ventilation, LED lighting and hot water reducing measures and are intended to cut annual energy costs by at least NOK 2 million.

BUSINESS UNIT: AF ENERGI

CLIENT: MØLLER EIENDOM

COMPLETION: 2024

CONTRACT VALUE: NOK 27 MILLION, EXCLUDING VAT.

### NEW SEABED IN STORE LUNGEGÅRDSVANN

Shipyards, industry and road runoff have polluted Store Lungegårdsvann in Bergen for more than 100 years. In 2022, the municipality decided to remove debris from the water and lay a clean new seabed to prevent the pollution spreading. AF Decom is using a drone to lay a 30 centimetre thick cover of sand over the polluted seabed.

BUSINESS UNIT: AF DECOM

CLIENT: BERGEN MUNICIPALITY

COMPLETION: 2024

CONTRACT VALUE: NOK 85 MILLION, EXCLUDING VAT.

### VESTLIA HOTEL

The energy efficiency measures in Vestlia Hotel in Geilo include a new well park for waterborne heat pump plants and upgraded boilers. Additional savings were achieved by inserting sensors designed to optimise operation of the ventilation system. The measures were implemented by AF Energi and cut the hotel's energy consumption by one third. This is equivalent to the consumption of 80 detached houses.

BUSINESS UNIT: AF ENERGI

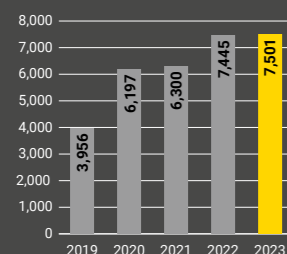
CLIENT: VESTLIA RESORT AS

COMPLETION: 2023

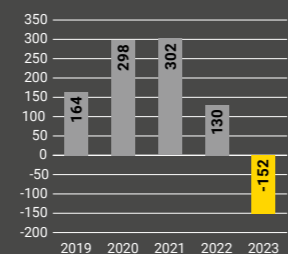
CONTRACT VALUE: NOK 12 MILLION, EXCLUDING VAT.

# SWEDEN

## REVENUES NOK MILL.



## OPERATING PROFIT NOK MILL.



## GEOGRAPHIC PRESENCE

■ Sweden

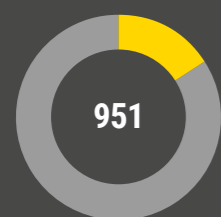


## KEY FIGURES

NOK million	2023	2022	2021*	2020*	2019*
Revenue	7,501	7,445	6,300	6,197	3,956
Operating profit (EBIT)	-152	130	302	298	164
Earnings before tax (EBT)	-160	127	295	291	161
Operating margin (%)	-2.0	1.7	4.8	4.8	4.1
Profit margin (%)	-2.1	1.7	4.7	4.7	4.1
Order backlog	5,128	7,638	9,112	5,678	4,539
Order intake	4,991	5,790	9,734	7,336	6,917

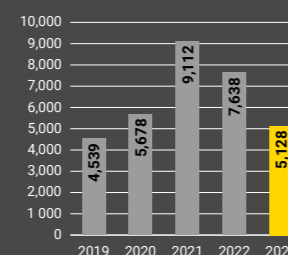
\* The Swedish Betonmast companies were transferred from the Betonmast business area to the Sweden business area with effect from 1 January 2022. Comparative figures have been restated. Betonmast became a part of AF Gruppen on 31 October 2019.

## EMPLOYEES



AF Gruppen 5,913

## ORDER BACKLOG NOK MILL.



## SWEDEN CONSISTS OF

- Kanonaden
- AF Prefab i Mälardalen
- AF Bygg Syd
- AF Projektutveckling
- AF Härnösand
- Byggreturer
- HMB
- AF Bygg Väst
- AF Bygg Öst
- AF Anläggning Väst

# NEGATIVE RESULT

The result for 2023 was negative, with great variations in performance. Very good performances from several units were not sufficient to absorb the negative results from the former Betonmast Sweden.

AF's Swedish activities within civil engineering, construction, property and demolition have been gathered in the Swedish business area. The geographic area of operation encompasses Stockholm, Mälardalen, Southern Sweden and Gothenburg.

## 2023 IN BRIEF

Sweden reported revenue of NOK 7,501 million (7,445 million) and a profit before tax of NOK -160 million (127 million) in 2023. This resulted in a profit margin of -2.1 per cent, compared with 1.7 per cent in 2022.

Revenue was on a par with last year, with great variation in the performances and results of the units.

Kanonaden, AF Prefab in Mälardalen and AF Härnösand Byggreturer reported very good results in 2023. AF Bygg Syd delivered a good result for the year, while HMB delivered a result that was somewhat below expectations. The former Betonmast Sweden units, AF Bygg Väst, AF Bygg Öst and AF Anläggning Väst, had major downward adjustments of estimates in the project portfolio throughout the year and negative results. Organisational changes were implemented in 2023. AF Bygg Stockholm has now become part of AF Bygg Öst and AF Öresund is organised under AF Bygg Syd.

AF Projektutveckling, AF's property business in Sweden, had one residential project at the end of 2023 with a total of 83 units in production. The unit has a building site inventory (residential units under development) that is estimated at 1,159 residential units. AF's share of this is 605 residential units.

The Swedish business reported 10 contracts to the stock exchange in 2023, all of which were from Kanonaden, AF Bygg Syd or HMB. The largest contract was awarded to Kanonaden Entreprenad, which will carry out the groundwork for Metsä Tissues' expansion of its Mariestad paper factory. The contract is valued at approximately SEK 300 million, excluding VAT.

The order intake in 2023 totalled NOK 4,991 million (5,970 million), and at year end the order backlog was NOK 5,128 million (7,638 million).

## CLIMATE AND ENVIRONMENT

The Swedish business area builds socially beneficial buildings and facilities such as schools, housing for the elderly, treatment plants and wind farms. Material use and the transport of earth and rock are important drivers of greenhouse gas emissions, and AF is working with the client to find environmentally friendly solutions. In 2023, the business area in Sweden achieved a source separation rate of 76 per cent (70 per cent) for construction, 95 per cent (86 per cent) for renovation and 97 per cent (93 per cent) for demolition.

Kanonaden is carrying out construction work for several wind farms. The business unit is, for example, building the infrastructure for Bruzaholm wind farm in Eksjö Municipality on behalf of Vattenfall, with foundations for 21 wind turbines with an output of 140 MW and annual production of 460 GWh.

HMB's Tallbohöv Electric Village project is one example of a project with a strong environmental profile that was completed in 2023. The project consists of four apartment blocks in Järfälla, to the north

of Stockholm, with solar energy, geothermal heating and district heating as energy sources. The residents are encouraged to reduce their carbon footprint by using a simple app that provides an overview of electricity, hot water, heating, climate-smart transport, waste management and more.

## MARKET OUTLOOK

Complex geopolitical situations, rising tensions over trade, inflation and high interest rates are also creating uncertainty for AF's Swedish activities. In March 2024, Sveriges Riksbank decided to keep its policy rate unchanged at 4.0 per cent.

Prices in the Swedish housing market remained stable in 2023, after a year of falling house prices in 2022 with drops in prices of 9 per cent for apartments and 10 per cent for detached houses according to Svensk Mäklarstatistik. Svensk Mäklarstatistik reported a price rise of 1 per cent for apartments and a 1 per cent decrease for detached houses for the year at year end 2023.

In March 2024, Byggföretagen reported that construction investments in Sweden were estimated at SEK 495.7 billion for 2023. This is expected to decrease by 7.0 per cent in 2024 to SEK 461.1 billion, primarily linked to the "homes" segment. Byggföretagen estimates that civil engineering investments amounted to SEK 155.4 billion in 2023, and expects the level of activity to be maintained in 2024 with an estimate of SEK 154.3 billion.



## SELECTED PROJECTS

### BRF PÄRLAN

Brunnshög is a new district in the university town of Lund. Here, OBOS Kärnhem is building the housing project Brf Pärlan, which comprises 107 apartments ranging from one to five rooms in size. An innovative layout solution has resulted in slanted balconies and outdoor spaces that ensure privacy between neighbours. At street level, there will be a short-stay apartment for guests and a hobby room for the use of residents.

BUSINESS UNIT: AF BYGG SYD

CLIENT: OBOS KÄRNHEM

COMPLETION: 2024

CONTRACT VALUE: SEK 180 MILLION, EXCLUDING VAT.



### HAMRA AND HALL POWER STATIONS

Kanonaden and Hitachi Energy are designing and constructing two STATCOM installations in the Stockholm area for Svenska Kraftnät. STATCOM is a device that regulates voltage in the power grid. Demand for these devices is increasing in line with the increase in supply from wind and solar energy. Kanonaden's project involves demolition of the existing installations, civil engineering works, construction and assembly and installation work.

BUSINESS UNIT:

KANONADEN ENTREPRENAD

CLIENT: SVENSKA KRAFTNÄT

COMPLETION: 2025

CONTRACT VALUE: SEK 170 MILLION, EXCLUDING VAT.



### GLADAN, KUNGSHOLMEN

The project includes demolition of the existing office buildings and construction of 138 apartments with an adjoining underground garage in the northwestern part of Kungsholmen in central Stockholm. The apartments will be spread across four buildings ranging from eight to 12 floors high. A great deal of thought has been put into the details and choice of materials, and the apartments are being constructed to satisfy Nordic Swan Ecolabel environmental certification.

BUSINESS UNIT: AF BYGG ÖST

CLIENT: BALDER

COMPLETION: 2023

CONTRACT VALUE: SEK 200 MILLION, EXCLUDING VAT.



### SEGERDAL, KNIVSTA

This new residential quarter is part of Knivsta's new urban centre and is the last of three quarters being planned and constructed by HMB on behalf of Genoa and Redito. The quarter consists of two buildings with a total of 151 apartments, as well as an underground garage. The quarter will be supplied with energy-efficient heating via geothermal heating and district heating, and solar panels will contribute to sustainable power generation. The homes will be Nordic Swan Ecolabelled.

BUSINESS UNIT: HMB CONSTRUCTION

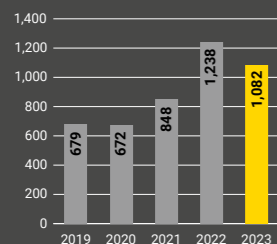
CLIENT: GENOVA AND REDITO

COMPLETION: 2025

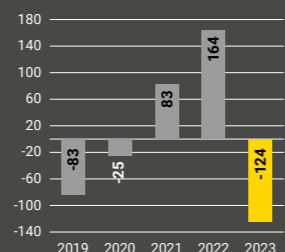
CONTRACT VALUE: SEK 270 MILLION, EXCLUDING VAT.

# OFFSHORE

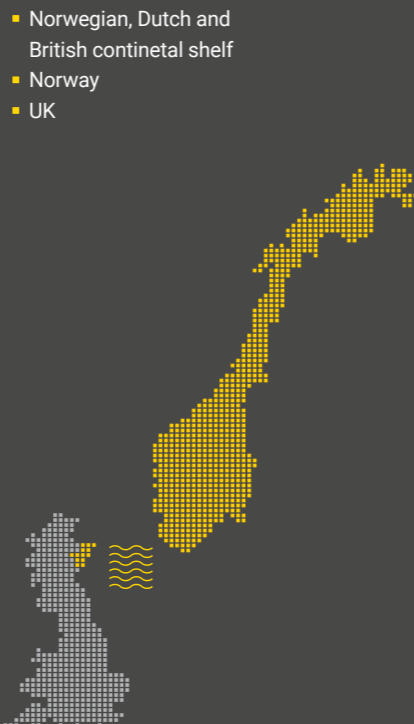
REVENUES NOK MILL.



OPERATING PROFIT NOK MILL.



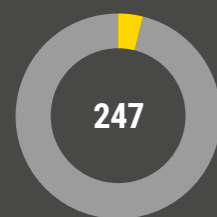
GEOGRAPHIC PRESENCE



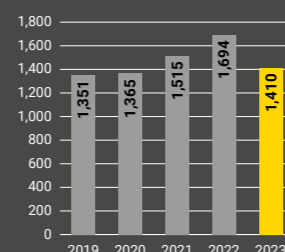
KEY FIGURES

NOK million	2023	2022	2021	2020	2019
Revenue	1,082	1,238	848	672	679
Operating profit (EBIT)	-124	164	83	-25	-83
Earnings before tax (EBT)	-139	160	78	-40	-94
Operating margin (%)	-11.5	13.2	9.8	-3.7	-12.2
Profit margin (%)	-12.9	12.9	9.2	-5.9	-13.9
Order backlog	1,410	1,694	1,515	1,365	1,351
Order intake	798	1,417	998	686	574

EMPLOYEES



ORDER BACKLOG NOK MILL.



CONSISTS OF

- AF Offshore Decom
- AF Offshore Decom UK Ltd.
- AF Miljøbase Vats
- Aeron

## REDUCTION IN ACTIVITY AND NEGATIVE RESULT

While large parts of the portfolio enjoyed good operations, loss provisions for one project led to a negative result overall.

AF performs a variety of activities for the maritime and the oil and gas sectors. Our services range from removing and recovering offshore installations to the new construction and modification of climate control systems (HVAC) for the offshore and marine markets. AF has a state-of-the-art facility for environmental clean-up at Vats.

### 2023 IN BRIEF

Offshore's revenue amounted to NOK 1,082 million (1,238 million) in 2023, which represents a decrease of 13 per cent compared with the previous year. Its result before tax was NOK -139 million (160 million). This resulted in a profit margin of -12.9 per cent compared with 12.9 per cent for 2022.

AF Offshore Decom reported a negative result for 2023. The negative result entirely relates to a downwards adjustment of the project estimate for a single project. AF Environmental Base Vats enjoyed a high level of activity and good operations.

Aeron saw increased activity and delivered a good result in 2023. The unit enjoyed good order intake throughout the year. A growing proportion of its activities are related to offshore wind.

Offshore's order intake amounted to NOK 798 million (1,417 million) in 2023. At year end, the Offshore business area had an order backlog of NOK 1,410 million (1,694 million).

### CLIMATE AND ENVIRONMENT

AF's offshore business delivers socially beneficial and environmentally friendly services in a safe and profitable manner. AF Offshore Decom solves a significant societal challenge by removing and recycling decommissioned

oil platforms. In recent years, the unit has achieved a source separation rate of more than 99 per cent, where the main fraction is metal. Recovering steel results in 70 per cent less CO<sub>2</sub> emissions than ore-based production, which corresponds to a reduction in emissions of 1 kg of CO<sub>2</sub> per kg of recovered steel. AF Offshore Decom demolished and facilitated the recycling of approximately 26,243 (36,911) tonnes of steel in 2023, corresponding to a reduction of alternative CO<sub>2</sub> emissions of 26,243 (36,911) tonnes.

AF is involved in the research project "Upcycling of Maritime Metal". The aim is to utilise more of the metal directly without it being remelted. This entails, for example, steel components being recertified and assembled into new approved products for the construction and civil engineering sector.

AF Aeron's activities help to cut greenhouse gas emissions through electrification and energy efficiency improvements in the marine sector. Deliveries in 2023 included several different types of ventilation and cooling plants for optimising energy consumption in the operation of ferries, cruise ships and other commercial vessels.

### MARKET OUTLOOK

Between 2023 and 2032, the British trade association Offshore Energies UK (OEUK) expects more than 2 million tonnes of oil and gas installations to be removed from the North Sea. The market for removing offshore installations has long been marked by delays. At the same time, several major portfolios of oil platforms are now expected

to be dismantled over the next 10 years, and AF Offshore Decom has submitted several larger bids that are awaiting a decision. First generation FPSOs (Floating Production Storage and Offloading) are approaching their recycling dates, and with the recycling of the production ship Curlew, AF Offshore Decom has demonstrated its expertise and execution capacity in this area.

The increased rate of investment in offshore wind has increased demand for large crane vessels and shipyards to assemble and install the next generation of offshore wind farms in Europe. A tight vessel market in which the available capacity is wanted for platform installation, decommissioning and wind installation globally will present a capacity challenge, and AF Offshore Decom is working to establish strong relationships with a range of vessel owners to secure capacity for the next few years.

The transition towards a low-emission society is presenting market opportunities for AF's climate control business, and the ever-increasing carbon tax could help accelerate the pace of electrification. Increased investment in offshore wind is also providing new market opportunities. Good examples of this include the offshore wind farms Sunrise Wind in New York and East Anglia Windfarm in the UK to which Aeron supplies ventilation and cooling equipment.

## SELECTED PROJECTS

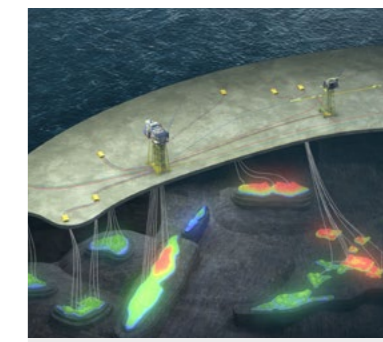
### CURLEW

At AF Environmental Base Vats, the 235-metre-long production ship Curlew, which was previously used to produce oil and gas, was broken up and recovered. The vessel originally weighed 25,000 tonnes and this is the first time a production ship has been recovered in Norway. AF Environmental Base Vats is one of the few facilities that meets the requirements for recovering these types of structures.

BUSINESS UNIT: AF OFFSHORE DECOM

CLIENT: SHELL UK

COMPLETION: 2024



### L7 FIELD

10 platforms in the L7 field in the Dutch sector of the North Sea have reached the end of their service life. The field was developed between 1975 and 1989 and consists of a central complex and associated satellite structures. The project consists of planning and removing the platforms, which have a combined weight of 17,500 tonnes. The structures will then be transported to AF Environmental Base Vats for recycling and recovery.

BUSINESS UNIT: AF OFFSHORE DECOM

CLIENT:

TOTAL ENERGIES EP NEDERLAND

COMPLETION: 2025

### BRAE BRAVO

The platform, including its super-structure, was almost as tall as the London Eye. The project is structured as a consortium consisting of AF Offshore Decom and Heerema Marine Contractors, and involves the use of two of the world's largest crane vessels. The offshore works were conducted between 2021 and 2022. Over the course of 2023, all of the modules were disassembled and sent for recycling. Marine fouling from the underside of the platform has been converted into soil conditioners.

BUSINESS UNIT: AF OFFSHORE DECOM

CLIENT: TAQA

COMPLETION: 2024

### YGGDRASIL MUNIN

Yggdrasil consists of an unmanned gas production platform developed by Equinor (Munin) and a processing platform with a well area and living quarters developed by Aker BP (Hugin A). The field is being developed with a common power supply from land operated by Aker BP. The entire Yggdrasil field will be controlled remotely from Stavanger. The unmanned Munin platform includes Aeron HVAC solutions.

BUSINESS UNIT: AERON

CLIENT: AKER BP

COMPLETION: 2024



## A CARING RESIDENCY

Furuset Hageby is a nursing home. It was designed as a garden village in order to provide residents with a high quality of life. Here, cognitively impaired residents should feel at home in easy to understand surroundings, with living groups, communal rooms and an outdoor area they can move about in safely. The village has a shop, restaurant, village hall, doctor's office, hairdresser and pedicurist, as well as club and hobby rooms.





## SHAREHOLDER INFORMATION

[110 CORPORATE MANAGEMENT TEAM](#)

[112 BOARD OF DIRECTORS](#)

[114 CORPORATE GOVERNANCE](#)

[124 THE SHARE](#)

Furuset hageby is AF Gruppen's first completed FutureBuilt project. Very high environmental ambitions in the project together with innovative solutions in welfare technology made it possible for AF Bygg Oslo to deliver a village designed for a good living environment and an almost normal everyday life for the residents. A lot of thought has gone into creating safe and pleasant outdoor areas.

## CORPORATE MANAGEMENT TEAM



**AMUND TØFTUM**

(1978)  
CEO

Amund Tøftum joined AF in 2005 and has served as Executive Vice President for Construction, Betonmast and Offshore before becoming CEO of AF Gruppen in 2020. Tøftum has also been Project Director at AF Offshore Decom and has experience from business development and various operational roles in AF. Tøftum is a Civil Engineer from the Norwegian University of Science and Technology. As of 31 December 2023, he owned 138,911 shares and 40,477 options in AF Gruppen ASA.



**ANNY ØEN**

(1974)  
CFO

Anny Øen has been EVP Finance since September 2022. Anny Øen has worked in AF Gruppen since 2009 and comes from the position as Group Accounting Director. Øen has also worked as a Group Accounting Manager and Controller in Reitangruppen and Finance Manager at Rema 1000. Øen holds a Master of Science in Business with a Master's in Accounting and Auditing from the Norwegian School of Economics. As of 31 December 2023, she owned 31,683 shares and 23,708 options in AF Gruppen ASA.



**EIRIK WRAAL**

(1979)  
EVP

Eirik Wraal is responsible for the Environment and Energy business area, parts of the construction business, and for corporate social responsibility in AF Gruppen. He comes from the position as head of AF Decom and has been with AF since 2004. Wraal has also held various operational roles within AF's environmental business and is a Civil Engineer from the Norwegian University of Science and Technology (NTNU). As of 31 December 2023, he owned 40,590 shares and 24,327 options in AF Gruppen ASA.



**LARS MYHRE HJELMESET**

(1979)  
EVP

Lars Myhre Hjelmeset is responsible for the Offshore business area. He comes from the position as managing director of AF Offshore Decom, and has experience as CFO at AF Offshore Decom and business developer in corporate staff. He has been with AF since 2003. Hjelmeset holds a Master of Science in Business from BI Norwegian Business School and is CEFA (Certified European Financial Analyst) from the Norwegian School of Economics (NHH). As of 31 December 2023, he owned 37,511 shares and 23,708 options in AF Gruppen ASA.



**TORMOD SOLBERG**

(1971)  
EVP

Tormod Solberg is responsible for the Construction business area in Norway. He has held various management positions in AF Gruppen since 2006, and comes from the position of CFO in AF Bygg Oslo. As the former Director of Quality and Risk he was instrumental in establishing AF Gruppen's risk management model. He has a background as a project manager at ABB and as a consultant at PwC, and holds a Master of Science in Business from NHH. As of 31 December 2023, he owned 58,286 shares and 22,796 options in AF Gruppen ASA.



**BÅRD FRYDENLUND**

(1968)  
EVP

Bård Frydenlund is responsible for the business areas Sweden and Betonmast. He was previously Director of Human Resources and Organisation, and since 2000 he has held various roles within HR and Finance. Bård Frydenlund has a degree in economics (diplomøkonom) and Master of Management from BI Norwegian Business School. As of 31 December 2023, he owned 188,090 shares and 24,437 options in AF Gruppen ASA.



**GEIR FLÅTA**

(1978)  
EVP

Geir Flåta is responsible for the business areas Civil engineering and Property. He has extensive project and management experience from the construction and civil engineering business area of AF Gruppen. Flåta has an MBA from the Norwegian School of Economics (NHH) and is a Civil Engineer from the Norwegian University of Science and Technology (NTNU). As of 31 December 2023, he owned 2,487 shares and 24,327 options in AF Gruppen ASA.

## BOARD OF DIRECTORS



**MORTEN GRONGSTAD**

(1975)  
Board Chairman

Morten Grongstad is managing director of SGF. Current board memberships include Stokke Industri, Treschow-Fritzøe and Utstillingsplassen. He has previously been CEO and Executive Vice President of AF Gruppen. Prior to this, he was head of Fornebu Utvikling and Orkla Eiendom. He has an advanced degree in economics (siviløkonom) from BI Norwegian Business School.



**HEGE BØMARK**

(1963)  
Board Member

Hege Bømark has a background as a financial analyst at Fearnley Finans (Fonds) AS and Orkla Finans (Fondsmegling) AS. She has previously served on the boards of Norwegian Property ASA, Fornebu Utvikling ASA and BWG Homes ASA, and is currently a board member of Europris ASA and OBOS-banken AS. She has an advanced degree in economics (siviløkonom) from the Norwegian School of Economics (NHH).



**HILDE WIKESLAND FLAEN**

(1983)  
Board Member

Hilde Wikesland Flaen is an employee representative on the Board of Directors. She has been employed by AF Gruppen since 2008 and has varied experience as a project engineer, operations manager, site manager and contract manager at AF Anlegg. She is a Civil Engineer in structural engineering and architecture from UMB.



**ERIK VEIBY**

(1963)  
Board Member

Erik Veiby is the working chairman of the Board of Nordic Concrete Group and also serves as Chairman of Kongsvinger Betong. He has previously served as managing director of Betong Øst and held various positions in Kongsvinger Betongindustri. Veiby has extensive board experience where he also has ownership interests.



**KRISTIAN HOLTH**

(1984)  
Board Member

Kristian Holth has a background as the CFO of KB Gruppen AS and Contiga AS, as well as experience from McKinsey & Company. Other board positions include Gunnar Holth Grusforretning AS and BRG Entreprenør AS. He is a Civil Engineer in industrial economics from the Norwegian University of Science and Technology (NTNU).



**ESPEN JAHR**

(1972)  
Board Member

Espen Jahr is an employee representative on the Board of Directors, and HSE Manager at AF Decom. He played a part in establishing and has headed AF Gruppen's internal occupational health service. Jahr has experience as HSE manager on projects. He has former experience as an occupational nurse at the Institute for Occupational Health Services/Occupational Health Norway. Jahr holds a master's degree in Health/Management.



**ARNE SVEEN**

(1970)  
Board Member

Arne Sveen is an employee representative on the Board of Directors. He has worked in AF since 1999, and is the head employee representative and head safety delegate in AF, with responsibility for the Collective Agreement for the Building Industry. He has previously worked as a crane operator/site preparation worker for AF Bygg Oslo.



**SALOUME DJOUDAT**

(1977)  
Board Member

Saloume Djoudat has been a partner in Bull & Co Advokatfirma AS since 2013, and has previously been a legal consultant at Uno-X Energi AS. At Bull & Co, she works primarily on corporate law including M&A, risk management and contract negotiations, and she is also a board member of Atea ASA. She holds a law degree from the University of Oslo.



**HILDE KRISTIN HERUD**

(1973)  
Board Member

Hilde Kristin Herud is General Manager for Tremco CPG (Construction Product Group) in Norway. She was previously CEO and Commercial Director of Norgips, has held leading positions in the advertising and publishing industry and served as the deputy Chairman of the Board of NHO Byggevarerindustrien. Herud has a Master of Arts (MA), and has completed the Executive Board Program at INSEAD.



**MARIANNE GJERTSEN EBBESEN**

(1972)  
Board Member

Marianne Gjertsen Ebbesen is Executive Vice President of OBOS with responsibility for Boligutvikling Trehus in Norway and Sweden. She has held various roles in OBOS' Executive Management Team since 2019. Ebbesen has extensive management experience from the financial industry, including from Nordea and DNB. She has also served on the Board of Gjensidige Pensjonsforsikring, Odevo and several subsidiaries of OBOS. Ebbesen has an advanced degree in economics (siviløkonom) from BI Norwegian Business School.

# CORPORATE GOVERNANCE

AF Gruppen has a strong value-based corporate culture. Active risk management and our core values represent the cornerstones of our business.

## KEY EVENTS IN 2023

Following up on the current strategy which is in place until the end of 2024 has been central to the work of the Board of Directors in 2023. The strategy continues the ambition of achieving profitable growth along with an uncompromising commitment to safety and ethics. The goal for 2024 is to achieve zero work-related absences and serious personal injuries, revenues of NOK 40 billion, and an operating margin of 7 per cent. By 2030, AF Gruppen will reduce greenhouse gas emissions by at least 50 per cent and reduce the amount of waste that goes for combustion and to landfill by at least 50 per cent. Both targets apply per service type relative to revenue. Throughout the year, the Board has assessed the status of the overall goals and priorities going forward.

2023 has been a year of great variation in how the units have performed. At the same time, the market outlook for the construction and civil engineering industry is impacted by complex geopolitical trends. Throughout the year, the Board has closely monitored our business and developments in the market, and the administration's assessments of individual projects, organisational initiatives and strategic choices are among the factors that have been considered.

EU's Corporate Sustainability Reporting Directive (CSRD) represents a significant increase of the reporting requirements compared to the current sustainability reporting requirements. This Directive will apply to AF as of the reporting year 2024. The introduction of the CSRD imposes increased formal responsibilities for the Board of Directors, and AF's preparatory work and assessments related to the Directive have been discussed by the Board on several occasions. Among other things, the analysis of double materiality is anchored in the board.

The current macroeconomic picture and market uncertainties provide opportunities for AF. In accordance with the Group's strategy, the Board of Directors and Corporate Management Team have assessed several potential candidates for acquisition in 2023.

## WORK OF THE BOARD OF DIRECTORS

The Board of Directors has the overall responsibility for managing AF Gruppen on behalf of its owners, including continuously overseeing the Group's management and operations. The Board shall participate in the development of strategies, plans, budgets and guidelines for operations, and shall ensure that AF has an organisation that is well equipped to implement the

## BOARD OF DIRECTORS

Members	On the board from	Number of shares <sup>1)</sup>	Elected by	Attendance record
Morten Grongstad, Chairman <sup>2)</sup>	2023	25,000	The General Meeting	7/7
Pål Egil Rønn <sup>3)</sup>	2016	na	The General Meeting	5/5
Marianne Gjertsen Ebbesen <sup>2)</sup>	2023	17,459,483	The General Meeting	7/7
Arne Baumann <sup>3)</sup>	2018	na	The General Meeting	5/5
Kristian Holth	2016	16,359,521	The General Meeting	12/12
Hege Bømark	2012	-	The General Meeting	12/12
Saloume Djoudat	2021	-	The General Meeting	12/12
Hilde Kristin Herud	2022	3,075	The General Meeting	12/12
Eirik Tømmeraaas Veiby	2022	2,224,240	The General Meeting	12/12
Espen Jahr	2022	6,586	Employees	12/12
Hilde W. Flaen	2018	29,016	Employees	12/12
Arne Sveen	2010	-	Employees	12/12
<b>Total</b>		<b>36,106,921</b>		

<sup>1)</sup> Number of shares owned as of 31 December 2023 include shares that belong to the immediate family and companies in which the individual has a controlling influence.

<sup>2)</sup> Grongstad and Ebbesen was elected to the Board of Directors in May 2023

<sup>3)</sup> Rønn and Baumann stepped out of the Board of Directors in May 2023

## BOARD'S AUDIT

### COMMITTEE

Kristian Holth (Chairman)  
Hege Bømark  
Hilde Kristin Herud

### BOARD'S COMPETENCE AND REMUNERATION COMMITTEE

Morten Grongstad (Chairman)  
Saloume Djoudat  
Marianne G. Ebbesen  
Eirik Tømmeraaas Veiby

### NOMINATION COMMITTEE

Roar Engeland (Chairman)  
Roy G. Holth  
Tor Øivind Fjeld jr.  
Christina Stray

### EXTERNAL AUDITOR

PricewaterhouseCoopers AS

strategy. The Board should also ensure that our business operations are run in accordance with current guidelines and our adopted strategy. An open and solid management structure instils confidence and lays the foundation so that AF Gruppen can achieve its goals and ensure long-term value creation for investors, employees, customers and society at large.

The Board's areas of responsibility and procedures are set out in a separate set of Board instructions, and the work is organised through two Board committees: The Audit Committee and the Competence and Remuneration Committee. The committees' guidelines are set out in separate mandates. An annual plan has been established for the Board's work. In addition to the regular items, the Board of Directors considers all acquisitions over NOK 50 million, property site investments in excess of NOK 100 million and contract tenders with a contract sum in excess of NOK 600 million. In 2023, the Board of Directors reviewed 13 tenders prior to submission.

## 1. REPORT ON CORPORATE GOVERNANCE

Good corporate governance is the responsibility of the Board of Directors. The Board of Directors reviews AF Gruppen's principles and code of practice for corporate governance annually. We are continuously working to improve and adapt both the Group's overall management tasks and the management of the Group to ensure compliance with current laws and regulations, and that our management systems are adapted to our business and the current risk image at all times. A statement has been prepared in accordance with

## DEVIATIONS OF THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE

In the opinion of the Board of Directors, AF Gruppen has deviations from two of the sections in the Code of Practice:

### Section 6. General Meeting

AF Gruppen has two deviations from the Code of Practice for this section. The General Meeting is not chaired by an independent chairperson, but by the Chairman of the Board. The fact that the General Meeting shall be chaired by the Board Chairman is stipulated in the Articles of Association. The need for an independent chairperson has not been considered necessary either based on the items that are reviewed at the General Meeting and the fact that there is little disagreement among the shareholders.

The second deviation from this section is the fact that not all the board members attend the General Meeting. The Board of Directors considers it adequate that the Board Chairman, Chairman of the Audit Committee and Chairman of the Competence and Remuneration Committee are present. Other board members will attend as required.

### Section 7. Nomination Committee

AF Gruppen has one deviation from the Code of Practice for this section. The majority of the Nomination Committee is not independent of the Board of Directors.

## AF'S COMPLIANCE WITH THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE

In the opinion of the Board of Directors, AF Gruppen has deviations from two of the sections in the Code of Practice.

Section of the Norwegian Code of Practice for Corporate Governance	Deviation from the Code of Practice
1 Statement of corporate governance	No deviation
2 Activities	No deviation
3 Share capital and dividends	No deviation
4 Equal treatment of shareholders and transactions with related parties	No deviation
5 Negotiability	No deviation
6 General Meeting	Two deviations, see the text above.
7 Nomination Committee	One deviation, see the text above.
8 Corporate Assembly and Board of Directors – composition and independence	No deviation
9 Work of the Board of Directors	No deviation
10 Risk management and internal control	No deviation
11 Directors' fees	No deviation
12 Remuneration of executive personnel	No deviation
13 Information and communication	No deviation
14 Company takeover	No deviation
15 Auditor	No deviation

the Norwegian Code of Practice of 14 October 2021, cf. www.nues.no. In the following, an explanation is given for how the 15 sections in the Code of Practice are followed up within AF Gruppen.

There are no significant deviations between the Code of Practice and AF Gruppen's compliance with the code. Two deviations under Section 6 on general meetings, and one deviation under Section 7 on the nomination committee have been justified and disclosed.

Deviations from the Code of Practice: None.

## 2. ACTIVITIES

The Company's Articles of Association state that the object of the Group is to engage in contracting and industrial activities, as well as any activities related thereto, including participation in other undertakings. AF Gruppen has project-based operations in the business areas of civil engineering, construction, property, energy, environment and offshore. Our company is built on a sustainable vision: We are clearing up the past, and building for the future. Our head office is located in Oslo, and 69 per cent and 30 per cent of our revenues in 2023 are from operations in Norway and Sweden respectively, which represent the Group's principal geographical markets.

AF Gruppen is a values-based company with a firmly anchored set of core values:

- Reliability
- Freedom to practice entrepreneurship and demonstrate discipline in accordance with current goals and requirements
- Thoroughness and hard work
- Persistence in achieving profitable growth
- Management that is present and involved

All AF's employees are expected to identify with and comply with our core values. With the support of the Board of Directors, a code of conduct is communicated to all our employees and used actively in day-to-day operations. The publications "Purpose, Goals, Values" and the "Code of Conduct" are available on AF Gruppen's website www.afgruppen.com. All companies in the Group have ethical guidelines that are consistent with AF Gruppen's values and Code of Conduct.

### Strategies, goals and risk profile

The Board of Directors follows a four-year cycle for its strategy work. In 2020, a new strategy was developed for the 2021-2024 period. The strategy is based on the Board's and management's assessment of the company's risk profile, and continues its ambitions from the past on safety, profitability and growth. The goal for 2024 is to achieve revenues of NOK 40 billion, an operating margin of 7 per cent, a 20 per cent return on invested capital and zero work-related absences and serious personal injuries. For the first time, goals related to climate and the environment were also set: by 2030, AF Gruppen will

halve its greenhouse gas emissions and halve unsorted waste and contaminated bulk materials that go for combustion or to landfill. Both targets apply per service type relative to revenue. Four initiatives will be prioritised to achieve these goals: disciplines and management, customers and suppliers, climate and environment and innovation. The strategy is described in more detail in the annual report on page 22.

The Board reviews the goals and guidelines annually to determine whether they are comprehensive and aligned to the strategies, operationally effective and easy to understand for employees and other stakeholders.

The creation of value by AF Gruppen should be both safe and sustainable. Everyone who works for AF should arrive home safely from work, and our operations should have the least possible negative impact on society, the climate and the environment. Our source separation rate and carbon footprint have been chosen as AF Gruppen's common benchmarks for the external environment. In addition, AF Gruppen provides products and services that have a positive impact on both the climate and the environment. Providing expertise and the capacity to help solve society's challenges is a key part of AF Gruppen's social mission.

AF Gruppen's guidelines for corporate social responsibility cover climate and the environment, social issues, due diligence in accordance with the Transparency Act and business management, and are described in more detail on page 32 in the annual report, as well as on www.afgruppen.com.

Deviations from the Code of Practice: None.

## 3. SHARE CAPITAL AND DIVIDENDS

The financing of AF Gruppen shall be robust in relation to market-related and operational fluctuations and support our dividend and growth strategy. AF has financing facilities in DNB and Handelsbanken totaling NOK 3,500 million. The financing facility in Handelsbanken was renewed in Q3 2023 and increased from NOK 1,000 million to NOK 1,500 million. The new agreement is a sustainability-linked revolving long-term credit facility. The financing facility includes a multi-currency overdraft facility (rolling 1-year term) of NOK 2,000 million in DNB.

The Group had a solid capital structure as of 31 December 2023 with net interest-bearing liabilities of NOK 641 million (329 million), equity of NOK 3,203 million (3,494 million) and an equity ratio of 21.9 per cent (24.2 per cent). The net interest-bearing liabilities include liabilities related to leases of NOK 1,011 million (898 million), of which NOK 798 million (693 million) is recognised in accordance with IFRS 16 Leases. Loan covenants related to AF Gruppen's financing facilities are measured exclusive of the effect of capitalised leases recognised according to IFRS 16. The IFRS 16 adjusted equity ratio was 23.2 per cent (25.4 per cent) as of 31 December 2023. This is in accordance with the Group's goal of having an equity ratio, exclusive the effects of

IFRS 16, of at least 20 per cent, and adapted in the opinion of the Board to AF Gruppen's goals, strategy and risk profile.

### Dividend

AF Gruppen's dividend policy is to pay a dividend of at least 50 per cent of the profit per share for the year. Distribution of dividend will take place up to twice yearly, normally after the Annual General Meeting and after presentation of the quarterly report for the 3rd quarter. Own shares are not entitled to a dividend.

### Share capital increases

The Board's authorisation to increase the share capital is limited to defined purposes and limited in time until the next General Meeting. Each purpose for which authorisation is granted will be considered as a separate item by the General Meeting. Such authorisation was used in connection with AF Gruppen's employee share programme in the autumn of 2023.

### Acquisition of treasury shares

AF Gruppen has authorisation from the General Meeting to buy and sell own shares. This authorisation is justified by the need to obtain the necessary number of shares to carry out the sale of shares to employees in connection with AF Gruppen's bonus and share programme, and is valid until the next Annual General Meeting.

Deviations from the Code of Practice: None.

## 4. EQUAL TREATMENT OF SHAREHOLDERS

AF Gruppen ASA has one class of shares, and all the shares give entitlement to the same rights. The Group has as a principle that all shareholders should be treated equally. AF Gruppen follows the Oslo Stock Exchange's rules on inside information and trading restrictions.

### Capital increase

In the event of a capital increase, existing shareholders are to be given priority, unless special circumstances dictate that this can be waived. Such a waiver would then be justified in the resolution to increase the capital. The General Meeting has resolved to make an exception to the preferential rights in connection with AF Gruppen's share and option programme in order to stimulate increased share ownership among the employees. The Board of Directors has adopted that invitation to a repair issue of shares shall be considered for major acquisitions with consideration in shares, so that the existing shareholders can maintain their ownership stake in AF Gruppen ASA after the acquisition.

### Transactions with own shares

All own share purchases and sales shall be made at the market price and traded on the Oslo Stock Exchange. This authorisation from the General Meeting provides one exception for the application of market prices for the sale of shares to employees. In connection with AF Gruppen's

share and bonus programme, own shares are sold at a discount of 20 per cent.

Deviations from the Code of Practice: None.

## 5. SHARES AND NEGOTIABILITY

The shares of AF Gruppen ASA are listed on the Oslo Stock Exchange, and there are no restrictions on their negotiability in accordance with the Articles of Association. There are not any restrictions either on the opportunity to own or vote for shares in AF Gruppen ASA.

Deviations from the Code of Practice: None.

## 6. GENERAL MEETING

The shareholders exercise the highest authority in AF Gruppen through the General Meeting.

### Participation in the General Meeting

The Chairman of the Board, CEO, CFO, the Chairman of the Nomination Committee and the auditor must be present at the General Meetings. Other board members and members of the Corporate Management Team shall attend as required or if they represent shareholder interests.

The Board of Directors shall make provisions so that as many shareholders as possible can exercise their rights by participating in the General Meeting. Shareholders who do not have an opportunity to attend in person may attend by proxy. The registration and proxy forms shall be attached to the notice of the General Meeting.

Shareholders must notify the Group that they will attend no later than two days prior to the General Meeting. Shareholders who do not register by the deadline, may be allowed to participate nevertheless unless there are space or other special considerations preventing their participation.

### Execution of the General Meeting

The Board shall ensure that the General Meeting is an effective forum for shareholders and the Board.

Notice of the General Meeting, including relevant documents, will be sent electronically to all shareholders who have accepted electronic distribution, which applies to the majority of the shareholders. Notice will be sent in the mail at least 21 days in advance to all the remaining shareholders to the address registered in the shareholder register of the Norwegian Central Securities Depository. The aim will be to ensure that the agenda papers contain adequate detail so that the shareholders can make a decision on the matters that are to be considered. Case documents shall be sent as attachments to the notice and made available at the same time to shareholders on the Group's website. The annual report will only be distributed on paper on request due to environmental considerations.

All notices and minutes from the General Meeting will be disclosed to the stock exchange.

The election of new members to the Board and

Nomination Committee will be arranged so that the General Meeting can vote on each candidate. Board members elected by the employees are exempt. This election process follows a separate procedure for employee representative selection. The General Meeting is chaired by the Chairman of the Board.

Deviations from the Code of Practice:

AF Gruppen has two deviations from the Code of Practice for this section.

The General Meeting is not chaired by an independent chairperson, but by the Chairman of the Board. The fact that the General Meeting shall be chaired by the Chairman of the Board is stipulated in the Articles of Association. The need for an independent chairperson has not been considered necessary either based on the items that are reviewed at the General Meeting and the fact that there is little disagreement among the shareholders.

The second deviation from this section is the fact that not all the board members attend the General Meeting. The Board of Directors considers it adequate that the Board Chairman, Chairmen of the Audit Committee and Chairman of the Competence and Remuneration Committee are present. Other board members will attend as required.

## 7. NOMINATION COMMITTEE

The General Meeting elects a Nomination Committee consisting of three to four members, each elected for a term of one year. The Nomination Committee scheme is pursuant to the Articles of Association. The General Meeting determines the remuneration of the Committee.

The duties of the Nomination Committee are as follows:

- Nominate candidates for shareholder-elected board members and alternates, as well as Nomination Committee members
- Propose the remuneration of board members to the General Meeting.
- Comment on and, if necessary, make proposals to the General Meeting regarding the Board's size, composition and work methods.
- Assess the work of the Board of Directors and prepare an annual report for the General Meeting

The Nomination Committee has contact with shareholders and conducts individual discussions with board members and the CEO in the work to propose candidates for the board.

### Composition and independence of the Nomination Committee

Importance is placed on the Nomination Committee having a composition that reflects the interests of the shareholders as a whole. No senior executive, board member or outgoing board member sits on the Nomination Committee. Members of the Nomination Committee as of April 10, 2024 are Roar Engeland

(chair), Christina Stray, Roy G. Holth and Tor Øivind Fjeld jr.

Of the four Nomination Committee members, two of the members are independent of the Board of Directors. Roy G. Holth has a close business and family association with board member Kristian Holth as well as a close business association with board member Erik T. Veiby. Tor Øivind Fjeld jr. has close business connections to board members Kristian Holth and Erik T. Veiby. The Chairman of the Nomination Committee, Roar Engeland, is the Chairman of the Board of OBOS BBL, and board member Marianne G. Ebbesen represents OBOS BBL on AF Gruppen's board. However, we do not consider this to be a close business relationship.

Deviations from the Code of Practice: AF Gruppen has one deviation from the Code of Practice for this section. The majority of the Nomination Committee is not independent of the Board of Directors.

## 8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

### Corporate Assembly

The parent company AF Gruppen ASA is a holding company without employees and is therefore not subject to the provisions of the Public Limited Liabilities Company Act that require a Corporate Assembly. The employee representatives and the Group's largest operating company, AF Gruppen Norge AS, have entered into an agreement stating that AF Gruppen Norge AS is not required to have a Corporate Assembly. The employees, however, are represented both on the Board of AF Gruppen Norge AS and of AF Gruppen ASA.

### Composition of the Board of Directors

As per 10 April 2024, AF Gruppen ASA had ten permanent board members. Three of the board members have been elected by the employees. AF Gruppen meets the requirements of the Public Limited Liability Companies Act regarding gender distribution on the Board. Of the seven board members elected by the general meeting, three are men and four are women. Of the three employee-elected board members, two are men and one is a woman. The board members have a varied background both in terms of education and professional experience, and the Board of Directors is composed to safeguard the interests of the community of shareholders and the company's need for expertise and capacity. Information regarding the board members' age, education and professional experience is published on the website [www.afgruppen.no](http://www.afgruppen.no).

