

Second Quarter and First Half of  
2023

# AF Gruppen ASA

25 August 2023



**AF**

# Q2



## *From the CEO*

We are maintaining a high level of activity and have a solid order intake, especially within the Civil Engineering business area. It is also gratifying that we are delivering good results within Civil Engineering, as well as within Energy and Environment. The Construction business area had a solid margin improvement from the first quarter.

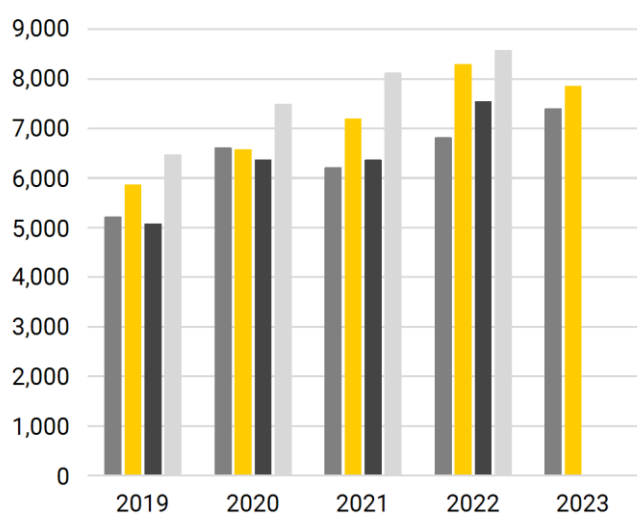
Innovation is one of four strategic initiatives in our corporate strategy. Digital solutions and AI provide better support for decision-making and more efficient project execution. We both develop innovative solutions ourselves and invest in venture companies that can help shape our industry. We have been actively using AI for several years and are very positive about the opportunities this represents for the construction industry.

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

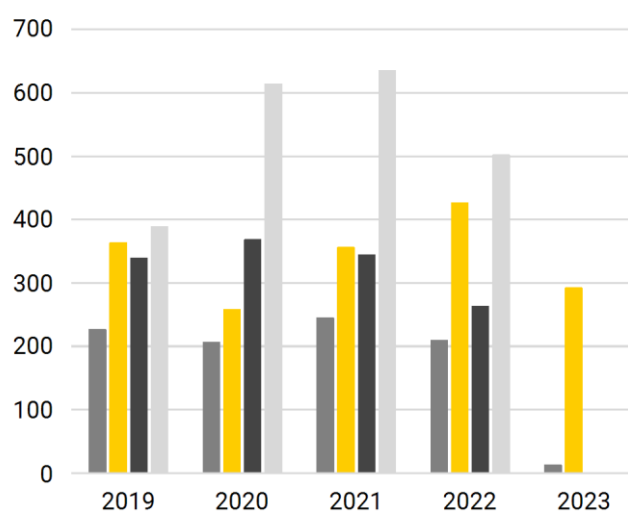
## OVERVIEW

- Revenues were NOK 7,853 million (8,292 million) for the 2nd quarter and NOK 15,246 million (15,101 million) for the 1st half of the year.
- Earnings before tax were NOK 292 million (426 million) for the 2nd quarter and NOK 305 million (635 million) for the 1st half of the year.
- The profit margin was 3.7% (5.1%) for the 2nd quarter and 2.0% (4.2%) for the 1st half of the year.
- Net operating cash flow was NOK 227 million (619 million) for the 2nd quarter and NOK 203 million (1,226 million) for the 1st half of the year.
- The order backlog stood at NOK 44,693 million (42,003 million) as at 30 June 2023.
- The order intake was NOK 10,877 million (7,598 million) in the 2nd quarter and NOK 20,173 million (18,458 million) for the 1st half of the year.
- Net interest-bearing debt (receivables) was NOK 1,582 million (-145 million) as at 30 June 2023.

REVENUES PER QUARTER (NOK MILLION)



EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



## SUMMARY OF 2ND QUARTER

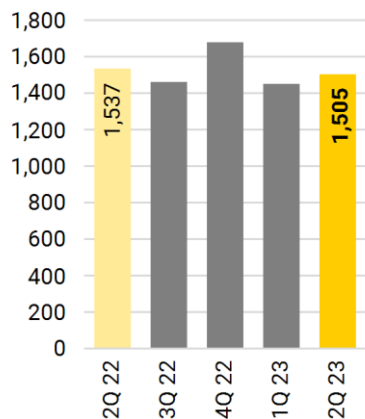
Key figures (NOK million)	2Q 23	2Q 22	1H 23	1H 22	2022
Operating and other revenue	7,853	8,292	15,246	15,101	31,205
EBITDA	438	557	584	902	1,937
Earnings before financial items and tax (EBIT)	303	421	318	636	1,409
Earnings before tax (EBT)	292	426	305	635	1,400
Result per share (NOK)	1.72	2.67	1.69	4.07	8.96
Diluted result per share (NOK)	1.72	2.68	1.69	4.07	8.96
EBITDA margin	5.6 %	6.7 %	3.8 %	6.0 %	6.2 %
Operating profit margin	3.9 %	5.1 %	2.1 %	4.2 %	4.5 %
Profit margin	3.7 %	5.1 %	2.0 %	4.2 %	4.5 %
Return on capital employed (ROaCE) <sup>1)</sup>	-	-	23.3 %	36.6 %	31.6 %
Cash flow from operating activities	227	619	203	1,226	1,460
Net interest-bearing debt (receivables)	1,582	-145	1,582	-145	329
Shareholders' equity	2,897	3,126	2,897	3,126	3,494
Total equity and liabilities	14,872	14,085	14,872	14,085	14,457
Equity ratio	19.5 %	22.2 %	19.5 %	22.2 %	24.2 %
Order intake	10,877	7,598	20,173	18,458	32,324
Order backlog	44,693	42,003	44,693	42,003	39,765
LTI-1 rate	0.7	1.7	1.1	1.3	1.1
Absence due to illness	3.9 %	4.1 %	4.2 %	4.8 %	4.6 %

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

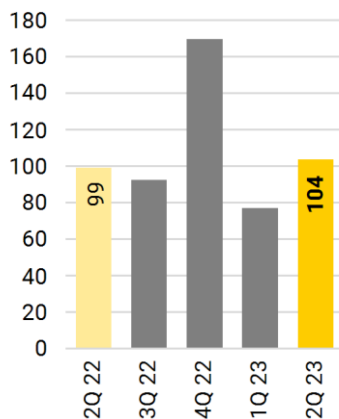


# CIVIL ENGINEERING

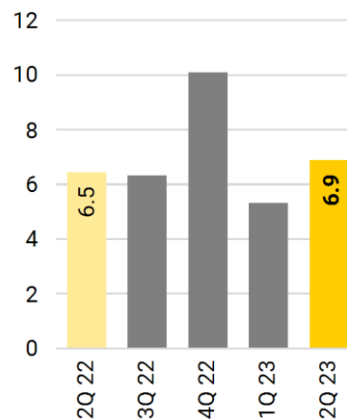
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



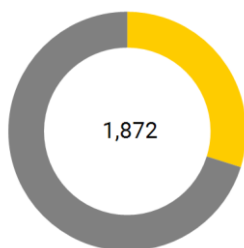
OPERATING PROFIT (%)



## KEY FIGURES

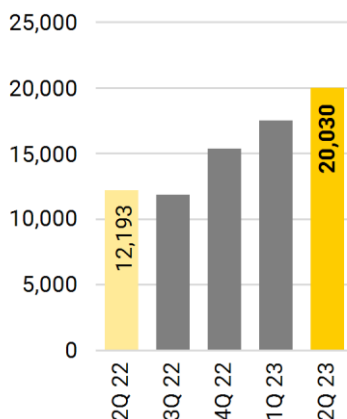
NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
Operating and other revenue	1,505	1,537	2,956	2,778	5,919
Earnings before financial items and tax (EBIT)	104	99	181	183	445
Earnings before tax (EBT)	107	96	185	179	440
Operating profit margin	6.9 %	6.5 %	6.1 %	6.6 %	7.5 %
Profit margin	7.1 %	6.3 %	6.3 %	6.4 %	7.4 %

NUMBER OF EMPLOYEES



AF Gruppen 6,272

ORDER BACKLOG (NOK million)



## CIVIL ENGINEERING CONSISTS OF

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



TBM to E6 Rentvannstunnel. Photo: Herrenknecht

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

Civil Engineering had a high level of activity in the 2nd quarter and delivered good results. The Civil Engineering business area reported revenues of NOK 1,505 million (1,537 million) for the 2nd quarter. Earnings before tax were NOK 107 million (96 million). For the 1st half of the year, revenues totalled NOK 2,956 million (2,778 million) and earnings before tax were NOK 185 million (179 million).

AF Anlegg had two major projects in production and several major projects in the start-up phase at the end of the quarter. The new water distribution tunnels in Oslo and Bergtunnlar Lovö in Stockholm have a high level of activity and good operations. The projects E1 Water Treatment

Plant at Huseby in Oslo, the Cable Tunnel between Sogn and Ulven in Oslo, E6 Storhove-Øyer and Mo i Rana Airport are in the start-up phase. AF Anlegg delivered good results for the 2nd quarter, with solid contributions from several projects.

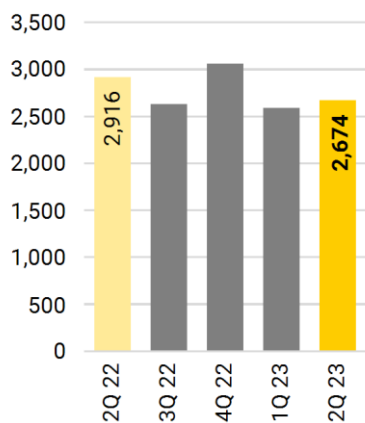
Målselv Maskin & Transport had strong revenue growth and a very good result in the 2nd quarter. Stenseth & RS reported good results. Consolvo delivered a result below expectation and Eiqon reported weak results for the quarter.

One contract was reported to the stock exchange in the 2nd quarter. AF Anlegg will construct a new airport in Mo i Rana, and during the quarter they signed a target price contract with Avinor for the execution phase following completion of the interaction phase. The contract is valued at approximately NOK 3,200 million, excluding VAT. The project is expected to run until autumn 2026.

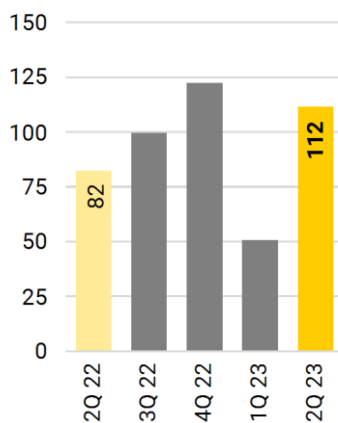
Civil engineering had an order intake of NOK 4,018 million (1,304 million) in the 2nd quarter. The order backlog for Civil Engineering was NOK 20,030 million (12,193 million) as at 30 June 2023.