Shareholder-elected board members are elected for one year at a time. Employee-elected board members are elected for two years at a time. The Chairman of the Board is elected by the General Meeting.

## Independence of the Board of Directors

The Board aims to act as a collegiate body in exercising its duties. The Board of Directors annually assesses its independence, and the following factors are relevant to this assessment:

- Five of the seven board members elected by the general meeting are independent of the company's principal shareholders. Board member Marianne G. Ebbesen represents OBOS BBL, which as of April 10, 2024 owns 16.1 per cent of the shares in AF Gruppen. Board Member Kristian Holth is the CEO and has significant ownership interests in Constructio AS and Flygind AS, which owns 14.1 and 0.9 per cent respectively of the shares in AF Gruppen ASA as of 10 April 2024.
- None of the board members elected by the general meeting are involved in the day-to-day management of the company or have cross-relations with senior executives. The Chairman of the Board, Morten Grongstad, has held a senior position in AF Gruppen for a period during the past five years. He was CEO until August 2020.
- One of the seven board members elected by the general meeting represents a company with a significant customer relationship to AF Gruppen. This applies to Board Member Marianne G. Ebbesen, who represents OBOS BBL, which is a key customer and business partner of AF Gruppen.
- Two of the seven board members elected by the general meeting are not independent of the Nomination Committee. Board member Kristian Holth has a close business association and family relationship with one of the members of the Nomination Committee, Roy G. Holth. Kristian Holth also has a close business association with Tor Øyvind Fjeld jr.; Erik T. Veiby has close business relationships with Roy G. Holth and Tor Øivind Fjeld jr. The Chairman of the Nomination Committee, Roar Engeland, is the Chairman of the Board of OBOS BBL, and board member Marianne G. Ebbesen represents OBOS BBL on AF Gruppen's board. However, we do not consider this to be a close business relationship.

The Board has assessed its independence and finds that it is satisfactory. AF has implemented processes for ongoing control of what other duties the board members have. When new board members are nominated, the Nomination Committee also assesses their independence.

Each individual board member has a duty to alert about any impartiality or conflict of interest issue. The Board of Directors also has a collective responsibility to assess on an ongoing basis whether there are circumstances that objectively speaking are likely to weaken public confidence in the board members' impartiality or may give rise to conflicts of interest.

Board members are encouraged to hold shares in AF Gruppen. Information on the shareholdings of the board members is disclosed in the annual accounts (Note 32 – Share capital and shareholder information).

Deviations from the Code of Practice: None.

## 9. WORK OF THE BOARD OF DIRECTORS

The Board of Directors has the overall responsibility for managing AF Gruppen on behalf of the owners. This includes ongoing supervision of the Group's management and operations, including ensuring that internal control and risk management systems have been implemented. The Board participates in the formulation of strategies, plans, budgets and guidelines for operations. It should also ensure that AF has an organisation that is equipped to implement the strategy and ensure that the business operations are run in accordance with the established guidelines and the adopted strategy. AF Gruppen is a values-based company where the publications "Purpose, Goals, Values" and "Code of Conduct" serve as the governing documents for the Group's core values, ethical guidelines and more.

The Board of Directors recruits the CEO, sets the CEO's remuneration and stipulates the CEO's functional responsibilities. The Board of Directors also adopts the Group's authority matrix.

In addition to the regular items, the Board of Directors considers all potential acquisitions of companies valued at over NOK 50 million, site investments where our share is over NOK 100 million and contract tenders with a contract sum in excess of NOK 600 million. The tenders are considered, inter alia, on the basis of strategic, financial and organisational criteria and important risk factors are highlighted in particular. Contracts with a lower contract sum are also considered by the Board of Directors if the risk situation or other factors so indicate.

The Board continuously assesses the need to use committees. As of 10 April 2024, the Board of Directors has two committees: The Audit Committee and the Competence and Remuneration Committee. The work of the committees consists of advisory and preparatory work for the Board. The committees' mandates, members and activities are described in more detail below. The mandates for both committees have been updated in 2023.

### Rules of procedure and the members of the board

Provisions relating to the board's areas of responsibility and administrative procedures are specified in separate rules of procedure. The Board works according to an annual plan with established topics and items for the board meetings. The rules of procedure for the Board are reviewed annually or more often as required.

### Board Chairman

The Chairman of the Board is responsible for ensuring that the work of the Board of Directors is performed in an efficient and appropriate manner in accordance with the current legislation, Articles of Association and the adopted Rules of Procedure for the Board of Directors. The agenda for Board meetings is prepared by the CEO and management in consultation with the Board Chairman.

In matters of a significant nature, in which the Board Chairman is or has been actively involved, a substitute

chairman will be appointed. There have been no such matters in 2023.

#### Meeting structure

Eight board meetings are normally held during the year. If necessary, extraordinary board meetings are held to deal with matters that cannot wait until the next ordinary board meeting.

The Board has an established annual plan for its work. The annual plan includes a review of risk areas and internal control, as well as the approval of the strategy, interim financial statements, annual financial statements and budget. In addition, AF's core values, guidelines for ethics and social responsibility, organisational structure and corporate governance principles are reviewed. The Board evaluates the company's management and organisational structure annually.

A total of twelve board meetings were held in 2023.

#### Audit Committee

The Audit Committee is a preparatory and advisory body for the Board of Directors in matters relating to the statutory audit, the sustainability reporting process and the financial reporting process, including the monitoring of the Group's systems for internal control and risk management.

The following duties are included in the Audit Committee's mandate:

- Preparing the Board's quality assurance of the quarterly and annual financial reports, including the ESEF-labelled annual report. This includes assessing:
  - assessment items and material events of importance
  - the impact of climate risk
  - impairment tests and assessments related to goodwill and other assets
- processing the management's plan and summary of the Group's risk management and internal control for financial reporting. This includes assessing:
  - asset management and liquidity management
- preparing the Board's quality assurance for the Group's sustainability reporting
- preparing and recommending the election of an external auditor
- maintaining ongoing contact with the company's elected auditor about the audit of the annual accounts, including in particular monitoring audit performance in light of matters pointed out by the Financial Supervisory Authority of Norway
- assessing and monitoring the auditor's independence, including approving additional services and assessing the amount of the auditor's fee for additional services
- assessing the auditor's plan for audit implementation, including the auditor's quantitative materiality assessments
- processing summaries from the auditor and ensure that orders or recommendations from the auditor are followed up by management
- processing the supplementary report from the auditor when preparing the annual accounts

The Audit Committee prepares an annual report that is presented to the General Meeting.

The Committee consists of three shareholder-elected board members: Kristian Holth (chair), Hege Bømark and Hilde Kristin Herud. All members satisfy the independence requirements of the Public Limited Liability Companies Act.

The Committee meets when needed, but at least five times a year. The CFO and auditor attend all the meetings. The Committee had seven meetings in 2023.

#### Competence and Remuneration Committee

The Competence and Remuneration Committee is a preparatory and advisory body for the Board of Directors in matters relating to salaries and other compensation for executives as well as all share-based remuneration in AF Gruppen ASA. The committee shall draw up proposals for guidelines for salaries and other remuneration for senior executives who motivate and contribute to long-term value creation. The committee shall also prepare proposals for salaries and other remuneration for the CEO and oversee AF Gruppen's overall work on skills and leadership development.

The Competence and Remuneration Committee prepares an annual report on salaries and other remuneration to senior executives, which is presented to the General Meeting for an advisory vote. The guidelines for salaries and remuneration shall also be considered and approved by the General Meeting in the event of any material changes and at a minimum every four years.

The Committee consists of four shareholder-elected board members: Morten Grongstad (chair), Marianne G. Ebbesen, Saloume Djoudat and Erik T. Veiby.

The Committee had three meetings in 2023.

#### Financial reporting and sustainability reporting

The Board receives periodic reports commenting on the company's economic and financial status, as well as reporting on KPI's and events related to our corporate social responsibility as well as sustainability-related matters. The company's management submits and reports on the interim and annual financial statements. The company follows the deadlines from the Oslo Stock Exchange for interim reporting.

#### Board of Directors' self-evaluation

The Board conducts an annual evaluation of its work and methods, which provides a basis for revisions and interventions. In addition, the expertise of the Board of Directors is evaluated. The evaluation by the Board is reported to the Nomination Committee. The Board also performs a corresponding evaluation of the CEO.

#### Instructions for the CEO

The Board has prepared an authority matrix that describes and clarifies what authority the CEO and management have and what matters have to be dealt with by the Board. The Board is continuously informed about the Group's financial position, activities and asset

management. As part of the accounting treatment, the CEO and CFO submit a declaration to the auditor stating that the annual accounts have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU, and that all the information is consistent with the company's actual situation and that no material information has been omitted from the accounts.

#### Agreements with associated parties

To safeguard its reputation, AF Gruppen supports openness and caution in relation to agreements where there are circumstances that can be perceived as a conflict of interest between the company and an associated party. This is stated in AF Gruppen's code of conduct. Board members do not participate in the discussion of agenda items where a close friend or relative is a party. All transactions with related parties must be entered into according to the principle of "arm's length", and the rules of procedure for the Board of Directors state that the board shall assess the need for independent valuation in such cases. Each individual board member has a duty to alert about any impartiality or conflict of interest issue. The Board of Directors also has a collective responsibility to assess on an ongoing basis whether there are circumstances that objectively speaking are likely to weaken public confidence in the board members' impartiality or may give rise to conflicts of interest.

Deviations from the Code of Practice: None.

#### 10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for ensuring that AF Gruppen has sound internal control and appropriate systems for risk management. Good and systematic risk management is a strategic tool that improves competitiveness and increases the creation of value. Internal controls should contribute to ensuring efficient operations and responsible management of significant risks to achieve the Group's commercial goals.

The Board receives a quarterly report on the management's assessment of the most significant risk factors affecting AF Gruppen and how they are being managed. The Board also conducts an annual review of the Group's risk areas and internal control systems,

The Board has a strong focus on CSR and takes part in AF Gruppen's evaluation and revision of climate risks. The assessment of how climate-related threats and opportunities can impact AF Gruppen's operations and financial position in the short, medium and long term follows AF Gruppen's methodology for other types of risk. Assessment of implemented measures is reported to the Board in connection with other reporting.

#### Risk management

Risk management is good management in practice. AF Gruppen has standard systems for risk management and a culture in which everyone has a proactive attitude to managing risk. AF Gruppen seeks risk that can be

influenced and looks for both opportunities and threats when risk is analysed.

Strategic risk is identified and managed by the Corporate Management Team with support from the Board. Operational risk is managed in the projects with support in the Group's strategy, objectives and systems. A separate unit in the Group helps the business units and projects identify and systematise risk. Risk analyses are carried out in all tendering processes, for projects in progress and for the evaluation of uncertainty in all project-based activities. An overview of the risk elements as early as in the tendering phase increases our ability to reduce overall risk and price the tender properly. This also forms the basis for further analysis, follow-up and control of risk throughout the project's life cycle. Measures have been implemented on a continuous basis to reduce negative risks and take advantage of positive risks.

All projects are risk assessed in connection with quarterly reports. Each business unit undertakes an overall risk review of the entire project portfolio. A broadly composed group analyses the projects and arrives at a prioritised list of uncertainties. The Group consists of representatives from the Corporate Management Team, management of the business unit and a facilitator from AF Gruppen's own risk unit. The risk is quantified and recognised in the financial reporting for each business unit throughout the year. The quarterly risk review concludes with a summary by the Corporate Management Team, and the most important parts of the presentation are presented to the Board.

Climate risk is also included in AF Gruppen's risk management. The Board of Directors has the ultimate responsibility for ensuring that climate and environmental threats and opportunities are managed satisfactorily. How climate risk affects AF is described in the chapter on "corporate social responsibility" on pages 44–50 of the annual report.

Risk management in AF Gruppen is described in more detail on page 18 of the annual report.

#### Internal control

Internal control is a continuous process that is performed in all parts of the organisation. AF Gruppen's internal control is designed to provide reasonable assurance of:

- Targeted, cost-effective operations
- Reliable external financial reporting and sustainability related reporting
- Compliance with the current laws and regulations

The financial internal control is based on an organisational distinction between execution, control and assurance. AF Gruppen has extensive written job descriptions at all levels of the organisation.

The heads of the business units, together with the financial managers, are responsible for ongoing financial and operational reporting to the Group. A controller function has been established at the group level and the main task of this function is to control and verify

reporting from the business units. Deviations are reported directly to the Corporate Management Team. Financial reporting from business units is reviewed by the Corporate Management Team at a separate meeting in conjunction with each interim reporting period.

The new and increased sustainability reporting requirements also increase the need to integrate sustainability-related issues and financial data. AF's taxonomy reporting is a good example of the need for extensive interdisciplinary collaboration between those who have information about financial data and those who have knowledge of climate and environment related issues in each project. The reported sustainability results must be reliable and accurate, and AF works continuously to further develop its internal controls in this area.

#### Notice of unacceptable incidents

Procedures and routines related to the notification of unacceptable incidents at AF have been prepared, including the violation of laws and ethical guidelines, and an electronic whistleblowing portal has been established at [www.afgruppen.no/varsling](http://www.afgruppen.no/varsling). The whistleblowing system applies both internally and externally, and a special whistleblowing committee has been established to oversee this.

Deviations from the Code of Practice: None.

#### 11. REMUNERATION OF BOARD MEMBERS

Remuneration of board members is determined annually by the General Meeting based on a recommendation from the Nomination Committee. The remuneration of the Board of Directors shall reflect the Board's responsibility, expertise and time spent, and the complexity of the operations.

The remuneration of Directors is not performance related. Options are not issued to shareholder-elected board members. The employee-elected board members also do not have other salary benefits in addition to the fees paid, such as occupational pensions or options, associated with their role as board members.

The Board must approve any remuneration other than directors' fees and committee fees paid by the Group to board members. Note 33 to the consolidated financial statements shows the remuneration of board members and executive personnel in the Group.

Deviations from the Code of Practice: None.

#### 12. SALARY AND OTHER REMUNERATION OF SENIOR EXECUTIVES

The Competence and Remuneration Committee establishes guidelines for the remuneration of executive personnel in consultation with the Board. The guidelines are clear and understandable, and prepared so that they contribute to converging long-term interests between shareholders and senior executives. A report on salary and other remuneration for senior executives is prepared annually. The guidelines and report will be presented to

the General Meeting and are available on [www.afgruppen.no](http://www.afgruppen.no).

The CEO's salary is set annually by the Board. The Board of Directors establishes guidelines for the remuneration of executive personnel.

#### Reward system

The reward system for executive personnel consists of a base salary, bonus and the possibility of share-based pay and pension. AF Gruppen does not have any severance pay schemes. The reward system essentially makes provisions so that as many employees as possible at all levels of the organisation can own shares. Through a lock-in period for share purchases and an option programme over a period of several years, employees are motivated to have a long-term perspective of ownership and employment. Bonuses to executive personnel are based on the EVA model and constitute a share of the company's accounting profit. The essence of this model is the measurement of results achieved against the requirement rate of return on invested capital. This corresponds well with the interests of the shareholders. The Competence and Remuneration Committee may exclude non-recurring accounting effects from the determination of bonuses. The reward system is described in greater detail in Note 7 – Payroll costs and Note 33 – Remuneration of executive personnel in the consolidated annual financial statements, as well as in the Report on remuneration to senior executives.

#### 13. INFORMATION AND COMMUNICATION

The Board of Directors has established guidelines for AF Gruppen's reporting of financial and other information. The guidelines are based on transparency and the principle of equal treatment of shareholders. Relevant, comprehensive and updated information creates interest and confidence – which is a prerequisite for the liquidity of the shares.

#### Financial information

The Board of Directors shall ensure that the interim reports and annual report from AF Gruppen provide a correct and complete picture of the Group's financial and commercial position, as well as whether the company's operational and strategic goals are achieved.

AF Gruppen's quarterly report presentations are open to all interested parties and are broadcast live in a webcast. The financial calendar and financial information are published both on the websites of the Oslo Stock Exchange and AF Gruppen.

#### Investor relations

AF Gruppen aims to publish significant information of importance to the shareholders' and equity market's assessment of the Group, its operations and results, without undue delay. Publication through the websites of Oslo Stock Exchange and AF Gruppen ensure that everyone has equal access to the information. The CEO and CFO are responsible for communication with the

shareholders. During the period prior to the presentation of results extra caution is exercised to ensure information symmetry in the market. AF Gruppen follows the Oslo Stock Exchange's recommendation of 1 March 2021 for reporting IR information.

Deviations from the Code of Practice: None.

#### 14. COMPANY TAKEOVER

The Board of Directors has adopted guidelines for how the Board and management shall act in the event of a potential takeover offer. The guidelines shall ensure equal treatment of the shareholders and potential offers shall be facilitated as a rule.

#### Equal treatment and transparency

In talks with the bidder and in other actions, the Board and management shall seek to safeguard the common interests of AF Gruppen and the shareholders as a whole. The Board and management each have an independent responsibility to ensure that the shareholders are treated equally and that the operations are not unnecessarily interrupted. The Board of Directors has a special responsibility for ensuring that the shareholders have the information and time required so that they can take a stand on the offer.

#### Evaluation of offers

If a takeover offer is made, the Board of Directors will obtain an valuation and prepare a recommendation to the shareholders for whether they should accept the offer or not. Both the financial advisor and any other advisors involved in evaluating an offer that has been made or announced shall be independent. The Board of Directors shall not attempt to prevent or place obstacles in the way of submitting an offer that may be in the interests of the shareholders, and it shall not use any authorisation to increase the share capital to prevent an offer.

Deviations from the Code of Practice: None.

#### 15. AUDITOR

##### Election of an auditor

The Group's auditor is elected by the General Meeting. In accordance with the Audit Regulation, the audit committee shall make a recommendation for the election of the auditor, and this recommendation shall be included in the recommendation to the general meeting. To ensure the auditor's independence and competitive auditor fees, the Audit Committee has decided that auditing services should be put out to tender every 5-7 years. An audit tender was conducted in 2023. The audit firm elected at the Annual General Meeting in May 2024 will be elected both to serve as AF Gruppen's financial auditor and to certify the Group's sustainability reporting in accordance with EU's Corporate Sustainability Reporting Directive (CSRD) from 2024 onwards. The Group's current auditor is PwC, which has been AF Gruppen's auditor since 2017.

#### Board's relationship to the auditor

The auditor's primary duty is to perform the auditing mandated by law and professional standards with the accuracy, competence and integrity prescribed by law and professional standards. Separate rules of procedure have been adopted for the Board's relationship to the auditor, including guidelines for the company's access to use the auditor for services other than auditing. The required independence of the auditor indicates that AF Gruppen should minimise its use of the elected external auditor for services other than statutory financial auditing and assurance engagements. If there is a lack of capacity or expertise within the organisation, the auditor can also be used for tax consulting and audit-related tasks, such as technical assistance with tax returns and the annual financial statements on the company level. See Note 8 – Other operating expenses in the consolidated annual financial statements for further information on the auditor fees.

The auditor shall meet with the Board of Directors at least once a year without the management being present. The auditor shall annually provide the Board of Directors with a written confirmation that the independence requirements are met, and summarise the results of the statutory audit. The auditor attends the meeting of the Board at which the annual financial statements are scrutinised.

The auditor attends the meetings of the Audit Committee. The auditor shall annually present the main elements of its plan for performing the auditing work and the auditor's review of the Group's internal control systems, including the weaknesses identified and suggested improvements. The auditor also reviews any material changes to AF Gruppen's accounting policies, evaluations of significant accounting estimates and any matters where there may have been disagreement between the auditor and the management.

The Board of Directors will brief the General Meeting on the auditor's fees broken down into auditing and other services.

#### Meetings with the auditor in 2023

Audit partner Thomas Whyte Gaardsø from AF Gruppen's auditor PwC attended one board meeting in 2023. The auditor also attended the Annual General Meeting in 2023. The auditor attended all meetings held by the Audit Committee in 2023.

Deviations from the Code of Practice: None.



# THE SHARE

AF Gruppen's goal is to create value for shareholders over time through a competitive return relative to comparable investment alternatives. In 2023, the AF share had a negative total return of 9.1 per cent for the year, while the main index on the Oslo Stock Exchange rose by 9.9 per cent.

At the end of the last day of trading in 2023, the AF share was priced at NOK 124.20; a decrease of NOK 19.60 from the price of NOK 143.80 at the end of 2022. Adjusted for a dividend of NOK 6.50 per share, this gives a total return of 9.1 per cent for 2023. The Oslo Stock Exchange Benchmark Index (OSEBX) showed a return of 9.9 per cent for the same period. With 108,532,000 (107,702,000) outstanding shares, AF's market value was NOK 13,480 million (15,448 million) as per 31 December 2023.

## OUR HISTORY

AF Gruppen was established in 1985 and was listed on 8 September 1997. The shares in AF Gruppen are listed on the Oslo Stock Exchange and trade under the ticker symbol AFG. There is only one class of shares, and all the shares carry voting rights. The shares are included in the total index, benchmark index, fund index and industrials index.

AF Gruppen's goal is to create value for shareholders over time through a competitive return relative to comparable investment alternatives. This return will be a combination of dividends and share price appreciation. Over the last five years, the AF share has yielded a return of 23 per cent, including dividends, which corresponds to an average annual return of 4.3 per cent. In comparison, the Oslo Stock Exchange's Main Index has risen by 63 per cent, which corresponds to an annual return of 10.3 per cent. Since the AF share was listed in 1997, it has yielded

an average annual return of 18 per cent, where the return on the Oslo Stock Exchange main index has been 8 per cent over the same period of time.

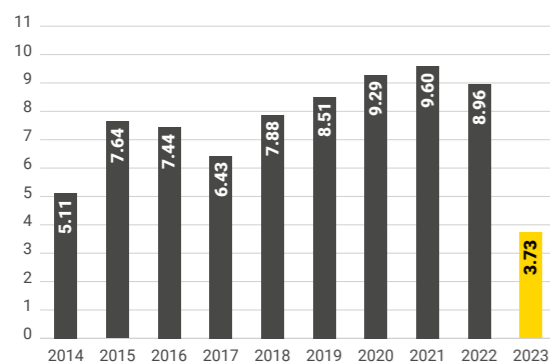
## DIVIDEND

A total of NOK 6.50 (10.50) per share was paid as a dividend in 2023 for the 2022 financial year. In May 2023, a dividend of NOK 6.50 (6.50) per share was paid for the first half-year. No dividend was paid for the second half of 2023. The total dividend for the 2022 financial year corresponds to a payout ratio of 72.5 per cent compared to the earnings per share. The average payout ratio in the last five years has been 102.9 per cent.

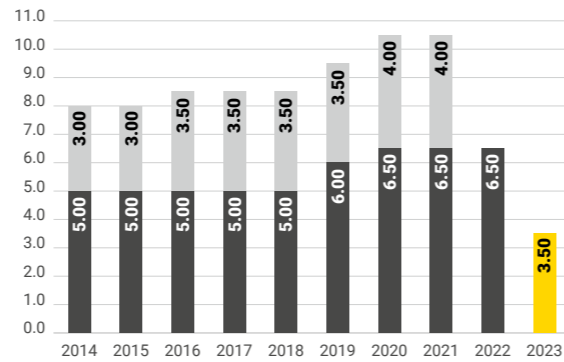
For the financial year 2023, the Board of Directors proposes to the general meeting a dividend of NOK 3.50 to be distributed in the first half of 2024. The dividend will be distributed on 27 May to the shareholders of record as of 15 May 2024. The Board evaluates the company's financial position, including equity and liquidity, as well as possible strategic transactions before proposing a dividend to the General Meeting. AF Gruppen's goal is to pay out a minimum of 50 per cent of the profit for the year as dividend over time. The dividend proposed for distribution in the first half of 2024 corresponds to 93.8 per cent of the earnings per share for 2023.

The payment of dividends will take place up to twice yearly, preferably after the Annual General Meeting in May and after presentation of the quarterly results for the 3rd quarter.

EARNINGS PER SHARE (NOK)



DIVIDEND PER SHARE (NOK)



## KEY FIGURES FOR THE SHARE

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Market capitalisation (NOK million)	13,480	15,488	20,677	18,613	18,139	13,069	13,078	14,463	12,929	7,009
Number of shares traded (1,000)	5,594	7,891	6,481	8,292	6,537	4,360	8,137	6,690	10,370	7,102
Total number of shares as at 31/12 (Mill.)	108.53	107.70	106.80	106.00	103.07	99.01	97.96	93.61	92.68	88.72
Number of shareholders as at 31/12	8,225	6,610	5,938	4,520	3,582	3,303	3,158	2,737	2,575	1,815
Share prices as per 31/12	124.20	143.80	193.60	175.60	176.00	132.00	133.50	154.50	139.50	79.00
- High	164.80	206.00	207.00	183.00	185.00	142.00	162.00	164.50	139.50	82.00
- Low	111.20	136.00	164.60	128.50	135.50	118.50	122.00	120.00	77.25	66.50
Earnings per share (NOK)	3.73	8.96	9.60	9.29	8.51	7.88	6.43	7.44	7.64	5.11
Diluted earnings per share (NOK)	3.73	8.96	9.57	9.27	8.46	7.88	6.43	7.29	7.50	5.09
Dividends per share (NOK)	3.50 <sup>1)</sup>	6.50	10.50	10.50	9.50	8.50	8.50	8.50	8.00	8.00
Distribution ratio <sup>2)</sup>	93.8	72.5	109.4	113.0	111.6	107.9	132.2	114.2	104.7	156.6
Direct return	4.5	5.4	6.0	5.4	6.4	6.4	5.5	5.7	10.1	8.9
Share's total return	-9.1	-20.3	16.2	5.6	40.3	5.6	-8.3	15.0	89.2	25.5
Return on equity (ROE)	16.4	34.0	36.1	36.6	43.7	45.4	35.8	43.3%	43.8	34.3
Share price / earnings per share (P/E)	33.3	16.0	20.2	18.9	20.7	16.8	20.8	20.8	18.3	15.5
Share price / equity per share (P/B)	4.2	4.4	5.8	5.3	6.1	6.2	6.3	7.4	7.1	4.7
Return on average capital employed (ROACE)	0.2	0.3	0.4	0.3	0.4	0.5	0.4	0.5	0.5	0.4
Enterprise value / EBIT (EV/EBIT)	18.9	11.2	12.8	12.5	13.7	10.9	12.8	13.4	12.2	11.2
Enterprise value / Capital employed (EV/CE)	3.1	3.2	4.5	4.0	4.4	5.5	5.4	6.7	6.4	3.9

<sup>1)</sup> Proposed, not approved dividend for first half of 2024.

<sup>2)</sup> For 2023, the distribution ratio only include dividends for distribution in the first half of 2024.

## SHARE CAPITAL AND SHAREHOLDER COMPOSITION

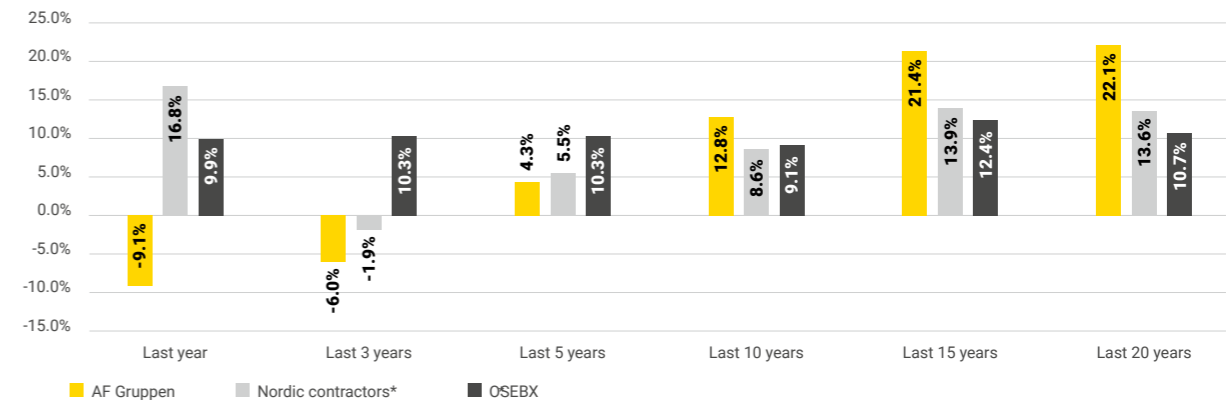
The share capital as per 31 December 2023 was NOK 5,426,600 (NOK 5,385,100) divided into 108,532,000 (107,702,000) shares with a nominal value of NOK 0.05. In 2023, the share capital increased by NOK 41,500 and 830,000 shares in connection with a share issue linked to the annual share programme for employees in the autumn of 2023.

During the year, AF Gruppen gained 1,615 (672) new shareholders, of which approximately 200 became shareholders through AF's annual share programme. AF Gruppen had a total of 8,225 (6,610) owners at the end of the year, of which approximately 1,550 were employees of

the company. In total, AF employees own approximately 10.3 per cent (10.6 per cent) of the shares in the company. Even with a record high number of AF shareholders in 2023, employee ownership has decreased in recent years. Part of the reason for this is the retirement of several employees who have been with the company for a long time and who have built up large shareholdings over time. The proportion of shares owned by Norwegian shareholders is 89.0 per cent (88.3 per cent).

Throughout 2023, there have been no significant changes in the ownership share among the company's largest shareholders. ØMF Holding remains AF's largest shareholder with an ownership share of 16.6 per cent.

ANNUAL TOTAL RETURN AS AT 31 DECEMBER 2023



\* Unweighted average of competing nordic contractors (local currency).

## SHARE DEVELOPMENT AND TURNOVER FOR 2023



OBOS BBL (16.1 per cent) and Constructio (14.1 per cent), the company's second and third largest shareholders, both have a 0.1 percentage point lower ownership share than they had at year-end 2022. Folketrygdfondet (the National Insurance Scheme Fund), which is AF's fourth largest shareholder, increased its ownership share by 0.6 percentage points to 8.4 per cent. This represents the largest change among the ten main shareholders in the company. At the end of 2023, the ten largest shareholders combined owned 65.5 per cent of the shares in the company, an increase from 65.2 per cent at the end of 2022.

At year-end, AF Gruppen owned no own shares. AF Gruppen has been authorised by the General Meeting to buy up to 10 per cent of the outstanding shares. The buyback of shares will be considered on an ongoing basis in light of the company's alternative investment options, financial situation and need for treasury shares in connection with the sale of shares to employees, options programme, bonus programme and acquisitions.

## SHARE AND OPTION PROGRAMME

Since AF Gruppen was founded in 1985, co-ownership has been an integral part of the AF culture. It is a stated objective that all employees should have the opportunity to share in the added value resulting from joint value creation and development of the company. Both salaried employees and skilled workers can invest in the AF share through the annual share programme and by participating in the three-year option programme.

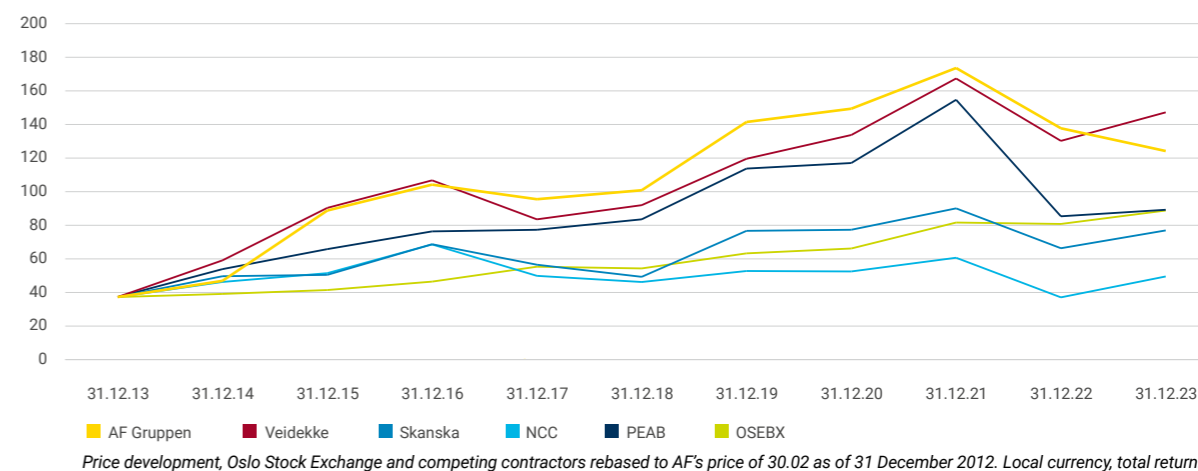
The share programme allows employees to buy shares to a discounted price of 20 per cent of the market price. In 2023, a total of 920 employees subscribed for 1,000,000 shares at a discounted price of NOK 97.40 per share. In connection with the sale, the Board of Directors used its authority and issued 830,000 new shares. The remaining 170,000 shares were transferred from the holding of own shares.

Since 2008, AF Gruppen has had a separate option programme for all employees, and in March 2023,

Shareholders	Numer of shares	% of total 31.12 2023	Share-holding changes 2022-2023
ØMF Holding AS	17,972,233	16.6%	130,000
OBOS BBL	17,459,483	16.1%	-
Constructio AS	15,338,012	14.1%	50,000
Folketrygdfondet	9,070,140	8.4%	682,383
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	1,370,186	1.3%	20,000
Moger Invest AS	1,242,609	1.1%	-
Verdipapirfondet Holberg Norge	1,100,978	1.0%	280,978
Flygind AS	1,021,509	0.9%	-
Stenshagen Invest AS	739,977	0.7%	-
Landkreditt Utbytte	691,441	0.6%	-18,559
Staavi, Bjørn	627,000	0.6%	-
Staavi, Tom Ragnar Prestegård	513,550	0.5%	2,000
Staavi, Bjørn Vegar Prestegård	500,900	0.5%	-
Verdipapirfondet KLP Aksjenorge IN	492,577	0.5%	-42,255
Regom Invest AS	453,000	0.4%	1,000
Skandinaviska Enskilda Banken AB	448,000	0.4%	-112,000
<b>Total 20 largest</b>	<b>77,730,625</b>	<b>71.6%</b>	<b>993,547</b>
<b>Total other</b>	<b>30,801,375</b>	<b>28.4%</b>	<b>-163,547</b>
<b>Own shares</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>
<b>Total number of shares</b>	<b>108,532,000</b>	<b>100%</b>	<b>830,000</b>

1,361 options were exercised for four employees. The low redemption rate is partly due to the fact that the redemption price was close to the market price at the time of redemption. The General Meeting adopted a new option programme for the next three years in May 2023. The maximum number of options that may be allocated is 5,000,000 with an option premium of NOK 1 per

## SHARE PRICE PERFORMANCE FOR THE LAST 10 YEARS COMPARED WITH COMPETING CONTRACTORS AND THE OSLO STOCK EXCHANGE



Price development, Oslo Stock Exchange and competing contractors rebased to AF's price of 30.02 as of 31 December 2012. Local currency, total return.

Number of shares	Number of owners	Per cent
1 - 100	3,547	0.11%
101 - 500	1,826	0.43%
501 - 1,000	654	0.46%
1,001 - 5,000	1,249	2.76%
5,001 - 10,000	396	2.53%
10,001 - 100,000	478	11.57%
100,001 - 1 000,000	63	14.64%
> 1,000,000	12	67.50%
	<b>8,225</b>	<b>100.00%</b>

option, and the programme entails annual allotments in 2023–2025 and an exercise date in March 2026. The purchase price for the shares will be based on the average market price during the week before the three respective subscription periods. In order to exercise the options, it is a condition that one be employed by the Group on 1 March 2026. AF Gruppen issued 4,850,000 options to 1,364 employees in 2023. The total number of outstanding options as of December 31, 2023 is 4,779,447, adjusted for employees who have left the company during the year.

## LIQUIDITY

The share liquidity is low, and in 2023 the turnover rate was 5.2 per cent, up from 4.9 per cent in 2022. Despite the increase, the turnover rate is still below the average levels of the last three and five years of 5.4 per cent and 6.1 per cent respectively.

In 2023, a total of 5.6 million (5.3 million) AF shares were traded on the stock exchange, corresponding to an average turnover per trading day of 22,287 (20,845) shares. Of the 5.6 million shares traded, AF Gruppen itself accounted for 242,792 (355,872) shares, corresponding to 4.3 per cent (6.7 per cent) of the total turnover. These shares were purchased on the stock exchange for use in the company's share and bonus programs for employees.

## Analyst coverage table

Analyst coverage table	Telephone
ABG Sundal Collier	+47 22 01 60 98
DNB Markets	+47 24 16 92 09
KeplerCheuvreux	+46 8 723 51 75

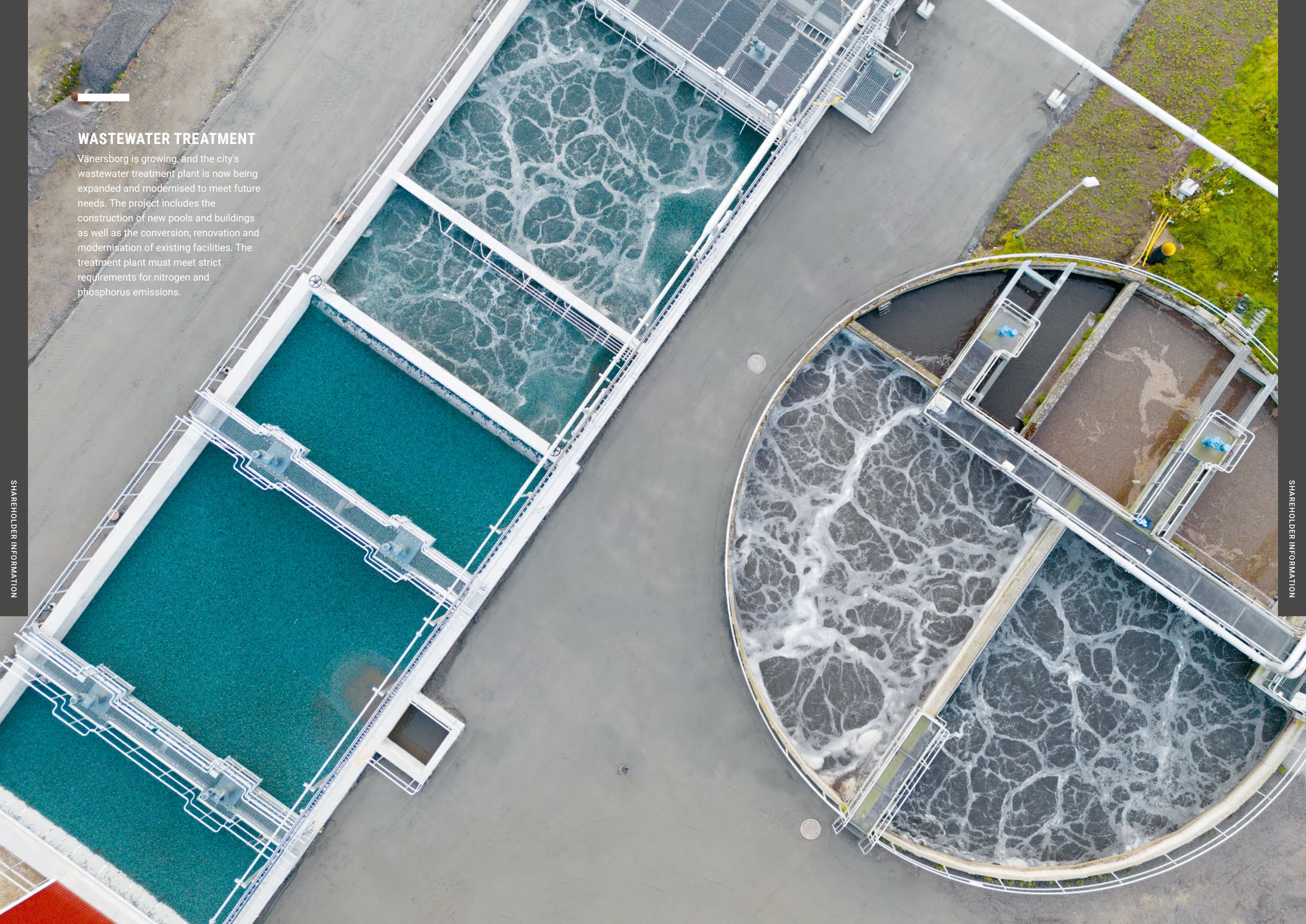
## INVESTOR RELATIONS

AF Gruppen's objective is for all investors and stakeholders to have access to the same financial information on the company at any given time. We assign high priority to contact with the stock market and desire an open dialogue with the market players.

The information provided by AF Gruppen shall ensure a valuation of the share that is as correct as possible. Any information that may affect the price of the shares will be disclosed through stock exchange announcements to the Oslo Stock Exchange and on the company's website.

We hold public presentations of our quarterly and annual results, and the presentations are transmitted directly by webcast. The webcasts are available on the websites of both Oslo Stock Exchange and AF (afgruppen.no/investor). The company also has ongoing contact with investors and analysts, and there is an overview of analysts who follow the AF share on its website.

The company follows Oslo Stock Exchange's recommendation for reporting IR information. CFO Anny Øen is responsible for investor relations.



## WASTEWATER TREATMENT

Vänersborg is growing, and the city's wastewater treatment plant is now being expanded and modernised to meet future needs. The project includes the construction of new pools and buildings as well as the conversion, renovation and modernisation of existing facilities. The treatment plant must meet strict requirements for nitrogen and phosphorus emissions.

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AF Gruppen's operations in southern Sweden specialise in the construction of water and wastewater facilities. In addition to renovation, the work on Holmängen's wastewater treatment plant includes construction and groundwork, mechanical, electrical and plumbing installations as well as design and construction work.



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## BOARD OF DIRECTORS' REPORT

[132 BOARD OF DIRECTORS' REPORT](#)

[147 CONTRACTS ANNOUNCED ON OSLO BØRS](#)

# BOARD OF DIRECTORS' REPORT 2023

AF Gruppen reported a turnover of NOK 30,530 million for 2023. The board is not satisfied with the profit margin of 2.3 per cent. With clear strategic priorities, a strong financial position and a solid order backlog, the Board believes that AF is well equipped for the coming year.

## OPERATIONS

AF Gruppen is one of Norway's leading contracting and industrial groups and is listed on the Oslo Stock Exchange under the ticker symbol AFG. Ever since the company was established in 1985, the AF organisation has relied on its own execution capabilities and collective expertise to solve complex tasks. The entrepreneurial spirit of AF is distinguished by a willingness to think differently and to seek better, more future-oriented ways of creating value.

AF Gruppen has seven business areas: Civil Engineering, Construction, Betonmast, Property, Energy and the Environment, Sweden and Offshore. The head office is in Oslo.

## AF GRUPPEN'S VISION

We are clearing up the past, and building for the future.

## BUSINESS CONCEPT

AF Gruppen shall create value and opportunities through project activities with an uncompromising attitude towards safety and ethics.

## EXPLANATION OF THE ANNUAL ACCOUNTS

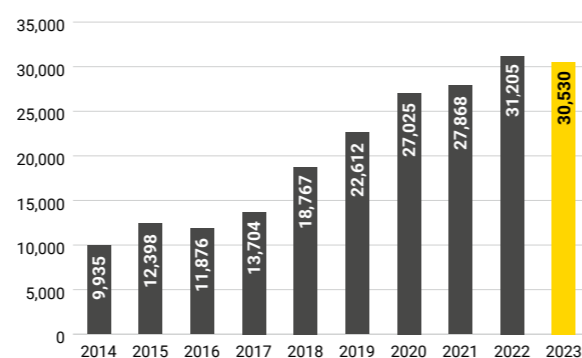
AF Gruppen's annual accounts have been prepared in accordance with the IFRS® Accounting Standards as adopted by the EU. The annual accounts statements for the parent company, AF Gruppen ASA, have been prepared in accordance with simplified IFRS. The Board of Directors is of the opinion that the annual financial statements provide an accurate and fair picture of the financial results for 2023 and financial position as of 31 December 2023. In accordance with the requirements in the Norwegian accounting legislation, the Board of Directors confirms that the prerequisites have been met for preparation of the accounts under the assumption that the company will continue as a going concern and that the accounts have been prepared under this assumption.

## PROFIT FOR THE YEAR

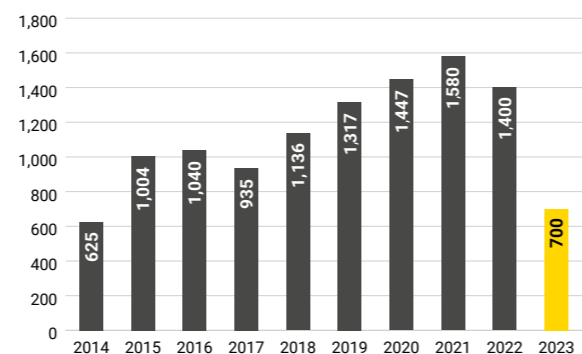
AF Gruppen reported operating revenues and other revenue of NOK 30,530 million (31,205 million) for 2023. Earnings before tax were NOK 700 million (1,400 million) and earnings after tax were NOK 515 million (1,151 million).

The operating profit was NOK 749 million (1,409 million), which corresponds to an operating margin of

REVENUES (NOK MILLION)



EARNINGS (NOK MILLION)



2.5 per cent (4.5 per cent). This is a level of profitability that the Board is not satisfied with. The year was characterised by great variation in performance, and with significant write-downs of project estimates in several business areas, the overall result was weak.

The global economy has undergone significant changes in recent years, with great uncertainties at a macroeconomic level. War in Europe and geopolitical unrest have led to high inflation levels, high energy prices and supply disruptions. The price level for materials has stabilised at a high level in 2023. Increased prices and investment costs impact our projects, especially in property and construction.

The civil engineering business area had a high level of activity in 2023 with 14 per cent growth compared to

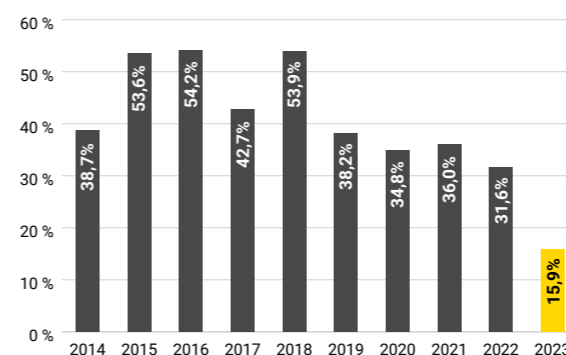
2022. This year saw high levels of activity on several major projects. Good operational performance and the fact that several projects reached the closing phase contributed overall to very good results for Civil engineering in 2023. The Construction business area had an 8 per cent reduction in revenue compared to the previous year. Overall, varying performance produced a result below expectations in 2023. Betonmast saw reduced activity compared to the previous year which led to an underperformance in its result for the year, mainly due to significant write-downs in the Betonmast Boligbygg project portfolio. For the Property business area, the profit for the year was impacted by reduced sales in the housing market and write-downs in the development portfolio. Together with a partner, AF Eiendom has entered into an agreement for the purchase of the Ullevålsveien 114 site. The transaction was completed in early 2024. Energy and Environment had a 33 per cent growth in turnover compared to the previous year and delivered good results both in demolition, recycling and in the energy business. The Sweden business area had a turnover on par with 2022. Despite some units delivering very solid results, the overall result for the business area is weak, due to major downward adjustments of profit expectations for several projects in the portfolio in the former Betonmast Sweden units. The Offshore business area had a decline in activity and delivered unsatisfactory results for the year, all due to downward adjustments of the project estimate for one project in AF Offshore Decom.

## BALANCE SHEET AND LIQUIDITY

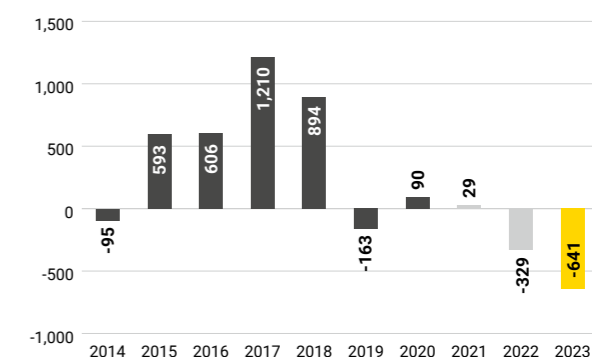
Return on equity in 2023 was 16.4 per cent (34.0 per cent). Return on average invested capital was 15.9 per cent (31.6 per cent).

Total assets as of December 31, 2023 were NOK 14,647 million (14,457 million). At year end, the Group had net interest-bearing liabilities of NOK 641 million (329 million) and cash and cash equivalents of NOK 347 million (765 million). Shareholders' equity at year end was NOK 3,203 million (3,494 million). This results in an equity ratio of 21.9 per cent (24.2 per cent).

RETURN ON CAPITAL EMPLOYED



NET INTEREST-BEARING LIABILITIES/RECEIVABLES



Net operating cash flow in 2023 was NOK 1,552 million (1,460 million). Cash flow before capital transactions and financing was NOK 939 million (1,527 million). A dividend of NOK 700 million (1,125 million) was paid to the shareholders of AF Gruppen ASA in 2023.

## THE SHARE

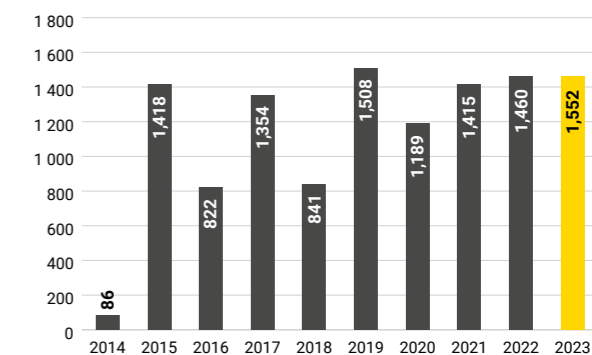
Earnings per share were NOK 3.73 in 2023 (8.96). Diluted earnings per share were NOK 3.73 (8.96).

The Board proposes that an ordinary dividend of NOK 380 million for the first half of the year be distributed for the 2023 financial year. This corresponds to a dividend per share of NOK 3.50 (6.50) for the first half of the year. The Board will propose to the General Meeting that it be authorised to adopt the dividend for the second half of the year as well.

In accordance with AF's dividend policy, semi-annual dividends will be distributed, provided the company's earnings and financial position so allows. AF paid a dividend of NOK 0.00 (4.00) per share in Q4 2023. The combined dividend per share distributed in 2023 was thus NOK 6.50 (10.50).

The share price at year-end was NOK 124.20 (143.80), resulting in a return on the share including dividends for 2023 of -9.1 per cent (-20.3 per cent).

CASH FLOW FROM OPERATIONS (NOK MILLION)



## DISTRIBUTION OF COMPREHENSIVE INCOME FOR THE YEAR

Comprehensive income for the year for the parent company AF Gruppen ASA was NOK 554 million and the following distribution is proposed:

Transferred to (from) other reserves	NOK 174 million
Provision for dividend	NOK 380 million
<b>Total allocations</b>	<b>NOK 554 million</b>

## BUSINESS AREAS 2023

### CIVIL ENGINEERING

#### Description of the business

The Civil Engineering business area in Norway consists of five business units with associated subsidiaries: AF Anlegg, Målselv Maskin & Transport, Consolvo, Eiqon and Stenseth & RS.

AF is one of Norway's largest companies in the civil engineering market, with both public and private sector clients. AF Anlegg carries out civil engineering projects throughout Norway in the fields of transport, infrastructure, port facilities, onshore facilities for the oil and gas industry, foundation work, renovation and construction of concrete structures, as well as projects in the fields of power and energy. AF Anlegg is also carrying out a transport contract in Stockholm.

Amounts in NOK million	2023	2022	2021
Revenues	6,776	5,919	6,002
Earnings before interest and tax (EBIT)	550	445	515
Profit before tax (EBT)	572	440	510
Operating margin	8.1%	7.5%	8.6%
Profit margin	8.4%	7.4%	8.5%
Order backlog	18,140	15,368	6,878
Order intake	9,548	14,409	5,561

In 2023, the Civil Engineering business area reported revenues of NOK 6,776 million (5,919 million). The earnings before tax were NOK 572 million (440 million). The profit margin ended at 8.4 per cent compared to 7.4 per cent in 2022.

For AF Anlegg, the year was characterised by high production and good operational performance on the large-scale projects Bergtunnlar Lovö in Stockholm, the new airport in Mo i Rana in Norway and E1 Vannbehandling (water treatment) and E6 Rentvannstunnel (Clean Water Tunnel) in Oslo. The large-scale Kabeltunnel (cable tunnel) Sogn-Ulven and E6 Storhove-Øyer projects started in 2023. AF Anlegg has achieved significant revenue growth, a high level of activity and good operational performance, which resulted in very positive results for the year.

Both Målselv Maskin & Transport and Stenseth & RS had a high level of activity and delivered very good

results. At Målselv Maskin & Transport, work on a new industrial area in Kvanndalen near Bjerkvik in Troms has been ongoing for much of 2023. Concrete contractor Stenseth & RS achieved good growth in 2023, with a shift in activity from structural works to construction concrete.

Consolvo and Eiqon delivered margins below the Group's requirements in 2023.

### New contracts

In 2023, AF Anlegg signed a contract for the construction of a new airport in Mo i Rana for Avinor. The parties have collaborated since 2022, and the new contract applies to the design and construction of terrain works, track construction, technical infrastructure, terminal buildings, operational buildings and more. The contract value is estimated at approximately NOK 3,200 million, excluding VAT and options.

AF Anlegg has signed a contract for the design and construction of the new highway E6 Storhove-Øyer. The project has a contract value of NOK 1,800 million excluding VAT and includes 9.6 km of new road and a 2.7 km tunnel.

In 2023, the Civil Engineering business unit had an order intake of NOK 9,548 million (14,409 million), and an order book at the end of the year of NOK 18,140 million (15,368 million).

### Market outlook

The civil engineering market in Norway is good and has traditionally been less sensitive to cyclical fluctuations, as public sector demand is the strongest driver behind investments in civil engineering. In the balanced state budget for 2024, nearly NOK 90 billion has been allocated for purposes under the National Transport Plan (NTP). A new NTP was presented in March 2024 and indicates there will be an increase in smaller investments, operations and maintenance with a corresponding reduction in major investments. The annual average financial budget in the new NTP has been maintained at the same level as the current NTP.

As of April 2024, Prognosesenteret estimates that the total civil engineering market amounted to NOK 141.6 billion in 2023. Adjusted for inflation, this represents a decrease in real terms of 3 per cent compared with 2022. Prognosesenteret expects the civil engineering market to remain stable in 2024, with a slight 1.7 per cent increase in 2025, primarily driven by investments.

## CONSTRUCTION

### Description of the business

Construction is AF Gruppen's largest business area, providing a wide range of services throughout the value chain from the early stages of planning to construction. In addition to being a major player in constructing residential, commercial and public buildings, Construction has a leading position in rehabilitation and renovation in Norway (renovation, alterations and extensions

(ROT)). The Construction business area encompasses the Norwegian business except for Betonmast, and is mainly located in Eastern Norway and the Bergen region.

It consists of 11 units with their associated subsidiaries: AF Bygg Oslo, AF Byggfornyelse, AF Bygg Østfold, Strøm Gundersen, Strøm Gundersen Vestfold, Haga & Berg, AF Håndverk, LAB Entreprenør, Åsane Byggmesterforretning, Fundamentering (FAS) and Helgesen Tekniske Bygg (HTB). All the contractor units have strong local roots and a broad range of services.

Amounts in NOK million	2023	2022	2021
Revenues	10,182	11,090	8,865
Earnings before interest and tax (EBIT)	396	322	447
Profit before tax (EBT)	378	318	450
Operating margin	3.9%	2.9%	5.0%
Profit margin	3.7%	2.9%	5.1%
Order backlog	9,464	10,045	13,549
Order intake	9,601	7,586	12,739

The Construction business area had a turnover of NOK 10,182 million (11,090 million) in 2023 and earnings before tax (EBT) of NOK 378 million (318 million), resulting in a profit margin of 3.7 per cent compared to 2.9 per cent in 2022.

The Construction business unit's revenue decreased somewhat compared to 2022. Overall, Construction's profitability in 2023 was somewhat below expectations, but with a margin improvement towards the end of the year. Strøm Gundersen and Åsane Byggmesterforretning were distinguished by very good results in 2023. AF Håndverk, LAB and HTB delivered results slightly below expectations, while AF Byggfornyelse, Haga & Berg and Fundamentering AS delivered weak results for 2023. The macroeconomic situation continues to create uncertainty in the construction market, which has impacted operations and profitability in the past year. High interest rates affect the appetite to invest in new projects.

### New contracts

The Construction business area has entered into contracts for construction across the service spectrum from residential and commercial buildings to public buildings. AF Gruppen has signed a contract with Statsbygg for collaboration phase 2 for construction of Vikingtidsmuseet (the Museum of the Viking Age). The contract value for collaboration phases 1 and 2 is NOK 1,447 million excluding VAT and options. AF Byggfornyelse will also build a flood tunnel and establish a seawater energy supply for the new museum. The contract is a collaborative contract valued at approx. NOK 110 million, excluding VAT. Oslobygg KF has proposed AF Bygg Oslo for the construction of Bjørvika School. The contract has very high environmental ambitions and is a turnkey contract valued at approximately

NOK 1,200 million, excluding VAT. AF Bygg Østfold has signed its largest contract to date with FREVAR KF for phase 2 of a new wastewater treatment plant in Fredrikstad municipality. The contract includes design and construction and is a turnkey contract with a value of NOK 1,081 million excluding VAT. Strøm Gundersen has won the turnkey contract for the construction of an office and research building for Oslo Cancer Cluster Innovasjonspark AS. The contract will be a collaborative contract and is valued at NOK 432 million excluding VAT. LAB Entreprenør has entered into a turnkey contract for the expansion of Lagunen Storsenter in Fana with a value of approximately NOK 365 million, excluding VAT.

Several large and small contracts were also signed in 2023 within renovation. Thorendahl performs exterior renovation of Oslo City Hall. The agreement is implemented as a turnkey contract at a value of approximately NOK 140 million, excluding VAT.

In 2023, the Construction business unit had an order intake of NOK 9,601 million (7,586 million), and an order book at the end of the year of NOK 9,464 million (10,045 million).

### Market outlook

Prognosesenteret estimates that the construction market in Norway amounted to NOK 389.4 billion in 2023, a reduction of 8.0 per cent compared with 2022. Prognosesenteret also estimates that production value will decrease by 5.3 per cent in 2024, and increase by 8.2 per cent in 2025. The upwards adjustment for 2025 is based on the fact that many approved start permits are expected to be forthcoming during the year, as well as two larger new hospital buildings in Oslo. A nationwide decrease in new residential and non-residential buildings is expected in 2024, while weak growth is expected within renovation and extensions. In 2025, all construction segments are expected to grow, with particularly strong growth in new residential and commercial buildings.

As of March 2024, Prognosesenteret estimates that the number of homes started in Norway was 19,800 in 2023, a decrease of more than 30 per cent since 2022. The number of started residential units is expected to pick up in 2024 and 2025, and are estimated at 21,000 and 26,000, respectively. Prognosesenteret's estimates for started residential units are based on statistics regarding the number of start permits. Market sentiment is resulting in greater uncertainty regarding the estimates for started residential units.

The development of factor input prices and shipping costs were significant uncertainty factors at the start of 2023. Over the course of the year they stabilised, albeit at a high level compared with prices before the Covid-19 pandemic, according to Statistics Norway's construction cost indices.

## BETONMAST

### Description of the business

Betonmast is a construction contractor with operations in the largest markets in Norway. Its project portfolio encompasses everything from major housing projects to commercial and public buildings. Betonmast is a major player in public sector construction and has extensive experience in project development and collaborative contracts.

Betonmast consists of 10 business units: Betonmast Oslo, Betonmast Romerike, Betonmast Buskerud-Vestfold, Betonmast Boligbygg, Betonmast Asker og Bærum, Betonmast Røsand, Betonmast Østfold, Betonmast Innlandet, Betonmast Trøndelag and Betonmast Eiendom.

Amounts in NOK million	2023	2022	2021
Revenues	4,553	5,145	5,196
Earnings before interest and tax (EBIT)	34	166	132
Profit before tax (EBT)	58	174	111
Operating margin	0.7%	3.2%	2.5%
Profit margin	1.3%	3.4%	2.1%
Order backlog	6,203	4,415	7,054
Order intake	6,341	2,506	6,535

Betonmast had a turnover of NOK 4,553 million (5,145 million) in 2023 and earnings before tax (EBT) of NOK 58 million (174 million), resulting in a profit margin of 1.3 per cent compared to 3.4 per cent in 2022.

In 2023, Betonmast has reduced its activity and margin compared to 2022. Betonmast Asker og Bærum, Betonmast Røsand and Betonmast Østfold delivered good results. The remaining units have delivered profitability below expectations.

At the beginning of 2024, Betonmast Eiendom had one housing project with a total of 15 units in production.

### New contracts

Betonmast signed a number of new contracts during the year. Betonmast Trøndelag has signed two contracts for the construction of a total of 832 student housing units in Trondheim. Both contracts have been signed the collaboration phase and are turnkey contracts with a total value of NOK 1,059 million, excluding VAT.

Betonmast Buskerud-Vestfold will build an industrial park in Horten, with a contract value of approximately NOK 840 million excluding VAT, consisting of commercial buildings and production premises. The contract is a turnkey contract.

Betonmast Oslo has signed a contract with Oslobygg KF for the expansion of Edvard Munch secondary school in Oslo. The work includes renovation and remodeling, partly on listed buildings. The turnkey contract is valued at approximately NOK 620 million, excluding VAT.

Betonmast Romerike will also carry out a contract for

Oslobygg KF for the construction of Haukåsen school and kindergarten, which will be adapted for children and young people with multiple disabilities. The turnkey contract is valued at approximately NOK 500 million excluding VAT. Betonmast Innlandet has signed a contract for the construction of Parkgata building phases 2 and 3, a commercial building in Gjøvik. The contract will be carried out in two phases, with phase 1 in conjunction with the target total and phase 2 as a turnkey contract if the target total amount is achieved. The total expected contract value is approximately NOK 340 million excluding VAT.

In 2023, Betonmast has an order intake of NOK 6,341 million (2,506 million), and an order book at the end of the year of NOK 6,203 million (4,415 million).

### Market outlook

Betonmast operates in the same markets as AF Gruppen's other Norwegian construction activities. Read more about market developments under Construction and Property.

## PROPERTY

### Description of the business

The Property business area develops residential units and commercial buildings in Norway. The activities take place primarily in geographic areas where AF has its own production capacity. The business area has two business units: AF Eiendom and LAB Eiendom, with a local presence in Greater Oslo and the Bergen region respectively. AF works closely with other players in the industry, and the development projects are mainly organised as associated companies and joint ventures. AF's ownership interest is between 25 per cent and 50 per cent and is recognised according to the equity method. The earnings that are consolidated in AF correspond to the earnings after tax multiplied by the ownership interest, and they are included in the operating profit.

Amounts in NOK million	2023	2022	2021
Revenues	27	30	35
Earnings before interest and tax (EBIT)	-20	75	75
Profit before tax (EBT)	-8	82	76
Return on capital employed	-0.9%	13.8%	9.5%

### NUMBER OF UNITS <sup>1)</sup>

Residential units under construction	360	438	379
Sales contract signed for residential units	24	89	256
Completed residential units for sale	6	2	3
Commercial area under construction (sqm GFA)	1,679	-	1,384

### SITES AND DEVELOPMENT RIGHTS <sup>1)</sup>

Estimated number of residential units	813	788	841
Commercial area under development (sqm GFA)	36,524	30,949	25,749

<sup>1)</sup> AF's share of residential units and sqm GFA.

The Property business area reported a profit before tax of NOK -8 million (82 million) in 2023. The profit for the year was impacted by lower housing sales and a write-down of NOK 21 million in the development portfolio. Together with a partner, AF Eiendom entered into an agreement for the purchase of the Ullevålsveien 114 site in 2023, for NOK 240 million, in which AF's ownership share is 50 per cent. The transaction was completed in 2024.

In 2023, a total of 172 (281) apartments were handed over, of which AF's share was 85 (96). Out of a total of 172 apartments handed over during the year, 110 units were handed over in the Fyrstikkbakken project, 55 in Kråkehaugen, 3 in Skiparviklia 3D, 3 in Brøter Terrasse and 1 in Lilleby Triangel.

At the end of 2023, Property had ownership interests in residential projects with a total of 196 (259) units for sale. AF's share was 84 (112) housing units. 196 of the units for sale were linked to projects in production and no units to projects in the sales phase. In addition, there were a total of 12 (6) unsold completed apartments, of which AF's share was 6 (2).

At the start of 2024, AF's property business has 5 (7) residential property projects with a total of 797 (940) apartments in the production phase, of which AF's share is 360 (438). The share of sales contracts signed for apartments in these projects is 75 per cent.

The projects in production at the end of the year were Rolvsrud Arena in Lørenskog, Baneveien in Bergen, Fyrstikkbakken in Oslo, Skårersletta Midt in Lørenskog and Bekkestua Have in Bærum.

At the end of the year, the business area had sites and development rights under development amounting to 1,629 (1,580) housing units, of which AF's share is 813 (788).

At year-end, Property had ownership interests in 73,407 (62,256) sqm RFA of commercial property under development. AF's share of this is 36,524 (30,949) RFA sqm.

### Market outlook

Figures from Real Estate Norway show that house prices rose by 0.5 per cent in 2023. Real Estate Norway is forecasting a nominal national rise in house prices of 4 per cent for 2024 following 2 years of weak development. Oslo and Stavanger stand out with expected growth of 6 per cent and 7 per cent, respectively.

At its interest rate meeting in March 2024, Norges Bank decided to keep its policy rate unchanged at 4.5 per cent. The prognosis for the benchmark interest rate remained unchanged from the previous monetary policy report and indicates a benchmark interest rate of 4.5 per cent until autumn 2024, after which it will gradually fall.

High interest rates and construction costs are putting pressure on the profitability of property development projects and affecting the appetite to invest in new

projects. Prognosesenteret expects that the number of initiated housing will start to rise in 2024 and 2025, from 19,800 in 2023 to 21,000 and 26,000, respectively. Prognosesenteret's estimates for commenced residential units are based on the number of start permits measured.

## ENERGY AND ENVIRONMENT

### Description of the business

The Energy and Environment business area consists of AF Energi, AF Decom and Mepex. AF Energi provides smart, energy-efficient solutions for buildings and industry. The unit also designs and supplies energy plants that are favourable in a long-term ownership perspective. AF Decom is a leading player in environmental clean-up, demolition and recycling. In addition, AF Decom has developed several environmental centres, which sort, decontaminate and recycle contaminated materials that would have otherwise ended up at a disposal site. Mepex became part of AF Gruppen in January 2023, when AF Gruppen completed the purchase of 60 per cent of the shares. Mepex is a leading consulting environment with cutting-edge expertise in circular economy, waste and recycling.

Amounts in NOK million	2023	2022	2021
Revenues	1,417	1,062	1,152
Earnings before interest and tax (EBIT)	90	84	109
Profit before tax (EBT)	96	82	107
Operating margin	6.3%	7.9%	9.4%
Profit margin	6.8%	7.7%	9.3%
Order backlog	1,249	640	714
Order intake	2,027	987	1,162

In 2023, the Energy and Environment business area had a turnover of NOK 1,417 million (1,062 million). The earnings before tax were NOK 96 million (82 million), resulting in a profit margin of 6.8 per cent compared to 7.7 per cent in 2022. Despite a decline in the traditional demolition market, AF Decom increased its activity compared to 2022. Rigging and operations services, such as at Radiumhospitalet, have helped to maintain a high activity level. The unit delivered good results. The activity at our environmental centres is closely linked to our general demolition activities, and was lower in 2023 compared to the previous year. Profitability varied, but Rimol Miljøpark achieved very good results. AF Energi has significantly increased its activity level in 2023, and delivered very good results. Mepex delivered good results for the year.

### New contracts

Energy and Environment's project portfolio consists of many small and medium-sized projects, as well as a number of larger contracts. AF Energi has seen a

growing demand for their energy efficiency services, and in 2023 the business unit signed its largest contract ever. The unit has entered into a contract with Statsbygg for the provision of piping and plumbing works to the Life Sciences Building. The agreement has been signed after 4.5 years of collaboration and has a value based on a target price of NOK 680 million excluding VAT. The contract is a turnkey contract that includes sanitation, heating, process and comfort cooling as well as gas and compressed air.

In 2023, the Energy and Environment business unit had an order intake of NOK 2,027 million (987 million), and an order book at the end of the year of NOK 1,249 million (640 million).

#### Market outlook

The demand for energy and environmentally-related services is good. The Norwegian authorities have set ambitious targets for reducing energy consumption by 2030. The targets include reducing energy consumption in existing buildings by 10 TWh, improving energy intensity by 30 per cent and reducing total emissions by 55 per cent by 2030. Uncertainty concerning electricity prices is also making investing in energy efficiency measures very attractive.

The business area's demolition and recycling activities are closely related to the construction market, where the level of new build starts affects the market for demolition and recycling services. A more diversified range of services makes the demolition business somewhat less sensitive to the level of activity in the construction market.

#### SWEDEN

##### Description of the business

AF's Swedish activities within civil engineering, construction, property and demolition have been gathered in the Swedish business area. The geographic area of operation encompasses Gothenburg and Southern Sweden, as well as Stockholm and Mälardalen. The business area consists of nine units with associated subsidiaries: Kanonaden, AF Prefab i Mälardalen, AF Bygg Syd, AF Projektutveckling, AF Härnösand Byggreturer, HMB, AF Bygg Väst, AF Bygg Öst and AF Anläggning Väst.

Amounts in NOK million	2023	2022	2021
Revenues	7,501	7,445	6,300
Earnings before interest and tax (EBIT)	-152	130	302
Profit before tax (EBT)	-160	127	295
Operating margin	-2.0%	1.7%	4.8%
Profit margin	-2.1%	1.7%	4.7%
Order backlog	5,128	7,638	9,112
Order intake	4,991	5,970	9,734

In 2023, the Sweden business area had a turnover of NOK 7,501 million (7,445 million). The earnings before tax were NOK -160 million (127 million), resulting in a profit margin of -2.1 per cent compared to 1.7 per cent in 2022.

Revenues in Sweden were stable compared to 2022. Kanonaden, AF Prefab i Mälardalen and AF Härnösand Byggreturer delivered very good results and AF Bygg Syd delivered good results. HMB delivered results somewhat below expectations. AF Projektutveckling, AF Bygg Öst, AF Anläggning Väst and AF Bygg Väst reported weak profitability. The weak results in the latter three units are due to very large downward adjustments of project estimates. Organisational changes have been implemented in these units.

AF Projektutveckling, AF's property business in Sweden, had one residential project at the end of 2023 with a total of 83 units in production.

In 2023, the Sweden business unit had an order intake of NOK 4,991 million (5,970 million), and an order book at the end of the year of NOK 5,128 million (7,638 million).

#### New contracts

Kanonaden Entreprenad signed a contract with Skeppsviken Bygg for the groundwork for the expansion of Metsä Tissues' paper mill in Mariestad. The contract is carried out as a construction contract and is valued at approximately SEK 300 million, excluding VAT. The unit has also entered into two contracts with Svenska kraftnät for the construction and installation of new series compensation systems. The assignments are carried out in a consortium with Hitachi Energy and Kanonaden's share of the contracts amounts to approximately SEK 342 million excluding VAT. Kanonaden will also build the infrastructure for the Bruzaholm wind farm in Eksjö municipality on behalf of Vattenfall. The contract is a turnkey contract with a value of approximately SEK 210 million, excluding VAT.

HMB Construction will build the Gårdsjö Strand care home project in Flen, southwest of Stockholm. The complex will have of 70 apartments and 7 sections with living rooms, dining rooms, kitchens and common areas. The assignment is a turnkey contract valued at approximately SEK 150 million, excluding VAT. HMB has also entered into several contracts for the construction of apartments in 2023. In Täby municipality north of Stockholm, HMB will build 60 housing cooperative apartments for OBOS Nye Hem. The project is a turnkey contract valued at approximately SEK 137 million, excluding VAT. In Västerås, 63 new apartments will be built for Riksbyggen. The contract is a turnkey contract valued at approximately SEK 127 million excluding VAT.

#### Market outlook

Complex geopolitical situations, rising tensions over trade, inflation and high interest rates are also creating

uncertainty for AF's Swedish activities. In March 2024, Sveriges Riksbank decided to keep its policy rate unchanged at 4.0 per cent.

Prices in the Swedish housing market remained stable in 2023, after a year of falling house prices in 2022 with drops in prices of 9 per cent for apartments and 10 per cent for detached houses according to Svensk Mäklarstatistik. Svensk Mäklarstatistik reported a price increase of 1 per cent for apartments and a 1 per cent decrease for detached houses for the year at year end 2023.

In March 2024, Byggföretagen reported that construction investments in Sweden were estimated at SEK 495.7 billion for 2023. This is expected to decrease by 7.0 per cent in 2024 to SEK 461.1 billion, primarily linked to the "Bostäder" segment. Byggföretagen estimates that construction investments amounted to SEK 155.4 billion in 2023, and expects the level of activity to be maintained in 2024 with an estimate of SEK 154.3 billion.

#### OFFSHORE

##### Description of the business

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 modern facility for demolition and final disposal in Vats.

Offshore consists of the business units AF Offshore Decom and Aeron. Offshore also has activities at AF Miljøbase Vats.

Amounts in NOK million	2023	2022	2021
Revenues	1,082	1,238	848
Earnings before interest and tax (EBIT)	-124	164	83
Profit before tax (EBT)	-139	160	78
Operating margin	-11.5%	13.2%	9.8%
Profit margin	-12.9%	12.9%	9.2%
Order backlog	1,410	1,694	1,515
Order intake	798	1,417	998

Offshore reported revenues of NOK 1,082 million (1,238 million) for 2023. Its result before tax was NOK -139 million (160 million), resulting in a profit margin of -12.9 per cent compared to 12.9 per cent in 2022.

AF Offshore Decom had a reduced activity level in 2023 compared to the previous year. The unit reported weak results due to downward adjustment of the project estimate for one project. 2023 was a good year for Miljøbase Vats, with high production and demolition activity.

Aeron increased its revenue in 2023 compared to the previous year and achieved a good result for the year. The increase in revenue is generally due to higher activity within the company's service areas.

#### New contracts

In 2023, AF Offshore Decom was awarded a contract by Heerema Marine Contractors SE for engineering and preparation of the superstructure for removal of modules on Equinor's main platform on the Heimdal gas field in the Norwegian part of the North Sea. The work on mapping, engineering and preparatory work will be carried out over the next three years.

Aeron has had a good order intake for both offshore and marine operations. Within offshore, Aeron will among other things deliver HVAC solutions to the unmanned gas production platform in the Yggdrasil area. For the marine business, the company is the HVAC supplier for three Ro-Pax ferries, which will transport cars and passengers between Poland and Sweden. These will be the first DNV-classified ferries in the world to be equipped with CO<sub>2</sub> refrigeration machines that will have climate neutral operations.

In 2023, the Offshore business unit had an order intake of NOK 798 million (1,417 million), and an order book at the end of the year of NOK 1,410 million (1,694 million).

#### Market outlook

Between 2023 and 2032, the British trade association Offshore Energies UK (OEUK) expects more than 2 million tonnes of oil and gas installations to be removed from the North Sea. The market for removing offshore installations has long been marked by delays. At the same time, several major portfolios of oil platforms are now expected to be dismantled over the next 10 years, and AF Offshore Decom has submitted several larger bids that are awaiting a decision. First generation FPSOs (Floating Production Storage and Offloading) are approaching their recycling dates, and with the recycling of the production ship Curlew, AF Offshore Decom has demonstrated its expertise and execution capacity in this area.

The increased rate of investment in offshore wind has increased demand for large crane vessels and shipyards to assemble and install the next generation of offshore wind farms in Europe. A tight vessel market in which the available capacity is wanted for platform installation, decommissioning and wind installation globally will present a capacity challenge, and AF Offshore Decom is working to establish strong relationships with a range of vessel owners to secure capacity for the next few years.

The transition towards a low-emission society is presenting market opportunities for AF's climate control business, and the ever-increasing carbon tax could help accelerate the pace of electrification. Increased investment in offshore wind is also providing new market opportunities. Good examples of this include the offshore wind farms Sunrise Wind in New York and East Anglia Windfarm in the UK to which Aeron supplies ventilation and cooling equipment.



## CORPORATE SOCIAL RESPONSIBILITY

AF Gruppen has a special responsibility when it comes to societal challenges that can be linked to our business activities. Our projects must comply with ethical guidelines, laws and regulations, and minimise any negative impact on the climate and environment. We shall be a driving force in ensuring that projects that are sustainable in terms of climate, environment and social issues, also are financially sustainable. The Board of Directors has the ultimate responsibility for corporate social responsibility in AF, and has this high on its agenda. The Board's Corporate Governance Statement is an integral part of the Board of Directors' report. The report on corporate social responsibility is presented on page 32 of the annual report, which also includes AF's report in accordance with the Transparency Act, on pages 33, 65-67 and 70. The annual report is available at [www.afgruppen.no/investor](http://www.afgruppen.no/investor). The Report on Corporate Governance Statement is presented from page 114 of the annual report.

The EU Corporate Sustainability Reporting Directive (CSRD) is expected to enter into force in Norwegian law from the 2024 reporting year. The Directive will apply to AF Gruppen. The CSRD requires detailed reporting on key sustainability issues in line with the European Sustainability Reporting Standards (ESRS). The introduction of CSRD entails an increased formal responsibility for the Board of Directors, and reporting in accordance with the Directive will be included in the Board's annual report for 2024. Work on the double materiality analysis and preparations for implementation have been ongoing in 2023.

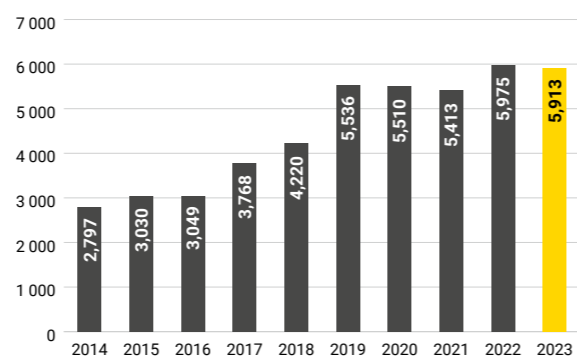
### PERSONNEL AND ORGANISATION

AF Gruppen is working continuously to build a uniform corporate culture. Motivated employees and a solid organisation are an important foundation for creating value. At AF we prioritise building 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.

Job satisfaction and motivation to go to work in AF Gruppen is high. This is supported by the results from the latest employee satisfaction survey (ESS) that was conducted in 2023. The survey shows that AF's employees have a high level of job satisfaction and well-being, and are proud to work for AF. The goal is to be above 5.0 on the ESS scale which ranges from 1-6, where 6 is best. The result for 2023 was 5.2. The results are at the same level as the previous survey in 2021 and significantly better than the industry average. The results showed no significant differences between women and men or across age groups. The overall response rate in the survey was 75 per cent compared to 83 per cent in 2021.

AF invests a lot of time and resources in employee

NUMBER OF EMPLOYEES



development through training in various roles in production and through development in the AF Academy. In 2023, 1,972 (1,450) employees attended trainings in the AF Academy. AF Gruppen's digital course offerings are accessed by both AF employees and employees of AF Gruppen's partners and subcontractors. In 2023, more than 80,000 courses have been completed in AF Gruppen's e-learning system. AF is experiencing good and increasing access to qualified employees, and our employees are good ambassadors for the recruitment of new personnel.

At the end of 2023, there were 5,913 (5,975) employees in the Group, of which 2,578 (2,555) were salaried employees and 3,335 (3,420) were skilled workers. The parent company, AF Gruppen ASA, had no employees at the end of 2023.

In 2023 the Group Council, which is made up of employee representatives, senior safety representatives and management representatives, continued work on strengthening cooperation between all parts of the organisation.

### DIVERSITY AND INCLUSION

At the end of 2023, 9.8 per cent (9.0 per cent) of employees were women and 90.2 per cent (91.0 per cent) were men. The proportion of women among salaried employees and skilled workers was 19.5 per cent (18.7 per cent) and 1.7 per cent (1.4 per cent) respectively. AF Gruppen's defined strategic goals for equal treatment are that the recruitment share by gender shall reflect the recruitment basis, the relative share of promotions shall be equal for women and men, and that both men and women will thrive at work. The contractor industry has traditionally been dominated by men, but AF would like to change this. The long-term goal is to increase the proportion of women in AF to 20 per cent. Since 2018, AF has worked in a structured and systematic way with diversity and inclusion in a dedicated strategic Group initiative. This initiative brings together representatives from a large range of AF's

activities, including representatives from the Corporate Management Team. During the year, several measures have been implemented in the areas of recruitment, job facilitation and awareness campaigns. In addition to internal measures, AF also focuses on industry collaboration through the Diversitas network, which AF helped establish, and through dialogue with research communities and independent players. Examples include collaborations with organisations such as #Equality Check and CORE.

Over the past few years, AF has continued its focus on apprentices by working more closely with schools and advisers in rural and urban areas. Efforts are also being made to motivate more people to choose vocational subjects through information campaigns across social media. AF wants to take a larger role in society by inspiring more young people to choose vocational fields of study, by eliminating prejudices related to the construction industry. One example of this is our participation in Bygg Arena Arendal, an initiative designed to bring together construction, civil engineering and property participants during the Arendal Week. We also actively participate in the "Attractive Sector" working group, organised by the Construction City cluster, with the aim of increasing the attractiveness of the sector among young people.

AF Gruppen seeks to be a workplace where there is no discrimination on grounds of ethnicity, gender, belief or sexual orientation. This is followed up through, among other things, systematic measurements in matters relating to salary, promotion, recruitment and general development opportunities.

All shared facilities in AF's offices are designed so that they can be used by all employees, including those with disabilities. Individual adaptation of the workplace is done to the extent possible, based on the nature of the work.

AF Gruppen has written objectives and rules to promote a good working environment with equality and without discrimination or harassment. The goals and rules are laid down in the company's Code of Conduct. The object of the Code of Conduct is, in line with the Discrimination Act, to promote equality, ensure equal opportunities and rights, and prevent discrimination on the grounds of ethnicity, nationality, skin colour, language, religion or beliefs.

For further details on this work, see AF Gruppen's special edition "Diversity and Equality" which is published at the same time as the annual report.

### WHISTLEBLOWING

Procedures and routines related to the notification of censurable conditions at AF Gruppen have been prepared, including the violation of laws and ethical guidelines, and an electronic whistleblowing portal has been established at [www.afgruppen.no/varslng](http://www.afgruppen.no/varslng).

The whistleblowing system applies both internally and externally, and a special whistleblowing committee has been established to follow this up.

### EMPLOYEE OWNERSHIP

AF Gruppen would like all employees to participate in joint value creation by becoming shareholders in the company. Therefore, AF has a share programme for employees, whereby the employees are given an opportunity to buy shares at a discount of 20 per cent on the current market price. During 2023, 920 (920) employees subscribed for a total of 1,000,000 (1,000,000) shares. The purchase price after a 20 per cent discount was NOK 97.40. A total of 830,000 new shares were issued in connection with the sale of shares.

AF Gruppen also has an option programme for all employees. The current option programme was approved by the General Meeting in May 2023. The maximum number of options that can be awarded is 5,000,000 over three years with annual allocation in the years 2023-2025. The options can be exercised in March 2026. AF Gruppen issued 4,850,000 options to 1,364 employees in 2023. As of 31 December 2023, there were 4,779,447 outstanding options, adjusted for options that became void as a result of employees leaving during the year.

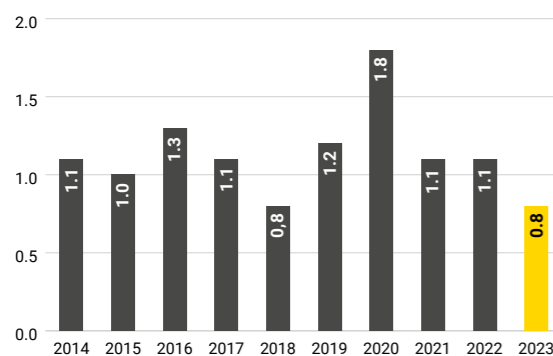
### HEALTH AND SAFETY

Health and safety work has a high priority at AF Gruppen and is an integral part of the management at all levels of the organisation. AF's goal for health and safety is to avoid injuries, illness and discomfort attributed to the working environment. For safety, we focus on avoiding work accidents, particularly accidents that result in serious personal injury and absence. For health work, we focus on avoiding exposure to health hazards in everyday work life, related, for example, to ergonomic conditions, chemicals, noise, dust, pressure, harassment, etc.

AF has a structured and uniform system for health and safety work, and AF's employees receive thorough training in both the basic principles and the systems we use. A key element is the fact that all undesired incidents and circumstances are registered and dealt with in the non-conformance system Synergi Life or similar systems in order to find the underlying causes and measures for improvement. There is a strong willingness for continuous improvement, and the frequency of reporting is increasing. In 2023, 55,089 (50,112) undesirable incidents (RUI) were reported.

The most important measurable parameter for safety work at AF is the LTI rate. At AF the LTI-1 rate is defined as the number of injuries resulting in absence and serious personal injuries per million man-hours. Injuries resulting in absence and serious personal injuries among subcontractors are included in the calculation. AF's LTI rate definition is somewhat stricter than the industry standard. We include all injuries considered medically

## LTI1-RATE



serious, including those that do not result in absence from work. The Group strategy for the period towards 2024 continues with the goal for AF Gruppen to have LTI-1=0 and 0 work-related absence. The injury rate in the company has shown a positive trend through the years, and AF has low LTI-1 rates compared with the industry in general. Although AF's LTI rate for 2023 can be considered low, the organisation is deeply affected by the most serious accidents. A fire at the beginning of the year resulted in serious and permanent personal injury. This reminds us of the importance of good HSE work, on-site management with a clear organisational presence and compliance with our HSE systems and procedures. The LTI rate in 2023 was 0.8 (1.1), representing 17 (24) lost-time injuries.

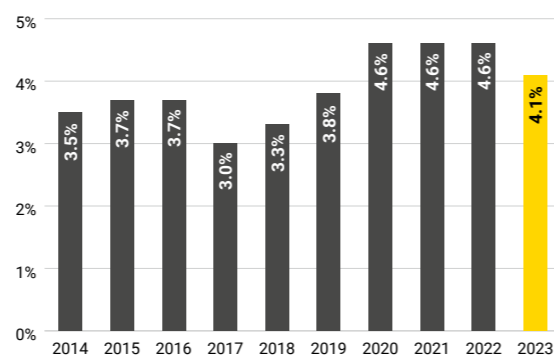
Safety remains high on the Board's agenda. Our efforts to prevent injuries are systematic and ongoing. Among the latest initiatives is AF's proprietary system, Clara – an online tool for managing HSE risk associated with the activities in a project. Experiences from previous incidents are, among other things, available in Clara and communication and follow-up relating to barriers is reinforced. In addition to mapping safety risks, Clara is a good tool for risk analyses concerning health, external environment factors and quality.

Safetalk is a simple tool that facilitates safety talks among skilled workers ahead of or during work situations, in order to identify and mitigate risk and strengthen safety awareness among workers. Safetalk is increasingly being used in AF.

AF Gruppen also has a customised and user-friendly e-learning portal, Motimate, which provides easy access to trainings, knowledge sharing and safety guidance by providing a universal platform for anyone working on AF projects.

The year 2023 was the final year of a three-year internal audit cycle, where the main emphasis of the review has been on HSE systems and Forretningsmodell Sikkerhet. The entire Group has been audited in a series of 27 audits during the period. HSE will also be a key topic in the upcoming audit cycle.

## ABSENCE DUE TO ILLNESS



When it comes to our health-related initiatives, the goal is that no one should become ill from working at AF, and we work to ensure that all employees experience job satisfaction and well-being. Absence due to illness is an indicator for health work, and the goal is to avoid work-related absence due to illness. Absence due to illness in 2023 amounted to 4.1 per cent (4.6 per cent), which is lower than the average for the construction industry presented by Entreprenørforeningen Bygg og Anlegg. The last presented average was 5.9 per cent for 2023. AF is aware that some of the absence due to illness is work-related and continues therefore to work systematically and with a long-term perspective to achieve the goal of a "healthy situation" without any work-related absence due to illnesses.

AF has an Occupational health service that assists with preventive health work. They monitor employee health through regular health check-ups, and assist the sick leave assessment committees that have been established in the business units to ensure that everyone with absence due to illness is followed up well.

To ensure that we share knowledge about relevant exposures the employees are subjected to and the measures that can prevent damage to someone's health, AF has health cards for the 15 most relevant types of exposure available in several languages. Health risks can also be reviewed and analysed in Clara.

## CLIMATE AND ENVIRONMENT

All employees of AF shall have a fundamental understanding and acceptance of the idea that the impact on the environment must be minimised. AF's climate and environmental work starts at the project and business unit level. Climate and environmental aspects are identified and ranked, and form, together with laws, regulations and specific contractual requirements, the basis for the climate and environmental goals of the projects and units.

All business units at AF are assessed based on specific parameters related to their climate and environmental impact and greenhouse gas emissions. These benchmarks

are figures that can be influenced by good management and the implementation of environmental work in our day-to-day operations. For the strategy period 2021-2024, AF has set new climate and environmental goals for its operations. By 2030, AF aims to reduce its waste going to incineration and landfills, as well as greenhouse gas emissions, by half per service type relative to revenue. The baseline year for halving of scope 1 and 2 greenhouse gas emissions is 2020. AF also aims to be climate neutral by 2050.

AF is at all times prepared to minimise damage to and losses in the external environment if an accident or incident with a pollution potential were to take place. Any incidents will be subsequently analysed in order to establish preventive barriers for future projects.

AF's management system for environmental work follows the principles in the environmental standard ISO 14001. AF Gruppen is a member of Norsirk, a nationwide production responsibility company.

In 2023, AF will report on the EU Taxonomy and the proportion of our activities that are considered taxonomy-eligible and taxonomy-aligned. In 2023, our climate risk analysis was updated based on the TCFD framework, which is a framework for climate risk reporting established by the G20 countries. The analysis identified the most important climate risks affecting AF Gruppen. Climate and nature challenges are two sides of the same coin, and in 2024 AF started work on analysing, assessing and managing nature-related risks. The climate risk analysis is presented on pages 44-50 of AF's annual report.

## Source separation and recycling

In Norway, the government requirement for source separation is a minimum of 70 per cent. The source separation rate indicates how much of the waste from operations is separated for the purpose of facilitating recycling. Our source separation rate in 2023 was 84 per cent for construction (86 per cent), 87 per cent for renovations (89 per cent) and 96 per cent for demolition (95 per cent). A total of 287,588 (278,172) tonnes were separated at source in 2023. These results are considered very good, and they are well above the government requirement.

AF's Rimol, Jølsen and Nes environmental centres recycle contaminated materials that would have otherwise gone to landfill. Our mass recovery facilities (Miljøpark) recycled a total of 288,511 (315,269) tons of material in 2023.