# CONSTRUCTION

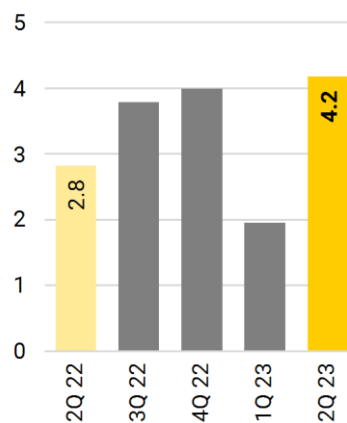
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



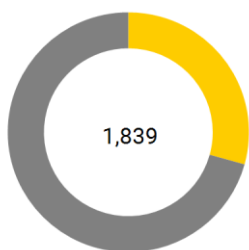
OPERATING MARGIN (%)



## KEY FIGURES

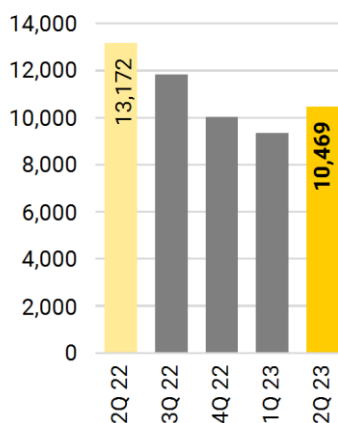
NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
Operating and other revenue	2,674	2,916	5,264	5,397	11,090
Earnings before financial items and tax (EBIT)	112	82	162	100	322
Earnings before tax (EBT)	105	83	151	100	318
Operating profit margin	4.2 %	2.8 %	3.1 %	1.8 %	2.9 %
Profit margin	3.9 %	2.9 %	2.9 %	1.9 %	2.9 %

NUMBER OF EMPLOYEES



AF Gruppen 6,272

ORDER BACKLOG (NOK million)



CONSTRUCTION CONSISTS OF

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





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

The Construction business area maintained a high level of activity, with improved results and margins when compared with the same quarter last year. Construction reported revenues of NOK 2,674 million (2,916 million) for the 2nd quarter. Overall, the business area reported a satisfactory result for the quarter with earnings before tax of NOK 105 million (83 million), with a profit margin of 3.9% (2.9%). For the 1st half of the year revenues totalled NOK 5,264 million (5,397 million) and earnings before tax were NOK 151 million (100 million).

AF Bygg Østfold, Strøm Gundersen, Strøm Gundersen Vestfold and Haga & Berg had very good results in the 2nd quarter. AF Håndverk and Åsane Byggmesterforretning

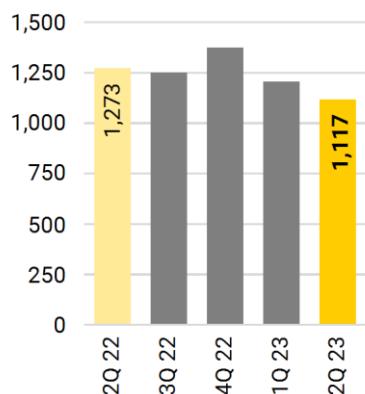
delivered good results, and AF Bygg Oslo and LAB Entreprenør had results for the quarter that were somewhat below expectations. AF Byggfornyelse, HTB and FAS delivered weak results for this quarter.

The Construction business area had a significant order intake and five contracts were reported to the stock exchange during the quarter. AF Bygg Østfold has signed a contract for the construction of a new treatment plant for FREVAR KF in Fredrikstad, which has a contract value of approximately NOK 1,081 million excl. VAT, after completion of interaction phase 1. AF Byggfornyelse signed a contract with Statsbygg for interaction phase 2 (engineering and construction) for Vikingtidsmuseet. The contract value for interaction phases 1 and 2 is NOK 1,447 million, excl. VAT. Strøm Gundersen will construct an office and research park for Oslo Cancer Cluster Innovasjonspark AS at a value of NOK 432 million, excl. VAT. AF Håndverk by Thorendahl has signed a contract for the exterior renovation of Oslo City Hall at a value of approximately NOK 140 million, excl. VAT. Strøm Gundersen Vestfold has signed a contract for the renovation of Storgata 1 in Sandefjord valued at NOK 126 million, excl. VAT.

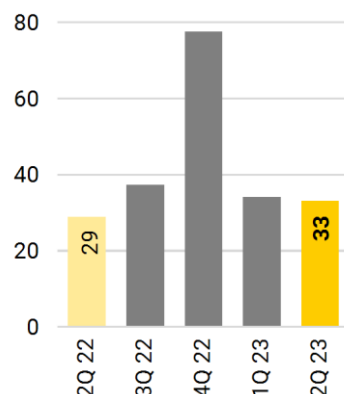
Construction had an order intake of NOK 3,801 million (2,877 million) in the 2nd quarter. The order backlog of Construction was NOK 10,469 million (13,172 million) as at 30 June 2023.

# BETONMAST

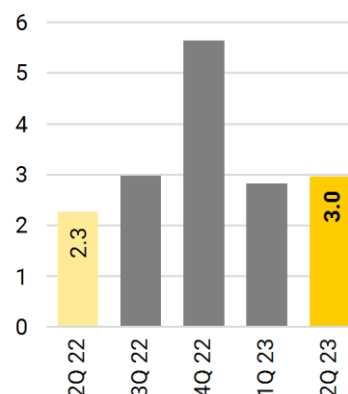
## REVENUE (NOK million)



## OPERATING PROFIT (NOK million)



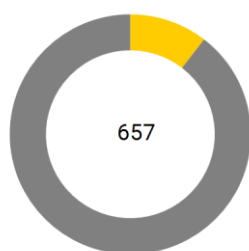
## OPERATING MARGIN (%)



## KEY FIGURES

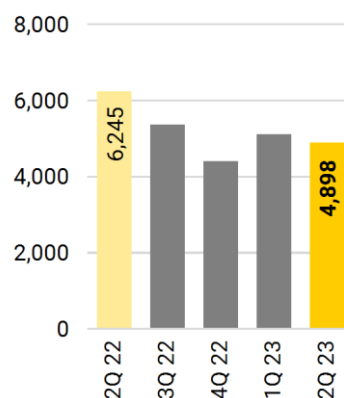
NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
Operating and other revenue	1,117	1,273	2,323	2,517	5,145
Earnings before financial items and tax (EBIT)	33	29	67	52	166
Earnings before tax (EBT)	37	30	77	50	174
Operating profit margin	3.0 %	2.3 %	2.9 %	2.0 %	3.2 %
Profit margin	3.4 %	2.3 %	3.3 %	2.0 %	3.4 %

## NUMBER OF EMPLOYEES



AF Gruppen 6,272

## ORDER BACKLOG (NOK million)



## BETONMAST CONSISTS OF

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



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

Betonmast reports a result below expectations in the 2nd quarter, with improved profitability compared to the same quarter last year. Betonmast reported revenues of NOK 1,117 million (1,273 million) and earnings before tax of NOK 37 million (30 million) in the 2nd quarter. For the 1st half of the year revenues totalled NOK 2,323 million (2,517 million) and earnings before tax were NOK 77 million (NOK 50 million).

The units Betonmast Trøndelag, Romerike, Røsand and Asker and Bærum delivered good results in the quarter. Betonmast Østfold delivered results that were somewhat below expectations. Betonmast Oslo, Buskerud-Vestfold,

Boligbygg and Innlandet delivered weak results in the quarter.

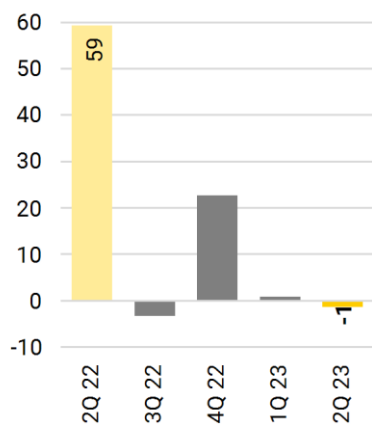
Betonmast has a separate property portfolio with two property projects with a total of 271 units under production. Betonmast Eiendom reported a weak result for the quarter. For further information on the projects, see Note 7.

Two new contracts were reported to the stock exchange in the 2nd quarter. Betonmast Trøndelag signed a contract for the renovation of existing buildings and construction of a new building for Trondheim Katedralskole (execution phase). This project has been developed in collaboration with Trøndelag County Council since 2021. The contract is a turnkey contract valued at approximately NOK 400 million, excl. VAT. Betonmast Trøndelag also entered into an agreement with SiT (Student Welfare Organisation in Gjøvik, Ålesund and Trondheim) for the construction of student housing in Trondheim. The contract will be carried out as a turnkey contract, and is valued at NOK 129 million, excl. VAT.

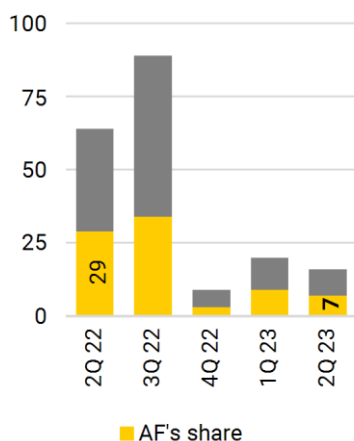
Betonmast had an order intake of NOK 900 million (1,261 million) in the 2nd quarter. As at 30 June 2023, Betonmast's order backlog was NOK 4,898 million (6,245 million).

# PROPERTY

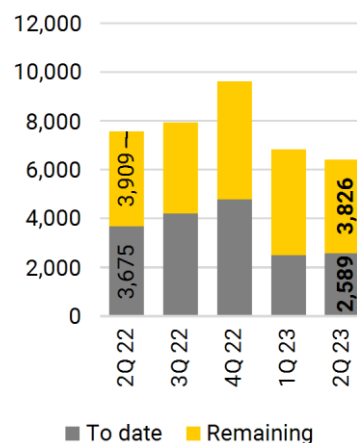
**EARNINGS BEFORE TAX (NOK million)**



**ENTERED INTO SALES CONTRACTS (TOTAL NUMBER)**



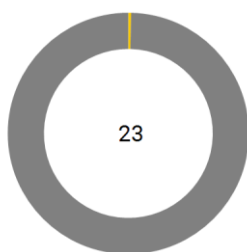
**TURNOVER UNITS IN PRODUCTION (NOK million)**



## KEY FIGURES

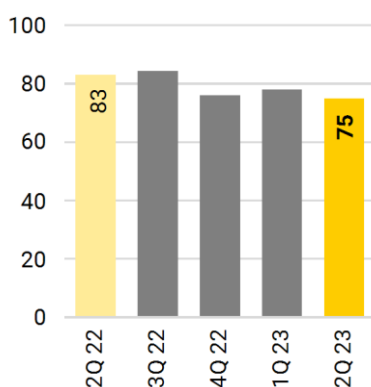
NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
Operating and other revenue	6	5	16	11	30
Earnings before financial items and tax (EBIT)	-3	57	-5	59	75
Earnings before tax (EBT)	-1	59	-	62	82
Capital employed	756	532	756	532	654

**NUMBER OF EMPLOYEES**



AF Gruppen 6,272

**SALES RATIO PROJECTS IN PROGRESS (%)**



**PROPERTY CONSISTS OF**

- AF Eiendom
- LAB Eiendom



Skårersletta MIDT. Illustration: OxiVisuals

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

Property delivered earnings before tax of NOK -1 million (59 million) in the 2nd quarter. For the 1st half of the year earnings before tax were NOK 0 million (NOK 62 million). The previous year's result for the 2nd quarter was influenced by the sale of Karvesvingen 7 at Hasle in Oslo. Property consists of two operating units, AF Eiendom and LAB Eiendom, with local presence in Greater Oslo and the Bergen region respectively.

Rising interest rates and economic instability have resulted in a challenging property market, and contributed to low sales in the quarter. Sales contracts for 16 (64) homes were signed in the quarter, of which AF's share is 7 (29). Year to date, a total of 36 (121) contracts have been signed, of which AF's share was 17 (54).

There were six residential property projects in the production stage at the end of the quarter. A total of 885 units are in production, of which AF's share is 410:

- Fyrstikkbakken in Oslo (159 units in production, of which 139 sales contracts have been signed).

- Skårersletta MIDT in Lørenskog (295 units in production, of which 189 sales contracts have been signed).
- Bekkestua Have in Bærum (232 units in production, of which 227 sales contracts have been signed).
- Rolvsrud Arena in Lørenskog (194 units in production, of which 107 sales contracts have been signed).
- Skiparviklia 3D in Bergen (4 units in production, of which 4 sales contracts have been signed).
- Baneveien 16 in Bergen (1 unit in production, 1 sales contract has been signed).