## Greenhouse gas emissions

AF's climate impact is measured continuously in the form of the volume of greenhouse gas emissions in tonnes of CO<sub>2</sub> equivalents. A CO<sub>2</sub> equivalent is a unit that is used for comparison of the effects of various greenhouse gases on the climate. AF builds socially useful infrastructure

such as roads, railways, water and sewage as well as wind and hydropower plants. To carry out these projects, the business is dependent on large construction machinery. Specific measures are continuously being developed to reduce greenhouse gas emissions. The main driver of emissions is the transport of excavated material. The projects therefore work to reuse as much bulk material as possible within the project in order to reduce the need for transport over longer distances. AF Gruppen's machines have been monitored over a long period of time to gather data on driving patterns, and there is an increase in the installation of auto-stop mechanisms to reduce idle running. The use of electric machines and machines using hydrogen, renewable diesel and biodiesel will reduce emissions. In addition, the use of electric loaders, dumpers and wheel loaders is now increasingly being tested on construction sites. The need for emission-free construction machinery in areas with underdeveloped infrastructure has led AF to build its own mobile charging stations for heavy construction machinery. An increasing number of construction sites are now operating as fossil-free construction sites.

## Services that solve climate and environmental challenges

AF has a commercial approach to the increasing environmental challenges and scarcity of resources in society. In the Construction business area, AF delivers new buildings with environmental certifications such as BREEAM-NOR. The Offshore and Energy and Environment business areas are based on services that solve environmental challenges in the area of demolition and recycling, as well as energy optimisation. All our demolition activities, both onshore and offshore, are based on a circular economy, where over 95 per cent 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 per cent of the world's total CO<sub>2</sub> emissions. Reused steel produces approximately 70 per cent less CO<sub>2</sub> emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO<sub>2</sub> for each kilo of steel recycled. AF Offshore Decom and AF Decom have demolished and facilitated the recycling of 37,443 (54,540) tons of metals in 2023. In total, this represents a reduction in alternative CO<sub>2</sub> emissions of 37,443 (54,540) tons. The need for the removal of offshore installations was decisive for the establishment of AF's offshore demolition operations and the AF Environmental Base Vats. The Environmental Base in Vindafjord is one of Europe's most modern reception facilities for decommissioned offshore installations. Another example of the development of future-oriented services that solve environmental challenges is the establishment of environmental centres. Using new environmental technology, the environmental centres decontaminate and recycle 80 per cent of the contaminated materials

that would have otherwise been sent to landfill. AF's energy operations reduce customers' energy consumption by offering alternative and renewable solutions for both new and existing buildings and industry. Increased energy efficiency can in most cases provide an energy saving of 20-50 per cent and the investments will be repaid to the customer after 4-7 years.

## RISK, MARKET OUTLOOK AND STRATEGY

### RISK MANAGEMENT

AF Gruppen is exposed to risk of both an operational and financial nature. Risk is an uncertain event or action that can have a positive or negative effect on project targets, such as time, cost, scope or quality. Operational risk encompasses commercial risk, operational risk and reputation risk. Commercial risk arises as a result of external circumstances. These circumstances may, for example, be related to how competitors act, regulatory changes, geopolitical unrest or other political risk. The importance of business risk has been highlighted by the effects of the war in Ukraine and the COVID-19 pandemic. AF Gruppen's Board and management are continuously assessing the situation and implementing any measures that are necessary to ensure adequate liquidity and responsible operations.

AF Gruppen wants to assume operational risk that the business units can influence and control. AF gives high priority to risk management and has good standardised and action-oriented risk management processes. This results in consistent management of risk at all levels of the organisation. Continuous efforts are made to further develop the processes and adapt them to ensure that risk management is as effective as possible. AF seeks to limit exposure to risk that cannot be influenced, including financial risk. A risk review will be conducted for all projects before a tender is submitted. Analysis of risk during the tendering phase enables the correct pricing and management of risk in the project. The same projects conduct detailed risk reviews every quarter.

### FINANCIAL RISK

Financial risk encompasses market risk, credit risk and liquidity risk.

#### Market risk

Market risk includes foreign exchange risk, commodity price risk and interest rate risk.

#### Foreign exchange risk

The Group has a low exchange rate risk related to revenue from the Civil Engineering, Construction, Betonmast, Property, Energy and Environment and Sweden business areas, since all revenues are primarily in the functional currency. Portions of the revenues in the Offshore business area are in EUR and USD. These are hedged

naturally in some cases, when the costs are in the same currency as the revenues, or they are hedged by means of forward currency contracts. For two offshore contracts with revenue denominated in EUR, the effects of the forward exchange contracts are recognised in accordance with the rules for cash flow hedging. At the end of 2023, AF Gruppen had NOK 26 million (19 million) in net recognised liabilities related to forward exchange contracts.

AF Gruppen makes most purchases in the functional currency. The Group bears a risk related to purchases in foreign currency, either directly through purchases from foreign suppliers, or indirectly from Norwegian suppliers who import goods from abroad. The Group secures itself by entering into all major purchase agreements in NOK. Major individual purchases in foreign currency that are not encompassed by purchase agreements in NOK are hedged by forward contracts.

In 2023, 69 per cent (72 per cent) of the Group's recognised revenue was from operations with functional currency in NOK and 30 per cent (28 per cent) in SEK. Net currency gains (losses) in 2023 were NOK 0 million (7 million). Total translation differences in 2023 were NOK 89 million (-41 million).

#### Commodity price risk

Price developments for raw materials such as steel and wood products constitutes a risk in AF Gruppen's construction operations. Price changes can be partially offset by agreeing a pay and price increase mechanism with customers. Such contract terms have increasingly been used in recent years. The demolition activities in Offshore are exposed to price risk from the sale of scrap steel recycled from steel structures in the North Sea. A continuous assessment is made of whether the price of steel should be hedged, based both on exposure and on the efficiency of the market for forward contracts. At the end of the year, AF Gruppen had a liability of NOK 1 million (4 million) related to commodity derivatives for steel in the demolition business in AF Environmental Base Vats.

#### Interest rate risk

AF Gruppen's financing is based on variable interest rates, and the Group is therefore exposed to interest rate risk. As a general rule, the Group does not use derivatives to hedge the effective interest rate exposure. AF is also exposed to interest rate risk in construction and property activities, especially for residential construction for own account, in which the general interest rate level will have an impact on the saleability of completed residential units and consequently the Group's tied-up capital. The Group reduces this risk by requiring advance sales of residential units and deposits from home buyers.

The IBOR reform affects agreements that determine the interest rate level according to a benchmark index.

NIBOR is used as a reference for pricing in a number of financial contracts. The IBOR reform has not had a significant effect on the consolidated financial statements, and the risk of financial exposure associated with the IBOR reform is considered to be low.

### Credit risk

Credit risk is the risk that AF Gruppen's contracting parties will inflict financial losses on the company by not fulfilling their obligations. AF has credit risk in relation to customers, suppliers and partners. The Group has established guidelines to safeguard against credit risk in cash and cash equivalents, loans and receivables. Historically, the Group has had low credit losses, but the risk of such losses has increased in line with inflation, higher interest rates and weak developments in the housing market. Verification in StartBank, use of credit assessment tools, parent company and bank guarantees as well as the use of customised payment plans help to reduce risk. AF has corresponding guarantee obligations to their partners.

### Liquidity risk

Liquidity risk is the risk of not being able to meet financial obligations when they fall due. Based on the Group's strong financial position at the end of the year, the liquidity risk is considered low.

AF Gruppen's total financing facilities amount to NOK 3,500 million. The financing facilities consist of a multi-currency overdraft facility (revolving 1-year term) of NOK 2,000 million with DNB and a revolving long-term credit facility (3+1+1 year term) of NOK 1,500 million with Handelsbanken with effect from September 2023. At the end of the year, AF Gruppen had a drawdown of NOK 226 million on the facility in DNB. As of December 31, 2023, AF had net interest-bearing debt of NOK 641 million (329 million). Available liquidity as of 31 December 2023, including overdraft facilities, was NOK 3,625 million.

The Group's liquidity is monitored through the follow-up of cash flows in the projects. Discrepancies between expected and actual cash flows are reviewed monthly in conjunction with risk reviews of the projects. In addition, daily liquidity is monitored through the Group's central treasury function.

### CLIMATE RISK

Climate change represents one of today's greatest challenges to society. Climate change is causing global temperatures to rise, polar ice to melt and more extreme weather events and natural disasters. Society's efforts to limit the climate footprint of the future will affect AF Gruppen's operations and change the way we work. AF's risk management is affected both in financial, operational and strategic terms.

AF aims to reduce the footprint of its own operations and be a leader in developing and delivering services that reduce the use of energy and other scarce resources.

AF Gruppen works systematically on mapping climate risk and its opportunities and threats through its work on climate risk analysis in line with the TCFD's recommendations. The Board of Directors has the ultimate responsibility for overseeing the Group's work on climate risk.

In our 2020 Corporate Strategy, climate and environment is one of our four key initiatives. In the Corporate Social Responsibility report on pages 34-43, we give an account of the Group's initiatives related to climate and the environment.

### INSURANCE

Insurance has been taken out for the board members and the Managing Director for their potential liability to the company and third parties. Liability insurance has been taken out with Zurich Insurance Plc. and ANV Speciality Europe S.L. and covers AF Gruppen ASA and its subsidiaries. The Board considers the coverage to be market-based.

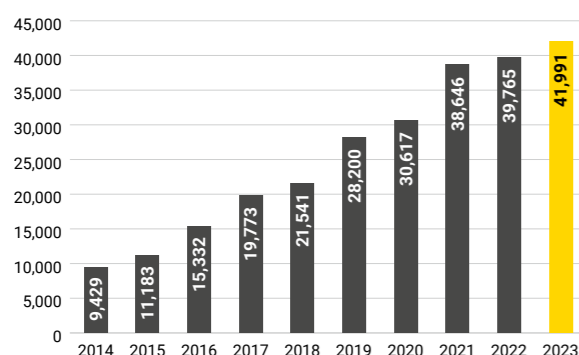
### MARKET OUTLOOK AND STRATEGY

Persistent inflation, higher interest rates and geopolitical unrest characterised the Norwegian and international economy throughout 2023. Significant interest rate increases were introduced in a short space of time to counteract a high level of inflation. Norges Bank is signaling that high wage growth and the weakening of the Norwegian krone probably will slow the decline in inflation, and that it will therefore be necessary to keep interest rates up for some time to come. The Riksbank in Sweden indicates that the risk of inflation persisting has decreased and signals that there is a possibility of lowering the Swedish policy rate earlier than expected. War in Europe and global geopolitical turmoil have had a major impact on price levels in recent years. Activity in critical transportation channels have been significantly reduced, which has resulted in higher freight costs for the rest of Europe. The price level for materials has stabilised at a high level in 2023. Long-term geopolitical tensions will continue to be a significant uncertainty factor going forward.

We consider the long-term outlook for our business areas to be good. The civil engineering market is strong and has traditionally been less sensitive to economic fluctuations due to public demand. There is still a lot of uncertainty for the construction and property sectors, but the main elements of uncertainty are showing signs of stabilising. Our Energy and Environment operations are seeing significantly increased demand. The Norwegian authorities have set ambitious targets for reducing energy consumption up to 2030, and high electricity prices make investments in energy-efficient measures very attractive. We also see significant market potential for the Offshore business area, where several large oil platform portfolios will be demolished over the next ten years.

The direction of AF Gruppen's strategy for the period

## ORDER BACKLOG (NOK MILLION)



2021-2024 remains unchanged, despite a geopolitical picture that has changed market conditions significantly since the start of the current strategy period. A value-based culture with an entrepreneurial spirit and a disciplined approach to attaining goals and stringent requirements provides AF with good prerequisites for competitiveness when future challenges are to be solved. AF Gruppen aims to be the most profitable contractor in the Nordic region. The financial targets set for the

current strategy period are to achieve revenues of NOK 40 billion, an operating margin of 7 per cent and a return on invested capital of 20 per cent. For health and safety, the goal is zero serious injuries and work-related absence. Clear targets have also been set for our climate and the environment efforts: By 2030, AF aims to reduce its waste going to incineration and landfills, as well as its relative greenhouse gas emissions, by half per service type relative to revenue. We aim to be climate-neutral by 2050. A new strategy for the period 2025-2028 is being developed in 2024.

AF has a solid corporate culture based on professionalism and high ethical standards as well as employees with a high level of expertise who work hard for the community. Clear strategic priorities and a strong financial position makes AF well-equipped to meet the challenges and take advantage of the opportunities that the market will provide in the future. With a solid order backlog totaling NOK 41,991 million (39,765 million), including a record-high contribution from the civil engineering business, we expect a high level of activity for AF Gruppen in 2024.

The Board thanks the employees for their significant contributions in 2023.

## OSLO, 10 APRIL 2024

**Morten Grongstad** Board chairman  
**Hilde Kristin Herud**  
**Saloume Djoudat**  
**Kristian Holth**  
**Hege Børmark**  
**Erik Tømmeraaas Veiby**

**Amund Tøftum** CEO  
**Marianne Gjertsen Ebbesen**  
**Espen Jahr**  
**Arne Sveen**  
**Hilde Wikesland Flaen**

Dokumentet er godkjent elektronisk og har derfor ikke håndskrevne signaturer.

## CONTRACTS ANNOUNCED ON OSLO BØRS IN 2023

Business area	Customer	Project	Contract amount in millions excl. VAT	Currency
Civil Engineering	Avinor	New airport, Mo i Rana	3,200	NOK
Civil Engineering	Nye Veier	New European route E6 Storhove-Øyer	1,800	NOK
Construction	Statsbygg	The Viking Age Museum	1,447	NOK
Construction	Oslobygg KF	Bjørvika School	1,200	NOK
Construction	FREVAR KF	Wastewater treatment plant in Fredrikstad (phase 2)	1,081	NOK
Construction	Linstow AS v/ Platou Eiendomsinvest 206 AS	Renovation of Akersgata 13-15 / Tollbugata 32 in Oslo	480 <sup>1)</sup>	NOK
Construction	Oslo Cancer Cluster Innovasjonspark AS	OCCI – Lamell 4	432	NOK
Construction	Lagunen DA	Expansion of Lagunen Shopping Center	365	NOK
Construction	Kokstaddalen 7 AS	Kokstad mobility hub in Bergen	287	NOK
Construction	The Student Welfare Organisation in Western Norway	Lotheveien 2-20	150	NOK
Construction	Hovden Hytteservice AS	Construction of a new bridge over the river Eidselva	147	NOK
Construction	City of Oslo	Rehabilitation of Oslo City Hall	140	NOK
Construction	Sameiet Dronning Mauds gate og Nordea Liv Eiendom	Renovation of Dronning Mauds gate 15	130	NOK
Construction	Larre Eiendom AS	Storgata 1 in Sandefjord	126	NOK
Construction	Vestland County Municipality	Reconstruction and rehabilitation of the county administration building in Leikanger	115	NOK
Construction	Statsbygg	New flood tunnel and the establishment of a seawater energy supply for the new Museum of the Viking Age	110	NOK
Construction	Frekhaug Torg AS	Residential and commercial building in Alver municipality	103	NOK
Betonmast	The Student Welfare Organisation in Gjøvik, Ålesund and Trondheim	Student housing, Nardoveien	930	NOK
Betonmast	Horten Industripark AS	Horten Industrial Park	840	NOK
Betonmast	Oslobygg KF	Expansion of Edvard Munch High School in Oslo	620	NOK
Betonmast	Oslobygg KF	Haukåsen School	500	NOK
Betonmast	Trøndelag County Municipality	Renovation and new construction of Trondheim Cathedral School	400	NOK
Betonmast	Bane Nor Eiendom og Tema Eiendom	Parkgata building stages 2 and 3 in Gjøvik	340	NOK
Betonmast	Fritzøe Eiendom AS	Saga commercial building in Larvik	239	NOK
Betonmast	Kristiansund Municipality	Goma primary school in Kristiansand	200	NOK
Betonmast	The Student Welfare Organisation in Gjøvik, Ålesund and Trondheim	108 student housing in Trondheim	129	NOK
Betonmast	PWS Godhavn Utbygging	The Byvy project in Trondheim	128	NOK
Betonmast	Oslobygg KF	Extends Edvard Munch high school in Oslo	0 <sup>1)</sup>	NOK
Energy and Environment	Statsbygg	Life Science Building K301 Piping and plumbing works	680	NOK
Sweden	Skeppsviken Bygg	Metsä Tissue paper mill	300	SEK
Sweden	Svenska kraftnät	Series compensation stations, Olingan and Gräsmark	219	SEK
Sweden	Vattenfall	Construction of Bruzaholm wind farm	210	SEK
Sweden	Eitech Engineering AB	Oensala station	162	SEK
Sweden	Flen Kommunfastigheter	The Gårdsjö Strand retirement home in Flen	150	SEK
Sweden	OBOS Nya Hem	Brf Roslagsporten	137	SEK
Sweden	Laholmsbuktens VA AB	Busör sewage treatment plant	134	SEK
Sweden	Riksbyggen	Brf Kopparvalvet	127	SEK
Sweden	Svenska kraftnät	Series compensation station in Isovaara	123	SEK
Sweden	Vattenfall	Velinga	122	SEK
Offshore	Heerema Marine Contractors	Heimdal field Equinor	Not disclosed	

<sup>1)</sup> Collaborative contract where the final contract amount is determined in interaction with customer. Only contracted agreements is included in the order book.

## HISTORICAL RESTORATIONS

This venerable building was constructed in the period 1915-1919 and was the headquarters of the shipping company Den Norske Amerikalinje. It is a landmark in the heart of downtown Oslo and reflects the importance of and earnings from maritime and seafaring operations during this time period. Today, Amerikalinjen is a hotel where guests can enjoy their stay in historic surroundings.

# ANNUAL ACCOUNTS

[152 GROUP ACCOUNTS](#)

[214 COMPANY ACCOUNTS](#)

[224 RESPONSIBILITY STATEMENT](#)

[225 AUDITOR'S REPORT](#)

[230 ALTERNATIVE PERFORMANCE MEASURES](#)

Antiquarian rehabilitation requires special expertise and professional knowledge. At Amerikalinjen, Kirkestuen has rehabilitated face-brickwork, windows and roofs. The chimneys have been dismantled and reassembled with recovered stone and lime mortar. All copper elements and fittings were replaced.



# CONSOLIDATED ANNUAL ACCOUNTS

<b>152</b>	<b>GROUP ACCOUNTS AF GRUPPEN ASA</b>
153	Income statement
153	Total comprehensive income
154	Statement of financial position
156	Statement of changes in equity
157	Cash flow statement
<b>158</b>	<b>NOTES</b>
158	<b>Note 1</b> General information
159	<b>Note 2</b> Material accounting policies
163	<b>Note 3</b> Significant accounting assessments, estimates and assumptions
164	<b>Note 4</b> Segment information
168	<b>Note 5</b> Acquisition and sale of businesses
169	<b>Note 6</b> Operating and other revenue
170	<b>Note 7</b> Payroll cost
172	<b>Note 8</b> Other operating expenses
172	<b>Note 9</b> Net gains/(losses)
173	<b>Note 10</b> Trade and non-interest-bearing receivables
174	<b>Note 11</b> Inventories
174	<b>Note 12</b> Projects for own account
175	<b>Note 13</b> Intangible assets
180	<b>Note 14</b> Property, plant and equipments
181	<b>Note 15</b> Leases
183	<b>Note 16</b> Provisions for liabilities
184	<b>Note 17</b> Trade payables and non-interest-bearing liabilities
184	<b>Note 18</b> Retirement benefits
185	<b>Note 19</b> Net financial items
186	<b>Note 20</b> Net interest-bearing receivables (debt)
188	<b>Note 21</b> Earnings and dividend per share
189	<b>Note 22</b> Financial risk management
192	<b>Note 23</b> Derivatives
194	<b>Note 24</b> Financial instruments: Category table
196	<b>Note 25</b> Income tax expenses
197	<b>Note 26</b> Deferred tax / deferred tax assets
199	<b>Note 27</b> Associated companies
201	<b>Note 28</b> Joint ventures
203	<b>Note 29</b> Subsidiaries
205	<b>Note 30</b> Significant non-controlling interests
206	<b>Note 31</b> Joint operations
207	<b>Note 32</b> Share capital and shareholder information
209	<b>Note 33</b> Remuneration of the Board of Directors and senior executives
211	<b>Note 34</b> Related parties
212	<b>Note 35</b> Pledge assets and guarantees
212	<b>Note 36</b> Contingencies
213	<b>Note 37</b> Climate risk
213	<b>Note 38</b> Events after the balance sheet date
<b>214</b>	<b>ANNUAL ACCOUNTS AF GRUPPEN ASA</b>
224	Responsibility statement from members of the board and CEO
225	Auditor's report

## INCOME STATEMENT

Amounts in NOK million	Note	For the financial year		
		2023	2022	2021
Operating revenue	6	30,156	30,970	27,751
Other revenue	6	374	235	117
<b>Total operating and other revenue</b>		<b>30,530</b>	<b>31,205</b>	<b>27,868</b>
Subcontractors		-15,774	-16,554	-14,633
Cost of materials		-5,131	-5,346	-4,440
Payroll costs	7, 33	-5,851	-5,487	-5,142
Depreciation and impairment of PPE and right of use assets	14, 15	-555	-526	-565
Amortisation and impairment of intangible assets	13	-22	-2	-1
Other operating expenses	8	-2,483	-2,072	-1,677
<b>Total operating expenses</b>		<b>-29,815</b>	<b>-29,986</b>	<b>-26,459</b>
Net gains/(losses)	9	65	56	99
Profit from associated companies and joint ventures	27, 28	-31	134	101
<b>Earnings before interest and tax (EBIT)</b>		<b>749</b>	<b>1,409</b>	<b>1,609</b>
Net financial items	19	-49	-10	-29
<b>Earnings before tax (EBT)</b>		<b>700</b>	<b>1,400</b>	<b>1,580</b>
Income tax expense	25, 26	-185	-248	-351
<b>Profit for the year</b>		<b>515</b>	<b>1,151</b>	<b>1,229</b>
<i>Attributable to:</i>				
Shareholders of the Parent Company		402	958	1,019
Non-controlling interests		112	193	210
<b>Profit for the year</b>		<b>515</b>	<b>1,151</b>	<b>1,229</b>
Earnings per share (NOK)	21	3.73	8.96	9.60
Diluted earnings per share (NOK)	21	3.73	8.96	9.57
Dividend per share (NOK) <sup>1)</sup>	21	3.50	6.50	10.50

<sup>1)</sup> Dividend for 2023 has been proposed for payment first half of 2024.

## TOTAL COMPREHENSIVE INCOME

Amounts in NOK million	Note	2023	2022	2021
<b>Profit for the year</b>		<b>515</b>	<b>1,151</b>	<b>1,229</b>
Change in actuarial gains or losses on pensions (gross)	18	-1	2	-3
Change in actuarial gains or losses on pensions (tax)	26	-	-	1
Translation differences for non-controlling interests		7	-6	-8
<b>Other comprehensive income that will not be reclassified to the income statement</b>		<b>6</b>	<b>-5</b>	<b>-10</b>
Change in cash flow hedging (gross)	23	-7	5	35
Change in cash flow hedging (tax)	23, 26	2	-1	-8
Translation differences for majority interests		83	-35	-46
<b>Other comprehensive income that may be reclassified to the income statement</b>		<b>77</b>	<b>-31</b>	<b>-19</b>
<b>Total other comprehensive income (OCI)</b>		<b>83</b>	<b>-36</b>	<b>-30</b>
<b>Total comprehensive income for the year</b>		<b>598</b>	<b>1,116</b>	<b>1,199</b>
<i>Attributable to:</i>				
- Shareholders of the Parent Company		479	929	997
- Non-controlling interests		119	187	202
<b>Total comprehensive income for the year</b>		<b>598</b>	<b>1,116</b>	<b>1,199</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

Amounts in NOK million	Note	2023	2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14, 35	1,797	1,462
Right-of-use assets	15	979	859
Goodwill	13	4,531	4,455
Intangible assets	13	8	6
Associated companies and joint ventures	27, 28	565	490
Deferred tax assets	26	167	76
Interest-bearing receivables	20, 22, 24	317	268
Pension plan and other financial assets	18, 23, 24	43	13
<b>Total non-current assets</b>		<b>8,407</b>	<b>7,630</b>
<b>CURRENT ASSETS</b>			
Inventories	11	439	301
Projects for own account	12	194	158
Trade and other non-interest-bearing receivables	10, 24	3,518	3,536
Contract assets	10, 24	1,710	2,021
Interest-bearing receivables	20, 24	32	44
Derivatives	22, 23, 24	2	-
Cash and cash equivalents	20, 24	347	765
<b>Total current assets</b>		<b>6,241</b>	<b>6,827</b>
<b>Total assets</b>		<b>14,647</b>	<b>14,457</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

Amounts in NOK million	Note	2023	2022
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S EQUITY</b>			
Equity attributable to Parent Company shareholders		2,323	2,575
Non-controlling interests	30	880	918
<b>Total equity</b>		<b>3,203</b>	<b>3,494</b>
<b>LONG-TERM LIABILITIES</b>			
Interest-bearing loans and credit facilities	20, 22, 24	93	75
Interest-bearing loans - Lease liability	15, 20, 22, 24	666	607
Pension liabilities	18	8	3
Provisions for liabilities	16	120	117
Deferred tax	26	441	445
Derivatives	22, 23, 24	11	2
<b>Total non-current liabilities</b>		<b>1,338</b>	<b>1,250</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans and credit facilities	20, 22, 24	233	433
Interest-bearing loans - Lease liability	15, 20, 22, 24	345	290
Trade payables and current non-interest-bearing liabilities	17, 24	7,067	6,423
Contract liabilities	17, 24	1,389	1,546
Derivatives	22, 23, 24	15	20
Provisions for liabilities	16	810	585
Current tax payable	25	247	416
<b>Total current liabilities</b>		<b>10,106</b>	<b>9,713</b>
<b>Total liabilities</b>		<b>11,444</b>	<b>10,963</b>
<b>Total equity and liabilities</b>		<b>14,647</b>	<b>14,457</b>

OSLO, 10 APRIL 2024

Morten Grongstad Hilde Kristin Herud Saloume Djoudat Kristian Holth Hege Bømark Erik Tømmeraas Veiby  
Board Chairman

Amund Tøftum Marianne Gjertsen Ebbesen Espen Jahr Arne Sveen Hilde Wikesland Flaen  
CEO

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



## STATEMENT OF CHANGES IN EQUITY

Amount in NOK million	Equity attributable to Parent Company shareholders							Non-control. interests	Total equity	
	Note	Share capital	Other paid-in equity	Translation differences	Actuarial pension gains/(losses)	Cash flow hedging	Retained earnings			Total
<b>2021</b>										
Equity as at 1 January 2021		5	756	62	-18	-49	1,839	2,593	901	3,494
Profit for the year		-	-	-	-	-	1,019	1,019	210	1,229
Other comprehensive income for the year		-	-	-46	-2	27	-	-21	-8	-30
<b>Total comprehensive income for the year</b>		-	-	-46	-2	27	1,019	997	202	1,199
Share capital increases	32	-	118	-	-	-	-	118	2	121
Purchase of treasury shares	32	-	-	-	-	-	-27	-27	-	-27
Sale of treasury shares	32	-	-	-	-	-	51	51	-	51
Dividend adopted and paid		-	-427	-	-	-	-689	-1,116	-186	-1,302
Share value-based remuneration	7	-	55	-	-	-	-	55	7	62
Transactions with non-contr. interests		-	-	-	-	-	-18	-18	-8	-26
<b>Equity as at 31 December 2021</b>		<b>5</b>	<b>501</b>	<b>16</b>	<b>-20</b>	<b>-22</b>	<b>2,175</b>	<b>2,654</b>	<b>918</b>	<b>3,572</b>
<b>2022</b>										
Profit for the year		-	-	-	-	-	958	958	193	1,151
Other comprehensive income for the year		-	-	-35	2	4	-	-29	-6	-36
<b>Total comprehensive income for the year</b>		-	-	-35	2	4	958	929	187	1,116
Share capital increases	32	-	125	-	-	-	-	125	-	125
Purchase of treasury shares	32	-	-	-	-	-	-66	-66	-	-66
Sale of treasury shares	32	-	-	-	-	-	57	57	-	57
Dividend adopted and paid		-	-	-	-	-	-1,125	-1,125	-240	-1,365
Share value-based remuneration	7	-	51	-	-	-	-	51	4	55
Non-controlling interests put options	16	-	-	-	-	-	41	41	-5	36
Addition from acquisition	5	-	-	-	-	-	-	-	14	14
Transactions with non-contr. interests		-	-	-	-	-	-89	-89	39	-50
<b>Equity as at 31 December 2022</b>		<b>5</b>	<b>677</b>	<b>-19</b>	<b>-19</b>	<b>-18</b>	<b>1,950</b>	<b>2,575</b>	<b>918</b>	<b>3,494</b>
<b>2023</b>										
Profit for the year		-	-	-	-	-	402	402	112	515
Other comprehensive income for the year		-	-	83	-1	-5	-	77	7	83
<b>Total comprehensive income for the year</b>		-	-	83	-1	-5	402	479	119	598
Share capital increases	32	-	81	-	-	-	-	81	2	83
Purchase of treasury shares	32	-	-	-	-	-	-34	-34	-	-34
Sale of treasury shares	32	-	-	-	-	-	32	32	-	32
Dividend adopted and paid		-	-	-	-	-	-700	-700	-142	-842
Share value-based remuneration	7	-	52	-	-	-	-	52	4	56
Non-controlling interests put options		-	-	-	-	-	-6	-6	-3	-9
Addition from acquisition	5	-	-	-	-	-	-	-	10	10
Transactions with non-contr. interests		-	-	-	-	-	-157	-157	-27	-184
<b>Equity as at 31 December 2023</b>		<b>5</b>	<b>810</b>	<b>64</b>	<b>-20</b>	<b>-23</b>	<b>1,487</b>	<b>2,323</b>	<b>880</b>	<b>3,203</b>

## CASH FLOW STATEMENT

Amounts in NOK million	Note	2023	2022	2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax		700	1,400	1,580
Depreciation and write-downs	13, 14	576	528	567
Share-based remuneration recognised in equity		56	55	62
Net financial expenses/(income)	19	49	10	29
Net (gains)/losses	9	-65	-56	-99
Profit attributable to associated companies and joint ventures	27, 28	31	-134	-101
Change in operating capital (excluding acquisitions and foreign currency)				
Change in inventories and projects for own account	11, 12	-164	-169	18
Change in trade and other non-interest-bearing receivables	10	375	-886	-672
Change in trade payables and other non-interest-bearing liabilities	17	464	1,013	314
Income tax paid		-470	-299	-283
<b>Net cash flow from operating activities</b>		<b>1,552</b>	<b>1,460</b>	<b>1,415</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Acquisition of business	5	-32	-70	-
Investments in property companies		-106	-70	-119
Purchase of property, plant and equipment and intangible assets	13, 14	-535	-291	-207
Proceeds from the sale of property companies		4	11	57
Proceeds from sale of property, plant and equipment		85	118	113
Payments for derivatives		1	1	-8
Dividends and capital received from associated companies and joint ventures		37	329	109
Payments due to change in interest-bearing receivables		-111	-16	-10
Proceeds due to change in interest-bearing receivables		21	32	217
Interest and other financial income received	19	24	23	23
<b>Net cash flow from investment activities</b>		<b>-613</b>	<b>67</b>	<b>175</b>
<b>Net cash flow before financing activities</b>		<b>939</b>	<b>1,527</b>	<b>1,589</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Issuance of shares		81	85	119
Dividends paid to shareholders in the Parent Company		-700	-1,125	-1,116
Dividends paid to non-controlling interests		-142	-240	-186
Transactions with non-controlling interests		-23	-135	-28
Proceeds from new interest-bearing debt	20	1	381	50
Repayment of interest-bearing debt	20	-516	-352	-393
Net (purchase)/sale of treasury shares	32	-2	-9	24
Interest and other financial expenses paid	19, 20	-99	-41	-35
<b>Net cash flow from financing activities</b>		<b>-1,401</b>	<b>-1,437</b>	<b>-1,565</b>
<b>Net change in cash and cash equivalents</b>		<b>-462</b>	<b>90</b>	<b>24</b>
Cash and cash equivalents as at 1 December	20	765	680	708
Foreign exchange effect on cash and cash equivalents		44	-4	-52
<b>Cash and cash equivalents as at 31 December</b>	<b>20</b>	<b>347</b>	<b>765</b>	<b>680</b>

## NOTE 1 GENERAL INFORMATION

AF Gruppen ASA is a public limited company registered in Norway and listed on the Oslo Stock Exchange. The Company's head office is located at Innspurten 15, 0603 Oslo, Norway.

The annual financial statements were adopted by the Board of Directors on 10 April 2024 and are expected to be approved by the Annual General Meeting on 15 May 2024.

AF Gruppen is one of Norway's leading contracting and industrial groups with operations in the areas of Civil Engineering, Construction, Property, Energy, Environment and Offshore, primarily in Norway and Sweden. The

Group's activities are described in greater detail in Note 4 – Segment information.

In the preparation of the annual financial statements, the management has determined what is material information. Information is considered material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users make based on the annual financial statements. Whether information is considered material depends on the magnitude and nature of information that is omitted or misstated, considering the specific circumstances.

As a result of rounding off, the numbers or percentages in the consolidated financial statements will not always add up to the total.

## NOTE 2 MATERIAL ACCOUNTING POLICIES

### BASIS OF PREPARATION

The consolidated financial statements of AF Gruppen have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU, as well as Norwegian disclosure requirements that follow from the Norwegian Accounting Act.

The consolidated accounts have been prepared on the basis of uniform accounting principles for equivalent transactions and events under otherwise equivalent circumstances. The accounting policies applied in the consolidated financial statements are consistent with the policies applied in the previous accounting periods, with exceptions of any new and amended accounting standards.

Areas with a high degree of discretionary assessments or a high level of complexity, or areas where assumptions and estimates are essential to the accounts, are described in Note 3 - Significant accounting assessments, estimates and assumptions.

### NEW AND AMENDED ACCOUNTING STANDARDS

#### New standards, amendments and interpretations that have been implemented by the Group

In 2023, the Group has not implemented new or amended accounting standards or interpretations that have a significant impact on the Group's financial standing or results.

The IASB has adopted changes to IAS 1 Presentation of Financial Statements and Practice Statement 2 Making Materiality Judgements, which clarify that companies should disclose significant information about accounting principles rather than important accounting principles. The change has resulted in some rewriting of the accounting policies note.

There have been changes in IAS 12 Income Tax for accounting periods from January 1, 2023, related to the OECD's international tax reform Pillar Two, which aims to ensure that large multinational companies receive a minimum tax rate of 15%. AF Gruppen is working to map the effect of Pillar Two. Preliminary assessments indicate that AF Gruppen will not receive additional taxation as a result of the new regulations.

#### New future standards, amendments, and interpretations

The IASB has issued amendments to existing standards and interpretations that have not yet taken effect at the end of 2023. Amended standards and interpretations are not expected to have any material impact on the consolidated financial statements of AF Gruppen.

### CONSOLIDATION POLICIES

#### Subsidiaries

The consolidated financial statements includes the financial statements of AF Gruppen ASA (the parent company) and the associated subsidiaries.

#### Business combinations

Business combinations are recognised in accordance with the acquisition method of accounting. The consideration provided is measured at the fair value of the assets transferred, liabilities assumed and equity instruments issued. Any contingent consideration elements are included in the consideration at fair value on the acquisition date. Contingent consideration that is not settled in equity instruments is a liability that is measured at fair value with value changes through profit or loss.

For the acquisition of a business, the identifiable assets and liabilities, including the identified excess values, are recognised on the balance sheet at fair value on the acquisition date. If the sum of the consideration exceeds the fair value of the net identified assets and liabilities in the acquired company on the acquisition date, the difference will be recognised on the balance sheet as goodwill. Goodwill is allocated to the cash-generating units or groups of cash-generating units. In most cases, a cash-generating unit in AF will be a legal entity.

#### Business combinations by step-by-step acquisitions

For step-by-step acquisitions, the earlier equity interest in the acquired company should be remeasured at fair value on the acquisition date when AF Gruppen acquired a controlling influence over the company. Any gains or losses are recognised in the income statement.

#### Change in ownership interests with loss of control

When the Group no longer has a controlling influence, any remaining equity interest is measured at fair value with the recognition of gains/losses through profit or loss.

#### Non-controlling ownership interests and change in ownership interests without a change of control

Non-controlling ownership interests include the non-controlling owners' share of the carrying amount of subsidiaries, including the share of identified excess value on the acquisition date. The non-controlling ownership interest's share of goodwill is calculated in cases where goodwill is also recognised for the non-controlling owner's share at the time of acquisition. The minority interest may be negative if the share of assets and liabilities is negative.

Transactions with non-controlling ownership interests in subsidiaries are treated as equity capital transactions. For the purchase of shares from non-controlling ownership interests, the difference between any consideration paid and the shares' proportionate share of the carrying amount of the net assets in the subsidiary is recognised in the equity of the parent company's owners.

#### Joint arrangements and associated companies

Joint ventures and associated companies are particularly relevant for AF in connection with property development. Joint ventures and associated companies are recognised at the acquisition cost on the acquisition date. Afterwards, the units are recognised in accordance with the equity method of accounting. The carrying amounts include any excess value and goodwill identified on the acquisition date, less subsequent depreciation, amortisation and impairment losses.

The Group's share of the profit or loss in joint ventures and associated companies is recognised in the income statement and added to the carrying amount of the investments. This applies from the date significant influence is achieved until such influence ceases. When the Group's share of losses exceeds the investment in a joint venture or associated company, the Group's book value is reduced to zero. Further losses are not recognised unless the Group is obligated to cover the loss.

Unrealised income and profit related to transactions with associated companies and jointly controlled business are eliminated according to the Group's share of the company/business.

AF Gruppen has a joint operation in the business area Civil Engineering. A joint operation is a collaboration between two or more participants, where the risk of profit and loss as well as the right to assets and obligation to liabilities are shared. The business is controlled by the participants jointly and requires unanimity in significant decisions. An overall assessment of the legal form of the arrangement, contractual terms, and other facts is made to define whether the collaboration is a joint operation. The result, assets, and liabilities in a joint operation are consolidated according to AF's ownership share.

#### Foreign currency translation

##### Functional currency and presentation currencies

The consolidated financial statements are presented in Norwegian kroner (NOK), which is both the Parent Company's functional currency and the Group's presentation currency.

## NOTE 2 MATERIAL ACCOUNTING POLICIES CONT.

### Group companies

The income statement and balance sheet for group companies with a functional currency different than the presentation currency are translated as follows:

- Balance sheet items are translated at the rate prevailing on the balance sheet date.
- Income statement items are translated at the transaction exchange rate. The average monthly rates are used as an approximation of the transaction date exchange rates.
- Translation differences are recognised under other comprehensive income.

In the event of loss of control, significant influence or joint control, the part of accumulated translation differences associated with the investment attributable to the controlling ownership interests is recognised in the result. In the case of partial disposal of subsidiaries (not loss of control), the proportional share of accumulated translation differences is reallocated to non-controlling interests.

Goodwill and excess value from the acquisition of a foreign unit will be treated as assets and liabilities in the acquired unit and translated at the exchange rate on the balance sheet date.

### REVENUE RECOGNITION PRINCIPLES

Revenue is recognised based on a pattern that reflects the transfer of goods or services to customers. Sales revenue is presented excluding value-added tax and discounts.

Bid expenses and other costs related to acquiring projects are recognised as expenses in the income statement when they occur.

### Production contracts

A significant portion of AF Gruppen's business activities consists of construction and civil engineering projects. The projects are carried out on behalf of public and private clients based on contracts. The characteristic feature of such contracts is that they are client financed. Production contracts consist primarily of contracts with a single performance obligation. Combinations of contracts may exist, for which an assessment has been made that they represent a single performance obligation.

Performance obligation in production contracts is transferred to the customer over time, and project revenues are recognised in line with the degree of completion and the estimated transaction price for the performance obligation.

The progression of the performance obligation, the percentage of completion, is calculated as the production carried out in relation to the production agreed on. Assessments of the percentage of completion based on both input and output methods are used, depending on what is appropriate for the individual contracts. The method for calculating the degree of completion is consistently used for the same type of contracts. An input-based calculation of the degree of completion is calculated on the basis of incurred costs on the balance sheet date in proportion to the estimated total costs in the performance obligation. An output-based calculation is based on completed production, that is, delivery carried out on the balance sheet date AF Gruppen has the right to payment for, in relation to agreed production in the performance obligation. Regardless of the method for calculation of the completion rate, an overall assessment is made of the reasonableness of the completion rate against known factors to ensure that this would not be significantly different had another method been used. The methods that are used are considered to provide the best estimate for completion of the projects based on the observable factors that are available to the project at the reporting date.

The transaction price used for the performance obligations is calculated using a best estimate based on the contractual conditions and judgement.

The transaction price includes both fixed and variable elements. Variable compensation is included in the expected transaction price using a best estimate, when it is highly probable that this will not entail a significant reversal of recognised cumulative operating revenue. It is considered highly probable that cumulative operating revenue will not be reversed when the revenue is regarded as being legally enforceable. Variable compensation also includes non-cash compensation. If financing elements are identified in the contracts, these will be taken into account in the expected transaction price.

In the early stages of a project, a smaller than the proportionate share of the expected profit is recognised, since the remaining risk in the project is assessed as high. In the final stages of the project, a larger share of the expected profit is recognised, since the project results can be estimated with a greater degree of certainty at this point in time and there is a narrower range of outcomes in the projects. Such risk adjustment of the expected contribution ratio is particularly relevant in civil engineering projects and other large projects that take place over several years. Risk adjustment can arise as a result of a downward adjustment of the percentage of completion (costs incurred divided by the total costs will be lower due to the fact that the total costs include future potential costs that may arise due to risk), or as a downward adjustment of the estimated transaction price due to a reduction in the variable compensation estimates. Which method is used is dependent on whether the future risk lies on the revenue or cost side. When the outcome of the project cannot be estimated reliably, only revenue equivalent to the incurred project costs will be recognised.

The recognition of revenue from disputed claims, claims for additional work, change orders, incentive bonuses, etc., starts when it has been recognised that AF Gruppen's rights to the consideration are legally enforceable. In most cases, additional work and change orders are not separate performance obligations. Thus, they are generally recognised with a cumulative catch-up effect. Changes that are regarded as a separate performance obligation are recognised in accordance with the prospective method.

Provisions are made for identified and expected warranty work. Warranty work in AF Gruppen's production contracts is not a separate performance obligation.

Tender costs are included in the completion rate for the performance obligations if it has been assessed that the work that has been performed will contribute to fulfilling the performance obligation. Inefficiency costs, i.e. costs that were not taken into account in the pricing of the performance obligation, are recognised when they arise and are not included in the completion rate for the performance obligation. Materials are not included in the project's percentage of completion until the materials have been installed and regarded as having been handed over to the customer.

### Projects for own account

Projects for own account largely involve the development and construction of apartment buildings for sale. An apartment building consists of many units, and the majority of the units are sold before a project starts. Each apartment is regarded as a separate performance obligation.

Apartments are sold to individual customers, and the revenue is recognised when the apartment is handed over. The expenses in projects for own account are capitalised on an ongoing basis in the balance sheet as projects for own account under current assets until they are recognised in the income statement. The associated prepayments from customers is recognised as current liabilities.

Provisions are made for identified and expected warranty work. Warranty work in AF Gruppen's projects for own account is not a separate performance obligation.

## NOTE 2 MATERIAL ACCOUNTING POLICIES CONT.

### Demolition work

Demolition work encompasses the demolition of buildings, oil platforms and other installations. Demolition work is often defined as a performance obligation for each contract. The expected compensation is recognised over time, since the customer receives and consumes the benefits of the enterprise's performances gradually as the performance obligation is fulfilled. Progress in contracts of this type are measured based on an input-based method. This is considered a good estimate of the transfer of the service to the customer, since the input factors in the projects are measurable, and accrue evenly in relation to the handover of the performance obligation.

The transaction price is assessed in the same manner as for production contracts. Demolition contracts often include non-cash compensation in the form of AF assuming ownership and responsibility for the processing of the demolished structures. The value of non-cash compensation is assessed using a best estimate, and it is included in the expected transaction price.

### Order backlog

The remaining transaction price for uncompleted performance obligations is defined as the order backlog. Information on the order backlog is stated in the segment note, broken down by the order backlog for the following year and the order backlog for subsequent years.

### OTHER ACCOUNTING POLICIES

#### Classification of receivables and liabilities

A contractual receivable represents AF Gruppen's unconditional right to compensation from a customer. Compensation is unconditional if payment is only dependent on time before it takes place. A contractual receivable will be the sum of the trade receivables (invoiced amount) and the "unearned, invoiced" amount that reduces the trade receivables. This amount represents AF's assessment of our unconditional right to compensation for goods and services that have been performed on behalf of the customer.

A contract asset represents AF Gruppen's conditional right to compensation from a customer. Contract assets will consist of "earned, not yet invoiced" and "credit balances". "Earned revenue, not yet invoiced" represents the estimated production carried out on behalf of a customer beyond what has been invoiced or paid and will become an unconditional right to payment (a contractual receivable) upon the fulfilment of milestones in accordance with the agreed payment plan. The "credit balances" in accordance with Norwegian Standard contracts represent security for the client during the construction period, and they are a percentage of the ongoing invoices that is retained until the project has been handed over and the final invoice issued.