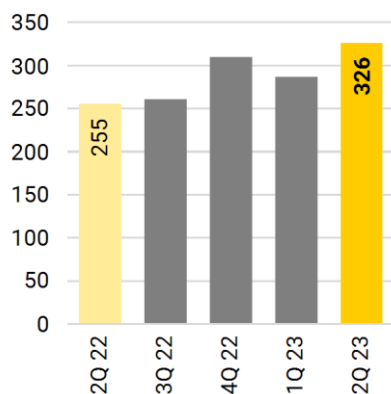
This gives a sales ratio of 75 % for commenced projects. Property has also sold 26 units at Rolvsrud Arena in construction stages that have not yet been put into production. There were a total of 4 (1) completed unsold units at the end of the quarter, of which AF's share was 1 (0). For more information on projects for own account, see Note 7.

AF also has a significant development portfolio in Norway which is estimated at 1,651 (1,576) residential units. AF's share of this was 824 (761) residential units.

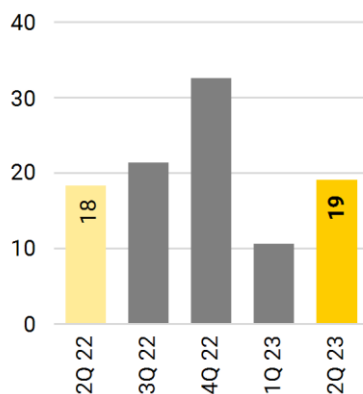
AF has a commercial building in the production stage at Baneveien 16 in Bergen, which also includes one residential unit. AF has an ownership stake in commercial property under construction with a total RFA of 73,107 (62,256) square metres, of which AF's share is an RFA of 36,374 (30,949) square metres.

# ENERGY AND ENVIRONMENT

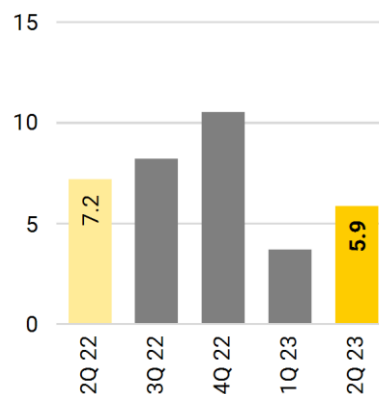
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



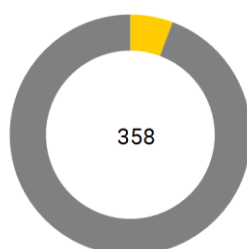
OPERATING MARGIN (%)



## KEY FIGURES

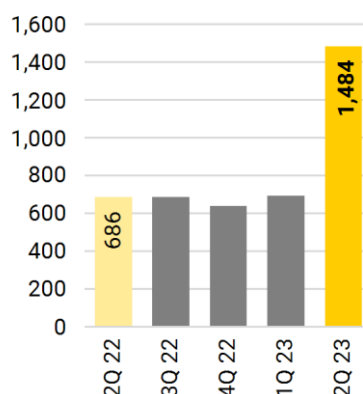
NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
Operating and other revenue	326	255	613	492	1,062
Earnings before financial items and tax (EBIT)	19	18	30	30	84
Earnings before tax (EBT)	21	19	33	29	82
Operating profit margin	5.9 %	7.2 %	4.9 %	6.1 %	7.9 %
Profit margin	6.3 %	7.4 %	5.4 %	6.0 %	7.7 %

NUMBER OF EMPLOYEES



AF Gruppen 6,272

ORDER BACKLOG (NOK million)



## ENERGY AND ENVIRONMENT

### CONSIST OF

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



Energy efficiency improvement for Møller Eien Om.

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.

Energy and Environment increased the level of activity in the 2nd quarter and achieved a good result that was on par with the same quarter last year. Revenues for the 2nd quarter were NOK 326 million (255 million). Earnings before tax were NOK 21 million (19 million). For the 1st half of the year revenues totalled NOK 613 million (492 million) and earnings before tax were NOK 33 million (29 million).

AF Decom maintained its level of activity in the 2nd quarter when compared with the same quarter last year, however delivered a result that was somewhat below expectations. AF's demolition operations demolish and sort different materials for recycling. AF Decom demolished and facilitated the recycling of approximately 2,354 (1,888) tonnes of metal in the 2nd quarter, and 6,896 (13,117) tonnes of metal in the first six months of the year. The steel industry accounts for about 7 % of the world's total CO<sub>2</sub> emissions. Reusing steel results in 70 % lower CO<sub>2</sub> emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO<sub>2</sub> for each kilo of steel recycled. This means that AF Decom's demolition

operations have helped to reduce alternative CO<sub>2</sub> emissions by 6,896 tonnes thus far in 2023.

The foundation for our environmental activities is that waste can to a large extent be reused, and thus be a valuable resource in a growing circular economy. AF's environmental centres receive contaminated material and are working to reuse as much as possible instead of it going to landfill. The environmental centres delivered good results in the quarter. AF's environmental centres recycled a total of 78,108 (95,532) tonnes of material in the 2nd quarter, and a total of 124,673 (147,046) tonnes of material for the first six months of the year. The recycling rate realised for contaminated material was 78 % for the first half of 2023.

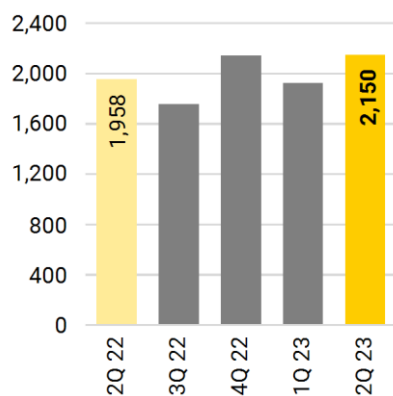
AF Energi reported significant revenue growth in the quarter. A high level of activity and good operational performance in the projects contributed to a good result for the 2nd quarter.

During the quarter, AF Energi entered into an agreement with Statsbygg for plumbing works in the Life Sciences Building. The contract has a total value based on the target price of NOK 680 million, excl. VAT.

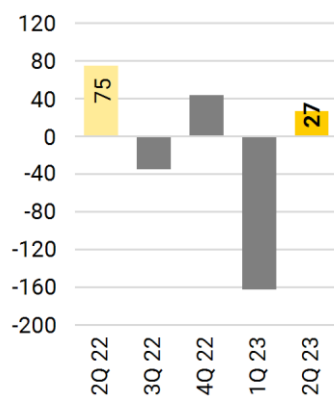
Energy and environment had an order intake of NOK 1,116 million (179 million) in the 2nd quarter. The order backlog for Energy and Environment stood at NOK 1,484 million (686 million) as at 30 June 2023.

# SWEDEN

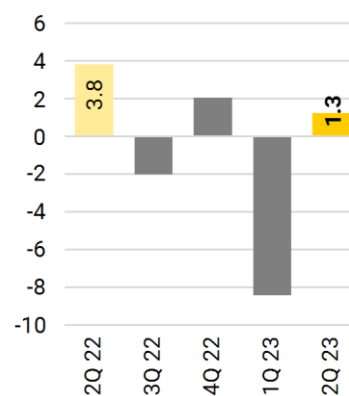
## REVENUE (NOK million)



## OPERATING PROFIT (NOK million)



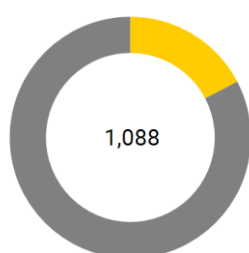
## OPERATING MARGIN (%)



## KEY FIGURES

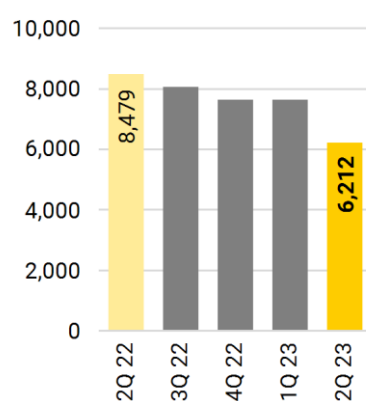
NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
Operating and other revenue	2,150	1,958	4,077	3,544	7,445
Earnings before financial items and tax (EBIT)	27	75	-135	121	130
Earnings before tax (EBT)	26	74	-138	118	127
Operating profit margin	1.3 %	3.8 %	-3.3 %	3.4 %	1.7 %
Profit margin	1.2 %	3.8 %	-3.4 %	3.3 %	1.7 %

## NUMBER OF EMPLOYEES



AF Gruppen 6,272

## ORDER BACKLOG (NOK million)



## SWEDEN CONSISTS OF

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





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

Sweden reported revenues of NOK 2,150 million (1,958 million) for the 2nd quarter. Earnings before tax were NOK 26 million (74 million). For the 1st half of the year revenues totalled NOK 4,077 million (3,544 million) and earnings before tax were NOK -138 million (118 million).

Overall, Sweden delivered a positive result for this quarter, however there was still a large gap between the best and weakest performances. Kanonaden, AF Prefab in Mälardalen and AF Härnösand Byggreturer reported both revenue growth and very good results for this quarter. AF Bygg Syd and HMB made good profit contributions but

deliver somewhat below expectation in the quarter. Other civil engineering and construction units deliver negative results also for the 2nd quarter.

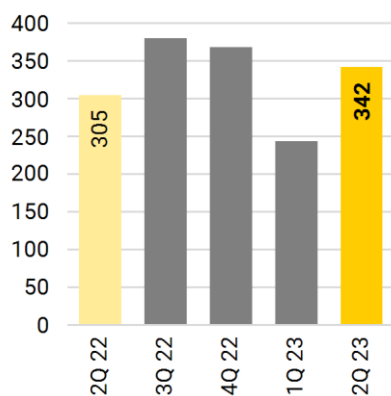
AF Projektutveckling, AF's property business in Sweden, has one residential project with a total of 83 units under production. For further information on the residential projects, see Note 7. The unit has a building site inventory (residential units under development) that is estimated at 1,150 (950) residential units. AF's share of this was 575 (510) residential units.

One new contract was reported to the stock exchange in the 2nd quarter. Kanonaden Entreprenad will build the infrastructure for the Bruzaholm wind farm in Eksjö municipality for Vattenfall. The contract is valued at approximately SEK 210 million, excl. VAT.

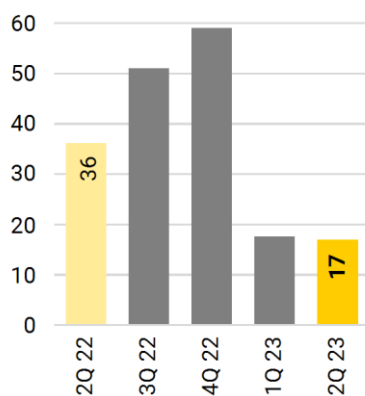
Sweden had an order intake of NOK 718 million (1,906 million) in the 2nd quarter. The order backlog for Sweden stood at NOK 6,212 million (8,479 million) as at 30 June 2023.