A contract obligation is an obligation to transfer goods or services to a customer when the compensation has already been received. "Prepayments from customers" represent such compensation received.

Projects for own account (including land for development) are recognised as current assets.

Provisions for warranties on projects are classified as current liabilities, even if a large portion of the provisions are expected to mature in more than one year.

#### Property, plant and equipment

Each significant component of fixed assets is depreciated over the estimated useful life and by using the linear method, with the exception of the tunnel boring machine in the joint operation which is depreciated in line with production.

Leased plant and equipment that are not expected to be acquired at the end of the term of the lease will be depreciated over the shorter of the lease period or the useful life. Leased plant and equipment that are expected to be

acquired at the end of the term of the lease will be depreciated over the expected life.

The depreciation period and depreciation method are evaluated annually, and the disposal value is estimated at the year end. Changes are recognised as a change of estimate.

#### Intangible assets

##### Goodwill

Goodwill is recognised on the balance sheet at the acquisition cost less write-downs. Goodwill is not amortised but is tested at least once a year for impairment. Any write-down of goodwill will not be reversed even if the grounds for the impairment no longer exist.

##### Patents and licences

Amounts paid for patents and licences are recognised on the balance sheet and amortised on a straight-line basis over their expected useful life, normally 5 years.

##### Software

Expenses related to the purchase of new software are recognised on the balance sheet as intangible assets if these expenses are not part of the acquisition cost for hardware. Software is normally amortised on a straight-line basis over 3 years.

##### Leasing

In order to determine whether an agreement is a lease agreement or contains a lease element, the substance of the agreement is assessed. If the fulfillment of the agreement requires the use of a specific asset or group of underlying assets and transfers the right to control the use of the underlying asset for a period in exchange for a consideration, the agreement is treated as a lease under IFRS 16. AF Gruppen has significant rent of construction machinery and a number of office space, but also rent related to production facilities and car rental.

Each individual rental component in the contract is recognised as a lease separately from non-lease components in the contract. At the time of commencement of a lease, a lease liability and a corresponding right-of-use asset are recognised for all leases. AF Gruppen does not capitalise leases with a duration of less than 12 months. For these leases, the lease payments are recognised as other operating expenses when they occur. This applies, among other things, to terminable short-term leases, such as the rental of barracks and scaffolding. Service items in lease contracts that are defined as "non-lease components" are separated and recognised in profit or loss as operating costs separately from the leased component.

The effects of leases are presented in a separate note.

##### Lease liabilities

The lease obligation is classified as an interest-bearing liability in the consolidated financial statements. Lease liabilities at the time of commencement are calculated as the present value of future lease payments, and, if applicable, residual values at the end of a lease contract. The lease period is the non-terminable term of the lease, in addition to periods covered by an option, either to extend or terminate the lease if it is reasonably certain that the Group will exercise this option. In case of a purchase option, the lease obligation will include an exercise price for a purchase option. For most leases in AF Gruppen, there is no purchase option after the end of the lease. No material uncertainty exists related to assessments regarding optional periods and the carrying amount of lease contracts recognised in the financial statement.

The measurement of the lease obligation in subsequent periods takes into account the interest on the lease obligation, lease payments made, and any reassessments, changes, and adjustments to the lease.

## NOTE 2 MATERIAL ACCOUNTING POLICIES CONT.

The liability has been calculated with a discount rate corresponding to the marginal borrowing rate for the relevant company, for each class of underlying asset, and adjusted for the agreement's remaining lease term.

### Right-of-use assets

Right-of-use assets are measured at historical cost, less accumulated depreciation on a straight-line basis during the term of the lease, and impairment losses, adjusted for any new measurements of the lease liability.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to recognise any identified impairment losses.

### Financial instruments

#### Derivatives

Financial derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. All derivatives are measured at fair value, normally with changes in value through profit or loss. The fair value change of forward foreign exchange contracts and commodity derivatives is recognised in the operating profit.

AF uses hedge accounting for selected revenues and costs in foreign currency, net investment in foreign currency, and the commodity price of steel. The change in value of derivatives that are designated as hedging instruments and satisfy the documentation requirements in IFRS 9 are recognised in accordance with the principles of hedge accounting. For cash flow hedging, changes in the fair value of derivatives are recognised in other comprehensive income (OCI). The entries are reversed and recognised as income or an expense during the period the hedged transaction is recognised in the income statement. Hedging of net investment in foreign currency is recognised in a similar manner as cash flow hedging.

Currency and commodity forward contracts that mature within 12 months are presented as short-term derivatives, and contracts that mature in more than 12 months are classified as long-term derivatives in the financial position.

### Receivables

Short-term and long-term receivables are assessed at their amortised cost by means of the effective interest rate method. Due to the short term to maturity for trade receivables and other receivables, the receivables will in practice be recognised at their nominal value less expected losses.

### Inventories

Inventories are recognised on the balance sheet at cost or net selling price, whichever is the lower. Inventories mainly consist of spare parts, equipment, and materials for use in production. Cost is recognised using the FIFO method and includes expenses incurred in acquiring the goods and the cost of bringing them to their present state and location.

### Employee benefits

#### Share-based remuneration

Once a year, AF Gruppen offers its employees the opportunity to purchase discounted shares in AF Gruppen ASA with a one-year lock-in period. This is done either from the sale of treasury shares or by a private offering. The

sale of shares is recognised in accordance with the requirements for share-based remuneration.

Discounts on the sale of treasury shares to employees are recognised as expenses at fair value on the allotment date. When valuing the discount, the lock-in period is not considered.

AF Gruppen also offers share options to employees through a three-year option program. Each option gives the right to buy a share at a predetermined future date at a set price. Options are measured at fair value at the time of allotment. The calculated value of the estimated share of the options that are expected to be redeemed is recognised in the income statement as a payroll cost, and the counter entry is made under other paid-in equity. The cost is distributed over the period until the employee acquires an unconditional right to redeem the options. The estimate for the number of options expected to be redeemed is reassessed on each balance sheet date. Any changes reduce the cost cumulatively with a corresponding adjustment of equity.

The employer's tax for the salary benefit associated with outstanding options is recognised in the income statement based on the best estimate of the obligation.

### Provisions

A provision for guarantees is recognised in line with the revenue recognition in the project. The provision is based on historical information on guarantees and the probability that the guarantee cost will occur.

Provisions for loss-making contracts are recognised when the Group's expected revenue from a contract is less than the unavoidable costs incurred in order to fulfil the obligations under the contract.

In connection with completed business combinations, there may be agreed sales options on all or parts of the sellers' remaining interests in the acquired company. The sale price of the shares at the time of the redemption of the options is in such cases dependent on the acquired company's future performance. The estimated fair value of issued sales options is discounted and recognised as a liability at the time of the business combination with a counter entry in the equity of the majority interests. Subsequent changes in the fair value of the liability are recognised through profit or loss. Changes in the liability that follow from the options not being redeemed are recognised directly in equity.

### Borrowing costs

Borrowing costs are capitalised to the extent that they can be directly attributed to the production of an asset that takes a significant amount of time to prepare for use or sale. AF Gruppen recognises borrowing costs that accrue during the production of projects for own account (residential units) in the financial position. The same is done for operating assets that are produced for use in the Group's own business. The capitalisation of borrowing costs ceases when the assets are completed.

### Cash and cash equivalents

Cash and cash equivalents are the Group's bank balances, they include liquid and restricted funds. Bank overdrafts are included in loans under current liabilities in the financial position.

## NOTE 3 SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

In the preparation of the annual financial statements, the management has used estimates and assumptions that have affected the valuation of assets and liabilities, recognition of revenues and expenses, and information on potential liabilities for accounting purposes. The estimates and underlying assumptions are assessed continuously based on historical experience and other factors, including expectations of future events that are assessed to be reasonable under the current circumstances. The estimates used in the accounts are based on uniform policies.

Changes in accounting estimates are recognised in the period in which they occur. If the changes also apply to future periods, the effect of the changes will be distributed between the present and future periods.

### PRODUCTION CONTRACTS RECOGNISED OVER TIME

AF Gruppen's activities consist primarily of carrying out projects with revenue recognition over time. Revenue recognition over time is based on estimates and assessments made based on the management's best estimate. For detailed information on the revenue recognition principles, see Note 40 Significant accounting policies under the section on revenue recognition principles.

The estimates with the greatest impact on revenue recognition are linked to an assessment of the final prognosis, progress, variable compensation, and any disputes or disagreements with clients, etc. The scope and complexity of the assessments entail that the actual contribution margins at the end of projects may deviate from the assessments made at year end. Revenue is recognised to the extent that the management assesses that it is highly unlikely that a reversal of the accumulated revenue will take place.

The contribution ratio of the projects is assessed for each accounting period in accordance with a conservative best estimate based on the management's judgement and experience. The Group's policy is to take a lower share of the expected profit early in the project when the level of uncertainty is the highest, and a correspondingly greater share of the expected profit towards the end of the project. The purpose of this is to avoid the reversal of profit recognised earlier. The assessment of the contribution ratio will affect the recognition of revenue for the period.

The progress is assessed based on the input or output method, depending on the contracts. The progress is an estimate, and it will affect the accrual of revenue for projects that are recognised over time.

Variable compensation is an estimate that is included in the expected transaction price, and it is common in production contracts. The Group's policy is to recognise variable compensation in the transaction price in accordance with a conservative best estimate when it is reasonably certain that it will not be reversed. The assessment of the variable compensation affects the assessment of the progress in cases where there is an output-based progress measurement and estimated contribution ratio in the projects.

Disputes and disagreements with the other contracting party are recognised in accordance with a conservative best estimate in the consolidated financial statements.

The estimates and assumptions related to recognition will affect identified contractual receivables in the projects, i.e. the amount to which the Group believes that it has an unconditional right due to the goods or services delivered. Contractual receivables are calculated as invoiced trade receivables less provisions for losses and invoiced revenue not yet considered to be earned. The assessment of progress and the assessment of the outcome of disputes and disagreements will be of the greatest importance to the contractual receivables.

As a consequence of the estimates concerning revenue recognition, the projects will have, in addition to a possible contractual receivable, outstanding contractual assets or liabilities with the customer, depending on whether performance of the service or payment has taken place first. The estimates that will have the greatest consequences for the size of the asset or liability will be the assessment of the progress and contribution ratio for the projects.

Lines in the accounts with significant estimates related to projects	Note reference	Recognised value of project-related items (NOK million)		
		2023	2022	
Revenue from production contracts and the performance of services	6	29,977	30,731	
Current receivables and current liabilities	10, 17	Contractual asset:	1,710	2,021
		Contractual receivable:	3,227	3,340
		Contractual obligation:	1,389	1,546
Provisions	16	Warranty work	592	384
		Other provisions	289	210

### GOODWILL

Goodwill is not amortised, but is tested at least once a year for impairment. In the impairment test the carrying amount of goodwill and net working capital is measured against the recoverable amount from the cash-generating unit to which the asset is allocated. The recoverable amount from cash-generating units is determined by calculating the value in use. The calculation of value in use requires management to exercise judgment when estimating future cash flow and in the calculation of the discount rate. For a description of tests performed and key assumptions, including sensitivity analysis, reference is made to Note 13 – Intangible assets.

Lines in the accounts with significant estimates related to goodwill	Note reference	Recognised value of goodwill (NOK million)	
		2023	2022
Goodwill	5, 13	4,531	4,455

## NOTE 4 SEGMENT INFORMATION

The operating segments as they are presented in the annual report correspond to the operational structure and the division the Corporate Management Team manages when they evaluate performance and profitability at a strategic level. The segment results used for management by the Corporate Management Team are the earnings before interest and tax (EBIT) and earnings before tax (EBT). AF Gruppen is operationally divided partly by business and partly by geography. Hereafter and otherwise in the annual report the operating segments are referred to as business areas.

### BUSINESS AREAS

AF Gruppen is a project-based contracting and industrial group. The Corporate Management Team managed the business operations in 2023 on the basis of the Civil Engineering, Construction, Betonmast, Property, Energy and Environment, Sweden and Offshore business areas. The business units AF Bygg Väst, AF Bygg Öst, AF Öresund, AF Bygg Stockholm og AF Anläggning Väst have been transferred from the business area Betonmast to the business area Sweden from 01/01/22. Comparative figures have been restated.

Civil Engineering carries out large complex civil engineering projects and niche projects in the following areas: roads and railways, bridge, port facilities, airports, tunnels, foundation work and power and energy, rehabilitation and construction of concrete structures, as well as onshore facilities for oil and gas. The business area is a turnkey supplier of civil engineering services in Norway and has also one project in Sweden. The business area consists of the following business units: AF Anlegg, Målselv Maskin & Transport, Eiqon, Consolvo and Stenseth & RS.

The Construction business area performs traditional construction activities in the Norwegian market with a solid local base. The business includes the development, engineering and construction of commercial, residential and public buildings, as well as rehabilitation projects. Construction has a strong market position in the central Eastern Norway and Bergen regions. The business area consists of the following business units: AF Bygg Oslo, AF Byggfornyelse, AF Bygg Østfold, Strøm Gundersen, Strøm Gundersen Vestfold, Haga & Berg, AF Håndverk, LAB Entreprenør, Åsane Byggmester-forretning, Fundamentering (FAS) and Helgesen Tekniske Bygg (HTB).

Betonmast is one of Norway's largest building contractors. The company's project portfolio includes everything from large residential property projects to commercial and public buildings. Betonmast has special expertise in project development and collaborative contracts. Betonmast is also engaged in property development in Norway. The business area consists of the following business units: Betonmast Boligbygg, Betonmast Oslo, Betonmast Trøndelag, Betonmast Romerike, Betonmast Røsand, Betonmast Østfold, Betonmast Innlandet, Betonmast Buskerud-Vestfold, Betonmast Asker og Bærum and Betonmast Eiendom.

Property develops residential units and commercial buildings in Norway. The activities take place in geographic areas where AF has its own production capacity. AF cooperates closely with other players in the industry, and the development projects are mainly organised as part-owned companies that are recognised in accordance with the equity method of accounting. The profit that is recognised in Property corresponds to the earnings after tax multiplied by the ownership interest. The business area consists of the business units AF Eiendom and LAB Eiendom.

Energy and Environment offers smart and 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 and, over 80 per cent of the masses can be reused. Energy services for onshore activities are performed in the business unit AF Energi. The environmental operations are carried out in the business unit AF Decom, including the environmental parks Rimol, Jølsen, and Nes, and the environmental consulting company Mepex.

The Sweden business area encompasses activities related to construction, civil engineering, property and environmental activities in Sweden. The business area consists of the following business units:

Kanonaden Entreprenad, AF Prefab i Mälardalen, AF Bygg Syd, AF Projektutveckling, AF Hämösand Byggreturer, HMB, AF Bygg Väst, AF Bygg Öst and AF Anläggning Väst. The geographical area includes Stockholm, Mälardalen, Southern Sweden and Gothenburg.

Offshore encompasses AF's services connected to the removal, demolition and recycling of offshore installations. Offshore also includes construction, modification and maintenance work related to HVAC, as well as the electrification of marine vessels. The business area consists of the business units: Aeron and AF Offshore Decom. Offshore also has activities at AF Miljøbase Vats.

Activities that are not allocated to the business areas are presented as Other and primarily involve activities in the Parent Company as well as staff and common services. AF Gruppen's corporate cash pooling system is included in Other. Transactions between segments in the Group are based on market terms and in accordance with the arm's length principle. Transactions and balances between the various segments, in addition to elements of internal profit, are presented in the eliminations column in the segment note.

### CONTRACT TYPES

AF Gruppen's revenues are primarily from production contracts of varying sizes and durations. The client, who may be from the public or private sector, is responsible for the financing. AF Gruppen also provides a small percentage of services that are billed by the hour, cf. note 6 Operating and other revenue. In addition, the Property business area is engaged in projects for own account related to the development and construction of residential units and commercial property for sale. These projects are self-financed and are usually organised in associated companies and joint ventures.

### ACCOUNTING POLICIES

The segment information is presented in accordance with the Group's accounting policies based on IFRS, with the exception of the principles for revenue recognition for the sale of residential property. This policy exception applies to the business areas Construction, Property and Sweden. Revenue from projects for own account in these segments are recognised as the product of the degree of completion, the percentage sold and the expected contribution margin. This means, for example, that a project that is 50 per cent complete, 50 per cent of which is sold, will be recognised with a contribution margin of 25 per cent of the total expected contribution margin. Projects for own account are recognised in the consolidated financial statements in accordance with the principles in IFRS 15 Revenue from Contracts with Customers. In accordance with IFRS 15, all of the revenue and the associated costs are recognised at a single point in time, normally on delivery. The effect of the deviant application of principles on the consolidated accounts is shown in a separate table in the segment information (GAAP-adjustment).

### MAJOR CUSTOMERS

The public sector in Norway, including 100% publicly owned corporations such as Nye Veier AS, constitutes 21.4% (23.2%) of AF Gruppen's total operating revenues. In 2023, MNOK 6,439 (7,199) was recognized as revenue related to contracts entered into with the public sector in Norway. Of these, the Water and Sewage Department in Oslo municipality accounted for 3.5% (0.9%), corresponding to a revenue of MNOK 1,056 (283). The public sector in Sweden constitutes 8.2% (6.2%) of total operating revenues in the AF Gruppen. In 2023, MNOK 2,484 (1,922) was recognized as revenue related to contracts entered into with the public sector in Sweden. Of these, Trafikverket in Sweden accounted for 6.0% (4.5%), corresponding to a revenue of MNOK 1,816 (1,391).

### IMPAIRMENT LOSSES

In 2023, goodwill of MNOK 19 was written down related to business in Sweden and MNOK 21 was written down in the development portfolio for Property, primarily related to commercial buildings. There have been no write-downs in 2022 or 2021.

## NOTE 4 SEGMENT INFORMATION CONT.

Amounts in NOK million	Civil Engineering	Construction	Betonmast	Property	Energy & Environment	Sweden	Off-shore	Other	Elim.	GAAP adj.	Total
<b>2023</b>											
<b>INCOME STATEMENT</b>											
External revenue	6,458	10,124	4,551	27	1,341	7,423	1,081	110	-350	-235	30,530
Internal revenue	318	58	3	-	76	78	1	61	-595	-	-
Total revenue	6,776	10,182	4,553	27	1,417	7,501	1,082	171	-945	-235	30,530
Earnings before interest, tax, depreciation and amortisation (EBITDA)	754	483	55	-20	156	-60	-95	104	-32	-20	1,325
Earnings before interest and tax (EBIT)	550	396	34	-20	90	-152	-124	27	-32	-20	749
Earnings before tax (EBT)	572	378	58	-8	96	-160	-139	-45	-32	-20	700
<b>KEY FIGURES AND FINANCIAL STATEMENT</b>											
EBITDA margin	11.1 %	4.7 %	1.2 %	-	11.0 %	-0.8%	-8.7%	-	-	-	4.3 %
Operating margin	8.1 %	3.9 %	0.7 %	-	6.3 %	-2.0%	-11.5%	-	-	-	2.5 %
Profit margin	8.4 %	3.7 %	1.3 %	-	6.8 %	-2.1%	-12.9%	-	-	-	2.3 %
Assets as at 31 December	4,007	5,109	3,191	842	923	2,816	1,098	1,995	-5,239	-94	14,647
Capital employed as at 31 December	1,464	1,897	1,424	818	419	1,412	581	1,203	-4,584	-95	4,540
Number of employees as at 31 December	1,878	1,618	618	21	383	951	247	197	-	-	5,913
<b>REMAINING PERFORMANCE OBLIGATIONS (ORDER BACKLOG)</b>											
Order backlog 2024	6,969	6,133	3,600	-	1,221	4,217	866	-	-144	610	23,472
Order backlog, subsequent years	11,172	3,331	2,602	-	28	911	543	-	-69	-	18,519
Total order backlog as at 31 December	18,140	9,464	6,203	-	1,249	5,128	1,410	-	-213	610	41,991
<b>DISTRIBUTION OF REVENUE BY REVENUE STREAMS</b>											
Revenue from civil engineering contracts	6,776	506	-	-	-	2,868	-	-	-387	-	9,763
Revenue from construction contracts	-	9,668	4,549	-	-	4,509	-	-	-342	-235	18,148
Revenue from on- and offshore demolition activities	-	-	-	-	677	119	666	-	-70	-	1,392
Revenue from other types of contracts	-	9	4	27	740	5	416	171	-147	-	1,227
Total revenue	6,776	10,182	4,553	27	1,417	7,501	1,082	171	-945	-235	30,530
<b>DISTRIBUTION OF REVENUE BY GEOGRAPHY</b>											
Revenue in Norway	4,899	10,182	4,553	27	1,417	-	1,082	171	-939	-198	21,196
Revenue in Sweden	1,794	-	-	-	-	7,501	-	-	-7	-38	9,250
Revenue in other countries	84	-	-	-	-	-	-	-	-	-	84
Total revenue	6,776	10,182	4,553	27	1,417	7,501	1,082	171	-945	-235	30,530
<b>CASH FLOW</b>											
Net cash flow from operating activities	1,275	276	29	-80	179	-106	-138	118	-	-	1,552
Net cash flow from investing activities	-323	-43	66	-148	-29	-32	4	-109	-	-	-613
Net cash flow before financing activities	952	233	95	-228	150	-138	-134	9	-	-	939

**NOTE 4 SEGMENT INFORMATION CONT.**

Amounts in NOK million	Civil Engineering	Construction	Beton-mast	Pro-property	Energy & Environment	Sweden	Off-shore	Other	Elim.	GAAP adj.	Total
<b>2022</b>											
<b>INCOME STATEMENT</b>											
External revenue	5,370	10,992	5,142	30	988	7,438	1,236	59	152	-203	31,205
Internal revenue	549	98	2	-	74	7	1	48	-779	-	-
Total revenue	5,919	11,090	5,145	30	1,062	7,445	1,238	107	-627	-203	31,205
Earnings before interest, tax, depreciation and amortisation (EBITDA)	636	410	190	75	150	193	194	40	33	15	1,937
Earnings before interest and tax (EBIT)	445	322	166	75	84	130	164	-24	33	15	1,409
Earnings before tax (EBT)	440	318	174	82	82	127	160	-31	33	15	1,400
<b>KEY FIGURES AND FINANCIAL STATEMENT</b>											
EBITDA margin	10.7 %	3.7 %	3.7 %	-	14.2 %	2.6 %	15.7 %	-	-	-	6.2 %
Operating margin	7.5 %	2.9 %	3.2 %	-	7.9 %	1.7 %	13.2 %	-	-	-	4.5 %
Profit margin	7.4 %	2.9 %	3.4 %	-	7.7 %	1.7 %	12.9 %	-	-	-	4.5 %
Assets as at 31 December	3,546	4,887	3,257	660	733	2,712	1,003	2,175	-4,448	-67	14,457
Capital employed as at 31 December	1,228	1,770	1,417	654	358	1,142	460	1,564	-3,619	-73	4,900
Number of employees as at 31 December	1,812	1,720	635	24	309	1,058	236	181	-	-	5,975
<b>REMAINING PERFORMANCE OBLIGATIONS (ORDER BACKLOG)</b>											
Order backlog 2023	4,856	6,903	3,261	-	610	5,448	1,053	-	-241	-49	21,840
Order backlog, subsequent years	10,512	3,142	1,155	-	30	2,189	641	-	-169	424	17,925
Total order backlog as at 31 December	15,368	10,045	4,415	-	640	7,638	1,694	-	-410	375	39,765
<b>DISTRIBUTION OF REVENUE BY REVENUE STREAMS</b>											
Revenue from civil engineering contracts	5,919	570	-	-	-	2,861	-	-	-558	-	8,792
Revenue from construction contracts	-	10,510	5,137	-	-	4,461	-	-	81	-203	19,985
Revenue from on- and offshore demolition activities	-	-	-	-	620	116	869	-	-71	-	1,534
Revenue from other types of contracts	-	9	8	30	442	7	369	107	-78	-	894
Total revenue	5,919	11,090	5,145	30	1,062	7,445	1,238	107	-627	-203	31,205
<b>DISTRIBUTION OF REVENUE BY GEOGRAPHY</b>											
Revenue in Norway	4,571	11,090	5,145	30	1,062	-	1,238	107	-627	-251	22,365
Revenue in Sweden	1,315	-	-	-	-	7,445	-	-	-	48	8,807
Revenue in other countries	33	-	-	-	-	-	-	-	-	-	33
Total revenue	5,919	11,090	5,145	30	1,062	7,445	1,238	107	-627	-203	31,205
<b>CASH FLOW</b>											
Net cash flow from operating activities	1,040	253	-134	-9	112	67	157	-27	-	-	1,460
Net cash flow from investing activities	-101	-21	631	184	-16	95	-23	-681	-	-	67
Net cash flow before financing activities	939	231	497	175	96	162	134	-708	-	-	1,527

**NOTE 4 SEGMENT INFORMATION CONT.**

Amounts in NOK million	Civil Engineering	Construction	Beton-mast	Pro-property	Energy & Environment	Sweden	Off-shore	Other	Elim.	GAAP adj.	Total
<b>2021</b>											
<b>INCOME STATEMENT</b>											
External revenue	5,597	8,740	5,194	35	1,047	6,289	847	94	-50	75	27,868
Internal revenue	405	125	3	-	104	11	1	57	-706	-	-
Total revenue	6,002	8,865	5,196	35	1,152	6,300	848	150	-756	75	27,868
Earnings before interest, tax, depreciation and amortisation (EBITDA)	734	532	168	76	170	372	115	32	-16	-7	2,176
Earnings before interest and tax (EBIT)	515	447	132	75	109	302	83	-30	-16	-7	1,609
Earnings before tax (EBT)	510	450	111	76	107	295	78	-21	-19	-7	1,580
<b>KEY FIGURES AND FINANCIAL STATEMENT</b>											
EBITDA margin	12.2 %	6.0 %	3.2 %	-	14.8 %	5.9 %	13.6 %	-	-	-	7.8 %
Operating margin	8.6 %	5.0 %	2.5 %	-	9.4 %	4.8 %	9.8 %	-	-	-	5.8 %
Profit margin	8.5 %	5.1 %	2.1 %	-	9.3 %	4.7 %	9.2 %	-	-	-	5.7 %
Assets as at 31 December	2,229	4,554	2,817	735	706	2,776	988	1,894	-3,505	-85	13,108
Capital employed as at 31 December	727	1,670	1,278	703	308	1,008	512	1,300	-2,846	-88	4,571
Number of employees as at 31 December	1,406	1,551	772	25	254	1,010	214	181	-	-	5,413
<b>REMAINING PERFORMANCE OBLIGATIONS (ORDER BACKLOG)</b>											
Order backlog 2022	3,891	8,804	4,372	-	589	5,609	837	-	-235	172	24,040
Order backlog, subsequent years	2,988	4,745	2,682	-	125	3,503	677	-	-113	-	14,607
Total order backlog as at 31 December	6,879	13,549	7,054	-	714	9,112	1,515	-	-348	172	38,647
<b>DISTRIBUTION OF REVENUE BY REVENUE STREAMS</b>											
Revenue from civil engineering contracts	6,002	521	-	-	-	2,572	-	-	-410	-	8,685
Revenue from construction contracts	-	8,338	5,188	-	-	3,584	-	-	-189	75	16,996
Revenue from on- and offshore demolition activities	-	-	-	-	692	140	581	-	-59	-	1,354
Revenue from other types of contracts	-	6	8	35	459	4	267	150	-98	-	832
Total revenue	6,002	8,865	5,196	35	1,152	6,300	848	150	-756	75	27,868
<b>DISTRIBUTION OF REVENUE BY GEOGRAPHY</b>											
Revenue in Norway	4,980	8,865	5,196	35	1,152	-	848	150	-756	119	20,589
Revenue in Sweden	995	-	-	-	-	6,300	-	-	-	-44	7,251
Revenue in other countries	27	-	-	-	-	-	-	-	-	-	27
Total revenue	6,002	8,865	5,196	35	1,152	6,300	848	150	-756	75	27,868
<b>CASH FLOW</b>											
Net cash flow from operating activities	593	36	276	-38	144	218	175	11	-	-	1,415
Net cash flow from investing activities	-15	-12	89	212	-25	-37	-6	-31	-	-	175
Net cash flow before financing activities	578	24	365	174	119	181	169	-21	-	-	1,589

## NOTE 5 ACQUISITION AND SALE OF BUSINESSES

### ACQUISITION AND SALE OF BUSINESSES 2023

In 2023, AF Gruppen carried out some minor business transactions. In January 2023, AF Gruppen purchased 60% of the shares in Mepex Consult AS. Mepex is a consulting company with expertise in waste and recycling. Mepex is part of the Energy and Environment business area. In May 2023, AF Gruppen purchased 56% of the shares in Betong & Tre AS. The company is part of the Construction business area.

In February 2023, AF sold 21% of the shares in its subsidiary Fishfarming AS. The company is now an associated company in AF in the Betonmast business area.

### ACQUISITION AND SALE OF BUSINESSES 2022

#### Acquisition of Stenseth & RS Holding AS

AF Gruppen entered into an agreement on 25 March 2022 to purchase 80 per cent 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.

Amounts in NOK million	Stenseth & RS
Cash consideration	154
Share consideration	40
Present value of the expected contingent consideration	16
<b>Consideration for 80% of the shares in Stenseth &amp; RS Holding AS</b>	<b>210</b>
Non-controlling interests in Stenseth & RS Holding AS (20% of the assets and liabilities)	14
<b>Gross consideration for HMB Holding AB</b>	<b>224</b>
Property, plant and equipment	15
Cash and cash equivalents	83
Current non-interest-bearing receivables	136
Deferred and payable tax	-18
Non-current interest-bearing liabilities	-4
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 to cash flow statement</b>	<b>70</b>

#### Sale of business in 2022

In February 2022, the sale of Betonmast Telemark AS was completed. The sale did not result in a gain or loss. Betonmast Telemark had a turnover of NOK 46 million for the first two months of 2022 when it was included in AF Gruppen. The company was part of the business area Betonmast.

In September 2022, the sale of Palmer Gotheim Skiferbrudd AS was completed. The sale did not result in a gain or loss. Palmer Gotheim Skiferbrudd had a turnover of NOK 4 million for the first nine months of 2022 when it was included in AF Gruppen. The company was part of the business area Civil Engineering.

### RECONCILIATION OF ADDITIONS FROM ACQUISITION OF BUSINESSES 2022

Amounts in NOK million	Note	Stenseth & RS
<b>Non-controlling interests</b>		<b>14</b>
Goodwill	13	154
<b>Intangible assets</b>	<b>13</b>	<b>154</b>
Machinery, fixtures and fittings	14	8
Leased machines and operating equipment	15	6
<b>Property, plant and equipment and right-of-use assets</b>	<b>15</b>	<b>15</b>
Non-current interest-bearing debt	20	4
<b>Interest-bearing debt</b>	<b>20</b>	<b>4</b>

## NOTE 6 OPERATING AND OTHER REVENUE

Amounts in NOK million	Note	2023	2022	2021
Revenue from construction contracts		28,757	29,708	26,767
Revenue from projects for own account		1	8	4
Revenue from sale of services		1,220	1,023	752
Revenue from sale of goods		177	231	228
<b>Total operating revenue</b>		<b>30,156</b>	<b>30,970</b>	<b>27,751</b>
Rental income		86	68	36
Other income		288	167	81
<b>Total other revenue</b>		<b>374</b>	<b>235</b>	<b>117</b>
<b>Total operating and other revenue</b>	<b>4</b>	<b>30,530</b>	<b>31,205</b>	<b>27,868</b>

Operating revenue includes all revenue from contracts with customers that are accounted for according to IFRS 15.

The remaining revenue on loss projects amounts to NOK 1,152 (1,527) million. The expected loss on the remaining production of loss projects has been recognised in the results.

### DISTRIBUTION OF OPERATING REVENUE IN ACCORDANCE WITH THE REVENUE RECOGNITION PRINCIPLE

Amounts in NOK million	2023	2022	2021
Share of operating revenue that is recognised over time	29,977	30,731	27,519
Share of operating revenue that is recognised at a particular point in time	179	239	232
<b>Total operating revenue</b>	<b>30,156</b>	<b>30,970</b>	<b>27,751</b>

### DISTRIBUTION OF OPERATING REVENUE BY CUSTOMER TYPE

Share of operating revenue from public customers <sup>1)</sup>	8,923	9,121	6,316
Share of operating revenue from private customers	21,233	21,849	21,435
<b>Total operating revenue</b>	<b>30,156</b>	<b>30,970</b>	<b>27,751</b>

<sup>1)</sup> Public customers are defined as the state and municipal administration as well as 100% publicly owned limited companies.

Disaggregated operating revenue distributed by business area (market) and geography is presented in Note 4 – Segment information. Information on the transaction price for fully or partially unsatisfied performance obligations is included in Note 4 – Segment information under information on the order backlog.

Information on the contract receivables and contract assets is presented in Note 10 – Trade and contract assets. Information on contract obligations is presented in Note 17 – Trade payables and non-interest-bearing liabilities.

### RECOGNISED AS REVENUE UNDER PROJECTS IN PROGRESS

Amounts in NOK million	2023	2022	2021
Amount that was included in the opening balance of contract obligations	1,546	959	1,010
Amount that relates to perf. obligations which were fully or partially satisfied in prev. periods	93	167	77

**NOTE 7 PAYROLL COSTS**

Amounts in NOK million	Note	2023	2022	2021
Fixed pay		-4,404	-4,224	-3,966
Payroll tax		-837	-727	-711
Retirement benefit costs	18	-227	-225	-212
Share value-based remuneration		-55	-62	-69
Other benefits		-328	-250	-185
<b>Total payroll costs</b>		<b>-5,851</b>	<b>-5,487</b>	<b>-5,142</b>

**RECONCILIATION OF SHARE VALUE-BASED REMUNERATION**

Share-value based remuneration – recognised		55	62	69
– of which share programme discount for shares from own holdings		-4	-7	-7
Deposit option premium for new option programme		5	-	-
<b>Share-value based remuneration through equity</b>		<b>56</b>	<b>55</b>	<b>62</b>

**AVERAGE NUMBER OF FULL-TIME EQUIVALENTS**

Norway		4,938	4,722	4,404
Sweden		1,107	1,068	1,042
Germany		22	15	13
Lithuania		22	15	11
Great Britain		4	1	-
<b>Total</b>		<b>6,093</b>	<b>5,821</b>	<b>5,469</b>

**SALE OF SHARES TO EMPLOYEES**

AF Gruppen has a share programme that gives all employees the opportunity to buy shares at a 20 per cent discount. The discount is calculated in relation to the average market price during the subscription period. The lock-in period for the shares is one year.

NUMBER OF SHARES / PRICE	2023	2022	2021
Number of shares sold from own holdings	170,000	305,626	193,997
Number of shares from new issues	830,000	694,374	806,003
Market price during subscription period (NOK)	121.72	152.28	183.84
Selling price (NOK)	97.40	121.80	147.10

*Accounting impact of sale of shares to employees:*

Payroll costs (discount on sale of shares including payroll tax)		-26	-30	-40
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**OPTION PROGRAMME 2020-2023**

The General Meeting adopted an option programme for all the employees of AF Gruppen in May 2020. The maximum number of options that could be allocated was 4,000,000 over three years, and the programme entailed annual allotments for the years 2020-22 and exercise of the options in March 2020. The subscription price for the shares was based on the average market price during the last week before the three respective subscription periods, no lower, however, than the price from the first subscription period. The subscription price was reduced by the portion of the dividend paid that exceeded 50% of the earnings per share for the previous year. The option premium was NOK 1.00 per option. Option holders had to be employed by AF Gruppen, or one of its subsidiaries as at 1 March 2023 in order to exercise the options. AF Gruppen issued 3,850,000 options to 1,584 employees in 2020, 150,000 options to 184 employees in 2021 and 151,669 options to 142 employees in 2022. The total number of outstanding options adjusted for employees who had left the company was 3,505,712 as at 31 December 2022. As at 1 March 2023, the number of outstanding options was 3,502,810. Market price for the AF share was at the time of exercise 1 March 2023 less than the strike prices. 1,361 options were exercised. Remaining options lapsed. Remaining options after the exercise was 0. Recognised option costs for 2022 were NOK 32 million (31 million).

**OPTION PROGRAMME 2023-2026**

The General Meeting adopted a new option programme for all the employees of AF Gruppen in May 2023. The maximum number of options that can be allocated is 5,000,000 over three years, and the programme entails annual allotments for the years 2023-25 and exercise of the options in March 2026. The subscription price for the shares will be based on the average market price during the last week before the three respective subscription periods, no lower, however, than the price from the first subscription period. The subscription price will be reduced by the portion of the dividend paid that exceeds 50% of the earnings per share for the previous year. The option premium is NOK 1.00 per option. Option holders must be employed by AF Gruppen, or one of its subsidiaries as at 1 March 2026 in order to exercise the options. AF Gruppen issued 4,850,000 options to 1,364 employees in 2023. In total 70,553 options lapsed because of employees leaving the company in 2023. The total number of outstanding options adjusted for employees who have left the company was 4,779,447 as at 31 December 2023. Recognised option costs for 2023 were NOK 28 million (32 million).

**NOTE 7 PAYROLL COSTS CONT.**

OPTIONS	Exercise deadline	Exercise price as at 31 December (NOK per share)	Number of options
<b>Number of options as at 31 December 2021</b>	<b>1/3/2023</b>		<b>3,806,660</b>
Options subscribed for in 2021	1/3/2023	183.80	150,000
Correction for employees who have left in 2021			-226,041
<b>Number of options as at 31 December 2021</b>	<b>1/3/2023</b>		<b>3,730,619</b>
Options subscribed for in 2022	1/3/2023	165.82	151,669
Correction for employees who have left in 2022			-376,576
<b>Number of options as at 31 December 2022</b>	<b>1/3/2023</b>		<b>3,505,712</b>
Correction for employees who have left before exercise date			-2,902
<b>Number of options as at 1 March 2023</b>	<b>1/3/2023</b>		<b>3,502,810</b>
Options not exercised			-3,501,449
Options exercised			-1,361
Options subscribed for in 2023	1/3/2026	139.40	4,850,000
Correction for employees who have left in 2023			-70,553
<b>Number of options as at 31 December 2023</b>	<b>1/3/2026</b>		<b>4,779,447</b>

AF Gruppen has used the Black-Scholes options pricing model to value the options. The following assumptions were used in the model:

	2023	2022	2021
Expected dividend yield <sup>1)</sup>	2.6 %	2.6 %	2.6 %
Historical volatility	29.0 %	25.2 %	31.3 %
Risk-free interest rate	3.7 %	2.1 %	0.9 %
Expected duration of option (years)	2.8	0.8	1.8
Strike price per share at the time of subscription (NOK) <sup>1)</sup>	139.40	169.82	193.85

<sup>1)</sup> The yield calculation excludes dividends beyond 50% of the previous year's earnings per share. This is because dividends beyond this level will reduce the strike price.



**NOTE 8 OTHER OPERATING EXPENSES**

Amounts in NOK million	Note	2023	2022	2021
<b>OTHER OPERATING EXPENSES</b>				
Rent - short-term contracts		-94	-79	-52
Other rental expenses - short-term contracts		-638	-567	-510
Insurance		-81	-71	-56
Contracted manpower		-202	-311	-110
Audit fees		-17	-14	-15
Other fees		-203	-155	-137
Bad debts	10	-27	-27	-7
Disposal and landfill fees		-92	-110	-105
Marketing and advertising		-32	-29	-24
IT expenses		-173	-170	-169
Maintenance of operating assets		-90	-21	-10
Sundry other operating expenses		-833	-516	-483
<b>Total other operating expenses</b>		<b>-2,483</b>	<b>-2,072</b>	<b>-1,677</b>

Amounts in NOK 1000	2023	2022	2021
<b>REMUNERATION OF THE GROUP'S ELECTED AUDITOR</b>			
Statutory auditing	-10,412	-7,741	-8,463
Other assurance engagements	-200	-202	-268
Tax consulting	-	-283	-78
Other non-audit services	-18	-29	-684
<b>Total</b>	<b>-10,630</b>	<b>-8,253</b>	<b>-9,493</b>
<b>REMUNERATION OF OTHER AUDITORS</b>			
Statutory auditing	-5,723	-5,297	-4,772
Other services	-849	-864	-865
<b>Total</b>	<b>-6,572</b>	<b>-6,161</b>	<b>-5,637</b>

<b>Total auditor's fees</b>	<b>-17,202</b>	<b>-14,415</b>	<b>-15,130</b>
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Remuneration of the auditor is exclusive of value-added tax.

**NOTE 9 NET GAINS (LOSSES)**

Amounts in NOK million	2023	2022	2021
Gains (losses) on the sale of shares in property companies <sup>1)</sup>	20	11	38
Gains (losses) of financial assets for available for sale	-	-	-1
Fair value changes in derivatives	1	3	3
Net gains (losses) on financial assets at fair value through profit or loss	-	-1	-2
Net (gains) losses on sale of property, plant and equipment	53	50	71
Net foreign exchange gains (losses) related to operations	-9	-7	-9
<b>Total net gains/(losses)</b>	<b>65</b>	<b>56</b>	<b>99</b>

<sup>1)</sup> Gains (losses) on the sale of shares in property companies include both the sale of shares in associated companies and joint ventures, and the sale of shares in subsidiaries that engage in property activities. For 2021 there is a gain for the Group of NOK 27 million related to the sale of shares in the associated company Construction City Eiendom AS to OBOS Eiendom AS.

**NOTE 10 TRADE RECEIVABLES AND CONTRACT ASSETS****CONTRACT RECEIVABLES AND OTHER NON-INTEREST BEARING RECEIVABLES**

Amounts in NOK million	Note	2023	2022
Invoiced trade receivables		5,085	4,466
Unearned revenue, invoiced on projects in progress		-1,834	-1,111
Provision for losses		-24	-15
<b>Contract receivables</b>	<b>6</b>	<b>3,227</b>	<b>3,340</b>
Tax paid in advance		24	34
Value-added tax and other public charges paid in advance		67	39
Prepaid expenses		169	109
Other current non-interest-bearing receivables		33	13
<b>Other non-interest-bearing receivables</b>		<b>291</b>	<b>196</b>
<b>Trade and other non-interest-bearing receivables</b>	<b>24</b>	<b>3,518</b>	<b>3,536</b>

**MAXIMUM EXPOSURE TO CREDIT RISK**

Invoiced trade receivables	Not yet due	1-30	31-60	61-90	91-120	>120	Sum
Age distribution 2023	3,117	792	96	70	324	685	5,085
Age distribution 2022	3,135	640	70	110	57	453	4,466

The table above shows maximum exposure to credit risk in respect of trade receivables on the balance sheet date according to age distribution per day. A relatively large proportion of trade receivables are more than 120 days overdue. This is attributed to the complexity of the final settlement for the projects. The final settlement will normally encompass work related to items that are not specified in the contract, and the parties must agree on the price and quantity of this work. The final settlement negotiations normally take several months and, in the case of complex contracts, can take a year or more. Estimate changes in the final settlement are recognised as a correction of project revenues.

Provisions for losses on accounts receivable are related to the customers' ability to pay and are accounted for under other operating expenses. Other risks related to trade receivables and contract assets are considered in the assessment of the projects. Revenue for trade receivables and contract assets from projects is only recognised if the management has assessed that it is highly probable that there will be no reversal of the accumulated revenue. There have been no significant actual losses on recognised receivables or contract assets in recent years, see Note 8 - Other operating expenses.

**CONTRACT ASSETS**

Amounts in NOK million	Note	2023	2022
Earned revenue, not invoiced on projects in progress		780	1,047
Credit balances with clients <sup>1)</sup>		929	974
<b>Contract assets</b>	<b>6</b>	<b>1,710</b>	<b>2,021</b>

<sup>1)</sup> As security for AF Gruppen's contractual obligations during the contract's performance period, including liability for delayed completion, up to 10 per cent of the contract sum is retained. The retained amount is referred to as "credit balances with clients" and is regulated in contract standards such as NS 8405. When the final settlement is paid, the credit balance is released.

**NOTE 11 INVENTORIES**

Amounts in NOK million	2023	2022
Spare parts and project inventories	319	171
Raw materials	63	65
Finished products	58	66
<b>Total inventories</b>	<b>439</b>	<b>301</b>

Inventories mainly consist of spare parts and equipment for use in production. Inventories were not subject to impairment in 2023.

NOK 23 (6) million of the inventories has been pledged as security for liabilities, cf. Note 35 – Pledged assets and guarantees.

**NOTE 12 PROJECTS FOR OWN ACCOUNT**

Development projects in AF Gruppen are generally organised through setting up joint development companies with partners. Most of these companies are organised as associated companies or joint ventures, cf. Note 27 – Associated companies and Note 28 – Joint ventures. What is presented on the balance sheet as projects for own account, which are specified in the table below, are only the projects that are developed in subsidiaries.

Amounts in NOK million	2023	2022
Housing projects in progress	77	43
Completed residential units for sale	1	1
Land for development	116	115
<b>Total projects for own account</b>	<b>194</b>	<b>158</b>

**LAND FOR DEVELOPMENT**

Land for development is defined as sites and development rights for which no decision on development has yet been taken. Combined with the sites and development rights in associated companies, they can be used to build 3,233 (2,932) residential units and 88,364 m<sup>2</sup> (74,156 m<sup>2</sup>) of commercial area. AF's share is 1,532 (1,380) residential units and 36,478 m<sup>2</sup> (36,299 m<sup>2</sup>) of commercial area.

COMPLETED RESIDENTIAL UNITS FOR SALE	2023	2022
Number of completed residential units for sale in subsidiaries	13	14
AF's share of completed residential units for sale in associated companies <sup>1)</sup>	132	12

<sup>1)</sup> Of the completed residential units for sale, 115 apartments are built for rental (rental rights). These are sold together by transferring shares in the development company.