# OFFSHORE

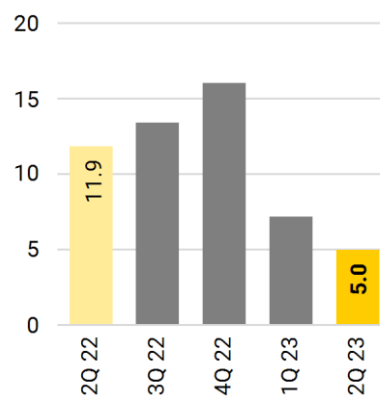
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



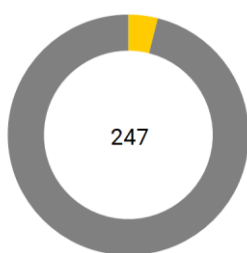
OPERATING MARGIN (%)



## KEY FIGURES

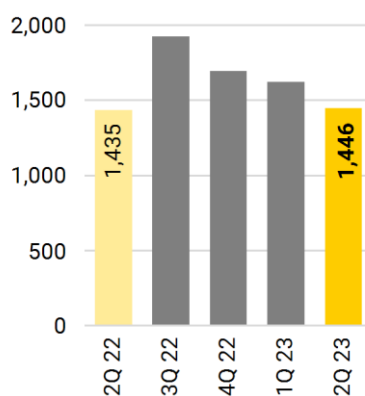
NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
Operating and other revenue	342	305	586	489	1,238
Earnings before financial items and tax (EBIT)	17	36	35	53	164
Earnings before tax (EBT)	12	40	28	55	160
Operating profit margin	5.0 %	11.9 %	5.9 %	10.9 %	13.2 %
Profit margin	3.6 %	13.0 %	4.8 %	11.3 %	12.9 %

NUMBER OF EMPLOYEES



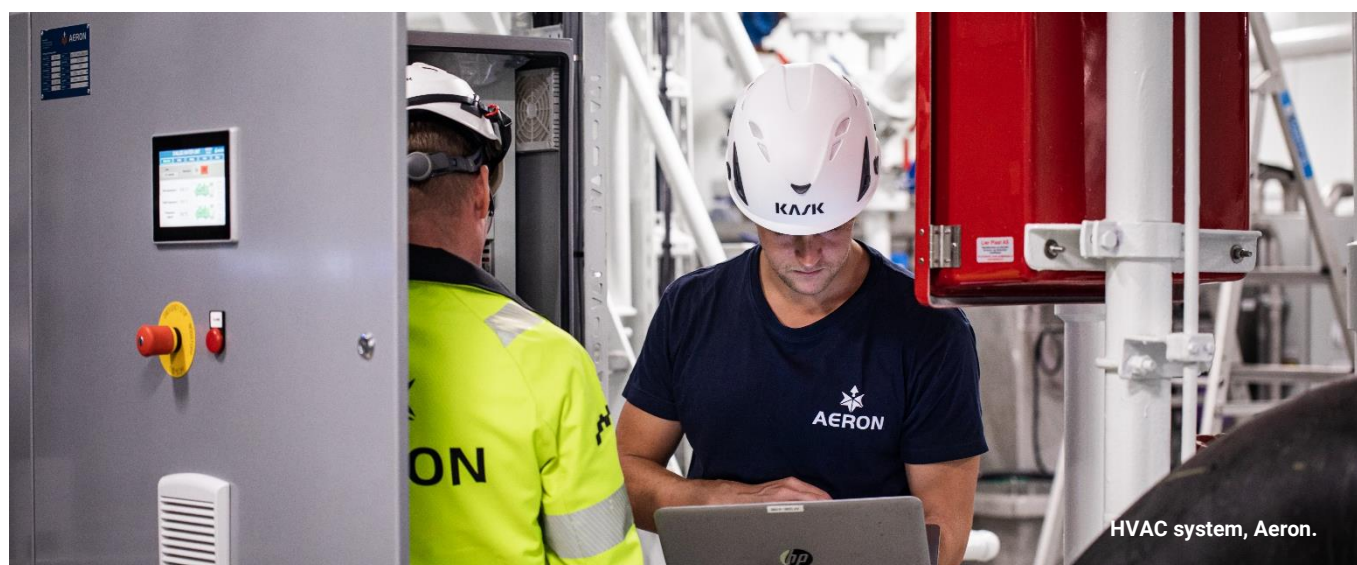
AF Gruppen 6,272

ORDER BACKLOG (NOK million)



## OFFSHORE CONSISTS OF

- AF Offshore Decom
- Aeron, prev. AF AeronMollier



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.

Offshore delivered a good result for the quarter. Revenues in the 2nd quarter were NOK 342 million (305 million). Earnings before tax were NOK 12 million (40 million). Revenues totalled NOK 586 million (489 million) and earnings before tax were NOK 28 million (55 million) for the 1st half of the year.

AF Offshore Decom delivered good profitability, with a high level of activity at the Environmental Base at Vats during the 2nd quarter.

AF Offshore Decom demolishes and facilitates the recycling of offshore installations. AF Offshore Decom has sorted 95 % of the structures for recycling as of the 2nd quarter, where metal is the main component. AF Offshore Decom demolished and facilitated the recycling of 6,456 (11,737) tonnes of steel in the 2nd quarter, and 18,107 (28,314) tonnes of steel for the first six months of the year, corresponding to a reduction of alternative CO<sub>2</sub> emissions of 18,107 tonnes compared to ore-based production.

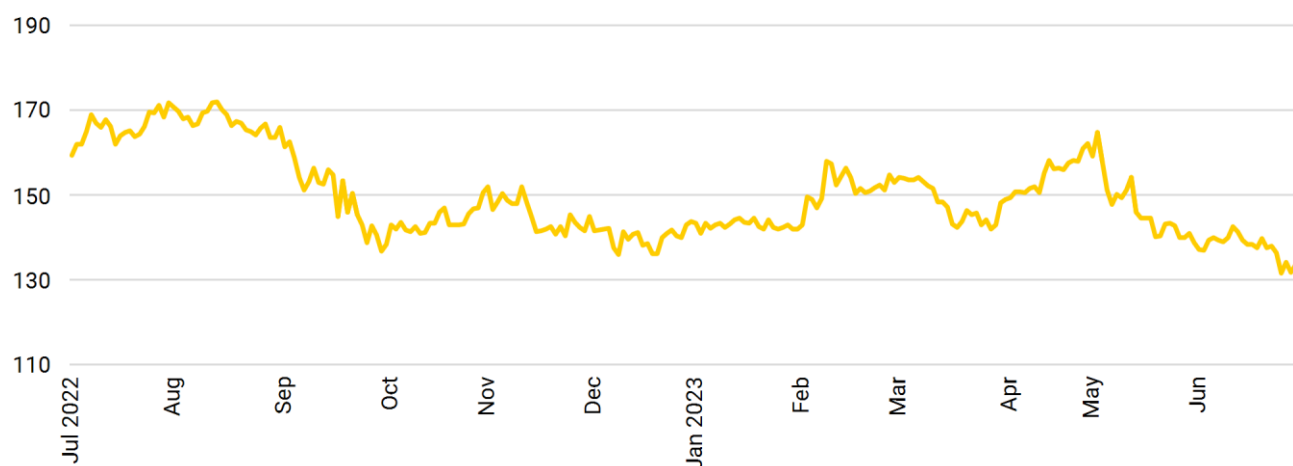
Aeron had a high level of activity during the quarter and very good profitability.

Offshore had an order intake of NOK 164 million (156 million) in the 2nd quarter. The order backlog for Offshore was NOK 1,446 million (1,435 million) as at 30 June 2023.



Scrap metal at AF Environmental base Vats

## SHARE PRICE PERFORMANCE DURING THE LAST 12 MONTHS



## FINANCIAL INFORMATION

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

In the 2nd quarter, net operating cash flow was NOK 227 million (619 million) and net cash flow from investments was NOK -323 million (203 million). Cash flow before capital transactions and financing was NOK -96 million (822 million) for the 2nd quarter. For the 1st half of the year cash flow from operating activities was NOK 203 million (1,226 million), and cash flow from net investments NOK -400 million (169 million). Cash flow before financing activities was NOK -197 million (1,395 million) for the 1st half of the year.

At the end of the 2nd quarter, AF Gruppen had cash and cash equivalents of NOK 494 million (1,086 million). Net interest-bearing debt (receivables) as at 30 June 2023 was NOK 1,582 million (-145 million).

AF Gruppen's total financing facilities are NOK 3,000 million. The financing includes a multi-currency overdraft facility (revolving 1-year term) of NOK 2,000 million with DNB and a revolving long-term credit facility of NOK 1,000 million with Handelsbanken, available until 2024. Available liquidity at 30 June 2023, including overdraft facilities with Handelsbanken and DNB, is NOK 2,073 million.

Total assets were NOK 14,872 million (14,085 million) as at 30 June 2023. The Group's equity totalled NOK 2,897 million (3,126 million) as at 30 June 2023. This corresponds to an equity ratio of 19.5 % (22.2 %).

## THE SHARE

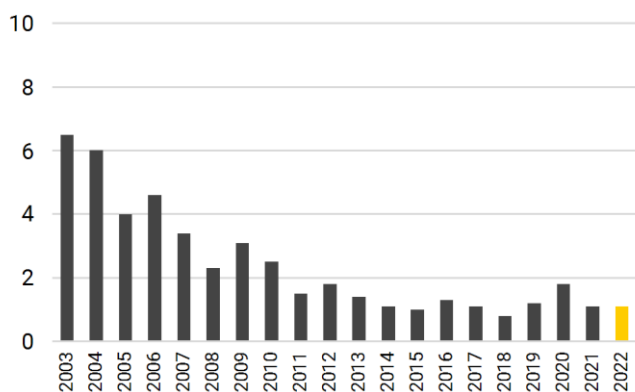
AF Gruppen's shares are listed on the Oslo Børs OB Match List and trade under the ticker AFG. The share is included in the Oslo Børs All Share Index (OSEAX), Benchmark Index (OSEBX), Mutual Fund Index (OSEFX) and the Industrials Index (OINP).

As of 30 June 2023, the AF share had a closing price of NOK 133.00. This corresponds to a return of -3.0 % in the first

## LIST OF SHAREHOLDERS AS AT 30 JUNE 2023

Name	No. Shares	% share
ØMF Holding AS	17,922,233	16.6
OBOS BBL	17,459,483	16.2
Constructio AS	15,288,012	14.2
Folketrygdfondet	8,414,373	7.8
LJM AS	2,515,217	2.3
Artel Kapital AS	2,508,267	2.3
VITO Kongsvinger AS	1,911,676	1.8
Arne Skogheim AS	1,753,870	1.6
Janiko AS	1,350,186	1.3
Moger Invest AS	1,242,609	1.2
<b>Ten largest shareholders</b>	<b>70,365,926</b>	<b>65.3</b>
Total other shareholders	37,289,074	34.6
Own shares	47,000	0.04
<b>Total number of shares</b>	<b>107,702,000</b>	<b>100.0</b>

## LTI-1 RATE DEVELOPMENT



half of the year. The Oslo Børs Benchmark Index showed a return of 1.1 % for the same period.

As a result of the Group's strong financial position, a dividend for the first half of the year was distributed in the quarter to AF Gruppen's shareholders totalling NOK 6.50 (6.50) per share. This distribution is consistent with the company's dividend policy, namely a semi-annual distribution and the intention to distribute a minimum of 50 % of the profit for the year as a dividend.

The company's Board of Directors has been granted authority by the General Meeting to determine the dividend to be distributed in the 2nd half of the year. A decision will be made on this in connection with the adoption of the quarterly results for the 3rd quarter on 10 November 2023.

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

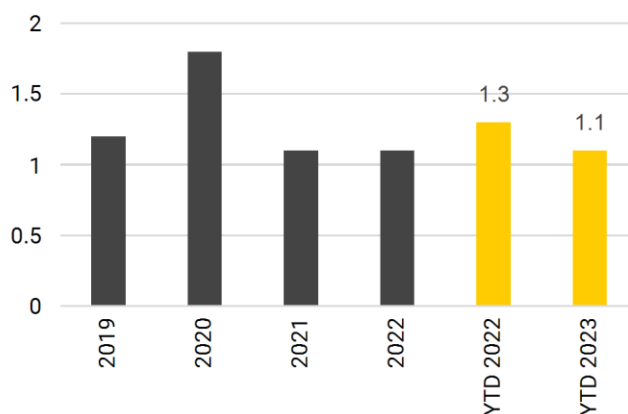
## SAFETY AND HEALTH

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

The LTI (lost-time injury) rate is an important measurement parameter for safety work at AF. The LTI-1 rate is defined as the number of serious personal injuries and absence injuries per million man-hours. A total of 4 (9) injuries resulting in absence were registered in the 2nd quarter. This gives an LTI-1 rate of 0.7 (1.7) for the 2nd quarter. For the 1st half of the year the LTI-1 rate is 1.1 (1.3).