**NOTE 13 GOODWILL AND INTANGIBLE ASSETS**

Amounts in NOK million	Note	Goodwill	Other intangible assets	Total
<b>ACQUISITION COST</b>				
1 January 2022		4,422	57	4,479
Ordinary additions		-	1	1
Additions from the acquisition of business	5	154	-	154
Disposals		-	-3	-3
Translation difference		-27	-	-27
<b>31 December 2022</b>		<b>4,549</b>	<b>56</b>	<b>4,604</b>

Ordinary additions		-	3	3
Additions from the acquisition of business	5	33	-	33
Translation difference		63	1	63
<b>31 December 2023</b>		<b>4,645</b>	<b>60</b>	<b>4,704</b>

**DEPRECIATION AND WRITE-DOWNS**

1 January 2022		-93	-51	-144
Disposals		-	3	3
Depreciation for the year		-	-2	-2
<b>31 December 2022</b>		<b>-93</b>	<b>-50</b>	<b>-143</b>

Depreciation for the year		-	-2	-2
Write-downs for the year		-20	-	-20
<b>31 December 2023</b>		<b>-113</b>	<b>-52</b>	<b>-165</b>

**CARRYING AMOUNT**

Acquisition cost		4,549	56	4,604
Depreciation and write-downs		-93	-50	-143
<b>31 December 2022</b>		<b>4,455</b>	<b>6</b>	<b>4,461</b>

Acquisition cost		4,645	60	4,704
Depreciation and write-downs		-113	-52	-165
<b>31 December 2023</b>		<b>4,531</b>	<b>8</b>	<b>4,539</b>

**Other intangible assets**

Economic life			2-5 years
Depreciation schedule			Straight-line

**NOTE 13 GOODWILL AND INTANGIBLE ASSETS CONT.****ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS**

Goodwill is allocated to the Group's cash-generating units that are expected to draw synergies from business combinations. Goodwill is mainly allocated to business units. The allocation is shown in the summary below:

Amounts in NOK million	2023	2022
Consolvo	166	166
Stenseth & RS	154	154
Målselv Maskin & Transport	64	64
AF Anlegg	37	37
<b>Total Civil Engineering</b>	<b>420</b>	<b>420</b>
Strøm Gundersen	457	457
LAB Entreprenør	432	432
Haga & Berg	147	147
Åsane Byggmesterforretning	123	123
Helgesen Tekniske Bygg (HTB)	102	102
AF Håndverk	118	96
Fundamentering (FAS)	94	94
AF Bygg Østfold	47	47
<b>Total Construction</b>	<b>1,520</b>	<b>1,498</b>
Betonmast Romerike	462	462
Betonmast Oslo	348	348
Betonmast Buskerud-Vestfold	165	165
Betonmast Boligbygg	184	184
Betonmast Østfold	98	98
Betonmast Røsand	94	94
Betonmast Trøndelag	90	90
<b>Total Betonmast</b>	<b>1,440</b>	<b>1,440</b>
Aeron	127	127
<b>Total Offshore</b>	<b>127</b>	<b>127</b>
AF Energi	54	54
AF Decom	37	37
Mepex	11	-
<b>Total Energy and Environment</b>	<b>103</b>	<b>91</b>
HMB	367	342
AF Bygg Väst	264	247
Kanonaden Entreprenad	140	131
AF Bygg Öst	97	91
AF Bygg Syd <sup>1)</sup>	39	36
AF Härnösand Byggreturer	14	13
AF Anläggning Väst	-	18
<b>Total Sweden</b>	<b>921</b>	<b>878</b>
<b>Book value as at 31 December</b>	<b>4,531</b>	<b>4,455</b>

<sup>1)</sup> AF Öresund is transferred to AF Bygg Syd in December 2023.

**NOTE 13 GOODWILL AND INTANGIBLE ASSETS CONT.****IMPAIRMENT TESTS FOR GOODWILL**

The Group performs annual tests to assess whether the value of goodwill and intangible assets has been impaired. In the impairment test the book value is measured against the recoverable amount from the cash-generating unit to which the asset is allocated. The recoverable amount from cash-generating units is determined by calculation of the value in use. The value in use is calculated on the basis of discounting the anticipated future cash flows before tax with a relevant discount rate (WACC) before tax that takes

NORWAY	2023	2022
Growth rate <sup>1)</sup>	2.0 %	2.0 %
WACC before tax for offshore	10.6 %	10.3 %
WACC before tax for other	8.5 %	8.3 %

**SWEDEN**

	2023	2022
Growth rate <sup>1)</sup>	1.5 %	1.5 %
WACC before tax	7.1 %	6.5 %

<sup>1)</sup> The growth rate is nominal and assumed to be perpetual.

**IMPAIRMENT TEST OF GOODWILL IN 2023**

Anticipated cash flows for 2024 in the calculation of the recoverable amount are based on the budget for 2024 approved by the management. If next year's budget is not representative and there are available budgets approved by the management for several years, the budgets for up to three years will be used. Budgets and business plans are based on assumptions regarding, for example, the demand, cost of materials, payroll costs and the competitive situation in the markets in which AF Gruppen operates. The assumptions made are based on management's experience as well as external sources. Wage inflation of 5.0 per cent is anticipated for all the business units for the Norwegian companies and 3.5 per cent for the Swedish companies in 2024. The calculated value of the cash-generating units exceeds the recognised value of the assets tested with a relatively good margin at the end of 2023 for most of the units in the test. There was a goodwill write-down of NOK 20 million in AF Anläggning Väst in 2023.

the term and risk into account. Different discount rates have been used for Norwegian and Swedish operations as a result of the differences in the risk-free interest rates. A different required rate of return has also been used for Offshore and other contracting operations to reflect the differences in market risk. The principal assumptions used in the calculation of the recoverable amounts:

**SENSITIVITY ANALYSIS FOR KEY ASSUMPTIONS**

Sensitivity analyses have been carried out for all the goodwill items related to the discount rate (WACC) and cash flows. The sensitivity analyses for the business units with the largest goodwill items are presented in the section below. Based on the current information, the management of AF Gruppen is of the opinion that reasonable changes in key assumptions which form the basis for calculation of the recoverable amount will not entail no additional need for a write-down in any of the units. The amount of goodwill not shown in the tables below related to sensitivity analysis is NOK 2,209 million (2,287 million).

**NOTE 13 GOODWILL AND INTANGIBLE ASSETS CONT.****A) SENSITIVITY ANALYSIS OF DISCOUNT RATE (WACC)**

The table below shows the relationship between the estimated recoverable amount and the recognised value of the assets in the impairment test of AF Gruppen's largest goodwill items. The recognised value of the assets in the impairment test is expressed as an index of 100. The indexed recoverable amount (recoverable amount/recognised value of the assets) x 100 represents how much the recoverable amount exceeds the recognised value. In addition, it shows how the recoverable amount changes if the discount rate (WACC) changes by respectively 0.5, 1.0 and 3.0 percentage points. All other factors are held constant in the calculation. The higher the index for the recoverable amount, the more robust the unit is with respect to a possible write-down. Betonmast Oslo, for example, has an estimated value

that is 1.71 times higher than the assets to be justified in the test. 1.71 is then calculated as an index of 171 divided by an index of 100. With an increase in the WACC by 3.0 percentage points, Betonmast Oslo will have an estimated value that is 1.09 times higher than what is necessary to justify the assets. If the index for the recoverable amount is less than 100, the recoverable amount is lower than the recognised amount of the assets in the impairment test, making a write-down of goodwill necessary. For example, the table shows that a 0.5 percentage point increase in the WACC will approach the level where it becomes necessary to recognise an impairment loss for the goodwill allocated to Betonmast Romerike.

**2023 Values indexed against book value of assets in test**

BUSINESS UNIT	Recoverable amount in test	Index value of assets in test	Recoverable amount if WACC is increased by:		
			0.5 pp	1.0 pp	3.0 pp
Strøm Gundersen	149	100	138	129	102
Betonmast Romerike	107	100	92	85	65
LAB Entreprenør	133	100	123	115	91
HMB	150	100	138	127	98
Betonmast Oslo	171	100	152	141	109
AF Bygg Väst	116	100	106	98	63

**2022 Values indexed against book value of assets in test**

BUSINESS UNIT	Recoverable amount in test	Index value of assets in test	Recoverable amount if WACC is increased by:		
			0.5 pp	1.0 pp	3.0 pp
Strøm Gundersen	148	100	137	127	100
Betonmast Romerike	192	100	170	166	122
LAB Entreprenør	170	100	158	147	115
HMB	375	100	341	313	235
Betonmast Oslo	366	100	327	316	236
Aeron	106	100	100	95	78

**NOTE 13 GOODWILL AND INTANGIBLE ASSETS CONT.****B) SENSITIVITY ANALYSIS OF CASH FLOWS**

As in the sensitivity analysis under A, the table shows the ratio between the estimated recoverable amount and the recognised value of the assets in the impairment test for AF Gruppen's largest goodwill items. The recognized value of the assets in the impairment test is expressed as index 100. Indexed recoverable amount (recoverable amount / recognised value of the assets) \* 100 represents how much the recoverable amount exceeds the recognised value. In addition, it is shown how the recoverable amount changes when the cash flow in the test is reduced by 10 per cent, 30 per cent and 50 per cent, respectively.

The higher the index for estimated recoverable amount, the more robust the unit is against any write-down. Betonmast Oslo for example, has a calculated value that is 1.71 times higher than the assets to be defended in the test. 1.71 is then calculated as index 171 divided by index 100. With a reduction in cash flow of 30%, Betonmast Oslo will have a calculated cash flow that is 1.20 times higher than what is necessary to defend the assets. If the index for recoverable amount is less than 100, the recoverable amount is lower than the book value of the assets in the impairment test, so that impairment of goodwill is necessary. The table shows, for example, that in the event of a reduction in estimated cash flow by 10 per cent, there is a need for impairment of goodwill allocated to Betonmast Romerike.

**2023 Values indexed against book value of assets in test**

BUSINESS UNIT	Recoverable amount in test	Index value of assets in test	Recoverable amount if cash flow in test is reduced by:		
			10%	30%	50%
Strøm Gundersen	149	100	134	104	74
Betonmast Romerike	107	100	97	75	54
LAB Entreprenør	133	100	119	93	66
HMB	150	100	135	105	75
Betonmast Oslo	171	100	154	120	85
AF Bygg Väst	116	100	104	81	58

**2022 Values indexed against book value of assets in test**

BUSINESS UNIT	Recoverable amount in test	Index value of assets in test	Recoverable amount if cash flow in test is reduced by:		
			10%	30%	50%
Strøm Gundersen	148	100	133	103	74
Betonmast Romerike	192	100	173	135	96
LAB Entreprenør	170	100	153	119	85
HMB	375	100	338	263	188
Betonmast Oslo	366	100	329	256	183
Aeron	106	100	96	74	53

**NOTE 14 PROPERTY, PLANT AND EQUIPMENT**

<i>Amounts in NOK million</i>	Buildings and production plants	Machinery and equipment	Total
<b>ACQUISITION COST</b>			
1 January 2022	1,046	1,379	2,424
Ordinary additions	12	278	290
Additions from the acquisition of business	5	-	8
Disposals	-40	-92	-133
Translation differences	-4	-4	-8
<b>31 December 2022</b>	<b>1,013</b>	<b>1,569</b>	<b>2,582</b>
<b>DEPRECIATION AND WRITE-DOWNS</b>			
1 January 2022	-112	-875	-987
Depreciation for the year	-22	-183	-205
Write-downs for the year	-3	-1	-4
Accumulated depreciation on disposals for the year	14	60	74
Translation differences	-	3	3
<b>31 December 2022</b>	<b>-123</b>	<b>-996</b>	<b>-1,119</b>
Depreciation for the year	-22	-198	-220
Write-downs for the year	-	-	-
Accumulated depreciation on disposals for the year	5	59	65
Translation differences	-1	-8	-9
<b>31 December 2023</b>	<b>-141</b>	<b>-1,143</b>	<b>-1,284</b>
<b>CARRYING AMOUNT</b>			
Acquisition cost	1,013	1,569	2,582
Depreciation and write-downs	-123	-996	-1,119
<b>31 December 2022</b>	<b>890</b>	<b>572</b>	<b>1,462</b>
Acquisition cost	1,089	1,992	3,080
Depreciation and write-downs	-141	-1,143	-1,284
<b>31 December 2023</b>	<b>947</b>	<b>849</b>	<b>1,797</b>

**DEPRECIATION RATES**

Every material component of non-current assets is depreciated over the expected economic life of the asset using a linear method, except for the tunnel boring machine used in AFs joint operation which is depreciated in line with production. Property is not depreciated.

	Years
Machinery and equipment	3-10
Buildings and production facilities	20-50

**PLEGDED ASSETS**

Information on collateralised property, plant and equipment is given in Note 35– Pledged assets and guarantees.

**NOTE 15 LEASES****GROUP AS LESSEE**

AF Gruppen chooses to lease certain capital assets instead of purchasing them, since this provides flexibility and ensures that the company has the best possible utilisation of capital assets. Some of the assets that are rented are sublet. For a group as a tenant, the amount presented is gross before deductions for rental income.

The term of the lease is the agreed term for each lease. Certain agreements have a clause allowing termination for a fee. For lease agreements in the Group, it has been assessed with reasonable certainty that the leases will not be terminated before they expire, but this is assessed for each individual lease agreement. There are no purchase options in most of the lease agreements, but this may be relevant with respect to certain agreements. AF Gruppen assesses whether to return or purchase each underlying asset at the end of the term of the lease when relevant.

The terms of the leases vary, the longest agreements are entered into for a period of 10-15 years, while most of them have a term of 3-5 years. In exceptional cases, agreements are entered into without any time limit, but with a notice period of three months.

AF Gruppen has entered into group-wide agreements with several leasing companies, in which construction machinery, lifts, scaffolding, huts and vehicles, as well as other equipment, are leased. The leases are generally entered into for a term of 3-5 years. Barracks are the exception here and may be leased for a term of up to 8 years. Leases of barracks is not included in the lease liability if they can be terminable in the short term.

Information on accounting policies for leases is available in Note 2 - Material accounting policies.

**RIGHT-OF-USE ASSETS**

<i>Amounts in NOK million</i>	2023	2022
Leased buildings and production plants	246	279
Leased machinery and equipment	733	581
<b>Total</b>	<b>979</b>	<b>859</b>

**DEPRECIATION AND WRITE-DOWNS OF RIGHT-OF-USE ASSETS**

<i>Amounts in NOK million</i>	2023	2022
Depreciation of leased buildings and production plants	-93	-90
Depreciation of leased machinery and equipment	-242	-227
<b>Total</b>	<b>-335</b>	<b>-317</b>

**LEASE LIABILITIES**

Undiscounted lease liability and maturity of outgoing cash flows. AF Gruppen is not bound by other lease agreements that have commenced. The leases do not contain restrictions regarding the Group's dividend policy or financing options.

<i>Amounts in NOK million</i>	Note	Leased buildings and production plants		Leased machinery and equipment		Total Lease liability	
		2023	2022	2023	2022	2023	2022
Rent due within 1 year		95	100	282	211	377	311
Rent due within 1–5 years		150	180	487	374	638	554
Rent due after 5 years		54	57	24	38	78	94
<b>Undiscounted lease obligation</b>		<b>300</b>	<b>337</b>	<b>793</b>	<b>623</b>	<b>1,093</b>	<b>960</b>
- Of which interest payments		-22	-24	-59	-38	-82	-62
<b>Net present value lease obligation</b>	<b>20</b>	<b>277</b>	<b>313</b>	<b>733</b>	<b>585</b>	<b>1,011</b>	<b>898</b>

The right-of-use asset at AF's head office Helsfyr Atrium is NOK 56 million and the lease obligation is NOK 49 million as of 2023. AF Gruppen has entered into a 10-year lease agreement for a new head office at Construction City, with estimated completion in 2025. The agreement also includes two options to extend the lease with 5 years per option. The lease obligation for the new head office is recognised in the accounts at the time the office space is made available to the tenant.

**NOTE 15 LEASES CONT.****SUMMARY OF OTHER LEASE INCOME AND COSTS IN THE INCOME STATEMENT**

Amounts in NOK million	Note	2023	2022
Total income from the sublease of right of use assets		3	3
Operating costs related to short-term leases and variable lease payments	8	-732	-646
<b>Total</b>		<b>-729</b>	<b>-643</b>

**GROUP AS LESSOR**

In 2023, income of NOK 86 million (68 million) has been recognised in the Group's consolidated income statement for operating leases. The lease income consists of the rental of offices and short-term rental of capital equipment, in which the rental of offices is related to the subleasing of office leases at Helsfyr Atrium. Minimum sublease income in related to Helsfyr Atrium is presented the table below.

**AF Gruppen as lessee**

Amounts in NOK million	2023	2022	2021
Sublease rent due within 1 year	3	5	5
Sublease rent due within 1–5 years	2	5	10
Sublease rent due after 5 years	-	-	-
<b>Total</b>	<b>5</b>	<b>10</b>	<b>15</b>

**PLEGDED ASSETS**

Information on collateralised property, plant and equipment is given in Note 35 – Pledged assets and guarantees.

**NOTE 16 PROVISIONS FOR LIABILITIES**

Amounts in NOK million	Warranty work <sup>1)</sup>	Contingent consideration <sup>2)</sup>	Non-controlling interests' put options <sup>3)</sup>	Other provisions	Total provisions
1 January 2022	317	-	219	190	725
Reversal of earlier provisions	-22	-	-17	-31	-70
Provisions set aside during the year	171	16	8	91	285
<b>Total included in profit for the year</b>	<b>149</b>	<b>16</b>	<b>-10</b>	<b>59</b>	<b>215</b>
Translation differences	-1	-	-6	1	-7
<b>Total included in other revenues and expenses</b>	<b>-1</b>	<b>-</b>	<b>-6</b>	<b>1</b>	<b>-7</b>
Additions during the year	-	-	22	-	22
Additions from purchase of business	2	-	-	-	2
Disposals from sale of business	-2	-	-	-10	-11
Used during the year	-80	-	-132	-30	-243
<b>Total other changes</b>	<b>-80</b>	<b>-</b>	<b>-111</b>	<b>-40</b>	<b>-231</b>
<b>31 December 2022</b>	<b>384</b>	<b>16</b>	<b>92</b>	<b>210</b>	<b>702</b>
Reversal of earlier provisions	-19	-	-2	-16	-37
Provisions set aside during the year	326	-	-	124	450
<b>Total included in profit for the year</b>	<b>308</b>	<b>-</b>	<b>-2</b>	<b>108</b>	<b>413</b>
Translation differences	3	-	5	-4	4
<b>Total included in other revenues and expenses</b>	<b>3</b>	<b>-</b>	<b>5</b>	<b>-4</b>	<b>4</b>
Additions during the year	-	-	11	-	11
Additions from purchase of business	-	-	-	1	1
Used during the year	-102	-	-73	-27	-201
<b>Total other changes</b>	<b>-102</b>	<b>-</b>	<b>-62</b>	<b>-26</b>	<b>-190</b>
<b>31 December 2023</b>	<b>592</b>	<b>16</b>	<b>32</b>	<b>289</b>	<b>930</b>

<sup>1)</sup> Provisions for warranty work represent the management's best estimate of the warranty liability for ordinary construction and civil engineering projects and warranty liability under the Housing Construction Act. The warranty period is normally 3–5 years.

<sup>2)</sup> During 2022 provisions for contingent consideration of NOK 16 million linked to the acquisition of Stenseth & RS was allocated.

<sup>3)</sup> As at 31 December 2023, AF Gruppen has an estimated obligation related to agreements that entitle non-controlling owners to sell shares in subsidiaries to AF Gruppen at given times (put options) of NOK 32 million. The value is not predetermined but is calculated on the redemption date as the enterprise value adjusted for liabilities. The enterprise value is calculated as the average operating profit for the previous three years multiplied by an agreed multiple. The calculated equity value has been discounted by a risk-free interest rate. Valuations are based on the management's best estimates of future earnings and net interest-bearing liabilities, as well as the time of the redemption. The value that is calculated is considered equivalent to the fair value and is at level 2 in the valuation hierarchy in accordance with IFRS 13. The contra entry for the liability is the equity of the majority interests. cf. Statement of Changes in Equity. In 2023, NOK 23 million of the estimated liability is classified as a short-term provision since the put options can be exercised in 2024.

**CLASSIFICATION ON THE BALANCE SHEET**

	2023	2022
Non-current liabilities	120	117
Current liabilities	810	585
<b>Total provisions</b>	<b>930</b>	<b>702</b>

**NOTE 17 TRADE PAYABLES AND NON-INTEREST-BEARING LIABILITIES**

Amounts in NOK million	2023	2022
Trade payables	4,182	4,172
Public liabilities	723	523
Accrued holiday pay, including payroll tax	547	510
Other accrued expenses and other current liabilities	1,615	1,219
<b>Total trade payables and non-interest-bearing liabilities</b>	<b>7,067</b>	<b>6,423</b>

Amounts in NOK million	2023	2022
Prepayments from customers	1,389	1,546
<b>Total contract obligations</b>	<b>1,389</b>	<b>1,546</b>

**NOTE 18 RETIREMENT BENEFITS**

The Norwegian companies in the Group are obligated to have an occupational pension plan in accordance with the Act relating to Mandatory Occupational Pensions. The Group's pension plans satisfy the statutory requirements.

**DEFINED CONTRIBUTION PENSION PLAN NORWAY**

A defined contribution pension plan for all employees born in or after 1952, or employed in or after 2003, has been established for the Group's employees in Norway. From 1 September 2019, the contributions have been 4.75 per cent of pay > 1G < 7.1 G and 13.5 per cent of pay > 7.1 G < 12 G, where G is the National Insurance base amount. From 1 January 2022, the contributions have been 5 per cent of pay up to 7.1 G and 13.5 per cent of pay > 7.1 G < 12 G. Employees contribute a co-payment of 2 per cent of their salary basis, up to a maximum of half of the contribution. Contributions to defined-contribution plans are recognised in the income statement in the year they are made.

**DEFINED BENEFIT PENSION PLAN NORWAY**

The Group has had a collective pension plan for employees in Norway born in or before 1951. The plan only covered retirement pensions. The plan aimed to pay benefits of 60 per cent of the pay level up to 12G at the time of retirement. This benefit level required a 30-year qualification period. The retirement age was 67, and there was a 15-year payment period. Parts of the retirement benefit payments were covered by the Norwegian National Insurance Scheme and the payments expected from this scheme. The rest was funded through accumulated reserves in insurance companies. At the end of 2020, the defined benefit pension plan was abandoned. There are 5 (4) pensioners covered by the unsecured pension plan.

**PENSION PLANS SWEDEN**

All employees in the Swedish group companies have collective pension schemes. The premiums are paid continuously throughout the year to various insurance companies and are calculated as a percentage of the employees' salaries. Skilled workers have Avtalspension SAF-LO. Officials are covered by Tjänstepensionsavtalet ITP. Employees born in 1979 and later have ITP 1. This is a contribution scheme. Employees born in 1978 and earlier have ITP 2, which is a benefit-based scheme. The schemes include old-age pension, sickness pension, group life insurance and in some cases family pension. All the Swedish schemes are classified as contribution-based schemes, as there is no reliable measurement or allocation of obligations and funds.

**CONTRACTUAL EARLY RETIREMENT (AFP)**

The Group has a defined-benefit multi-company plan for contractual early retirement (AFP), a tariff-based pension scheme for employees in the private sector. At present there is no reliable measurement or allocation of the liabilities and funds in the plan. For accounting purposes, this plan is therefore treated as a defined-contribution pension plan in which the premium payments are recognised as costs on an ongoing basis, and no provisions are set aside in the accounts. The premium for AFP is paid based on a percentage of the total payments to employees between 1 and 7.1 G. The Group pays a premium for employees until the year they reach 61 years. The premium rate is currently 2.6 per cent.

**RETIREMENT BENEFIT COSTS**

Amounts in NOK million	2023	2022	2021
Defined contribution retirement benefits, Norway	-102	-119	-115
Contributions to retirement benefit schemes, abroad	-77	-61	-67
Other retirement benefit expenses	-48	-45	-30
<b>Retirement benefit costs for the year, excluding payroll tax</b>	<b>-227</b>	<b>-225</b>	<b>-212</b>
Payroll tax	-33	-32	-33
<b>Retirement benefit costs for the year, including payroll tax</b>	<b>-260</b>	<b>-257</b>	<b>-244</b>

**RETIREMENT BENEFIT LIABILITIES AND PLAN ASSETS**

The defined benefit pension plan was abandoned in 2020. The Group had gross retirement benefit liabilities of NOK 8 million (3 million) as at 31 December, and all of it is unfunded. Recognised plan assets in the Group amount to NOK 5 million (0 million). Actuarial losses in the assets amount to NOK -1 million (2 million).

**NOTE 19 NET FINANCIAL ITEMS**

Amounts in NOK million	Note	2023	2022	2021
<b>FINANCIAL INCOME</b>				
Interest income from cash and cash equivalents	20	18	6	8
Interest income from associated companies	20	20	13	15
Other interest income	20	4	1	-
Other financial income		-	2	-
<b>Total financial income</b>		<b>42</b>	<b>23</b>	<b>23</b>

**FINANCIAL EXPENSES**

Interest expenses on loans and overdraft facilities	20	-53	-13	-9
Interest expenses on leased liabilities	20	-36	-22	-20
Other interest expenses	20	-10	-8	-8
Other financial expenses		-	-3	-
<b>Total financial expenses</b>		<b>-100</b>	<b>-46</b>	<b>-38</b>

**FINANCIAL GAINS (LOSSES) ON CHANGES IN VALUE**

Net foreign exchange gains (losses) related to financing		9	14	-15
<b>Total financial gains (losses) on changes in value</b>		<b>9</b>	<b>14</b>	<b>-15</b>

<b>Net financial items</b>		<b>-49</b>	<b>-10</b>	<b>-29</b>
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**NOTE 20 NET INTEREST-BEARING RECEIVABLES (DEBT)****NET INTEREST-BEARING RECEIVABLES (DEBT)**

Amounts in NOK million	Note	2023	2022
Interest-bearing receivables – non-current	24	317	268
Interest-bearing receivables – current	24	32	44
Cash and cash equivalents	24	347	765
– Interest-bearing loans and credit facilities – non-current	24	-93	-75
– Lease liability – non-current	24	-666	-607
– Interest-bearing loans and credit facilities – current	24	-233	-433
– Lease liability – current	24	-345	-290
<b>Net interest-bearing receivables (debt)</b>	<b>22</b>	<b>-641</b>	<b>-329</b>

**CASH AND CASH EQUIVALENTS**

Amounts in NOK million	Note	2023	2022
Bank deposits		347	765
Cash and cash equivalents	24	347	765
Of which restricted funds		19	57

Restricted funds consist primarily of deposits related to the settlement of withholding tax.

**DRAWING RIGHTS**

AF Gruppen has a revolving one-year multi-currency cash pooling system with DNB with a credit limit of NOK 2,000 million. At the end of 2022, the Group had an unused bank overdraft facility linked to the cash pooling system of NOK 1,774 million (1,843 million). In addition, the Group has a revolving credit facility with Handelsbanken of NOK 1,500 million. This was established from September 2023 and has a term of 3+1+1 years. Available liquidity at 31 December 2023, including overdraft facilities with Handelsbanken and DNB, is NOK 3,625 million.

**CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES 2023**

Amounts in NOK million	Note	Interest-bearing loans and credit	Lease liability	2023
1 January 2023		508	898	1,406
<b>Cash flows</b>				
Cash flows - proceeds of interest-bearing debt		1	-	1
Cash flows - repayment interest-bearing debt		-201	-315	-516
Cash flows - paid interest		-62	-36	-99
<b>Other changes</b>				
Additions of lease liabilities		-	448	448
Disposals of lease liabilities		-	-19	-19
Addition from acquisition of business	5	19	-	19
Increased liability as a result of effective interest		62	36	99
Other net changes		-	-1	-1
<b>31 December 2023</b>		<b>326</b>	<b>1,011</b>	<b>1,337</b>

**NOTE 20 NET INTEREST-BEARING RECEIVABLES (DEBT) CONT.****CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES 2022**

Amounts in NOK million	Note	Interest-bearing loans and credit	Lease liability	2022
1 January 2022		144	855	999
<b>Cash flows</b>				
Cash flows - proceeds of interest-bearing debt		381	-	381
Cash flows - repayment interest-bearing debt		-17	-335	-352
Cash flows - interest		-19	-22	-41
<b>Other changes</b>				
Additions of lease liabilities		-	415	415
Disposals of lease liabilities		-	-36	-36
Addition from acquisition of business	5	-	4	4
Increased liability as a result of effective interest		19	22	41
Other net changes		-	-5	-5
<b>31 December 2022</b>		<b>508</b>	<b>898</b>	<b>1,406</b>

Amounts in NOK million	Note	Effective interest rate	2023	2022
<b>INTEREST-BEARING LOANS AND CREDIT FACILITIES</b>				
Overdraft facilities inside of the corporate cash pooling system		5.3 %	222	421
Mortgage loans		6.8 %	18	1
Lease liabilities	15	3.8 %	1,011	898
Other loans		6.7 %	86	86
<b>Total interest-bearing loans and credit facilities</b>	<b>22</b>		<b>1,337</b>	<b>1,406</b>

**CLASSIFICATION ON THE BALANCE SHEET**

Long-term liabilities		759	683
Current liabilities		578	723
<b>Total interest-bearing loans and credit facilities</b>	<b>22</b>	<b>1,337</b>	<b>1,406</b>

**MATURITY STRUCTURE:**

Liabilities maturing within 1 year		609	746
Liabilities maturing in between 1 and 5 years		761	638
Liabilities maturing in more than 5 years		79	96
<b>Total future payment</b>		<b>1,449</b>	<b>1,480</b>
- Of which interest payments		-112	-73
<b>Total interest-bearing loans and credit facilities</b>	<b>22</b>	<b>1,337</b>	<b>1,406</b>

Interest-bearing loans and credit facilities are measured on an ongoing basis at amortised cost. Fair value is calculated by discounting future cash flows and is classified at level 2 in the fair value hierarchy, cf. Note 24 – Financial instruments category table. Fair value coincides essentially with the book value.



## NOTE 21 EARNINGS AND DIVIDEND PER SHARE

### CAPITAL MANAGEMENT

The aim of the Group's capital management is to ensure a predictable financial framework for the operations and give the shareholders a return that is better than that of comparable companies. The reference group consist of four listed construction companies in the Nordic countries: Veidekke, Skanska, NCC and PEAB. The capital structure is managed on a running basis based on key figures and assessments of the economic conditions under which the business is conducted, as well as the short and medium-term outlook. AF Gruppen's goal is to have an equity ratio of at least 20 per cent and net interest-bearing liabilities, exclusive the effect of IFRS 16 Leases, less than 2\*EBITDA. There have been no changes to

the Group's capital management guidelines in 2023. AF Gruppen's dividend policy is to pay a dividend up to twice a year and that the dividend shall represent 50 per cent or more of the profit for the year attributable to the majority interests. If the Group's financial position and capital structure so indicates, the dividend can be increased. In its dividend proposal the Board of Directors will also take into account future financial and strategic dispositions.

### EARNINGS PER SHARE

Amounts in NOK million	2023	2022	2021
Profit for the year attributable to Parent Company shareholders	402	958	1,019

### NUMBER OF SHARES AT AT 31 DECEMBER

Time-weighted average number of externally owned shares <sup>1)</sup>	107,775,062	106,906,990	106,061,202
Dilutive effect of share value-based remuneration <sup>2)</sup>	-	-	405,958
Time-weighted average number of externally owned shares after dilution	107,775,062	106,906,990	106,467,160

Earnings per share (NOK)	3.73	8.96	9.60
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Diluted earnings per share (NOK)	3.73	8.96	9.57
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<sup>1)</sup> Time-weighted average number of shares issued minus treasury shares.

<sup>2)</sup> AF Gruppen's share value-based remuneration scheme (options), cf. Note 7 – Payroll costs, entails that externally owned shares may be diluted as a result of the redemption of options. To take into account the future increase in the number of externally owned shares, the diluted earnings per share is calculated in addition to the earnings per share. The dilutive effect is calculated by dividing the value of the options as at the date of the balance sheet less estimated future cost of the option program by the yearly average market price of the AF share. The value of the options is calculated by multiplying the number of options by the difference between the yearly average market price of the AF share and the average redemption price.

### DIVIDEND PER SHARE

A dividend of NOK 6.50 per share for the 2022 financial year was paid on 25 May 2023. A total of NOK 700 million was distributed to shareholders in 2023.

liability on the balance sheet. No dividend is paid for shares owned by AF Gruppen ASA.

For the 2023 financial year, the Board of Directors proposes a dividend of NOK 3.50 per share to be paid in the first half of 2024. It is expected that the dividend will be paid to the shareholders on 27 May 2024. The dividend must be approved by the General Meeting, and there is no provision for the

The total estimated dividend for the 2023 financial year for distribution in the first half of 2024 is NOK 380 million. The Board of Directors will request authorisation by the General Meeting for the distribution of a dividend in November 2024 as well.

Amounts in NOK	Dividend for the first half of 2024
Total number of shares as at 31 December 2023	108,532,000
Share issue, options	-
Estimated number of treasury shares	-52,200
Estimated number of shares entitled to a dividend	108,479,800
Proposed dividend per share	3.5
Total estimated dividend	379,679,300

## NOTE 22 FINANCIAL RISK MANAGEMENT

The Group is exposed to various types of financial risk, credit risk, market risk and liquidity risk through its activities.

The overall goal of risk management in the Group is to minimise any risk that AF Gruppen cannot influence. Unpredictable changes in the capital markets are an example of this.

The Board has overall responsibility for establishing and supervising the Group's risk management framework. Risk management principles have been established in order to identify and analyse the risk to which the Group is exposed, set limits for acceptable risk and relevant controls, monitor risk, and comply with the limits. Risk management principles and systems are reviewed regularly to reflect changes in activities and the market conditions. Through training, standards and procedures for risk management, the Group aims to develop a disciplined and constructive environment of control, in which every employee understands his or her roles and duties.

### A) CREDIT RISK

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument does not manage to fulfil his contractual obligations. Credit risk is usually a consequence of the Group's trade receivables. There is also credit risk related to cash and cash equivalents and financial derivatives. The management has established guidelines to ensure that the granting of credit and exposure to credit risk are monitored continuously.

### Trade receivables, contract assets and other receivables

The Group's exposure to credit risk related to trade receivables, contract assets and other receivables is principally affected by individual circumstances relating to a particular customer. Other circumstances, such as the demographics, geographical factors, etc. have little effect on the credit risk.

Trade and other receivables on the balance sheet are presented net of provisions for anticipated losses. Provision is made for losses when it is expected that a credit risk will result in a loss. Historically, the group has had low credit losses, but the risk of such losses has increased in line with inflation, increased interest rates, and weak development in the housing market. Verification in StartBank, use of credit rating tools, parent company and bank guarantees, as well as the use of customized payment plans, help to reduce the risk

The Group's largest customers are Trafikverket in Sweden, Vann- og Avløpsetaten in Oslo Municipality and other representatives of the public sector such as municipalities, municipal companies and health enterprises such as Helse Sør-Øst RHF. The credit risk for these customers is considered to be minimal. Contracts with Norwegian private customers usually follow standards where security is required. In accordance with the Norwegian standard for construction and civil engineering contracts, the customer must provide security for 10-17.5 per cent of the contract price for fulfilment of his contractual obligations. The contractor is not obligated to start work on a contract before he receives security from the customer. There are no corresponding contractual provisions in Sweden, therefore assessments of the customer's creditworthiness are an important selection criterion before entering into a contract.

The remaining credit risk of the Group is spread over a large number of contract partners and home buyers. Home buyers always pay a deposit of at least 10 per cent of the purchase price when entering into a purchase contract. The Company has a vendor's fixed charge on sold residential units. The credit risk is spread over a large number of home buyers and is considered low.

See Note 10 – Trade receivables and contract assets for the maximum exposure to credit risk in respect of trade receivables on the balance sheet date according to age.

A relatively large proportion of trade receivables are more than 120 days overdue. This is linked to the complexity of the final settlement for the projects. The final account lists all the work performed under the contract against the contract prices. In addition, the actual work performed will normally include items that are not described in the contract, and the parties have to reach an agreement on how to calculate the price and quantity of such items. This work usually takes several months and, in the case of complex contracts, can take up to a year. Impairment due to unwillingness or inability to pay is rare. Changes in the value of receivables are primarily due to changes in project revenue estimates and are entered as an adjustment of the project revenue.

### Cash and cash equivalents

Cash and cash equivalents comprise restricted and non-restricted bank deposits. The credit risk linked to bank deposits is limited, as the counterparties are banks with a high credit ranking that is assessed and published by international credit rating institutes such as Moody's and Standard & Poors. The strict creditworthiness requirements mean that counterparties are expected to fulfil their obligations. Any investments in money market funds are only made in liquid securities and only with counterparties with good creditworthiness.

### Derivatives

The credit risk linked to transactions with financial derivatives is considered limited as the counterparties are banks with a high credit ranking.

### CREDIT EXPOSURE TO FINANCIAL ASSETS

Maximum credit exposure to financial assets corresponds to the book value.

### B) MARKET RISK

#### I) Interest rate risk

AF Gruppen's financing is based on variable interest rates, and the Group is therefore exposed to interest rate risk. The Group does not use fixed interest rate agreements to hedge the effective interest rate exposure. See the description in Note 20 – Net interest-bearing receivables (debt) for further information. AF is also exposed to interest rate risk for construction and property activities, especially for residential building for own account, in which the general interest rate level will have an impact on the saleability of completed residential units and consequently the Group's tied-up capital. The Group reduces this risk by requiring advance sales of residential units and deposits from home buyers. See the description in Note 12 – Projects for own account for further information.

The IBOR reform affects agreements that determine the interest rate level according to a benchmark index. NIBOR is used as a reference for pricing in a number of financial contracts. AF Gruppen considers that the effect of the IBOR reform will not have a significant effect on the consolidated financial statements, and that the risk of financial exposure associated with the IBOR reform is low.

#### Sensitivity to interest rate changes

The Group is exposed to an interest rate risk with respect to assets and liabilities with a variable interest rate. The table illustrates the effect of a change in the interest rate by 100 basis points on the profit after tax. The analysis assumes that other variables remain constant.

**NOTE 22 FINANCIAL RISK MANAGEMENT CONT.**

<i>Amounts in NOK million</i>	2023	2022
Financial assets with a variable interest rate	695	1,077
Financial liabilities with a variable interest rate	-1,337	-1,406
<b>Net financial debt (financial receivables)</b>	<b>-641</b>	<b>-329</b>
<b>EFFECT ON PROFIT AFTER TAX</b>		
Effect of a 100 basis point increase in rates on the profit after tax and equity	-5	-3
Effect of a 100 basis point decrease in interest rates on the profit after tax and equity	5	3

**ii) Currency risk**

AF Gruppen has operations in several countries and is exposed to exchange rate risk in a number of currencies, particularly the SEK, EUR and USD. 69 per cent (72 per cent) of AF Gruppen's estimated revenues were from activities with NOK as the functional currency, 30 per cent (28 per cent) with SEK as the functional currency.

An exchange rate risk arises from future commercial transactions, in the translation of recognised assets and liabilities and net investments in foreign operations to NOK. The net foreign exchange gain/(loss) was NOK 0 million (7 million) in 2023. The total translation differences were NOK 89 million (-41 million) in 2023.

The Group has a low exchange rate risk related to revenue from the Civil Engineering, Construction, Betonmast, Property, Energy and Environment and Sweden business areas, since all revenues are primarily in the

functional currency. Portions of the revenues in the Offshore business area are in EUR and USD. These are hedged naturally in some cases, since the costs are in the same currency as the revenues, or they are hedged by means of forward currency contracts. As of 31 December 2023, the effects of two forward exchange contracts with income in EUR, are recognised in accordance with the cash flow hedging rules, cf. Note 23 – Derivatives and Note 24 Financial instruments – category table.

AF Gruppen makes most of the purchases in their respective functional currencies. The Group bears a risk related to purchases in foreign currency, either directly through purchases from foreign suppliers, or indirectly from Norwegian suppliers who import goods from abroad. AF Gruppen hedges by entering into all major purchase agreements in NOK. Major individual purchases in foreign currency that are not encompassed by purchase agreements in NOK are hedged by forward contracts.

**THE FOLLOWING SIGNIFICANT EXCHANGE RATES HAVE BEEN APPLIED.**

	Average rate		Closing rate as at 31 Dec.	
	2023	2022	2023	2022
NOK				
SEK 1	1.00	0.95	1.01	0.95
EUR 1	11.42	10.10	11.24	10.51
USD 1	10.56	9.61	10.17	9.86
GBP 1	13.14	11.85	12.93	11.85

**SENSITIVITY CURRENCY DERIVATIVES**

<i>Amounts in NOK million</i>	2023	2022
<b>EFFECT ON PROFIT AFTER TAX</b>		
Effect of a 10 per cent appreciation of NOK in relation to all the currencies on the profit after tax	-	-5
Effect of a 10 per cent weakening of NOK in relation to all the currencies on the profit after tax	-	5
<b>EFFECT ON OTHER COMPREHENSIVE INCOME (OCI)</b>		
Effect of a 10 per cent appreciation of NOK in relation to all the currencies on other comprehensive income (OCI).	26	43
Effect of a 10 per cent weakening of NOK in relation to all the currencies on other comprehensive income (OCI).	-26	-43
<b>EFFECT ON EQUITY</b>		
Effect of a 10 per cent appreciation of NOK in relation to all the currencies on the equity	26	38
Effect of a 10 per cent weakening of NOK in relation to all the currencies on the equity	-26	-38

**NOTE 22 FINANCIAL RISK MANAGEMENT CONT.****SENSITIVITY ASSOCIATED WITH THE TRANSLATION OF RECEIVABLES AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES TO NOK**

AF Gruppen has deposits and liabilities in EUR, GBP, USD, DKK and SEK. Net bank deposits and receivables in foreign currencies other than the functional currency are exposed to an exchange rate risk and result in a foreign exchange gain or loss in the event of exchange rate fluctuations. The table illustrates the effect of a change in all the exchange rates by 10 per cent on the profit after tax. The analysis assumes that other variables remain constant.

<i>Amounts in NOK million</i>	2023	2022
<b>EFFECT ON EARNINGS AFTER TAX AND EQUITY</b>		
Effect of a 10 per cent appreciation of NOK in relation to all the currencies on profit after tax	40	5
Effect of a 10 per cent weakening of NOK in relation to all the currencies on profit after tax	-40	-5

**iii) Other price risks**

The demolition activities in Offshore are exposed to price risk from the sale of scrap steel recycled from steel structures in the North Sea. A continuous assessment is made of whether the price of steel should be hedged, based both on exposure and on the efficiency of the market for forward contracts. As of 31.12.23 and as of 31.12.22, AF Gruppen has liabilities related to commodity derivatives for steel. See Note 23 – Derivatives for further information.

**C) LIQUIDITY RISK**

Liquidity risk is the risk that AF Gruppen will not be able to service its financial obligations when they are due. The Group's strategy for handling

liquidity risk is to have sufficient cash and cash equivalents and financing facilities at all times in order to fulfil its financial obligations when due, without risking unacceptable losses or damaging its reputation. Most of the companies in AF Gruppen are linked to a corporate cash pool system. Surplus liquidity in the corporate cash pool system, beyond what constitutes the necessary working capital, is managed by the company's finance function. Management receives daily updates on liquidity via a liquidity dashboard, and each month the Corporate Management Team reviews the liquidity of the projects. Annual liquidity budgets are prepared and updated as needed. See Note 20 – Net interest-bearing receivables (debt) for information on liquidity and available credit facilities.

**NOTE 23 DERIVATIVES**

Amounts in NOK million	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts – held for trading purposes	-	-	-	-
Forward foreign exchange contracts – cash flow hedging	-	11	-	2
<b>Total non-current assets/ liabilities</b>		<b>11</b>	<b>-</b>	<b>2</b>
Commodity derivatives – held for trading purposes	-	-	-	-
Commodity derivatives – cash flow hedging	-	1	-	4
Forward foreign exchange contracts – held for trading purposes	2	-	-	-
Forward foreign exchange contracts – cash flow hedging	-	15	-	17
<b>Total current assets/ liabilities</b>	<b>2</b>	<b>15</b>	<b>-</b>	<b>20</b>
<b>Total carrying amount</b>	<b>2</b>	<b>27</b>	<b>-</b>	<b>22</b>

**COMMODITY DERIVATIVES**

To hedge against undesired fluctuations in the price of commodities that AF uses or sorts for recycling, such as steel, commodity derivatives are entered into in certain cases. In the assessment, the exposure and how efficient the market for forward contracts is are taken into account. As at 31 December 2023, AF Gruppen has liabilities related to commodity derivatives in steel related to the demolition activity at AF's environmental base at Vats.

**CURRENCY EXCHANGE CONTRACTS**

AF Gruppen recognise changes in the value of foreign exchange derivatives related to large contracts denominated in foreign currencies in accordance with the rules for cash flow hedging. As at 31 December 2023, this applies to two contracts with income in EUR. There was no ineffectiveness associated with the Group's cash flow hedging in 2023. For other forward foreign exchange contracts, the changes in value are recognised in the income statement on an ongoing basis, cf. Note 9 – Net gains/(losses).

**THE TABLE BELOW SHOWS CHANGES IN CASH FLOW HEDGING**

Amounts in NOK million	2023	2022	2021
Cash flow hedges (gross)	41	44	55
Cash flow hedges (tax)	-9	-10	-12
<b>Reclassified from other comprehensive income (OCI) to the income statement</b>	<b>32</b>	<b>34</b>	<b>43</b>
Cash flow hedges (gross)	-48	-38	-21
Cash flow hedges (tax)	11	8	5
<b>Change in value for the year</b>	<b>-37</b>	<b>-30</b>	<b>-16</b>
Cash flow hedges (gross)	-7	5	35
Cash flow hedges (tax)	2	-1	-8
<b>Total revenues and expenses</b>	<b>-5</b>	<b>4</b>	<b>27</b>

**NOTE 23 DERIVATIVES CONT.****FINANCIAL ASSETS AND LIABILITIES ARE MEASURED AT FAIR VALUE IN ACCORDANCE WITH THE VALUATION HIERARCHY**

AF Gruppen measures all derivatives and financial investments at fair value. As at 31 December 2023, AF Gruppen has derivatives related to foreign exchange and commodities. Currency derivatives are used to make revenues or commodity costs in foreign currencies predictable.

**Fair value hierarchy**

The table below illustrates the financial instruments at fair value in accordance with the valuation hierarchy in IFRS 13. The various levels are defined as follows:

Level 1 – Quoted price in an active market for an asset or liability.

Level 2 – Valuation derived directly or indirectly from a quoted price within level 1.

Level 3 – Valuation based on inputs not obtained from observable markets.

**FINANCIAL ASSETS AND LIABILITIES ARE MEASURED AT FAIR VALUE IN ACCORDANCE WITH THE VALUATION HIERARCHY**

Amounts in NOK million

2023	Level 1	Level 2	Level 3	Total
Assets – Derivatives	-	2	-	2
Liabilities – Derivatives	-	-27	-	-27
<b>Total</b>	<b>-</b>	<b>-25</b>	<b>-</b>	<b>-25</b>

Amounts in NOK million

2022	Level 1	Level 2	Level 3	Total
Assets – Derivatives	-	-	-	-
Liabilities – Derivatives	-	-22	-	-22
<b>Total</b>	<b>-</b>	<b>-22</b>	<b>-</b>	<b>-22</b>

Fair value of forward contracts in a foreign currency is calculated as the present value of the difference between the agreed forward price and the forward price for the currency on the date of the balance sheet multiplied by the contract volume in a foreign currency.

## NOTE 24 FINANCIAL INSTRUMENTS: CATEGORY TABLE

The table below shows AF Gruppen's financial instrument classes and the associated book value in accordance with IFRS 9 – Financial Instruments. All financial instruments are measured at fair value, or approximately at fair

value, with the exception of long-term financial liabilities. See Note 20 – Net interest-bearing receivables (debt) for information on the fair value of long-term financial liabilities.

### FINANCIAL ASSETS BY CATEGORY

Amounts in NOK million 31/12/23	Note	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through OCI	Total	Non-financial assets	Total carrying amount
Non-current interest-bearing receivables	20	317	-	-	317	-	317
Non-current pension plan and other financial assets		3	35	-	38	5	43
Current trade receivables and other current receivables <sup>1)</sup>	10	3,259	-	-	3,259	259	3,518
Contract assets	10	-	-	-	-	1,710	1,710
Current interest-bearing receivables	20	32	-	-	32	-	32
Current derivatives	23	-	2	-	2	-	2
Cash and cash equivalents	20	347	-	-	347	-	347
<b>Total</b>		<b>3,957</b>	<b>37</b>	<b>-</b>	<b>3,994</b>	<b>1,973</b>	<b>5,967</b>

Amounts in NOK million 31/12/22	Note	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through OCI	Total	Non-financial assets	Total carrying amount
Non-current interest-bearing receivables	20	268	-	-	268	-	268
Non-current pension plan and other financial assets		4	9	-	13	-	13
Current trade receivables and other current receivables <sup>1)</sup>	10	3,353	-	-	3,353	183	3,536
Contract assets	10	-	-	-	-	2,021	2,021
Current interest-bearing receivables	20	44	-	-	44	-	44
Current derivatives	23	-	-	-	-	-	-
Cash and cash equivalents	20	765	-	-	765	-	765
<b>Total</b>		<b>4,434</b>	<b>9</b>	<b>-</b>	<b>4,444</b>	<b>2,204</b>	<b>6,648</b>

<sup>1)</sup> Trade receivables and other current receivables classified as loans and receivables do not include prepaid expenses.

## NOTE 24 FINANCIAL INSTRUMENTS: CATEGORY TABLE CONT.

### FINANCIAL LIABILITIES BY CATEGORY

31/12/23	Note	Liabilities at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through OCI	Total	Non-financial liabilities	Total carrying amount
Non-current interest-bearing loans and credit facilities	20, 22	93	-	-	93	-	93
Long-term interest-bearing loans - Lease liability	20, 22, 15	666	-	-	666	-	666
Current interest-bearing loans and credit facilities	20, 22	233	-	-	233	-	233
Short-term interest-bearing loans - Lease liability	20, 22, 15	345	-	-	345	-	345
Current trade payables and non-interest-bearing debt <sup>2)</sup>	17, 22	5,798	-	-	5,798	1,270	7,067
Contract liability	17, 22	-	-	-	-	1,389	1,389
Non-current derivatives	22, 23	-	-	11	11	-	11
Current derivatives	22, 23	-	-	15	15	-	15
<b>Total</b>		<b>7,134</b>	<b>-</b>	<b>27</b>	<b>7,161</b>	<b>2,658</b>	<b>9,819</b>

31/12/22	Note	Liabilities at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through OCI	Total	Non-financial liabilities	Total carrying amount
Non-current interest-bearing loans and credit facilities	20, 22	75	-	-	75	-	75
Long-term interest-bearing loans - Lease liability	20, 22, 15	607	-	-	607	-	607
Current interest-bearing loans and credit facilities	20, 22	433	-	-	433	-	433
Short-term interest-bearing loans - Lease liability	20, 22, 15	290	-	-	290	-	290
Current trade payables and non-interest-bearing debt <sup>2)</sup>	17, 22	5,391	-	-	5,391	1,032	6,423
Contract liability	17, 22	-	-	-	-	1,546	1,546
Non-current derivatives	22, 23	-	-	2	2	-	2
Current derivatives	22, 23	-	-	20	20	-	20
<b>Total</b>		<b>6,797</b>	<b>-</b>	<b>22</b>	<b>6,819</b>	<b>2,578</b>	<b>9,397</b>

<sup>2)</sup> Trade payables and non-interest-bearing liabilities classified as financial liabilities at amortised cost consist of ordinary trade payables and other current liabilities. Financial liabilities do not include statutory obligations such as unpaid value-added tax, retirement benefits and other personnel-related costs.

**NOTE 25 INCOME TAX EXPENSE**

Amounts in NOK million	2023	2022	2021
Current tax payable for the year	-286	-466	-269
Adjustment for previous years	-	-4	-16
Tax change in deferred tax	101	221	-66
<b>Total income tax expense</b>	<b>-185</b>	<b>-248</b>	<b>-351</b>

**RECONCILIATION OF TAX PAYABLE IN THE INCOME STATEMENT AGAINST TAX PAYABLE ON THE BALANCE SHEET**

Current tax payable for the year	286	466	269
Tax payable linked to previous years	3	4	28
Tax paid in advance	-42	-54	-64
Currency translation differences	-	-	-1
<b>Total tax payable on the balance sheet</b>	<b>247</b>	<b>416</b>	<b>232</b>

**RECONCILIATION OF INCOME TAX EXPENSE CALCULATED AT THE NORWEGIAN TAX RATE AND THE INCOME TAX EXPENSE AS PRESENTED IN THE INCOME STATEMENT**

Profit before tax	700	1,400	1,580
Expected income tax at Norwegian nominal rate	-154	-308	-348
Tax effects of:			
- Divergent foreign tax rates	-1	3	4
- Non-deductible expenses	-26	-28	-43
- Profit attributable to associated companies	-7	35	31
- Non-taxable revenues	3	9	9
- Change in tax rate	-	-	1
- Change in valuation of deferred tax assets	-1	5	-6
- Excessive/insufficient provisions in previous years	-	36	2
<b>Total tax expense recognised in income statement</b>	<b>-185</b>	<b>-248</b>	<b>-351</b>
Effective tax rate	26.5%	17.7%	22.2%

**NOTE 26 DEFERRED TAX / DEFERRED TAX ASSETS****CHANGE IN RECOGNISED NET DEFERRED TAX**

Amounts in NOK million	2023	2022
Book value as at 1 January	369	578
Recognised in the period	-101	-221
Recognised in OCI	-2	2
Impact related to the acquisition/(sale) of business	9	-3
Impact related to limited partnerships that are recognised in accordance with the equity method	1	14
Currency translation differences	-3	-
<b>Book value as at 31 December</b>	<b>273</b>	<b>369</b>

**CLASSIFICATION ON THE BALANCE SHEET**

Deferred tax assets	-167	-76
Deferred tax	441	445
<b>Net deferred tax on the balance sheet</b>	<b>273</b>	<b>369</b>

**CHANGE IN DEFERRED TAX ASSETS AND DEFERRED TAX (WITHOUT NETTING WITHIN THE SAME TAX REGIME)**

2023 DEFERRED TAX	1/1/23	Recognised in the period	Recognised in OCI	Acquisition/ sale of businesses	Currency translation/ other	31/12/23
Property, plant and equipment	34	-	-	1	-	36
Projects in progress <sup>1)</sup>	619	98	-	6	-	724
Other assets	3	-	-	-	-	3
Accruals reserve	1	-1	-	-	-	1
<b>Total deferred taxes</b>	<b>657</b>	<b>98</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>763</b>

Of which netted against deferred tax assets	-322
<b>Deferred tax recognised on balance sheet</b>	<b>441</b>

DEFERRED TAX ASSETS	1/1/23	Recognised in the period	Recognised in OCI	Acquisition/ sale of businesses	Currency translation/ other	31/12/23
Property, plant and equipment	-11	-3	-	3	-	-12
Other assets	-16	2	-2	-	1	-15
Provisions	-177	-35	-	-	-	-211
Excess interest carried forward	-	-34	-	-	-	-34
Recognised tax value of tax loss carryforward <sup>2)</sup>	-91	-129	-	-1	-3	-224
<b>Total deferred tax assets</b>	<b>-295</b>	<b>-199</b>	<b>-2</b>	<b>2</b>	<b>-2</b>	<b>-496</b>

Of which netted against deferred tax	322
Of which off-balance-sheet deferred tax assets	6
<b>Deferred tax assets recognised on the balance sheet</b>	<b>-167</b>

<sup>1)</sup> Projects in progress have a major impact on the calculation of deferred tax and the current tax payable. Projects in progress are valued at the direct production cost, and revenue is not recognised for tax purposes until delivery.

<sup>2)</sup> The deferred tax assets related to tax loss carryforwards are recognised to the extent that it is probable that the Group can utilise them against future taxable income. The tax loss carryforward recognised on the balance sheet is not time limited and totals NOK 1,044 million (425 million).

**NOTE 26 DEFERRED TAX / DEFERRED TAX ASSETS CONT.**

2022 DEFERRED TAX	1/1/22	Recognised in the period	Recognised in OCI	Acquisition/ sale of businesses	Currency translation	31/12/22
Property, plant and equipment	34	2	-	-1	-	34
Projects in progress <sup>1)</sup>	767	-144	-	-4	-	619
Other assets	30	-27	-	-	-	3
Accruals reserve	11	-10	-	-	-	1
<b>Total deferred taxes</b>	<b>841</b>	<b>-179</b>	<b>-</b>	<b>-5</b>	<b>-</b>	<b>657</b>
Of which netted against deferred tax assets						-212
<b>Deferred tax recognised on balance sheet</b>						<b>445</b>

DEFERRED TAX ASSETS	1/1/22	Recognised in the period	Recognised in OCI	Acquisition/ sale of businesses	Currency translation	31/12/22
Property, plant and equipment	-10	-1	-	-	-	-11
Other assets	-25	-6	2	-	14	-16
Provisions	-184	5	-	2	-	-177
Recognised tax value of tax loss carryforward <sup>2)</sup>	-56	-39	-	-	5	-91
<b>Total deferred tax assets</b>	<b>-274</b>	<b>-42</b>	<b>2</b>	<b>1</b>	<b>18</b>	<b>-295</b>
Of which netted against deferred tax						212
Of which off-balance-sheet deferred tax assets						7
<b>Deferred tax assets recognised on the balance sheet</b>						<b>-76</b>

<sup>1)</sup> Projects in progress have a major impact on the calculation of deferred tax and the current tax payable. Projects in progress are valued at the direct production cost, and revenue is not recognised for tax purposes until delivery.

<sup>2)</sup> The deferred tax assets related to tax loss carryforwards are recognised to the extent that it is probable that the Group can utilize them against future taxable income. The tax loss carryforward recognised on the balance sheet is not time limited and totals NOK 1,044 million (NOK 425 million).

**NOTE 27 ASSOCIATED COMPANIES****INVESTMENTS IN ASSOCIATED COMPANIES**

Amounts in NOK million

	2023	2022	2021
Book value of investment as at 1 January	180	274	363
Additions	10	-	-
Disposals	-	-2	-24
Share of profit for the year	-4	136	35
Tax on distributions from limited and internal partnerships	1	-	-
Equity transactions, incl. dividends	-15	-227	-99
Currency translation differences	1	-1	-2
<b>Total investments in associated companies as at 31 December</b>	<b>174</b>	<b>180</b>	<b>274</b>

AF Gruppen carries out residential and commercial construction projects in cooperation with professional co-investors. This is done to provide complementary competence in the projects and diversify risk. AF Gruppen does not normally own more than a 50 per cent interest in the development companies. In addition, the Group has a few associated companies with other activities, but they are not defined as material to the Group.

The owners have regulated cooperation, pre-emptive rights, buyout rights, etc., as well as the requirement of a majority for certain decisions in the partnership agreement. In all of the important ongoing projects, there is loan financing, for which there are agreements that contain provisions stipulating that the development company cannot pay dividends or repay loans from the owners before any bank loans have been redeemed.

All the associated companies in which AF has an ownership stake have been assessed with respect to actual control. It was concluded that AF does not have control over these investments, and the companies have been incorporated into the consolidated financial statements in accordance with the equity method of accounting.

There are no publicly quoted prices for any of the associated companies.

In the note, the associated companies are grouped according to their materiality to the Group. The assessment of the company's materiality is based on an overall assessment of the activity, financial results and book value. In 2023, no associated companies were considered material.

In 2023, one immaterial associated company was liquidated. The presented total result is from continued operations, as it was not affected by the liquidated company. NOK 16 million was received in dividends from associated companies in 2023.

**NOTE 27 ASSOCIATED COMPANIES CONT.**

2022

**SPECIFICATION OF THE AMOUNTS IN THE ACCOUNTS:**

<i>Amounts in NOK million</i>	Material companies	Other companies	Total
Amounts recognised in the statement of financial position	33	147	180
Amounts recognised in the income statement	107	29	136

Below is a summary of the financial information for the Group's material associated companies. The figures in the summary of financial information is presented on a 100 per cent basis. The unaudited draft accounts are used as the basis if the companies' annual financial statements have not been approved when the Group's financial statements are presented.

**SUMMARY OF FINANCIAL INFORMATION – MATERIAL ASSOCIATED COMPANIES**

<i>Amounts in NOK million</i>	Hasle Linje Næring DA	Bergerveien 24 AS and IS	Total
Project name	Hasle Linje Næring	Bo på Billingstad	
Project area	Oslo	Asker	
Registered office	Oslo	Oslo	
Ownership interest	49.5 %	33.3 %	
Current assets	6	39	45
Non-current assets	486	-	486
<b>Total assets</b>	<b>492</b>	<b>39</b>	<b>531</b>
Current liabilities	69	32	101
Non-current liabilities	340	-	340
<b>Total liabilities</b>	<b>409</b>	<b>32</b>	<b>441</b>
Shareholders' equity	83	7	90
<b>Total equity and liabilities</b>	<b>492</b>	<b>39</b>	<b>531</b>
Operating revenue	8	481	489
Earnings after tax / comprehensive income	155	121	276

**RECONCILIATION OF BOOK VALUE**

Group's share of the equity	41	3	44
Other items	-10	-1	-11
<b>Book value of the investment</b>	<b>31</b>	<b>2</b>	<b>33</b>

**RECONCILIATION OF SHARE OF COMPREHENSIVE INCOME FROM ESSENTIAL COMPANIES**

Group's share of comprehensive income	77	40	117
Other items	-10	-	-10
<b>Recognised share of comprehensive income</b>	<b>66</b>	<b>40</b>	<b>107</b>

**COMPREHENSIVE INCOME, ALL ASSOCIATED COMPANIES**

	Total material companies	Total other companies	Total
Earnings after tax / comprehensive income	276	82	358
Group's share of comprehensive income	107	29	136

Three immaterial associated companies liquidated in 2022. The Group's recognized share of comprehensive income includes NOK 0,2 million from discontinued businesses. NOK 146 million was received in dividends from associated companies in 2022.

**NOTE 28 JOINT VENTURES****INVESTMENTS IN JOINT VENTURES AMOUNTS IN NOK MILLION**

<i>Amounts in NOK million</i>	2023	2022	2021
Book value of investment as at 1 January	310	366	184
Additions	2	7	99
Share of profit for the year	-27	-2	66
Equity transactions, incl. dividends	101	-57	18
Currency translation differences	5	-4	-1
<b>Total investments in joint ventures as at 31 December</b>	<b>392</b>	<b>310</b>	<b>366</b>

AF Gruppen carries out residential and commercial construction projects in cooperation with professional co-investors. This is done to provide complementary competence in the projects and diversify risk. Normally AF Gruppen does not own more than a 50 per cent in the development companies. In addition, the Group has interests in a few joint ventures with other activities, but they are not defined as material to the Group.

The owners have regulated cooperation, pre-emptive rights, buyout rights, etc., as well as the requirement of a majority for certain decisions, in partnership agreements. In all of the important ongoing projects, there is loan financing, for which there are agreements that contain provisions stipulating that the development company cannot pay dividends or repay loans from the owners before any bank loans have been redeemed.

All the joint ventures in which AF has an ownership stake have been assessed with respect to actual control. It was concluded that AF does not have control over these investments, and the companies have been incorporated into the consolidated financial statements in accordance with the equity method of accounting.

There are no publicly quoted prices for any of the joint ventures.

In the note, the joint ventures are grouped according to their materiality to the Group. The assessment of the materiality is based on an overall assessment of the activity, financial results and book value. In 2023, no joint ventures were considered material.

No joint ventures have been liquidated during 2023. The comprehensive income is from continued operations. NOK 32 million was received in dividends from joint ventures in 2023.

## NOTE 28 JOINT VENTURES CONT.

2022

### SPECIFICATION OF THE AMOUNTS IN THE ACCOUNTS:

Amounts in NOK million	Material companies	Other companies	Total
Amounts recognised in the statement of financial position	32	278	310
Amounts recognised in the income statement	15	-17	-2

Below is a summary of the financial information for the Group's material joint ventures. The figures in the summary of financial information is presented on a 100 per cent basis. The unaudited draft accounts are used as the basis if the companies' annual financial statements have not been approved when the Group's financial statements are presented.

### SUMMARY OF FINANCIAL INFORMATION – MATERIAL JOINT VENTURES

Amounts in NOK million	Vangsvegen 33	Total
Project name	2317 Sentrums-kvartalet	
Project area	Hamar	
Registered office	Oslo	
Ownership interest	50%	
Current assets	234	234
Non-current assets	-	-
<b>Total assets</b>	<b>234</b>	<b>234</b>
Current liabilities	115	115
Non-current liabilities	55	55
<b>Total liabilities</b>	<b>170</b>	<b>170</b>
Shareholders' equity	64	64
<b>Total equity and liabilities</b>	<b>234</b>	<b>234</b>
Operating revenue	248	248
Earnings after tax / comprehensive income	31	31

### RECONCILIATION OF BOOK VALUE

Group's share of the equity	32	32
<b>Book value of the investment</b>	<b>32</b>	<b>32</b>

### RECONCILIATION OF SHARE OF COMPREHENSIVE INCOME FROM ESSENTIAL JOINT VENTURES

Group's share of comprehensive income	15	15
<b>Recognised share of comprehensive income</b>	<b>15</b>	<b>15</b>

COMPREHENSIVE INCOME OF ALL JOINT VENTURES	Total material companies	Other companies	Total
Earnings after tax / comprehensive income	31	-34	-4
Group's share of comprehensive income	15	-17	-2

No joint ventures were liquidated during 2022. The comprehensive income was from continued operations. NOK 69 million was received in dividends from joint ventures in 2022.

## NOTE 29 SUBSIDIARIES

The list below includes subsidiaries that are owned directly and indirectly. The ownership share column states the parent company's ownership stake in the subsidiary in question. Financial ownership is equivalent to the indirect ownership share in cases where there are non-controlling interests in several levels. It is a subsidiary's result multiplied by the financial ownership share that accrues to AF Gruppen's shareholders. Holding companies and companies without any activity have been omitted. The voting rights in all the subsidiaries follow the shares.

Name of company	Acquisition date	Office address Location	Country	Financial ownership	Ownership share	Business area
				31.12.22	31.12.23	31.12.23
AF Gruppen Norge AS	05/09/85	Oslo	Norway	100.00%	100.00%	100.00%
JR Anlegg AS	01/10/10	Jessheim	Norway	100.00%	100.00%	100.00%
Målselv Maskin og Transport AS	04/03/15	Karlstad	Norway	70.00%	70.00%	70.00%
Eiqon AS	01/02/16	Asker	Norway	47.76%	47.76%	100.00%
Consolvo Services AS	22/06/18	Tranby	Norway	92.40%	92.11%	100.00%
Consolvo AS	03/11/11	Tranby	Norway	92.40%	92.11%	100.00%
Corroteam AS	03/11/11	Mjøndalen	Norway	92.40%	92.11%	100.00%
Consolvo Eiendom AS	03/11/11	Tranby	Norway	92.40%	92.11%	100.00%
Vannmeisling AS	06/12/16	Tranby	Norway	72.07%	71.85%	78.00%
Protector AS	03/11/11	Tranby	Norway	92.40%	92.11%	100.00%
Protector CPE AB	03/11/11	Göteborg	Sweden	78.54%	78.29%	85.00%
Protector KKS GmbH	03/11/11	Remseck	Germany	77.61%	77.37%	84.00%
Consolvo GmbH	03/11/11	Remseck	Germany	77.61%	77.37%	100.00%
Fjerby AS	16/09/14	Fjerdingsby	Norway	81.40%	81.15%	100.00%
Rakon AS	26/09/18	Stavanger	Norway	64.68%	67.24%	73.00%
AF Anläggning AB	26/03/20	Stockholm	Sweden	100.00%	100.00%	100.00%
Stenseth & RS Entreprenør AS	25/03/22	Åros	Norway	80.50%	80.50%	100.00%
Stenseth & RS Ressurs AS	25/03/22	Åros	Norway	80.50%	80.50%	100.00%
Helgesen Tekniske Bygg AS	30/10/18	Osterøy	Norway	49.24%	49.24%	70.00%
LAB Entreprenør AS	11/03/15	Bergen	Norway	70.34%	70.34%	100.00%
Fundamentering AS	11/03/15	Tiller	Norway	49.24%	49.24%	70.00%
Åsane Byggmesterforretning AS	11/03/15	Bergen	Norway	59.79%	59.79%	85.00%
Toppemyr AS	11/03/15	Bergen	Norway	70.34%	70.34%	100.00%
Nordstraumen Utbyggingsselskap AS	11/03/15	Bergen	Norway	42.21%	42.21%	60.00%
Hardangerfjord Eiendom AS	09/03/17	Bergen	Norway	70.34%	70.34%	100.00%
Strøm Gundersen AS	03/11/11	Mjøndalen	Norway	100.00%	100.00%	100.00%
Strøm Gundersen Vestfold AS	01/10/16	Mjøndalen	Norway	87.10%	87.10%	100.00%
Construction City Bygg AS	01/02/21	Oslo	Norway	100.00%	100.00%	100.00%
Haga & Berg Entreprenør AS	03/11/11	Oslo	Norway	77.80%	80.00%	100.00%
Haga & Berg Service AS	19/02/14	Oslo	Norway	61.85%	67.20%	84.00%
Oslo Brannsikring AS	27/09/17	Oslo	Norway	59.13%	60.80%	76.00%
Oslo Overflateteknikk AS	03/11/21	Oslo	Norway	62.24%	56.00%	70.00%
Oslo Stillasutleie AS	03/11/11	Oslo	Norway	60.06%	46.86%	71.00%
Oslo Stillas AS	08/12/22	Oslo	Norway	60.06%	60.06%	91.00%
Oslo Prosjektbygg AS	01/03/13	Oslo	Norway	61.38%	55.77%	84.50%
Oslo Technical Service AS	19/06/18	Oslo	Norway	66.00%	66.00%	100.00%
Lasse Holst AS	09/03/16	Gressvik	Norway	40.41%	38.99%	76.53%
Betong & Tre AS	20/04/23	Sarpsborg	Norway	-	28.77%	56.47%
Keyfree AS	01/03/21	Oslo	Norway	56.79%	56.79%	86.05%
Storo Blikkenslagerverksted AS	03/11/11	Oslo	Norway	46.20%	46.20%	100.00%
Oslo Papp og Membranservice AS	09/05/12	Oslo	Norway	46.20%	46.20%	100.00%
VD Vindu og Dør Montasje AS	06/03/15	Skotterud	Norway	46.20%	46.20%	70.00%
Thorendahl AS	03/11/11	Oslo	Norway	53.14%	53.14%	100.00%
Fagbetong AS	03/11/11	Oslo	Norway	53.14%	53.14%	100.00%
Kirkestuen AS	12/01/16	Oslo	Norway	53.79%	53.79%	100.00%
TKD AS	05/01/16	Oslo	Norway	66.00%	66.00%	100.00%
TKC Prosjekt AS	25/04/18	Oslo	Norway	63.36%	63.36%	96.00%
Mivent AS	03/07/19	Oslo	Norway	66.00%	66.00%	100.00%

<sup>1)</sup> AF Gruppen Norge AS encompasses the Civil Engineering, Construction and Property business areas



**NOTE 29 SUBSIDIARIES CONT.**

Name of company	Acquisition date	Office address Location	Country	Financial ownership		Ownership share	Business area
				31.12.22	31.12.23		
Betonmast AS	31/10/19	Oslo	Norway	65.35%	67.47%	100.00%	Betonmast
Betonmast Boligbygg AS	31/10/19	Oslo	Norway	65.35%	67.47%	100.00%	Betonmast
Betonmast Østfold AS	31/10/19	Grålum	Norway	65.35%	67.47%	100.00%	Betonmast
Betonmast Trøndelag	31/10/19	Trondheim	Norway	65.35%	67.47%	100.00%	Betonmast
Betonmast Buskerud-Vestfold AS	31/10/19	Oslo	Norway	65.35%	67.47%	100.00%	Betonmast
Betonmast Røsand AS	31/10/19	Averøy	Norway	65.35%	67.47%	100.00%	Betonmast
Betonmast Innlandet AS	31/10/19	Gjøvik	Norway	65.35%	67.47%	100.00%	Betonmast
Betonmast Asker og Bærum AS	31/10/19	Hønefoss	Norway	65.35%	67.47%	100.00%	Betonmast
Betonmast Oslo AS	31/10/19	Oslo	Norway	65.35%	67.47%	100.00%	Betonmast
Betonmast Romerike AS	31/10/19	Lillestrøm	Norway	65.35%	67.47%	100.00%	Betonmast
Betonmast Eiendom AS	31/10/19	Oslo	Norway	65.35%	67.47%	100.00%	Betonmast
Fjellstrand Omsorgsboliger AS	31/10/19	Oslo	Norway	40.19%	41.49%	61.50%	Betonmast
Røsand Eiendom AS	31/10/19	Averøy	Norway	65.35%	67.47%	100.00%	Betonmast
Kosterbaden Fritid AB	31/10/19	Göteborg	Sweden	65.35%	67.47%	100.00%	Betonmast
Nye Nittedal Sentrum AS	30/08/22	Oslo	Norway	65.35%	67.47%	100.00%	Betonmast
Hjortevegen AS	15/04/23	Bergen	Norway	-	100.00%	100.00%	Property
Sandbrogaten 11 AS	26/10/22	Bergen	Norway	100.00%	100.00%	100.00%	Property
AF Decom AS	01/01/09	Oslo	Norway	100.00%	100.00%	100.00%	Energy and Envir.
Jølsen Miljøpark AS	01/11/13	Skedsmokorset	Norway	100.00%	100.00%	100.00%	Energy and Envir.
Jølsen Eiendom 1 AS	07/06/23	Oslo	Norway	-	100.00%	100.00%	Energy and Envir.
Jølsen Eiendom 4 AS	07/06/23	Oslo	Norway	-	100.00%	100.00%	Energy and Envir.
Rimol Miljøpark AS	11/12/14	Tiller	Norway	50.00%	50.00%	50.00%	Energy and Envir.
Nes Miljøpark AS	09/06/17	Nes	Norway	51.00%	51.00%	51.00%	Energy and Envir.
Enaktiva AS	08/01/18	Oslo	Norway	100.00%	100.00%	100.00%	Energy and Envir.
AF Energi AS	31/05/06	Oslo	Norway	100.00%	100.00%	100.00%	Energy and Envir.
AF Energija Baltic UAB	04/07/17	Vilnius	Lithuania	95.00%	95.00%	95.00%	Energy and Envir.
Mepex Consult AS	18/01/23	Asker	Norway	-	60.00%	60.00%	Energy and Envir.
Betonmast Sverige AB	31/10/19	Göteborg	Sweden	100.00%	100.00%	100.00%	Sweden
AF Bygg Göteborg AB	01/07/01	Göteborg	Sweden	100.00%	100.00%	100.00%	Sweden
AF Bygg Väst AB	31/10/19	Göteborg	Sweden	84.86%	86.60%	100.00%	Sweden
AF Bygg Öst AB	31/10/19	Södertälje	Sweden	93.30%	91.50%	91.50%	Sweden
AF Bygg Stockholm AB	31/10/19	Stockholm	Sweden	86.00%	91.50%	100.00%	Sweden
AF Öresund AB	31/10/19	Malmö	Sweden	88.93%	70.00%	100.00%	Sweden
AF Anläggning Väst AB	31/10/19	Göteborg	Sweden	84.00%	84.00%	84.00%	Sweden
AF Prefab i Mälardalen AB	14/01/00	Nykvarn	Sweden	100.00%	100.00%	100.00%	Sweden
AF Härmösand Byggreturer AB	01/07/13	Stockholm	Sweden	100.00%	100.00%	100.00%	Sweden
AF Bygg Syd AB	30/06/07	Halmstad	Sweden	76.77%	70.00%	70.00%	Sweden
AF Projektutveckling AB	19/10/04	Göteborg	Sweden	100.00%	100.00%	100.00%	Sweden
Kanonaden Entreprenad AB	09/02/17	Nässjö	Sweden	78.98%	91.15%	91.15%	Sweden
Bergbolaget i Götaland AB	09/02/17	Nässjö	Sweden	78.98%	91.15%	100.00%	Sweden
Kanonaden Mälardalen AB	30/06/17	Stockholm	Sweden	43.52%	72.97%	80.05%	Sweden
Kanonaden Täkt och Förvaltning AB	09/02/17	Nässjö	Sweden	78.98%	91.15%	100.00%	Sweden
Skafsviken AB	09/02/17	Nässjö	Sweden	78.98%	91.15%	100.00%	Sweden
HMB Construction AB	02/01/19	Falun	Sweden	68.50%	68.70%	96.68%	Sweden
HMB Construction Örebro AB	12/11/20	Falun	Sweden	34.94%	35.04%	51.00%	Sweden
SWE Maskinrenting AB	02/01/19	Falun	Sweden	68.50%	68.70%	100.00%	Sweden
Nybron Fastigheter AB	17/01/22	Härmösand	Sweden	100.00%	100.00%	100.00%	Sweden
AF Miljøbase Vats AS	09/09/14	Oslo	Norway	100.00%	100.00%	100.00%	Offshore
AF Offshore Decom AS	01/01/09	Oslo	Norway	100.00%	100.00%	100.00%	Offshore
AF Offshore Decom UK Ltd.	24/05/10	London	UK	100.00%	100.00%	100.00%	Offshore
Aeron AS	01/07/08	Flekkefjord	Norway	100.00%	100.00%	100.00%	Offshore
Aermade AS	29/01/21	Eigersund	Norway	51.00%	51.00%	51.00%	Offshore
Clara AS	02/05/22	Oslo	Norway	100.00%	100.00%	100.00%	Other

**NOTE 30 SIGNIFICANT NON-CONTROLLING INTERESTS**

The table below shows AF Gruppen's comprehensive income and equity attributable to non-controlling interests allocated to sub-groups with significant non-controlling interests.

Amounts in NOK million	Betonmast	AF Håndverk	Other	Total
Non-controlling interests as at 1 January 2021	476	82	343	901
Share of comprehensive income	39	15	147	202
Share of adopted and paid dividends in 2021	-33	-6	-146	-186
Capital increase	-	-	2	2
Share-based payment	4	-	3	7
Transactions with non-controlling interests	-10	-	2	-8
<b>Non-controlling interests as at 31 December 2021</b>	<b>476</b>	<b>91</b>	<b>351</b>	<b>918</b>
Share of comprehensive income	45	9	133	187
Share of adopted and paid dividends in 2022	-81	-6	-154	-240
Share-based payment	2	-	2	4
Addition of minority interests from acquisition of business	-	-	14	14
Non-controlling interests put options	-	-	-5	-5
Transactions with non-controlling interests	42	-	-3	39
<b>Non-controlling interests as at 31 December 2022</b>	<b>485</b>	<b>94</b>	<b>338</b>	<b>918</b>
Share of comprehensive income	16	4	100	119
Share of adopted and paid dividends in 2023	-17	-6	-120	-142
Capital increase	-	-	2	2
Share-based payment	2	-	2	4
Addition of non-contr. interests from acquisition of business	-	7	3	10
Non-controlling interests put options	-	-	-3	-3
Transactions with non-controlling interests	-31	13	-10	-27
<b>Non-controlling interests as at 31 December 2023</b>	<b>454</b>	<b>113</b>	<b>314</b>	<b>880</b>

THE TABLE BELOW SHOWS A SUMMARY OF THE FINANCIAL INFORMATION FOR SUB-GROUPS WITH SIGNIFICANT NON-CONTROLLING INTERESTS.

Amounts in NOK million	Betonmast			AF Håndverk		
	2023	2022	2021	2023	2022	2021
Profit for the year	45	317	111	1	-18	-24
Total comprehensive income for the year	48	309	108	1	-18	-24
Non-current assets	1,612	1,631	2,023	612	538	541
Current assets	2,034	2,307	2,597	366	327	254
<b>Total assets</b>	<b>3,646</b>	<b>3,939</b>	<b>4,620</b>	<b>979</b>	<b>865</b>	<b>795</b>
Equity attributable to shareholders	1,379	1,343	1,274	179	194	183
Non-controlling interests	5	20	30	50	30	29
Long-term liabilities	561	627	1,198	304	288	310
Current liabilities	1,700	1,949	2,118	445	353	272
<b>Total equity and liabilities</b>	<b>3,646</b>	<b>3,939</b>	<b>4,620</b>	<b>979</b>	<b>865</b>	<b>795</b>
Non-contr. Interests ownership in the parent company	32.5 %	34.7 %	35.1 %	34.0 %	34.0 %	34.0 %

There are no contingent liabilities or pledges made regarding capital transfers in connection with any of the subsidiaries.

## NOTE 31 JOINT OPERATIONS

AF Gruppen has in 2023, in a joint operation with the Italian company Ghella, signed the contract for building the new water distribution tunnels with the City of Oslo. The joint arrangement is organised through JV AF Ghella ANS, a liable company (ANS) founded in 2022, where AF Gruppen owns 60 %. The participants have unlimited liability and unanimity is required for any proposed decisions to be deemed to have been adopted.

JV AF Ghella ANS is classified as a joint operation, and AF Gruppen has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The classification of the investment is done by assessing the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement, the delegation of authority, and other relevant facts and circumstances. AF Gruppen recognises its share of assets, liabilities, revenues and expenses in the consolidated financial statement. Information about accounting policies for joint operations is disclosed in Note 2 – Material Account Policies.

The table below shows AF Gruppen's share in the joint operations recognised in the financial position in the consolidated financial statement.

2023		JV AF GHELLA ANS	
<i>Amounts in NOK million</i>			
Project name		E6 Rentvannstunnel in Oslo	
Project area		Oslo	
Registered office		Oslo	
Business area		Construction	
Ownership interest		60%	
<b>SHARE IN JOINT OPERATIONS:</b>			
<i>Amounts in NOK million</i>		<b>2023</b>	<b>2022</b>
Non-current assets		392	40
Current assets		385	542
<b>Total assets</b>		<b>777</b>	<b>581</b>
Non-current liabilities		85	33
Current liabilities		666	543
<b>Total liabilities</b>		<b>750</b>	<b>576</b>
Shareholders' equity		27	5
<b>Total equity and liabilities</b>		<b>777</b>	<b>581</b>

The group had no joint operations in 2022.

## NOTE 32 SHARE CAPITAL AND SHAREHOLDER INFORMATION

### THE SHARE CAPITAL CONSISTS OF

	Number of shares	Nominal value	Book value
A-shares	108,532,000	0.05	5,426,600

SHAREHOLDER	Number of shares	Stake	Change 2022-2023
ØMF Holding AS	17,972,233	16.56%	130,000
OBOS BBL	17,459,483	16.09%	-
Constructio AS	15,338,012	14.13%	50,000
Folketrygdfondet	9,070,140	8.36%	682,383
LJM AS	2,515,217	2.32%	-
Artel Kapital AS	2,508,267	2.31%	-
Vito Kongsvinger AS	1,911,676	1.76%	-
Arne Skogheim AS	1,753,870	1.62%	-
Janiko AS	1,370,186	1.26%	20,000
Moger Invest AS	1,242,609	1.14%	-
<b>Ten largest shareholders</b>	<b>71,141,693</b>	<b>65.55%</b>	<b>882,383</b>
Total other shareholders	37,390,307	34.45%	-52,383
<b>Total number of shares</b>	<b>108,532,000</b>	<b>100.00%</b>	<b>830,000</b>

The shares are not subject to any voting restrictions and are freely tradable. Each share represents one vote.

All the shares issued are fully paid-up as at 31 December 2023.

### CHANGE IN NUMBER OF SHARES DURING THE YEAR

Total number of shares as at 1 January 2023	107,702,000
New issues related to the acquisition of companies	-
New issue to employees related to the share program	830,000
<b>Total number of shares as at 31 December 2023</b>	<b>108,532,000</b>

### SHARES AND OPTIONS OWNED BY THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES AS AT 31 DECEMBER 2023

Board of Directors	Role	Options	Shares	Shares owned by related parties
Morten Grongstad	Elected by shareholders, Board Chairman	-	25,000	-
Marianne Gjertsen Ebbesen <sup>1)</sup>	Elected by shareholders	-	-	17,459,483
Kristian Holth <sup>2)</sup>	Elected by shareholders	-	-	16,359,521
Hege Bømark	Elected by shareholders	-	-	-
Saloume Djoudat	Elected by shareholders	-	-	-
Hilde Kristin Herud <sup>3)</sup>	Elected by shareholders	-	-	3,075
Erik Tømmeraas Veiby <sup>4)</sup>	Elected by shareholders	-	-	2,224,240
Arne Sveen	Elected by employees	-	-	-
Hilde Wikesland Flaen	Elected by employees	-	29,016	-
Espen Jahr	Elected by employees	5,587	6,586	-
<b>Sum</b>		<b>5,587</b>	<b>60,602</b>	<b>36,046,319</b>

<sup>1)</sup> Represents OBOS BBL, which owns 17,459,483 shares.

<sup>2)</sup> Represents Constructio AS and Flygind AS, which own 15,338,012 and 1,021,509 shares, respectively.

<sup>3)</sup> Represents Hilma Invest AS, which owns 3,075 shares.

<sup>4)</sup> Represents Vito Kongsvinger AS and KB Gruppen Kongsvinger AS, which own 1,911,676 and 312,564 shares, respectively.

**NOTE 32 SHARE CAPITAL AND SHAREHOLDER INFORMATION CONT.**

Corporate Management Team	Title	Options	Shares
Amund Tøftum	CEO	40,477	138,911
Anny Øen	Executive Vice President/CFO	23,708	31,683
Bård Frydenlund	Executive Vice President	24,437	188,090
Eirik Wraal	Executive Vice President	24,327	40,590
Geir Flåta	Executive Vice President	24,327	2,487
Tormod Solberg	Executive Vice President	22,796	58,286
Lars Myhre Hjølmeset	Executive Vice President	23,708	37,511
<b>Total</b>		<b>183,780</b>	<b>497,558</b>

The Board has the authority to acquire up to 10 per cent of the share capital. This authority is valid until the Annual General Meeting, which is scheduled for 15 May 2024. A new option program for all employees of AF Gruppen ASA and subsidiaries was adopted at the Annual General Meeting held on 12 May 2023, with entitlement to subscribe for a total of 5,000,000 options during the years 2023, 2024 and 2025, with redemption in 2026. As at 31 December 2023, a total of 4,779,447 options have been allotted in this program.

**TREASURY SHARES**

Treasury shares have been acquired with a view to sales to employees. Shares have not been bought from related parties in 2022 or 2023.

Share transactions	2023	2022
Number of shares acquired	242,792	355,872
Average acquisition cost per share (NOK)	138.5	184.7
<b>Total acquisition cost (NOK million)</b>	<b>34</b>	<b>66</b>
Number of shares sold to employees	242,792	355,872
Average selling price per share (NOK)	131.2	159.0
<b>Total sales consideration (NOK million)</b>	<b>32</b>	<b>57</b>
Number of treasury shares as at 31 December	-	-
Nominal value of treasury shares at NOK 0.05 each	-	-

**NOTE 33 REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES****REMUNERATION OF SENIOR EXECUTIVES**

The salaries of senior executives are made up of a fixed salary and a bonus based on the EVA (Economic Value Added) model. AF Gruppen uses EVA as a management and control tool. Incentive systems based on the EVA model have been introduced for executives in large parts of the Group. EVA is an indicator for the creation of value, and the aim of the analysis is to ensure that every part of AF works to increase the creation of value. Senior executives may invest 25 per cent of their net bonus after tax in shares in AF Gruppen ASA. The shares are sold at a 20 per cent discount based on the average market price the week after the publishing date for the 4th quarter. The lock-in period for the shares is one year.

The CEO's salary is set at a Board Meeting every year. The Board of Directors establishes guidelines for the remuneration of executive personnel in consultation with the CEO. There are no agreements with the Corporate

Management Team or Chairman of the Board regarding severance pay or early retirement if their employment is terminated or modified. The Corporate Management Team participates in the general retirement benefit scheme for AF Gruppen's employees as described in Note 18 – Retirement benefits.

No loans nor guarantees have been granted to the Board of Directors or Corporate Management Team.

Salary and other remunerations, including bonus, earned in the reporting year are included in the statements below. This is a change from previous years, where paid remuneration was presented. Comparative figures have been restated. Accrued bonus including holiday pay for the reporting year is presented in the bonus column.

**2023**

Corporate Management Team (NOK 1000)	Fixed pay	Bonus	Retirement benefits	Share-based compensation	Other benefits	Total
Amund Tøftum, CEO	4,164	2,656	90	105	33	7,049
Anny Øen, Executive Vice President/CFO	1,878	1,482	91	70	27	3,548
Bård Frydenlund, Executive Vice President	1,985	1,230	92	63	63	3,433
Eirik Wraal, Executive Vice President	1,964	1,409	91	26	25	3,516
Geir Flåta, Executive Vice President	1,967	1,863	91	3	74	3,998
Tormod Solberg, Executive Vice President	1,774	1,596	91	74	31	3,565
Lars Myhre Hjølmeset, Executive Vice President	1,878	1,112	91	26	88	3,195
<b>Total remuneration to the Corporate Management Team</b>	<b>15,611</b>	<b>11,348</b>	<b>639</b>	<b>366</b>	<b>340</b>	<b>28,304</b>

**2022**

Corporate Management Team (NOK 1000)	Fixed pay	Bonus	Retirement benefits	Share-based compensation	Other benefits	Total
Amund Tøftum, CEO	4,060	6,805	84	182	88	11,219
Sverre Hærem, Executive Vice President/CFO <sup>1)</sup>	1,464	3,798	85	136	42	5,525
Anny Øen, Executive Vice President/CFO <sup>2)</sup>	545	1,181	30	74	19	1,850
Bård Frydenlund, Executive Vice President	1,885	3,335	86	122	58	5,487
Eirik Wraal, Executive Vice President	1,877	3,253	85	24	29	5,269
Ida Aall Gram, Executive Vice President <sup>3)</sup>	1,354	-	54	-	64	1,472
Geir Flåta, Executive Vice President	1,877	3,805	87	33	73	5,874
Tormod Solberg, Executive Vice President	1,666	3,201	85	108	32	5,093
Lars Myhre Hjølmeset, Executive Vice President <sup>4)</sup>	607	1,098	30	24	28	1,787
<b>Total remuneration to the Corporate Management Team</b>	<b>15,335</b>	<b>26,477</b>	<b>626</b>	<b>705</b>	<b>433</b>	<b>43,576</b>

<sup>1)</sup> Sverre Hærem was Executive Vice President/CFO up until 31 August 2022.