Systematic and long-term work is being carried out to reduce the LTI-1 rate. Significant resources are being

## LTI-1 RATE



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

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

The registration of sick leave forms the basis for the measurement of health work at AF. In the 2nd quarter, sick leave rate was 3.9 % (4.1 %), and 4.2 % (4.8 %) for the 1st half of the year. Our target is a healthy sick leave level, without absence due to occupational illnesses or injuries. Systematic efforts are being made, which consist of ongoing risk analysis of exposure that is harmful to health, the establishment of physical and organisational barriers, and close follow-up of employees on sick leave.

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

## CLIMATE AND ENVIRONMENT

As part of the strategy for 2021-2024, AF has set a goal of halving relative greenhouse gas emissions and waste volumes that cannot be reused or recycled by 2030. The most important factor in reducing our own climate footprint is logistics planning to, among other things, reduce the

transport of masses. In addition, the use of electric machinery, a modern machinery and car fleet and sorting of waste will help to further reduce our own greenhouse gas emissions.

The source separation rate indicates how much of the waste from AF's operations is separated for the purpose of facilitating recycling. The government requirement for source separation is 60 %. In the 2nd quarter, the source separation rate for construction was 86 % (88 %), for renovation it was 85 % (87 %) and for demolition it was 96 % (94 %). For the 1st half of the year the recycling result for building was 86% (88 %), the result for renovation was 88 % (87 %) and the result for demolition was 96 % (95 %). These results are considered to be very good. A total of 47,008 tonnes (61,246 tonnes) of waste were separated at source in the 2nd quarter, and a total of 172,168 tonnes (143,907 tonnes) of waste were separated at source for the 1st half of the year.

AF wants to use the expertise we have to create further indirect savings on greenhouse gas emissions. AF's environmental centres are examples of services where materials that previously would have ended up in landfill sites now can be recovered and have their useful life extended. The environmental centres have recycled a total of 124,673 tonnes (147,046 tonnes) of materials for the 1st half of the year.

The Offshore and Energy and Environment business areas are based on services that solve environmental challenges in the area of demolition and recycling. All our demolition activities, both onshore and offshore, are based on a circular economy, where over 95 % of all material from demolition is sorted for recycling. Metals, especially steel, are one of the main components of that which is recycled. The steel industry accounts for about 7 % of the world's total CO<sub>2</sub> emissions. Reusing steel results in 70 % lower CO<sub>2</sub> emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO<sub>2</sub> for each kilo of steel recycled. AF Offshore Decom and AF Decom demolished and facilitated the recycling of 8,810 tonnes (13,625 tonnes) of metal in the 2nd quarter, and 25,003 tonnes (41,431 tonnes) of metal for the 1st half of the year. In total, this represents a reduction of alternative CO<sub>2</sub> emissions by around 25,003 tonnes (41,431 tonnes) for the 1st half of the year.

Each year, AF reports climate accounts based on the Greenhouse Gas Protocol (GHG), where our own direct and indirect emissions (scope 1 and 2), as well as other selected indirect emissions (scope 3) are measured in tonnes of CO<sub>2</sub> equivalents. The other selected indirect

emissions included in the climate accounts are emissions from waste generated, business travel and commuting. Waste from demolition operations is not included in the emission figures in scope 3. As at 30 June 2023, the carbon footprint was 1.5 (1.2). AF has set a target of halving greenhouse gas emissions for each service type relative to revenue by 2030. The basis year of the reduction target of scope 1 and 2-emissions is 2020, and the carbon footprint for that year was 1,6. There are large differences in greenhouse gas emissions relative to revenue in the various types of services. The use of diesel in construction machinery is the largest direct source of emissions. Both civil engineering and demolition activities require heavy construction machinery in order to carry out work and move large amounts of materials in projects. The greenhouse gas emissions in our construction projects are limited. In AF, the total carbon footprint is highly affected by the mix of services we provide. We have therefore chosen to analyse the greenhouse gas emissions within each type of service.

Climate accounts (tonnes CO <sub>2</sub> e <sup>1</sup> )	YTD 2Q 23	YTD 2Q 22
Scope 1: Direct emissions	16,006	14,512
Scope 2: Indirect emissions, energy	813	690
<b>Greenhouse gas emissions</b>	<b>16,820</b>	<b>15,201</b>
Carbon footprint <sup>2</sup> scope 1 and 2	1.1	1.0
Scope 3: Other indirect emissions	6,421	3,081
<b>Greenhouse gas emissions</b>	<b>23,241</b>	<b>18,282</b>
Carbon footprint <sup>2</sup> scope 1, 2 and 3	1.5	1.2

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

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

## ORGANISATION

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

AF aims to be a company to which talented individuals apply, whether they are women or men. A long-term goal is to increase the total proportion of women to 20 % and the proportion amongst officials to 40 %. This is an ambitious goal. In the 2nd quarter the share of women is 9.5 % (9.3 %) in total and 19.7 % (19.0 %) amongst officials.

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

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

AF invests a lot of time and resources in development of employees through the AF Academy. More than 80% of the current managers have been recruited internally. Our employees are good ambassadors in the recruitment of new colleagues.

At the end of the 2nd quarter AF Gruppen had a total of 6,272 (5,643) employees. Of these employees 5,060 (4,557) were employed in Norway, 1,166 (1,061) in Sweden, 23 (12) in Lithuania, 20 (13) in Germany and 3 (0) in Great Britain.

## **RISK AND RISK MANAGEMENT**

AF Gruppen is exposed to risk of both non-financial and financial nature. Risk reflects uncertainty or variations in the result. Non-financial risk encompasses business risk, reputational risk, and operational risk. Business risk arises as a result of external circumstances. These circumstances may, for example, be related to how competitors act, climate changes, regulatory changes or other political risk. The importance of business risk has been highlighted by the effect of Covid-19 pandemic and Russia's invasion of Ukraine. Reputational risk is the risk of loss of reputation. AF's credibility is based on trust and we have an uncompromising attitude towards ethics and a

strong corporate culture with zero tolerance for, among other things, corruption and bribery. Our employees represent AF Gruppen in all business context, and it is essential that they identify with and follow AF's Code of Conduct. Suppliers and subcontractors are also obliged to follow the Code of Conduct through AF's supplier declaration. Operational risk is the risk of losses due to deficiencies or errors in processes and systems, human errors or external events. AF Gruppen wants to undertake operational risk that the business units can influence and control. AF has developed risk management processes that are well adapted to our operations. Standardised, action-oriented risk management processes ensure comprehensive and coherent risk management in all parts of the organisation. AF seeks to limit exposure to risk that cannot be influenced. A risk review is conducted for all projects before a tender is even submitted. Analysis of risk during the tendering phase enables the correct pricing and management of risk in the project. The same project organisations conduct detailed risk reviews every quarter. The Corporate Management Team participates in risk reviews of all projects with a contract value in excess of NOK 100 million. In addition, 38 quarterly reviews in the business units were completed during the 2nd quarter, where the Corporate Management Team also participated.

Financial risk encompasses market risk, credit risk and liquidity risk. Market risk includes commodity price risk, foreign exchange risk and interest rate risk. AF is exposed to foreign exchange risk, including indirectly via suppliers who purchase from abroad, as well as the purchase and leasing of machinery manufactured abroad. As a major demolition and recycling operator, AF Gruppen is also exposed to fluctuations in steel prices. AF aims to have low exposure to risks that cannot be influenced, and use hedging instruments to mitigate the risk associated with foreign exchange rates and steel prices. AF has credit risk in relation to customers, suppliers and partners. In addition to the parent company and bank guarantees, the use of credit rating tools contributes to reducing risk. The liquidity risk is considered low. AF Gruppen's available liquidity, including credit facilities of NOK 3,000 million, stood at NOK 2,073 million as at 30 June 2023.

## **MARKET OUTLOOK**

An unpredictable macro situation with high inflation and currency fluctuations continues to impact the Norwegian and global economy. Significant interest rate increases have been introduced over a short period of time and



forecasts from Norges Bank, the central bank of Sweden (Riksbanken) and several other central banks indicate that interest rates will continue to increase before reaching their expected peak towards the end of the year. The Norwegian krone has weakened considerably of late, and there is major uncertainty associated with the future market outlook.

The civil engineering market in Norway is less sensitive to cyclical fluctuations, as public sector demand is the strongest driver behind investments in civil engineering. In the national budget for 2023, the Government allocated NOK 82.8 billion to transport. Prognosesenteret expects the total civil engineering market to grow by 1.7 % in 2023, 1.9 % in 2024 and 4.8 % in 2025. While growth will mainly come from operations and maintenance in 2023, investments are expected to drive growth in 2024 and 2025. Investments in the road development segment are expected to grow for the duration of the forecast period. The forecasts for the civil engineering market indicate a good basis for further growth for AF's civil engineering activities.

Figures from Eiendom Norge show a moderate increase in residential property prices during the 2nd quarter after a positive price development during the 1st quarter of 2023. On a national basis, residential property prices have risen by 5.2 % in the year to July 2023. At the interest rate meeting in August 2023, Norges Bank decided to increase the key rate by 0.25 percentage points to 4.0 % and predicted that there would be a further interest rate increase in September. According to Eiendom Norge, the interest rate increase has the effect of significantly delaying the economy, and weak sales of new residential units in recent years is a warning of weaker development in the Norwegian economy going forward.

Prognosesenteret updated its forecasts in June 2023 for the construction market in Norway, which were adjusted downward to -2.2 % for 2023 and -0.6 % for 2024. An increase in production value of 7.8 % is expected in 2025. There is expected to be a nationwide reduction in new builds in 2023, while the market for rehabilitation, renovation and extensions (ROT) is expected to grow. The growth is particularly evident in the regions of Oslo, former Akershus, Hordaland and Rogaland. Prognosesenteret has revised down its estimate for the number of start permits for new homes to 21,000 in 2023, which is equivalent to a decrease of 29 % since 2022. The number of start permits is expected to pick up in 2024 and 2025.

The general increase in prices for materials, energy and other goods is a significant element of uncertainty for AF Gruppen's activities going forward. According to Statistics Norway's construction cost index for "Housing in total", prices increased by 4.4 % in June compared to the same period last year, of which labour costs increased by 4.2 % and materials by 4.6 %. Prices for concrete and concrete elements remain at a relatively high level after a significant increase in the 1st quarter. The prices of reinforcing steel and wood products fell during the 2nd quarter, however remain significantly higher than prior to the Covid-19 pandemic. Projects with ongoing wage and price increase mechanisms partly compensate for increased cost levels.

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

The Norwegian authorities have set ambitious targets for reducing energy use up to 2030, and high electricity prices make investments in energy-efficient measures very attractive. According to the Norwegian Building Industry Association, the potential for energy efficiency is 10TWh throughout Norway, which will provide good market opportunities for AF's energy business.

The Energy and Environment business area encompasses AF's energy services related to land-based operations, as well as services related to demolition and recycling onshore in Norway. The activities of the business area are closely related to the construction market, where the level of new building starts will affect the market for demolition and recycling services. Demand for energy and other environmentally-related services is growing. Cleaned material from AF's environmental centres is finding an increasing number of areas of application, such as an additive to spray concrete and as gritting sand during the winter season.

AF's offshore climate control business (HVAC) as well as maintenance and modifications, also have a better market outlook. Electrification of the marine sector and

installations on the Norwegian continental shelf provides new market opportunities. The carbon tax is NOK 952 per tonne in 2023, and the "Climate Plan for 2021-2030" white paper has signalled that it will be increased to NOK 2,000 per tonne in 2030. This can help accelerate the rate of electrification.