<sup>2)</sup> Anny Øen has been Executive Vice President/CFO since 1 September 2022.

<sup>3)</sup> Ida Aall Gram was Executive Vice President up until 30 September 2022.

<sup>4)</sup> Lars Myhre Hjølmeset has been Executive Vice President since 1 September 2022.

## NOTE 33 REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES CONT.

### BONUS FOR THE PURCHASE OF SHARES TO SENIOR EXECUTIVES

Number of shares/price	2023	2022
Number of bonus shares sold from own holdings	29,745	25,442
Number of bonus shares from new issues	-	-
Market price at the time of the agreement (NOK)	153.40	199.84
Selling price (NOK)	122.72	159.87
Accounting consequences of bonus shares (NOK 1000):		
Indirect payroll costs (discount excl. payroll tax)	-913	-1,017

Shares owned by senior executives and subscribed options are described in Note 32 – Share capital and shareholder information.

### DIRECTORS' FEES

Directors' fees are partly paid in the year after they are earned, i.e. the directors' fees that are paid in 2023 refer to 2022/2023. New board members have consequently not received a fee in 2023.

Director's fee (in NOK 1000)	2023	2022
Morten Grongstad, Board Chairman	-	-
Pål Egil Rønn, Board Chairman <sup>1)</sup>	653	622
Kristian Holth, board member	424	404
Hilde Kristin Herud, board member	408	-
Hege Bømark, board member	408	389
Saloume Djoudat, board member	408	389
Erik Tømmeraas Veiby, board member	408	-
Arne Baumann, board member	408	389
Marianne Gjertsen Ebbesen, board member	-	-
Kjetel Digre, board member	-	389
Kristina Alvendal, board member	-	389
Hilde Wikesland Flaen, employee elected board member	288	275
Arne Sveen, employee elected board member	288	275
Espen Jahr, employee elected board member	288	-
Kenneth Svendsen, employee elected board member	-	275
<b>Total director's fee</b>	<b>3,981</b>	<b>3,792</b>

<sup>1)</sup> In addition to the Board Chairman's remuneration of NOK 653,000 (NOK 622,000) that was paid in 2023, AF Gruppen has had an agreement with the Department of Civil and Environmental Engineering at NTNU that AF Gruppen was to cover the costs related to Pål Egil Rønn's employment as an adjunct professor at NTNU. The agreement expired 1 August 2023 and concerned 15 per cent of a full-time position that was covered by NOK 250,000 per year, in addition to consulting hours beyond the fixed position for up to NOK 150,000 per year. Costs of NOK 146,000 incurred in connection to this agreement in 2023 and NOK 250,000 in 2022.

### GUIDELINES FOR 2023

The Board will submit a statement to the General Meeting in accordance with section 6-16a of the Norwegian Public Limited Companies Act. A report on remuneration to senior executives has been prepared in accordance with Section 6-16b of the Norwegian Public Limited Companies Act. The content of this statement is explained below in accordance with Section 7-31b, tenth paragraph of the Norwegian Accounting Act: Guidelines regarding fixed pay and other remuneration for senior executives have been established. The Board of Directors establishes guidelines for the remuneration of executive personnel in consultation with the CEO. The CEO's fixed pay is set by the Board. Base pay is fixed in line with the market rates. Base pay is adjusted annually as of 1 July, based on an individual assessment. Senior executives receive payments in kind and participate in the Group's retirement benefit schemes on the same terms as other employees as described in the Group's Personnel Guide. There are no termination payment schemes.

Bonuses for senior executives are based on the EVA (Economic Value Added) model. EVA is a method of calculating and analyzing value creation in the Group and in economic units below group level. Bonuses based on the EVA model are linked to the Group's value creation during the financial year. Performance requirements must be met for bonus payments. Of the total bonus earned, up to 25 per cent can be used to buy shares at a 20 per cent discount and the remainder is paid in cash. Shares can be sold to senior

executives, subject to the approval of the Board of Directors at a 20 per cent discount on the prevailing market price. Shares are offered to senior executives in the same way as to other employees.

The General Meeting adopted an option program for all the employees of AF Gruppen on 12 May 2023. The maximum number of options that may be allocated is 5,000,000, and the program entails annual allotments for the years 2023-2025 and exercise of the options in March 2026. The employees pay an option premium of NOK 1.00 per option. The exercise price in 2026 for the options subscribed for in 2023 will be NOK 140.40 per share, adjusted for dividends paid that exceed 50 per cent of the earnings per share for the period June 2023 until exercise in 2026. A total of 4,850,000 options were subscribed for in June 2023. The total number of outstanding options, adjusted for employees who have left the company, was 4,779,447 as at 31 December 2023.

The option scheme has been established by the Board, and it is to provide an incentive for all the employees in the Group. The purpose of the scheme is to encourage long-term commitment and greater involvement in the Group's activities. It is believed that the Group's future objectives will best be achieved if the interests of the Group and its employees coincide. The remuneration of senior executives in 2023 has been in accordance with the guidelines submitted to the General Meeting in 2023.

## NOTE 34 RELATED PARTIES

The Group's related parties consist of shareholders of AF Gruppen ASA, members of the Board of Directors and Corporate Management Team, as well as associated companies and joint ventures, cf. Note 27 – Associated companies and Note 28 Investments in joint ventures.

### TRANSACTIONS WITH RELATED PARTIES

Amounts in NOK million	2023	2022	2021
<b>CONTRACT TOTAL</b>			
Associated companies and joint ventures	2,976	2,904	1,725
<b>Total</b>	<b>2,976</b>	<b>2,904</b>	<b>1,725</b>

### TRADING VOLUME

Associated companies and joint ventures	872	985	685
<b>Total</b>	<b>872</b>	<b>985</b>	<b>685</b>

### PURCHASE OF GOODS AND SERVICES

Associated companies and joint ventures	-1	-1	-
<b>Total</b>	<b>-1</b>	<b>-1</b>	<b>-</b>

### NON-INTEREST-BEARING RECEIVABLES AS AT 31 DECEMBER

Associated companies and joint ventures	218	116	38
<b>Total</b>	<b>218</b>	<b>116</b>	<b>38</b>

### INTEREST-BEARING RECEIVABLES AS AT 31 DECEMBER

Associated companies and joint ventures	310	288	340
<b>Total</b>	<b>310</b>	<b>288</b>	<b>340</b>

Members of the Board of Directors and the management of the Group and their related parties control 34.1 per cent (31.7 per cent) of the shares in AF Gruppen ASA at the end of the year. For information on remuneration of the Board of Directors and management, see Note 33 – Remuneration of senior executives and the Board of Directors. There are no agreements or transactions with senior executives and the Board of Directors beyond this.

Guarantees issued to associated companies and joint ventures are disclosed in Note 35.

## NOTE 35 PLEDGED ASSETS AND GUARANTEES

### PLEDGED ASSETS

Amounts in NOK million	Note	2023	2022
Mortgage loans	20	18	1
Financial lease liabilities	15	733	585
<b>Book value of liabilities secured by pledges, etc.</b>		<b>751</b>	<b>586</b>

### BOOK VALUE OF SECURED ASSETS

Buildings and production facilities		39	19
Machinery, fixtures and fittings		75	85
Trade and non-interest-bearing receivables		53	186
Other pledged assets		23	6
Leased machinery and equipment	15	733	581
<b>Total book value of pledged assets</b>		<b>923</b>	<b>876</b>

A negative letter of charge has been provided for trade receivables and inventories related to the Group's financial framework.

Through participation in general partnerships, the Group could be held liable for the inability of other participants to fulfil their obligations. Joint and several liability cannot be enforced until the company in question is unable to fulfil its obligations.

### GUARANTEES

Amounts in NOK million	2023	2022
Guarantees issued to clients <sup>1)</sup>	5,902	4,784
Guarantees issued to associated companies and joint ventures <sup>2)</sup>	367	397
<b>Sum</b>	<b>6,269</b>	<b>5,181</b>

<sup>1)</sup> In connection with construction contracts entered into, the subsidiaries in AF Gruppen are subject to the usual contracting obligations and the associated guarantees. In this connection, AF Gruppen ASA has furnished guarantees to subsidiaries in the form of absolute guarantees to financial institutions. In addition, AF Gruppen ASA and AF Gruppen Norge AS have issued parent company guarantees, which primarily concern guarantees of this type. The guarantees issued to clients are related to contractual obligations and are primarily issued as tender guarantees, delivery guarantees and payment guarantees.

<sup>2)</sup> AF Gruppen Norge AS has in some cases issued guarantees as security for loans etc. in favour of development companies. This can typically be in connection with the fact that the development company has received financing from a bank and the owners have chosen to provide a guarantee for parts of such financing, based on a specific assessment. This concerns partial guarantees, in which AF Gruppen only guarantees for a portion of the amount corresponding to its ownership interest in the project in question. The guarantee cannot be enforced unless the development company is not able to fulfil its obligations.

In addition, as a part-owner in limited partnerships, AF Gruppen has undertaken to contribute partnership capital. As at 31 December 2023, committed, unpaid partnership capital totalled NOK 48 (38) million.

## NOTE 36 CONTINGENCIES

The execution of building and construction assignments occasionally leads to disagreements between contract parties related to how the underlying contract shall be understood. AF Gruppen emphasises trying to resolve such disputes through negotiations outside the judiciary. A few cases are decided despite this through arbitration or in the judiciary. In such disputes, the outcome is often not binary as both parties have claims or counterclaims. Ongoing assessments are made of revenue recognition and provisions related to disputed claims in the projects.

At the end of 2023, AF Gruppen was involved in the following legal disputes of importance:

AF Bygg Østfold has sued Joh. Johansson Kaffe AS and the guarantor NorgesGruppen ASA through its subsidiary Vestby Næringspark Joh. AS about the final settlement for the coffee processing plant in Vestby. The District Court passed judgment in the case in 2023, but both party constellations have appealed parts of the judgment. The Court of Appeal has not scheduled the case.

AF Bygg Syd has sued Unity Malmö AB about the final settlement for the Kv. Röshult project. The case will be handled in an arbitration court and is expected to be decided in the spring of 2025.

The former AF Nybygg has been sued by Bundebygg AS about the final settlement for the Bråtejordet project. The case was settled in March 2024.

### THE FOLLOWING CASES MENTIONED IN 2022 HAVE BEEN CONCLUDED IN 2023:

Betonmast Oslo had sued Canica AS through its subsidiary Kongeveien Eiendom AS related to the final settlement of the project The Well Resort at Sofiemyr in Nordre Follo.

Myklabergtoppen housing cooperative had filed a lawsuit against Real Prosjektutvikling AS (developer). The former AF Bygg Prosjektpartner was included in the recourse lawsuit as a general contractor. The case concerned claims for rectification, price reduction, and compensation due to alleged defects in a residential building that was handed over in 2012.

## NOTE 37 CLIMATE RISK

The environmental impact of the civil engineering, construction and real estate sectors must be considered both through direct and indirect greenhouse gas emissions and material use. These sectors account for 36 per cent of global greenhouse gas emissions. Climate risk is related to AF's resilience to climate change and the stricter regulations that will apply in the transition to a low-emission society. In 2023, AF Gruppen conducted and updated its climate risk analysis based on the TCFD framework to identify climate-related risks and opportunities. Read more about AF's climate risk analysis on page 44-50 in the annual report.

Climate risk can be divided into physical risk and transition risk. Physical risk can arise from climate and weather-related events, such as heat waves, droughts, floods, storms, etc. These events may lead to financial losses caused by disruption of supply chains, delays in operations and increased risk of accidents. AF aims to reduce the impact of this risk by entering into predictable agreements with suppliers on price and delivery dates, as well as implementing relevant risk mitigation measures. Several of AF's projects, for example in foundation work and landslide protection, also contribute to society's adaptation to climate change and the increasing frequency and severity of extreme weather. This also creates an increased demand for AF's expertise and services in renovation and reconstruction.

Transition risk is risk resulting from transition to a low-carbon society. Changes to policies and technology, increased carbon pricing or requirements to reduce energy consumption could lead to changes in the value of existing assets, but can also generate new business opportunities. AF Gruppen's ability to adapt to market demand for new services will determine whether we can exploit the opportunities presented by transition risks. The transition to a low-emission society can provide market opportunities in areas such as renovation of existing buildings, energy efficiency and the development of innovative solutions to reduce climate and environmental impact.

AF Gruppen aims to safeguard against or avoid risks that we cannot influence. The Group therefore works strategically to reduce the impact of this type of risk through close dialogue with customers, contractual clarifications and continuous revision of existing insurance contracts to meet current needs. AF's systematic approach to risk management in the Group's projects also includes monitoring climate-related risk. Identified risks form the basis for implementing necessary risk mitigation measures for the Group as a whole, and in individual projects as required.

AF Gruppen has conducted a climate risk analysis, identifying potential significant financial effects related to climate-related matters. AF have considered the same thresholds used when evaluating financial materiality in the financial statements when evaluating climate-related risks and opportunities. However, the assessments are based on scenarios representing potential extremes in the future, chosen to stress-test relevant financial effects. It's important to note that these scenarios do not provide the best estimate or assumptions for accounting purposes and do not qualify for recognition under IFRS.

AF Gruppen's corporate finance department works closely with Group management and other internal resources responsible for climate and environmental matters to ensure that relevant factors are taken into

account in the Group's financial statements. In connection with the Group's financial period closing, relevant climate risks are assessed against potential accounting effects, and areas where climate risk is considered particularly relevant are presented here. The long-term financial effects of climate risk are subject to considerable uncertainty, but no climate risk has been identified as having a significant effect on the Group's consolidated financial statements for 2023.

### Project reviews

The project portfolios are reviewed at the business unit level every quarter, with a quantitative assessment of the range of outcomes for each project related to identified risks, including identified climate-related risks. No projects have been identified where climate risk has had a significant impact on the consolidated financial statements.

### Assessment of useful life of owned and leased assets

The Group has owned and leased plant and equipment that are continuously adapted to the applicable functional requirements and client criteria, including emissions considerations. The replacement rate of these assets is assessed at the time of entering into purchase or lease contracts, and is monitored on an ongoing basis. No significant effects have been identified related to the adjustment of the useful life or impairment of the book value of these assets as a result of climate-related requirements or legal restrictions on the use of assets.

### Impairment tests

The Group's tests of impairment of goodwill and intangible assets have taken into account the potential financial impacts through management-approved budgets. These are based on information about cost components, macro conditions and price trend estimates. There is still considerable uncertainty about the future financial impact of climate-related risks and opportunities, and the best estimate is included in the premises for the final budget. Climate risk is not considered to have a significant effect on the Group's intangible assets or goodwill.

### Provisions

Strategic objectives or legislation related to climate and the environment may impose new obligations for AF, and this is taken into account when assessing the need for provisions. Our industry is characterized by uncertainty and risk related to future climate-related legislation and policy requirements. AF Gruppen has also set specific strategic climate and environment goals in the Group strategy from 2020, but to date AF has not identified a need to recognise self-imposed obligations or obligations related to new legislation or regulations in the financial statements.

### Contingencies and climate and environmental requirements

Climate and environmental requirements are becoming an increasingly important part of both private and public procurement processes. Increased demands, untested solutions and new contractual terms related to climate issues may result in new, unclear or complex responsibilities associated with our activities and services. No significant claims from customers have been identified in connection with non-compliance with climate and environmental requirements, climate-related disputes or claims for compensation.

## NOTE 38 EVENTS AFTER THE BALANCE SHEET DATE

The global economy has experienced significant changes in recent years and the uncertainty in macro conditions has been great. War in Europe and geopolitical unrest have led to high inflation, high energy prices, and delivery challenges among other things. The price level for materials stabilised at a

high level in 2023. Long-term geopolitical tensions will continue to be a significant uncertainty factor going forward. No events have taken place since the end of the year that are of significance to the consolidated financial statements.

# ANNUAL ACCOUNTS

## 214 ANNUAL ACCOUNTS AF GRUPPEN ASA

215	Income statement
215	Total comprehensive income
216	Statement of financial position as at 31 December
217	Cash flow statement
<b>218</b>	<b>NOTES</b>
218	<b>Note 1</b> Accounting policies
218	<b>Note 2</b> Remuneration of the CEO and board of directors
219	<b>Note 3</b> Other operating expenses
219	<b>Note 4</b> Net financial items
220	<b>Note 5</b> Income tax expense and deferred tax/ tax asset
220	<b>Note 6</b> Investments in subsidiaries
221	<b>Note 7</b> Intercompany balances and transactions with group companies
221	<b>Note 8</b> Share capital and shareholder information
223	<b>Note 9</b> Equity
223	<b>Note 10</b> Guarantees
224	Responsibility statement from members of the board and CEO
225	Auditor's report

## INCOME STATEMENT

Amounts in NOK million	Note	2023	2022
Intragroup contributions and dividends received		612	1,516
<b>Total operating and other revenue</b>		<b>612</b>	<b>1,516</b>
Other operating expenses	2, 3	-28	-27
<b>Earnings before interest and tax (EBIT)</b>		<b>584</b>	<b>1,488</b>
Financial income	4	-	24
Financial expenses	4	-18	-
<b>Earnings before tax (EBT)</b>		<b>566</b>	<b>1,512</b>
Income tax expense	5	-12	-
<b>Profit for the year</b>		<b>554</b>	<b>1,512</b>

## TOTAL COMPREHENSIVE INCOME

Amounts in NOK million	2023	2022
Profit for the year	554	1,512
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>554</b>	<b>1,512</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

Amounts in NOK million	Note	2023	2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	6	3,072	3,052
<b>Total non-current assets</b>		<b>3,072</b>	<b>3,052</b>
<b>CURRENT ASSETS</b>			
Other non-interest-bearing receivables from group companies	7	784	1,418
Other non-interest-bearing receivables		-	27
<b>Total current assets</b>		<b>784</b>	<b>1,445</b>
<b>Total assets</b>		<b>3,857</b>	<b>4,497</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8, 9	5	5
Treasury shares	9	-	-
Premium	9	442	361
Other paid-in equity	9	58	54
<b>Total paid-in capital</b>		<b>506</b>	<b>420</b>
Other equity	9	1,063	900
<b>Total retained earnings</b>		<b>1,063</b>	<b>900</b>
<b>Total equity</b>		<b>1,568</b>	<b>1,320</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing debt to group companies	7	1,713	2,421
Taxes and public charges payable		170	-
Tax payable	5	12	-
Other debt to group companies	7	3	52
Proposed dividend	9	380	700
Other short-term debt and provisions	9	11	3
<b>Total current liabilities</b>		<b>2,288</b>	<b>3,176</b>
<b>Total equity and liabilities</b>		<b>3,857</b>	<b>4,497</b>

OSLO, 10 APRIL 2024

Morten Grongstad    Hilde Kristin Herud    Saloume Djoudat    Kristian Holth    Hege Bømark    Erik Tømmeraas Veiby  
 Board Chairman

Amund Tøftum    Marianne Gjertsen Ebbesen    Espen Jahr    Arne Sveen    Hilde Wikesland Flaen  
 CEO

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

## CASH FLOW STATEMENT

Amounts in NOK million	Note	2023	2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		566	1,512
Paid taxes	5	-	-6
Revenues from group contributions and dividends		-612	-1,516
Change in balances with group companies		-199	4
Change in accruals		197	-21
<b>Net cash flow from operating activities</b>		<b>-49</b>	<b>-26</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Payments for acquisition of subsidiaries	6	-21	-
Dividends received and group contributions		1,394	1,092
Payments for capital increases in subsidiaries		-	-800
<b>Net cash flow from investment activities</b>		<b>1,373</b>	<b>292</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from capital increases	9	81	125
Proceeds option premiums for the option program	9	5	-
Proceeds from the sale of treasury shares	9	32	57
Purchase of treasury shares	9	-34	-66
Change in debt cash polling system	7	-708	744
Payment of dividends	9	-700	-1,125
<b>Net cash from financing activities</b>		<b>-1,324</b>	<b>-266</b>
Net change in cash and cash equivalents during the year		-	-
Cash and cash equivalents as at 1 January		-	-
<b>Cash and cash equivalents as at 31 December</b>		<b>-</b>	<b>-</b>

## NOTE 1 ACCOUNTING POLICIES

### GENERAL

AF Gruppen ASA is a public limited company registered in Norway. The Company's head office is located at Innspurten 15, 0603 Oslo, Norway.

AF Gruppen ASA is a holding company without any activities other than investing in other companies.

The financial statements have been prepared in accordance with the IFRS®Accounting Standards as adopted by the EU and the simplified IFRS provisions for company accounts laid down in Section 3-9, fifth paragraph of special regulations pursuant to the Norwegian Accounting Act. (Regulations relating to the application of international accounting standards, Chapter 4, laid down by the Ministry of Finance on 7 February 2022).

The consolidated financial statements have been prepared in accordance with the IFRS®Accounting Standards. The consolidated financial statements are available at the registered business office of AF Gruppen ASA, Helsefy Atrium, Oslo or on the company's website <https://afgruppen.no>.

For information on related parties, sale/acquisition of business areas, earnings per share and events after the balance sheet date, reference is made to the relevant notes in the consolidated financial statements.

The financial statements for the Parent Company, AF Gruppen ASA, were approved for publication by the Board of Directors on 10 April 2024.

The accounting policies described for the Group are consistent with those used for the Parent Company financial statements. Reference is made to Note 2 in the consolidated financial statements for a detailed description of the material accounting policies applied.

Accounting policies that are only relevant to the Parent Company or deviate from the consolidated financial statements are as follows:

### SHARES IN SUBSIDIARIES

Subsidiaries are valued in accordance with the cost method in the company's accounts. Investments are valued at historical cost unless a write-down of the shares has been necessary. Shares in subsidiaries are tested for impairment when there are factors indicating that such a test shall be made. If the recoverable amount is lower than the carrying amount, the shares will be written down to the recoverable amount. Write-downs are reversed when the basis for the write-downs no longer exists.

### DIVIDENDS AND GROUP CONTRIBUTIONS

Entities that are required to keep accounts and prepare company accounts in accordance with the regulations pursuant to Section 3.9 of the Norwegian Accounting Act may, regardless of other provisions in these regulations, recognise dividends and group contributions in accordance with the provisions of the Norwegian Accounting Act. AF Gruppen ASA has chosen to make use of this exception. This means that dividends and group contributions received and paid by the parent company will be recognised the year prior to when the receipt or payment is adopted. The same applies to any tax effect of such transactions.

## NOTE 2 REMUNERATION OF THE CEO AND BOARD OF DIRECTORS

Amounts in NOK thousand	2023	2022
<b>REMUNERATION OF THE CEO</b>		
<b>Amund Tøftum</b>		
Fixed pay	4,164	4,060
Bonus	2,656	6,805
Retirement benefits	90	84
Other benefits	139	270
<b>Total</b>	<b>7,049</b>	<b>11,219</b>
Directors' fees	3,981	3,792

AF Gruppen ASA has no employees and is not required, therefore, to have a pension scheme. The CEO is employed formally by the subsidiary AF Gruppen Norge AS.

Salary and other remunerations, including bonus, earned in the reporting year are included in the statements above. This is a change from previous years, where paid remuneration was presented. Comparative figures have been restated. Accrued bonus including holiday pay for the reporting year is presented as a bonus.

Complete information on the pay and remuneration of the CEO, Board of Directors and senior executives is provided in the consolidated financial statements, and reference is made to Note 7 Payroll costs and Note 33 Remuneration of the board and senior executives in the consolidated financial statements for further information.

## NOTE 3 OTHER OPERATING EXPENSES

Amounts in NOK million	2023	2022
Audit fees	-1	-1
Ownership costs	-23	-18
Other operating expenses	-4	-9
<b>Total other operating expenses</b>	<b>-28</b>	<b>-27</b>

Amounts in NOK thousand	2023	2022
<b>REMUNERATION TO THE AUDITOR</b>		
Statutory audit fees	-1,146	-856
Other assurance engagements	-90	-115
Tax advisory	-	-
Other services beyond auditing	-	-
<b>Total audit fees</b>	<b>-1,236</b>	<b>-971</b>

Remuneration of the auditor is exclusive of value-added tax.

Fees for the share issues is included in equity premium and was a total of NOK 0 (25) thousand.

## NOTE 4 NET FINANCIAL ITEMS

Amounts in NOK million	2023	2022
<b>FINANCIAL INCOME</b>		
Interest income from group companies	-	24
Other interest income	-	-
<b>Total financial income</b>	<b>-</b>	<b>24</b>
<b>FINANCIAL EXPENSES</b>		
Interest expenses to group companies	-18	-
Other interest expenses	-	-
<b>Total financial expenses</b>	<b>-18</b>	<b>-</b>
<b>Net financial items</b>	<b>-18</b>	<b>24</b>



**NOTE 5 INCOME TAX EXPENSE AND DEFERRED TAX/TAX ASSET**

Amounts in NOK million	2023	2022
<b>INCOME TAX EXPENSE IN THE INCOME STATEMENT</b>		
Current tax payable for the year	-12	-
<b>Total tax payable</b>	<b>-12</b>	<b>-</b>
Change in deferred tax / tax assets	-	-
Change in deferred tax liabilities/assets due to change in tax rate	-	-
<b>Tax change in deferred tax</b>	<b>-</b>	<b>-</b>
<b>Total income tax expense</b>	<b>-12</b>	<b>-</b>
<b>RECONCILIATION OF THE INCOME TAX EXPENSE FOR THE YEAR</b>		
Profit before tax	566	1,512
<b>Expected income tax based on the nominal tax rate</b>	<b>-125</b>	<b>-333</b>
Tax effects of:		
- Change in tax rate	-	-1
- Recognised dividends and group contributions without tax	112	333
<b>Total tax expense recognised in income statement</b>	<b>-12</b>	<b>-</b>
<b>TAX PAYABLE ON THE BALANCE SHEET IS CALCULATED AS FOLLOWS:</b>		
Tax on group contributions received	12	-
<b>Tax payable on the balance sheet</b>	<b>12</b>	<b>-</b>
<b>TEMPORARY DIFFERENCES INCLUDED IN THE DEFERRED TAX ASSETS/LIABILITIES</b>		
Tax loss carryforward	-	-
<b>Basis for deferred tax (deferred tax assets) on the balance sheet</b>	<b>-</b>	<b>-</b>
Deferred tax (deferred tax assets) in the financial statements	-	-

**NOTE 6 INVESTMENTS IN SUBSIDIARIES**

Name of company	Date acquired	Business address	Ownership interest	Voting share
AF Gruppen Norge AS	05/09/85	Oslo	100.0 %	100.0 %
AF Gruppen Holding AS	25/09/17	Oslo	100.0 %	100.0 %
AF Offshore AS	02/04/09	Oslo	100.0 %	100.0 %
AF Energi og Miljø AS	15/01/09	Oslo	100.0 %	100.0 %
Betonmast Holding AS	28/10/19	Oslo	67.5 %	67.5 %

**NOTE 7 INTERCOMPANY BALANCES WITH GROUP COMPANIES**

Amounts in NOK million	2023	2022
<b>RECEIVABLES FROM GROUP COMPANIES</b>		
Group contributions and dividends received	611	1,393
Joint VAT registration	173	25
<b>Total receivables from group companies</b>	<b>784</b>	<b>1,418</b>
<b>DEBT TO GROUP COMPANIES</b>		
Corporate cash pooling system debt	1,713	2,421
Joint VAT registration	3	52
<b>Total debt to group companies</b>	<b>1,716</b>	<b>2,473</b>

The company is part of a group cash pool arranged by DNB for AF Gruppen ASA and its subsidiaries, where AF Gruppen Norge AS is the top account owner. Participating companies are jointly and severally liable for granted overdraft facilities. As of 31. December 2023, the company has a drawdown of NOK 1,712,921 thousand in the cash pool. The group had a negative net balance in the cash pool at the end of the year.

**NOTE 8 SHARE CAPITAL AND SHAREHOLDER INFORMATION**

	Number of shares	Nominal value	Book value
A-shares	108,532,000	0.05	5,426,600

SHAREHOLDER	Number of shares	Stake	Change 2022-2023
ØMF Holding AS	17,972,233	16.56%	130,000
OBOS BBL	17,459,483	16.09%	-
Constructio AS	15,338,012	14.13%	50,000
Folketrygdfondet	9,070,140	8.36%	682,383
LJM AS	2,515,217	2.32%	-
Artel Kapital AS	2,508,267	2.31%	-
Vito Kongsvinger AS	1,911,676	1.76%	-
Arne Skogheim AS	1,753,870	1.62%	-
Janiko AS	1,370,186	1.26%	20,000
Moger Invest AS	1,242,609	1.14%	-
<b>Ten largest shareholders</b>	<b>71,141,693</b>	<b>65.55%</b>	<b>882,383</b>
Total other shareholders	37,390,307	34.45%	-52,383
<b>Total number of shares</b>	<b>108,532,000</b>	<b>100.00%</b>	<b>830,000</b>

The shares are not subject to any voting restrictions and are freely negotiable. Each share represents one vote. All the shares issued are fully paid-up as at 31 December 2023.

**NOTE 8 SHARE CAPITAL AND SHAREHOLDER INFORMATION CONT.**

Board of Directors	Role	Options	Shares	Shares owned by related parties
Morten Grongstad	Elected by shareholders, Board Chairman	-	25,000	-
Marianne Gjertsen Ebbesen <sup>1)</sup>	Elected by shareholders	-	-	17,459,483
Kristian Holth <sup>2)</sup>	Elected by shareholders	-	-	16,359,521
Hege Bømark	Elected by shareholders	-	-	-
Saloume Djoudat	Elected by shareholders	-	-	-
Hilde Kristin Herud <sup>3)</sup>	Elected by shareholders	-	-	3,075
Erik Tømmeraas Veiby <sup>4)</sup>	Elected by shareholders	-	-	2,224,240
Arne Sveen	Elected by employees	-	-	-
Hilde Wikesland Flaen	Elected by employees	-	29,016	-
Espen Jahr	Elected by employees	5,587	6,586	-
<b>Sum</b>		<b>5,587</b>	<b>60,602</b>	<b>36,046,319</b>

<sup>1)</sup> Represents OBOS BBL, which owns 17,459,483 shares.

<sup>2)</sup> Represents Constructio AS and Flygind AS which own 15,338,012 and 1,021,509 shares, respectively.

<sup>3)</sup> Represents Hilma Invest AS which owns 3,075 shares.

<sup>4)</sup> Represents Vito Kongsvinger AS and KB Gruppen Kongsvinger AS, which own 1,911,676 and 312,564 shares, respectively.

Corporate Management Team	Title	Options	Shares
Amund Tøftum	CEO	40,477	138,911
Anny Øen	Executive Vice President/CFO	23,708	31,683
Bård Frydenlund	Executive Vice President	24,437	188,090
Eirik Wraal	Executive Vice President	24,327	40,590
Geir Flåta	Executive Vice President	24,327	2,487
Tormod Solberg	Executive Vice President	22,796	58,286
Lars Myhre Hjelmset	Executive Vice President	23,708	37,511
<b>Total</b>		<b>183,780</b>	<b>497,558</b>

The Board has the authority to acquire up to 10 per cent of the share capital. This authority is valid until the Annual General Meeting, which is scheduled for 15 May 2024. A new option programme for all employees of AF Gruppen ASA and subsidiaries was adopted at the Annual General Meeting held on 12 May 2023, with entitlement to subscribe for a total of 5,000,000 options during the years 2023, 2024 and 2025, with redemption in 2026. As at 31 December 2023, a total of 4,779,447 options have been allotted in this programme.

**NOTE 9 EQUITY**

Amounts in NOK million	Share capital	Treasury shares	Premium	Other paid-in equity	Other equity	Total
Equity as at 31 December 2021	5	-	237	54	529	824
Capital increase	-	-	125	-	-	125
Purchase of treasury shares	-	-	-	-	-66	-66
Sale of treasury shares	-	-	-	-	57	57
Total comprehensive income for the year	-	-	-	-	1,512	1,512
Supplementary dividend	-	-	-	-	-431	-431
Proposed dividend for 2022	-	-	-	-	-700	-700
<b>Equity 31 December 2022</b>	<b>5</b>	<b>-</b>	<b>361</b>	<b>54</b>	<b>900</b>	<b>1,320</b>
Capital increase	-	-	81	-	-	81
Purchase of treasury shares	-	-	-	-	-34	-34
Sale of treasury shares	-	-	-	-	32	32
Not executed options for option program 2020-2023	-	-	-	4	-	4
Paid in option premium on option program 2023-2026	-	-	-	1	-	1
Put option recognised in equity <sup>1)</sup>	-	-	-	-	-10	-10
Total comprehensive income for the year	-	-	-	-	554	554
Proposed dividend for 2023	-	-	-	-	-380	-380
<b>Equity 31 December 2023</b>	<b>5</b>	<b>-</b>	<b>442</b>	<b>58</b>	<b>1,063</b>	<b>1,568</b>

As at 31 December 2023, the Company had none (none) treasury shares with a nominal value of NOK 0.05. Treasury shares have been acquired to sell to employees and as partial payment for business acquisitions.

<sup>1)</sup> As at 31 December 2023, AF Gruppen ASA has an estimated obligation related to an agreement that entitle non-controlling owners to sell shares in a subsidiary to AF at a given time (put option) of NOK 8 million. The put option agreement was entered into in 2023 and recognised at a value of NOK 10 million. The value is not predetermined but is calculated on the redemption date as the enterprise value adjusted for liabilities. The enterprise value is calculated as the average operating profit for the previous three years multiplied by an agreed multiple. The calculated equity value has been discounted by a risk-free interest rate. The valuation is based on management's best estimates of future earnings and net interest-bearing liabilities, as well as the time of redemption. The value that is calculated is considered equivalent to the fair value and is at level 2 in the valuation hierarchy in accordance with IFRS 13. The contra entry for the liability is the equity of the majority interest, cf. Statement of Changes in Equity. In 2023, NOK 8 million of the estimated liability is classified as short-term provision since the put option can be exercised in 2024.

**NOTE 10 GUARANTEES**

In connection with construction contracts entered into, the subsidiaries are subject to the usual contracting obligations and the associated guarantees. In this connection, AF Gruppen ASA has furnished guarantees to subsidiaries in the form of absolute guarantees to financial institutions. AF Gruppen ASA has further guaranteed for bank credit lines and tax deductions for subsidiaries in the form absolute guarantees. Historically, there have been no losses associated with such guarantees in AF Group ASA.

Amounts in NOK million	2023		2022	
	Limit	Drawn	Limit	Drawn
Guarantees issued to clients	9,337	5,902	8,203	4,784
Guarantees for tax withholdings etc.	313	313	249	249
Leasing limits	1,622	1,289	1,272	809
Bank credit and loan facilities	3,500	222	3,000	421
<b>Total</b>	<b>14,772</b>	<b>7,726</b>	<b>12,724</b>	<b>6,263</b>

# AUDITOR'S REPORT



To the General Meeting of AF Gruppen ASA

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of AF Gruppen ASA, which comprise:

- the financial statements of the parent company AF Gruppen ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the income statement, total comprehensive income and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of AF Gruppen ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the income statement, total comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of AF Gruppen ASA for 7 years from the election by the general meeting of the shareholders on 12 May 2017 for the accounting year 2017.

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T: 02316, org. no.: 987 009 713 MVA, www.pwc.no  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

## RESPONSIBILITY STATEMENT FROM MEMBERS OF THE BOARD AND CEO

With regard to the annual accounts for 2023 for AF Gruppen ASA, we confirm to the best of our knowledge that:

- The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standard as adopted by the EU, and the additional disclosure requirements that follow from the Norwegian Accounting Act.
- The financial statements for the Parent Company, AF Gruppen ASA, have been presented in accordance with IFRS® Accounting Standard as adopted by the EU and the simplified IFRS provisions for company accounts laid down in section 3.9, fifth paragraph of the regulations pursuant to the Norwegian Accounting Act.
- The amounts and disclosures in the accounts provide a true and fair view of the Company's and the Group's assets, liabilities, financial standing and results as a whole.
- The amounts and disclosures in the 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, 10 APRIL 2024

<b>Morten Grongstad</b> Board Chairman	<b>Hilde Kristin Herud</b>	<b>Saloume Djoudat</b>	<b>Kristian Holth</b>	<b>Hege Bømark</b>	<b>Erik Tømmeraas Veiby</b>
<b>Amund Tøftum</b> CEO	<b>Marianne Gjertsen Ebbesen</b>	<b>Espen Jahr</b>	<b>Arne Sveen</b>	<b>Hilde Wikesland Flaen</b>	

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



**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As the Group's activity and risk profile have not changed significantly, we have concluded that *Recognition of revenue from construction contracts* is a Key Audit Matter in this year's audit. This is similar to prior year's audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
<p><b>Recognition of revenue from construction contracts</b></p> <p>Revenues from construction contracts amounts to MNOK 28.757 in 2023 (note 6). Revenue from construction contracts is recognised continuously based on the contracts' stage of completion and the estimated transaction price. The contracts' stage of completion is estimated based both on incurred costs relative to estimated total costs (input-based calculation) and based on completed production relative to agreed production (output-based calculation) in the performance obligation. Construction contracts can be long-term, complex, and characterised by uncertainty. Estimating total revenues and costs requires application of judgment, including in the assessment of final forecast, progress, contract changes, variable consideration, and any effects of disputes.</p> <p>Recognition of revenue from construction contracts was a key audit matter because the Group has a large number of construction contracts, and because management's application of judgment can significantly affect several items in the financial statements; including revenues, costs, accounts receivable, contract assets, provisions, and deferred tax.</p> <p>More information about recognition of revenue from construction contracts, calculation of stage of completion, and management's use of judgment in this context, is provided in notes 2 and 3.</p>	<p>We reviewed a selection of contracts and assessed the accounting against the Group's accounting principles. We evaluated the Group's principles for revenue recognition against IFRS 15. We found that the accounting of contracts was in line with the terms of the contracts and that the applied accounting principles were in accordance with the requirements of IFRS 15 and consistently applied.</p> <p>We obtained an understanding of and tested the implementation of internal control intended to ensure a qualitative and consistent treatment of risk and estimates in the projects. We found that management had established controls to ensure compliance with the framework. The controls were primarily directed at ensuring appropriate assessments of total expected costs and stage of completion, and total expected revenues, including variable revenues and revenues associated with uncertainty from disagreements and disputes. The controls were established at several levels in the organisation and consisted, among other things, of periodic reviews of the project portfolio in meetings. We reviewed relevant documentation that supported sufficient quality in the discussions and found that the controls had operated effectively during the period.</p> <p>Furthermore, we tested controls intended to ensure that hours and costs are allocated to the correct project, and consequently that the basis for assessing stage of completion and project margin is correct. We found that the controls had operated effectively.</p> <p>Determining the final forecast and stage of completion that forms the basis for the revenue recognition involves application of judgment. To challenge the use of judgment in these estimates, we interviewed and challenged management and other relevant individuals in the respective</p>



	<p>business units about the assumptions for the estimates. We also checked whether there was documentation that substantiated management's assessments of selected assumptions that were central to the final forecasts, including terms in signed customer contracts, change orders and other relevant documentation. For projects where there were significant disputes, we obtained confirmations directly from the Group's external legal counsel. We also performed analyses aimed at consistency in management's exercise of judgment. We found that management's estimates and use of judgment were reasonable and consistent with underlying documentation.</p> <p>We checked and found that the information in key disclosures was consistent with the information about the projects, and that the disclosure requirements in IFRS were met.</p>
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**Other Information**

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern



and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters



that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

##### Report on Compliance with Requirement on European Single Electronic Format (ESEF)

###### Opinion

As part of the audit of the financial statements of AF Gruppen ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name «AF\_Gruppen\_ASA-2023-12-31-no.zip», have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

###### Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

###### Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 10 April 2024

**PricewaterhouseCoopers AS**

Thomas Whyte Gaardsø  
State Authorised Public Accountant

*Note: This translation from Norwegian has been prepared for information purposes only.*

## ALTERNATIVE PERFORMANCE MEASURES

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

### RETURN ON CAPITAL EMPLOYED (ROACE):

This performance 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® Accounting Standard as adopted by the EU, but as a supplement.

The alternative performance measures are defined as follows:

**EBITDA** – earnings before i) taxes, ii) net financial items, iii) depreciation and amortisation.

**Operating profit (EBIT)** – earnings before i) taxes, ii) net financial items.

**EBITDA margin** - EBITDA divided by operating revenue and other revenues.

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

**Profit margin** – earnings before tax divided by operating revenue and other revenues.

**Gross interest-bearing 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 tax and interest expenses divided by the average capital employed.

**Economic Value Added (EVA)** – return on capital employed, less required rate of return before taxes, multiplied by i) 1 minus the effective tax rate, ii) average capital employed.

**Equity ratio** – shareholders' equity divided by total equity and liabilities.

**Average shareholders' equity** – average shareholders' equity in the last four quarters.

**Return on equity** – earnings divided by average shareholders' equity.

**Order intake** – Estimated value of contracts, contract changes and orders that have been agreed upon during the reporting period.

**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 reconciles alternative performance measures with line items in the reported financial figures in accordance with IFRS® Accounting Standard as adopted by the EU.

Amounts in NOK million	31/12/23	31/12/22
<b>GROSS INTEREST-BEARING DEBT/NET INTEREST BEARING DEBT</b>		
Interest-bearing loans and credit facilities - long-term	93	75
Interest-bearing loans lease liability - long-term	666	607
Interest-bearing loans and credit facilities - short-term	233	433
Interest-bearing loans lease liability - short-term	345	290
<b>Gross interest-bearing debt</b>	<b>1,337</b>	<b>1,406</b>
Less:		
Interest-bearing receivables - long-term	-317	-268
Interest-bearing receivables - short-term	-32	-44
Cash and cash equivalents	-347	-765
<b>Net interest-bearing debt (receivables)</b>	<b>641</b>	<b>329</b>
<b>CAPITAL EMPLOYED</b>		
Shareholders' equity	3,203	3,494
Gross interest-bearing debt	1,337	1,406
<b>Capital employed</b>	<b>4,540</b>	<b>4,900</b>
<b>AVERAGE CAPITAL EMPLOYED</b>		
Capital employed as at 1st quarter	5,071	4,593
Capital employed as at 2nd quarter	5,293	4,366
Capital employed as at 3rd quarter	5,224	4,385
Capital employed as at 4th quarter	4,540	4,900
<b>Average capital employed</b>	<b>5,032</b>	<b>4,561</b>

Beløp i MNOK	31/12/23	31/12/22
<b>RETURN ON CAPITAL EMPLOYED (ROaCE)</b>		
Profit before tax	700	1,400
Interest expenses	99	43
<b>Earnings before tax and interest expenses</b>	<b>799</b>	<b>1,442</b>
Divided by:		
Average capital employed	5,032	4,561
<b>Return on capital employed (ROaCE)</b>	<b>15.9 %</b>	<b>31.6 %</b>
<b>ECONOMIC VALUE ADDED (EVA)</b>		
Return on capital employed	15.9 %	31.6 %
Less		
Required rate of return before taxes	12.0 %	12.0 %
<b>Extra return before taxes</b>	<b>3.9 %</b>	<b>19.6 %</b>
Multiplied by:		
1 minus effective tax rate	73.5 %	82.3 %
<b>Extra return after tax</b>	<b>2.9 %</b>	<b>16.1 %</b>
Multiplied by:		
Average capital employed	5,032	4,561
<b>Economic Value Added (EVA)</b>	<b>144</b>	<b>736</b>
<b>EQUITY RATIO</b>		
Shareholders' equity	3,203	3,494
Divided by:		
Total equity and liabilities	14,647	14,457
<b>Equity ratio</b>	<b>21.9 %</b>	<b>24.2 %</b>
<b>AVERAGE SHAREHOLDERS' EQUITY</b>		
Shareholders' equity as at 1st quarter	3,458	3,639
Shareholders' equity as at 2nd quarter	2,897	3,126
Shareholders' equity as at 3rd quarter	2,973	3,286
Shareholders' equity as at 4th quarter	3,203	3,494
<b>Average shareholders' equity</b>	<b>3,133</b>	<b>3,386</b>
<b>RETURN ON EQUITY</b>		
Income statement	515	1,151
Divided by:		
Average shareholders' equity	3,133	3,386
<b>Return on equity</b>	<b>16.4 %</b>	<b>34.0 %</b>

# DEFINITIONS

## DEFINITIONS FINANCIAL RATIOS

### Earnings per share

Earnings after tax / average number of shares outstanding

### Diluted earnings per share

Net income / total number of shares (including outstanding options)

### P/E

Share price / earnings per share

### P/B

Share price / book value per share

### EV / EBIT

(Market value less net interest bearing receivable) / earnings before interest and tax

## OTHER DEFINITIONS

### BRA

Abbreviations for available area. Available area is the gross area minus the area occupied by external walls. Indicated in m<sup>2</sup> or sqm.

### GFA

Abbreviation for Gross Floor Area.

### BREEAM

BRE Environmental Assessment Method. Developed in the UK by BRE (Building Research Establishment). Europe's leading environmental classification tool.

### Own Account

When AF buys land, develops projects and then sells units for its own account.

### LTI-1 rate

Numer of lost time injuries per million man-hours. AF Gruppen includes all subcontractors when calculating the LTI-1 value.

### LTI-2 rate

Number of lost time injuries + number of injuries requiring medical treatment + number of injuries resulting in alternative work per million man-hours. AF Gruppen includes all subcontractors when calculating the LTI-2 value.

### HVAC

Heating, Ventilation, Air conditioning and Cooling systems.

### Source separation rate

Separate rate for demolition waste that can be recycled.

### Carbon footprint

Emissions of greenhouse gases in tons of CO<sub>2</sub> equivalents (CO<sub>2</sub>e) per NOK million in turnover.

# ADDRESSES

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