Offshore services for the removal and recycling of decommissioned oil platforms solve a significant societal challenge. The aim is to recycle as much of the materials from the decommissioned offshore platforms as possible. The recycling of steel from decommissioned oil platforms is a significant contribution to reducing greenhouse gas emissions compared with ordinary steel production. The growth in offshore wind expansion will create pressure on available vessels and port facilities. This may lead to higher prices for offshore decommissioning. Increased investment in offshore wind can also provide new market opportunities for AF's business.

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

491.5 billion in 2022, and expects this to decrease to SEK 409.5 billion (-16.7 %) in 2023, primarily in connection with the "homes" segment.

The Swedish residential property market had a moderate price development during this quarter. At the end of June, Svensk Mäklarstatistik reported a 5.4 % price decrease for apartments and an 11.8 % decrease for detached houses when compared with the same period last year. In June, the central bank of Sweden decided to increase the key rate by 0.25 percentage points to 3.75 % and indicated that there will have to be a least one further rate increase this year.

### **Oslo, 24 August 2023**

Board of Directors of AF Gruppen ASA

For more detailed information, please contact:

**Amund Tøftum, CEO**

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**Anny Øen, CFO**

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Internet: [www.afgruppen.no](http://www.afgruppen.no)

## RESPONSIBILITY STATEMENT FROM MEMBERS OF THE BOARD AND CEO

On this day, the Board of Directors and the CEO have reviewed and approved the semi-annual report and the unaudited abridged consolidated semi-annual financial statements for AF Gruppen as at 30 June 2023, and for the for the 1st half of the year 2023 (Semi-annual Report 2023).

It is confirmed to the best of our knowledge that:

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

Oslo, 24 August 2023

**Amund Tøftum**  
CEO

**Morten Grongstad**  
Board Chairman

**Marianne Gjertsen Ebbesen**

**Kristian Holth**

**Saloume Djoudat**

**Erik Tømmerraas Veiby**

**Hilde Kristin Herud**

**Hege Bømark**

**Hilde Wikesland Flaen**  
Employee elected

**Arne Sveen**  
Employee elected

**Espen Jahr**  
Employee elected

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

# Financial information



## CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
Operating and other revenue	7,853	8,292	15,246	15,101	31,205
Subcontractors	-4,018	-4,473	-7,897	-7,971	-16,554
Cost of materials	-1,609	-1,577	-2,872	-2,832	-5,346
Payroll costs	-1,340	-1,252	-2,824	-2,595	-5,487
Operating expenses ex. depreciation and impairment	-477	-507	-1,132	-928	-2,072
Net gains (losses) and profit (loss) from associates	29	75	64	128	190
<b>EBITDA</b>	<b>438</b>	<b>557</b>	<b>584</b>	<b>902</b>	<b>1,937</b>
Depreciation and impairment of tangible fixed assets	-54	-55	-106	-104	-209
Depreciation and impairment of right of use assets	-80	-81	-159	-162	-317
Depreciation and impairment of intangible assets	-	-1	-1	-1	-2
<b>Earnings before financial items and tax (EBIT)</b>	<b>303</b>	<b>421</b>	<b>318</b>	<b>636</b>	<b>1,409</b>
Net financial items	-11	5	-13	-1	-10
<b>Earnings before tax (EBT)</b>	<b>292</b>	<b>426</b>	<b>305</b>	<b>635</b>	<b>1,400</b>
Income tax expense	-65	-89	-68	-119	-248
<b>Net income for the period</b>	<b>227</b>	<b>337</b>	<b>237</b>	<b>516</b>	<b>1,151</b>
Attributable to:					
Shareholders in the Parent Company	185	285	182	435	958
Non-controlling interests	42	52	55	81	193
<b>Net income for the period</b>	<b>227</b>	<b>337</b>	<b>237</b>	<b>516</b>	<b>1,151</b>
Earnings per share (NOK)	1.72	2.67	1.69	4.07	8.96
Diluted earnings per share (NOK)	1.72	2.68	1.69	4.07	8.96
<b>Key figures</b>	<b>2Q 23</b>	<b>2Q 22</b>	<b>1H 23</b>	<b>1H 22</b>	<b>2022</b>
EBITDA margin	5.6 %	6.7 %	3.8 %	6.0 %	6.2 %
Operating profit margin	3.9 %	5.1 %	2.1 %	4.2 %	4.5 %
Profit margin	3.7 %	5.1 %	2.0 %	4.2 %	4.5 %
Return on capital employed (ROaCE) <sup>1)</sup>	-	-	23.3 %	36.6 %	31.6 %
Return on equity	-	-	26.5 %	37.1 %	34.0 %
Equity ratio	19.5 %	22.2 %	19.5 %	22.2 %	24.2 %
Net interest-bearing debt (receivables) <sup>2)</sup>	1,582	-145	1,582	-145	329
Capital employed <sup>3)</sup>	5,293	4,366	5,293	4,366	4,900
Order intake	10,877	7,598	20,173	18,458	32,324
Order backlog	44,693	42,003	44,693	42,003	39,765

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

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

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

# STATEMENT OF COMPREHENSIVE INCOME

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
Net income for the period	227	337	237	516	1,151
Net actuarial gains and losses	-	-	-	-	2
Currency translation differences non-controlling int.	-2	3	4	-3	-6
<b>Items that will not be reclassified to income statement in subsequent periods</b>	<b>-2</b>	<b>3</b>	<b>4</b>	<b>-3</b>	<b>-5</b>
Net cash flow hedges	-	8	-29	9	4
Currency translation differences shareholders of the	-16	31	55	-9	-35
<b>Items that may be reclassified to income statement in subsequent periods</b>	<b>-16</b>	<b>39</b>	<b>26</b>	<b>-</b>	<b>-31</b>
<b>Other comprehensive income for the period</b>	<b>-17</b>	<b>42</b>	<b>30</b>	<b>-3</b>	<b>-36</b>
<b>Total comprehensive income for the period</b>	<b>209</b>	<b>380</b>	<b>267</b>	<b>513</b>	<b>1,116</b>
Attributable to:					
- Shareholders of the parent	169	324	208	435	929
- Non-controlling interests	40	55	59	78	187
<b>Total comprehensive income for the period</b>	<b>209</b>	<b>380</b>	<b>267</b>	<b>513</b>	<b>1,116</b>

## EQUITY

NOK million	Paid-in capital	Translation differences	Actuarial pension gain/(loss)	Cash flow hedge	Retained earnings	Attributable to shareholders	Non-controlling interests	Total equity
<b>As at 31 December 2021</b>	<b>506</b>	<b>16</b>	<b>-20</b>	<b>-22</b>	<b>2,174</b>	<b>2,654</b>	<b>918</b>	<b>3,572</b>
Comprehensive income	-	-9	-	9	435	435	78	513
Capital increase	40	-	-	-	-	40	-	40
Purchase of treasury shares	-	-	-	-	-66	-66	-	-66
Sale of treasury shares	-	-	-	-	10	10	-	10
Dividend paid	-	-	-	-	-695	-695	-242	-936
Share-based remuneration	15	-	-	-	-	15	1	16
Put options for non-controlling interests	-	-	-	-	4	4	-	4
Addition from acquisition of subsidiaries	-	-	-	-	-	-	14	14
Transactions with non-controlling interests	-	-	-	-	-82	-82	41	-41
<b>As at 30 June 2022</b>	<b>561</b>	<b>7</b>	<b>-20</b>	<b>-13</b>	<b>1,781</b>	<b>2,315</b>	<b>811</b>	<b>3,126</b>
<b>As at 31 December 2022</b>	<b>682</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>
Comprehensive income	-	55	-	-29	182	208	59	267
Capital increase	-	-	-	-	-	-	2	2
Purchase of treasury shares	-	-	-	-	-18	-18	-	-18
Sale of treasury shares	-	-	-	-	11	11	-	11
Dividend paid	-	-	-	-	-700	-700	-141	-841
Share-based remuneration	12	-	-	-	-	12	1	12
Put options for non-controlling interests	-	-	-	-	-7	-7	1	-5
Addition from acquisition of subsidiaries	-	-	-	-	-	-	7	7
Transactions with non-controlling interests	-	-	-	-	-13	-13	-19	-32
<b>As at 30 June 2023</b>	<b>693</b>	<b>36</b>	<b>-19</b>	<b>-47</b>	<b>1,406</b>	<b>2,069</b>	<b>828</b>	<b>2,897</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	30/06/23	30/06/22	31/12/22
Tangible fixed assets	1,735	1,443	1,462
Right of use assets	866	800	859
Intangible assets	4,537	4,479	4,461
Investment in associates and joint ventures	553	465	490
Deferred tax asset	147	62	76
Interest-bearing receivables	268	232	268
Pension plan and other financial assets	12	13	13
<b>Total non-current assets</b>	<b>8,119</b>	<b>7,494</b>	<b>7,630</b>
Inventories	372	278	301
Projects for own account	190	49	158
Trade receivables and contract assets	5,642	5,111	5,557
Interest-bearing receivables	52	67	44
Derivatives	4	-	-
Cash and cash equivalents	494	1,086	765
<b>Total current assets</b>	<b>6,754</b>	<b>6,591</b>	<b>6,827</b>
<b>Total assets</b>	<b>14,872</b>	<b>14,085</b>	<b>14,457</b>
Equity attributable to shareholders of the parent	2,069	2,315	2,575
Non-controlling interests	828	811	918
<b>Total equity</b>	<b>2,897</b>	<b>3,126</b>	<b>3,494</b>
Interest-bearing debt	65	87	75
Interest-bearing debt - lease liability	622	608	607
Retirement benefit obligations	3	5	3
Provisions	132	116	117
Deferred tax	453	617	445
Derivatives	40	5	2
<b>Total non-current liabilities</b>	<b>1,314</b>	<b>1,438</b>	<b>1,250</b>
Interest-bearing debt	1,427	288	433
Interest-bearing debt - lease liability	282	257	290
Trade payables and other short-term debt	7,934	8,132	7,969
Derivatives	25	23	20
Provisions	576	607	585
Tax payable	417	214	416
<b>Total current liabilities</b>	<b>10,662</b>	<b>9,522</b>	<b>9,713</b>
<b>Total liabilities</b>	<b>11,976</b>	<b>10,960</b>	<b>10,963</b>
<b>Total equity and liabilities</b>	<b>14,872</b>	<b>14,085</b>	<b>14,457</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
Earnings before financial items and tax (EBIT)	303	421	318	636	1,409
Depreciation, amortisation and impairment	135	136	266	266	528
Change in net working capital	-114	189	-178	610	-43
Income taxes paid	-71	-60	-152	-175	-299
Net gains (losses) and profit (loss) from associates	-29	-75	-64	-128	-190
Other adjustments	4	8	12	16	55
<b>Cash flow from operating activities</b>	<b>227</b>	<b>619</b>	<b>203</b>	<b>1,226</b>	<b>1,460</b>
Net investments	-323	203	-400	169	67
<b>Cash flow before financing activities</b>	<b>-96</b>	<b>822</b>	<b>-197</b>	<b>1,395</b>	<b>1,527</b>
Share issue	-	-	-	-	85
Dividends paid to shareholders in the Parent Company	-700	-695	-700	-695	-1,125
Dividends paid to non-controlling interests	-87	-186	-140	-242	-240
Transactions with non-controlling interests	6	-3	-17	-41	-135
Sale (purchase) of treasury shares	-	-26	-7	-56	-9
Borrowings (repayment) of debt	719	188	789	61	29
Interest and other financial expenses paid	-32	-11	-51	-22	-41
<b>Cash flow from financing activities</b>	<b>-93</b>	<b>-731</b>	<b>-126</b>	<b>-995</b>	<b>-1,437</b>
<b>Change in cash and cash equivalents with cash effect</b>	<b>-189</b>	<b>90</b>	<b>-323</b>	<b>400</b>	<b>90</b>
Net cash and cash equivalents at the beginning of	677	974	765	680	680
Change in cash and cash equivalents without cash	7	22	52	5	-4
<b>Net cash and cash equivalents at the end of period</b>	<b>494</b>	<b>1,086</b>	<b>494</b>	<b>1,086</b>	<b>765</b>



## BUSINESS AREAS

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

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

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

### Civil Engineering

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	1,413	1,382	2,769	2,524	5,370
Internal operating and other revenue	92	154	187	254	549
<b>Total operating and other revenue</b>	<b>1,505</b>	<b>1,537</b>	<b>2,956</b>	<b>2,778</b>	<b>5,919</b>
EBITDA	151	153	273	282	636
Earnings before financial items and tax (EBIT)	104	99	181	183	445
<b>Earnings before tax (EBT)</b>	<b>107</b>	<b>96</b>	<b>185</b>	<b>179</b>	<b>440</b>
EBITDA-margin	10.1 %	9.9 %	9.2 %	10.2 %	10.7 %
Operating margin	6.9 %	6.5 %	6.1 %	6.6 %	7.5 %
Profit margin	7.1 %	6.3 %	6.3 %	6.4 %	7.4 %
Assets	3,346	3,038	3,346	3,038	3,546
<b>Order intake</b>	<b>4,018</b>	<b>1,304</b>	<b>7,617</b>	<b>8,092</b>	<b>14,409</b>
<b>Order backlog</b>	<b>20,030</b>	<b>12,193</b>	<b>20,030</b>	<b>12,193</b>	<b>15,368</b>

## Construction

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	2,650	2,897	5,208	5,363	10,992
Internal operating and other revenue	24	19	56	35	98
<b>Total operating and other revenue</b>	<b>2,674</b>	<b>2,916</b>	<b>5,264</b>	<b>5,397</b>	<b>11,090</b>
EBITDA	133	104	205	143	410
Earnings before financial items and tax (EBIT)	112	82	162	100	322
<b>Earnings before tax (EBT)</b>	<b>105</b>	<b>83</b>	<b>151</b>	<b>100</b>	<b>318</b>
EBITDA-margin	5.0 %	3.6 %	3.9 %	2.7 %	3.7 %
Operating margin	4.2 %	2.8 %	3.1 %	1.8 %	2.9 %
Profit margin	3.9 %	2.9 %	2.9 %	1.9 %	2.9 %
Assets	4,956	4,914	4,956	4,914	4,887
<b>Order intake</b>	<b>3,801</b>	<b>2,877</b>	<b>5,689</b>	<b>5,020</b>	<b>7,586</b>
<b>Order backlog</b>	<b>10,469</b>	<b>13,172</b>	<b>10,469</b>	<b>13,172</b>	<b>10,045</b>

## Betonmast

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	1,117	1,271	2,323	2,515	5,142
Internal operating and other revenue	0	2	-	2	2
<b>Total operating and other revenue</b>	<b>1,117</b>	<b>1,273</b>	<b>2,323</b>	<b>2,517</b>	<b>5,145</b>
EBITDA	38	34	78	64	190
Earnings before financial items and tax (EBIT)	33	29	67	52	166
<b>Earnings before tax (EBT)</b>	<b>37</b>	<b>30</b>	<b>77</b>	<b>50</b>	<b>174</b>
EBITDA-margin	3.4 %	2.7 %	3.4 %	2.5 %	3.7 %
Operating margin	3.0 %	2.3 %	2.9 %	2.0 %	3.2 %
Profit margin	3.4 %	2.3 %	3.3 %	2.0 %	3.4 %
Assets	3,081	3,159	3,081	3,159	3,257
<b>Order intake</b>	<b>900</b>	<b>1,261</b>	<b>2,806</b>	<b>1,708</b>	<b>2,506</b>
<b>Order backlog</b>	<b>4,898</b>	<b>6,245</b>	<b>4,898</b>	<b>6,245</b>	<b>4,415</b>

## Property

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	6	5	16	11	30
Internal operating and other revenue	-	-	-	-	-
<b>Total operating and other revenue</b>	<b>6</b>	<b>5</b>	<b>16</b>	<b>11</b>	<b>30</b>
EBITDA	-3	58	-5	59	75
Earnings before financial items and tax (EBIT)	-3	57	-5	59	75
<b>Earnings before tax (EBT)</b>	<b>-1</b>	<b>59</b>	<b>0</b>	<b>62</b>	<b>82</b>
EBITDA-margin	-	-	-	-	-
Operating margin	-	-	-	-	-
Profit margin	-	-	-	-	-
Assets	769	556	769	556	660
<b>Order backlog</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Energy and Environment

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	309	241	584	463	988
Internal operating and other revenue	18	15	29	29	74
<b>Total operating and other revenue</b>	<b>326</b>	<b>255</b>	<b>613</b>	<b>492</b>	<b>1,062</b>
EBITDA	35	35	62	63	150
Earnings before financial items and tax (EBIT)	19	18	30	30	84
<b>Earnings before tax (EBT)</b>	<b>21</b>	<b>19</b>	<b>33</b>	<b>29</b>	<b>82</b>
EBITDA-margin	10.8 %	13.6 %	10.2 %	12.7 %	14.2 %
Operating margin	5.9 %	7.2 %	4.9 %	6.1 %	7.9 %
Profit margin	6.3 %	7.4 %	5.4 %	6.0 %	7.7 %
Assets	778	668	778	668	733
<b>Order intake</b>	<b>1,116</b>	<b>179</b>	<b>1,457</b>	<b>464</b>	<b>987</b>
<b>Order backlog</b>	<b>1,484</b>	<b>686</b>	<b>1,484</b>	<b>686</b>	<b>640</b>

## Sweden

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	2,132	1,955	4,053	3,539	7,438
Internal operating and other revenue	18	4	24	5	7
<b>Total operating and other revenue</b>	<b>2,150</b>	<b>1,958</b>	<b>4,077</b>	<b>3,544</b>	<b>7,445</b>
EBITDA	45	91	-101	152	193
Earnings before financial items and tax (EBIT)	27	75	-135	121	130
<b>Earnings before tax (EBT)</b>	<b>26</b>	<b>74</b>	<b>-138</b>	<b>118</b>	<b>127</b>
EBITDA-margin	2.1 %	4.6 %	-2.5 %	4.3 %	2.6 %
Operating margin	1.3 %	3.8 %	-3.3 %	3.4 %	1.7 %
Profit margin	1.2 %	3.8 %	-3.4 %	3.3 %	1.7 %
Assets	2,642	2,722	2,642	2,722	2,712
<b>Order intake</b>	<b>718</b>	<b>1,906</b>	<b>2,652</b>	<b>2,911</b>	<b>5,970</b>
<b>Order backlog</b>	<b>6,212</b>	<b>8,479</b>	<b>6,212</b>	<b>8,479</b>	<b>7,638</b>

## Offshore

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	342	304	586	489	1,236
Internal operating and other revenue	-	-	-	1	1
<b>Total operating and other revenue</b>	<b>342</b>	<b>305</b>	<b>586</b>	<b>489</b>	<b>1,238</b>
EBITDA	24	44	49	69	194
Earnings before financial items and tax (EBIT)	17	36	35	53	164
<b>Earnings before tax (EBT)</b>	<b>12</b>	<b>40</b>	<b>28</b>	<b>55</b>	<b>160</b>
EBITDA-margin	7.1 %	14.3 %	8.4 %	14.2 %	15.7 %
Operating margin	5.0 %	11.9 %	5.9 %	10.9 %	13.2 %
Profit margin	3.6 %	13.0 %	4.8 %	11.3 %	12.9 %
Assets	950	971	950	971	1,003
<b>Order intake</b>	<b>164</b>	<b>156</b>	<b>339</b>	<b>409</b>	<b>1,417</b>
<b>Order backlog</b>	<b>1,446</b>	<b>1,435</b>	<b>1,446</b>	<b>1,435</b>	<b>1,694</b>

## Other Segments (Group)

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	29	12	46	26	59
Internal operating and other revenue	16	9	29	21	48
<b>Total operating and other revenue</b>	<b>45</b>	<b>21</b>	<b>75</b>	<b>47</b>	<b>107</b>
EBITDA	17	12	36	23	40
Earnings before financial items and tax (EBIT)	-2	-4	-2	-9	-24
<b>Earnings before tax (EBT)</b>	<b>-2</b>	<b>-3</b>	<b>-8</b>	<b>-7</b>	<b>-31</b>
Assets	1,645	1,563	1,645	1,563	2,175
<b>Order backlog</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Eliminations

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	-99	266	-180	264	152
Internal operating and other revenue	-168	-203	-326	-346	-779
<b>Total operating and other revenue</b>	<b>-267</b>	<b>63</b>	<b>-506</b>	<b>-83</b>	<b>-627</b>
EBITDA	-6	39	-9	37	33
Earnings before financial items and tax (EBIT)	-6	39	-9	37	33
<b>Earnings before tax (EBT)</b>	<b>-16</b>	<b>39</b>	<b>-17</b>	<b>37</b>	<b>33</b>
Assets	-3,217	-3,432	-3,217	-3,432	-4,448
<b>Order backlog</b>	<b>-381</b>	<b>-469</b>	<b>-381</b>	<b>-469</b>	<b>-410</b>

## GAAP adjustments (IFRS 15)

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	-47	-41	-159	-91	-203
Internal operating and other revenue	-	-	-	-	-
<b>Total operating and other revenue</b>	<b>-47</b>	<b>-41</b>	<b>-159</b>	<b>-91</b>	<b>-203</b>
EBITDA	4	-11	-6	10	15
Earnings before financial items and tax (EBIT)	4	-11	-6	10	15
<b>Earnings before tax (EBT)</b>	<b>4</b>	<b>-11</b>	<b>-6</b>	<b>10</b>	<b>15</b>
Assets	-79	-74	-79	-74	-67
<b>Order backlog</b>	<b>534</b>	<b>262</b>	<b>534</b>	<b>262</b>	<b>375</b>

## Segment total

NOK million	2Q 23	2Q 22	1H 23	1H 22	2022
External operating and other revenue	7,853	8,292	15,246	15,101	31,205
Internal operating and other revenue	-	-	-	-	-
<b>Total operating and other revenue</b>	<b>7,853</b>	<b>8,292</b>	<b>15,246</b>	<b>15,101</b>	<b>31,205</b>
EBITDA	438	557	584	902	1,937
Earnings before financial items and tax (EBIT)	303	421	318	636	1,409
<b>Earnings before tax (EBT)</b>	<b>292</b>	<b>426</b>	<b>305</b>	<b>635</b>	<b>1,400</b>
EBITDA-margin	5.6 %	6.7 %	3.8 %	6.0 %	6.2 %
Operating margin	3.9 %	5.1 %	2.1 %	4.2 %	4.5 %
Profit margin	3.7 %	5.1 %	2.0 %	4.2 %	4.5 %
Assets	14,872	14,085	14,872	14,085	14,457
<b>Order intake</b>	<b>10,877</b>	<b>7,598</b>	<b>20,173</b>	<b>18,458</b>	<b>32,324</b>
<b>Order backlog</b>	<b>44,693</b>	<b>42,003</b>	<b>44,693</b>	<b>42,003</b>	<b>39,765</b>



Kirkestuen roof rehabilitation. Photo: Hannah Kirkestuen

# NOTES

## 1. GENERAL INFORMATION

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

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

This summary of financial information for the 2nd quarter 2023 has not been audited.

## 2. BASIS OF PREPARATION

The consolidated accounts for AF Gruppen encompass AF Gruppen ASA and its subsidiaries, joint ventures and associated companies. The consolidated financial statements for the 2nd quarter 2023 have been prepared in accordance with IAS 34 Interim Accounts. The summary of the financial information presented in the quarterly accounts is intended to be read in conjunction with the annual report for 2022, which has been prepared in accordance with the International Financial Reporting Standards (IFRS).

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

## 3. CHANGES IN THE GROUP'S STRUCTURE

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

## 4. ACCOUNTING POLICIES

### Effect of IFRS 16 lease liability

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

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



## Consolidated statement of income – Effect of IFRS 16

NOK million	2Q 23 less IFRS 16	Effect of IFRS 16	2Q 23	YTD 2Q 23 less IFRS 16	Effect of IFRS 16	YTD 2Q 23
Operating expenses excl. depr. and impairment	-550	73	-477	-1,275	143	-1,132
<b>EBITDA</b>	<b>365</b>	<b>73</b>	<b>438</b>	<b>441</b>	<b>143</b>	<b>584</b>
Depr. and impairment of right of use assets	-13	-67	-80	-27	-132	-159
<b>Earnings before financial items and tax (EBIT)</b>	<b>297</b>	<b>6</b>	<b>303</b>	<b>307</b>	<b>12</b>	<b>318</b>
Net financial items	-5	-6	-11	-2	-11	-13
<b>Earnings before tax (EBT)</b>	<b>292</b>	<b>-</b>	<b>292</b>	<b>304</b>	<b>-</b>	<b>305</b>
Income tax expense	-65	-	-65	-68	-	-68
<b>Net income for the period</b>	<b>227</b>	<b>-</b>	<b>227</b>	<b>237</b>	<b>-</b>	<b>237</b>

NOK million	2Q 22 less IFRS 16	Effect of IFRS 16	2Q 22	YTD 2Q 22 less IFRS 16	Effect of IFRS 16	YTD 2Q 22	2022 less IFRS 16	Effect of IFRS 16	2022
Operating expenses excl. depr. and impairment	-583	76	-507	-1,079	151	-928	-2,368	296	-2,072
<b>EBITDA</b>	<b>482</b>	<b>76</b>	<b>557</b>	<b>751</b>	<b>151</b>	<b>902</b>	<b>1,640</b>	<b>296</b>	<b>1,937</b>
Depr. and impairment of right of use assets	-10	-71	-81	-20	-142	-162	-40	-276	-317
<b>Earnings before financial items and tax (EBIT)</b>	<b>416</b>	<b>5</b>	<b>421</b>	<b>626</b>	<b>10</b>	<b>636</b>	<b>1,389</b>	<b>20</b>	<b>1,409</b>
Net financial items	9	-4	5	7	-8	-1	8	-18	-10
<b>Earnings before tax (EBT)</b>	<b>426</b>	<b>1</b>	<b>426</b>	<b>634</b>	<b>2</b>	<b>635</b>	<b>1,397</b>	<b>2</b>	<b>1,400</b>
Income tax expense	-89	-	-89	-118	-	-119	-248	-1	-248
<b>Net income for the period</b>	<b>337</b>	<b>1</b>	<b>337</b>	<b>515</b>	<b>1</b>	<b>516</b>	<b>1,150</b>	<b>2</b>	<b>1,151</b>

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

NOK million	30.06.23 less IFRS 16	Effect of IFRS 16	30.06.23	30.06.22 less IFRS 16	Effect of IFRS 16	30.06.22	31.12.22 less IFRS 16	Effect of IFRS 16	2022
Right of use assets	238	629	866	222	578	800	233	627	859
<b>Total assets</b>	<b>14,244</b>	<b>629</b>	<b>14,872</b>	<b>13,507</b>	<b>578</b>	<b>14,085</b>	<b>13,830</b>	<b>627</b>	<b>14,457</b>
Total equity	2,917	-21	2,897	3,147	-21	3,126	3,514	-20	3,494
Interest-bearing debt - lease liability (non-current)	166	456	622	174	434	608	140	467	607
Deferred tax	457	-5	453	622	-5	617	450	-5	445
Interest-bearing debt - lease liability (current)	44	238	282	35	222	257	64	226	290
<b>Total equity and liabilities</b>	<b>14,244</b>	<b>629</b>	<b>14,872</b>	<b>13,507</b>	<b>578</b>	<b>14,085</b>	<b>13,830</b>	<b>627</b>	<b>14,457</b>
Equity ratio	20.5 %	-	19.5 %	23.3 %	-	22.2 %	25.4 %	-	24.2 %
Gross interest-bearing debt	1,702	694	2,396	584	655	1,240	713	693	1,406
Net interest-bearing debt (receivabl.)	887	694	1,582	-801	655	-145	-364	693	329

## **5. ESTIMATES**

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

## **6. TRANSACTIONS WITH RELATED PARTIES**

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

## **7. DEVIANT APPLICATION OF PRINCIPLES IN THE SEGMENT ACCOUNTS**

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

The effect of the deviant application of principles in the segment accounts with respect to earnings before tax is NOK 4 million (-11 million) for the 2nd quarter 2023, and -6 million (10 million) for the 1st half of the year. The effect on equity was NOK -81 million (-77 million), and the accumulated reversed revenues were NOK 534 million (262 million) as at 30 June 2023.

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

Property projects for own account	AF's construction value <sup>1)</sup>	Number of housing units			Construction period		Ownership share AF
		Total number	Hereof transferred in 2022	Hereof completed not transf.	Start up	Completion	
Lilleby Triangel B4, Trondheim	51	54	1	-	Q3 2019	Q2 2021	33%
Brøter Terrasse, Lillestrøm	-	78	1	4	Q3 2020	Q4 2022	35%
<b>Total completed earlier years - Property<sup>2)</sup></b>	<b>51</b>	<b>132</b>	<b>2</b>	<b>4</b>			
Kosterbaden Fritid, Koster	-	20	-	13	-	-	100%
Snipetorp, Skien	-	16	1	3	Q3 2018	Q2 2020	50%
Lietorvet II, Skien	-	26	-	1	Q3 2019	Q4 2021	25%
2317 Sentrumskvartalet A-B, Hamar	172	73	1	2	Q2 2020	Q1 2022	50%
2317 Sentrumskvartalet C, Hamar	54	23	1	3	Q2 2021	Q3 2022	50%
Klosterøya Vest 4, Skien	-	44	14	-	Q1 2021	Q3 2022	24%
<b>Total completed earlier years - Betonmast<sup>2)</sup></b>	<b>226</b>	<b>202</b>	<b>17</b>	<b>22</b>			
Stadsgården 2, Halmstad	69	42	1	-	Q4 2021	Q3 2022	50%
<b>Total completed earlier years - Sweden<sup>2)</sup></b>	<b>69</b>	<b>42</b>	<b>1</b>	<b>-</b>			
Kråkehaugen, Bergen (LAB Eiendom)	185	55	53	2	Q2 2021	Q2 2023	50%
<b>Total completed 2023 - Property segment</b>	<b>185</b>	<b>55</b>	<b>53</b>	<b>2</b>			
2317 Sentrumskvartalet D, Hamar	67	25	22	3	Q3 2021	Q1 2023	50%
Klosterøya Vest 4, Skien	-	25	12	13	Q2 2021	Q1 2023	24%
<b>Total completed in 2023 - Betonmast segment</b>	<b>67</b>	<b>50</b>	<b>34</b>	<b>16</b>			
Fyrstikkbakken, Oslo	472	159	-	-	Q2 2021	Q1 2024	50%
Skårersletta Midt 1 og 2, Lørenskog	482	169	-	-	Q3 2021	Q1 2024	50%
Bekkestua Have, Bærum	-	232	-	-	Q4 2021	Q2 2024	50%
Rolvsrud Arena trinn 1, Lørenskog	421	95	-	-	Q2 2022	Q2 2024	33%
Skiparviklia 3D, Bergen (LAB Eiendom)	23	4	-	-	Q2 2022	Q4 2023	50%
Baneveien, Bergen (LAB Eiendom)	17	1	-	-	Q2 2022	Q1 2024	50%
Skårersletta Midt 3 og 4, Lørenskog	360	126	-	-	Q4 2022	Q3 2024	50%
Rolvsrud Arena trinn 2, Lørenskog	439	99	-	-	Q4 2022	Q1 2025	33%
<b>Total in production - Property segment</b>	<b>2,214</b>	<b>885</b>	<b>-</b>	<b>-</b>			
SPG Bostader Linden, Strömstad <sup>3)</sup>	148	162	-	-	Q4 2021	Q4 2023	45%
SPG Bostader Hæggen, Strömstad <sup>3)</sup>	86	94	-	-	Q2 2022	Q4 2023	45%
Veum Hageby TUNET, Fredrikstad	-	15	-	-	Q2 2023	Q2 2025	30%
<b>Total in production - Betonmast segment</b>	<b>234</b>	<b>271</b>	<b>-</b>	<b>-</b>			
BRF Prefekten, Mölndal	125	83	-	-	Q4 2021	Q1 2024	50%
<b>Total in production - Sweden segment</b>	<b>125</b>	<b>83</b>	<b>-</b>	<b>-</b>			

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

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

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

## 8. EVENTS AFTER THE BALANCE SHEET DATE

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

## **ALTERNATIVE PERFORMANCE MEASURES**

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

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

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

The alternative performance targets are defined as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

**Order 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 shows the reconciliation of alternative performance targets with line items in the reported financial figures in accordance with IFRS.

<b>NOK million</b>	<b>30/06/23</b>	<b>30/06/22</b>	<b>31/12/22</b>
<b>GROSS INTEREST-BEARING DEBT / NET INTEREST-BEARING DEBT</b>			
Non-current interest-bearing debt	65	87	75
Non-current interest-bearing debt - lease liability	622	608	607
Current interest-bearing debt	1,427	288	433
Current interest-bearing debt - lease liability	282	257	290
<b>Gross interest-bearing debt</b>	<b>2,396</b>	<b>1,240</b>	<b>1,406</b>
Less:			
Non-current interest-bearing receivables	-268	-232	-268
Current interest-bearing receivables	-52	-67	-44
Cash and cash equivalents	-494	-1,086	-765
<b>Net interest-bearing debt (receivables)</b>	<b>1,582</b>	<b>-145</b>	<b>329</b>

NOK million	30/06/23	30/06/22	31/12/22
<b>CAPITAL EMPLOYED</b>			
Total equity	2,897	3,126	3,494
Gross interest-bearing debt	2,396	1,240	1,406
<b>Capital employed</b>	<b>5,293</b>	<b>4,366</b>	<b>4,900</b>
<b>AVERAGE CAPITAL EMPLOYED</b>			
Capital employed as at 3rd quarter 2021	-	4,489	-
Capital employed as at 4th quarter 2021	-	4,571	-
Capital employed as at 1st quarter 2022	-	4,593	4,593
Capital employed as at 2nd quarter 2022	-	4,366	4,366
Capital employed as at 3rd quarter 2022	4,385	-	4,385
Capital employed as at 4th quarter 2022	4,900	-	4,900
Capital employed as at 1st quarter 2023	5,071	-	-
Capital employed as at 2nd quarter 2023	5,293	-	-
<b>Average capital employed</b>	<b>4,912</b>	<b>4,505</b>	<b>4,561</b>
<b>RETURN ON CAPITAL EMPLOYED</b>			
Earnings before tax 3rd quarter 2021	-	344	-
Earnings before tax 4th quarter 2021	-	635	-
Earnings before tax 1st quarter 2022	-	209	209
Earnings before tax 2nd quarter 2022	-	426	426
Earnings before tax 3rd quarter 2022	263	-	263
Earnings before tax 4th quarter 2022	502	-	502
Earnings before tax 1st quarter 2023	13	-	-
Earnings before tax 2nd quarter 2023	292	-	-
<b>Earnings before tax last four quarters</b>	<b>1,069</b>	<b>1,613</b>	<b>1,400</b>
Interest expense 3rd quarter 2021	-	19	-
Interest expense 4th quarter 2021	-	-2	-
Interest expense 1st quarter 2022	-	10	10
Interest expense 2nd quarter 2022	-	8	8
Interest expense 3rd quarter 2022	10	-	10
Interest expense 4th quarter 2022	15	-	15
Interest expense 1st quarter 2023	20	-	-
Interest expense 2nd quarter 2023	32	-	-
<b>Interest expense last four quarters</b>	<b>76</b>	<b>35</b>	<b>43</b>
<b>Earnings before tax and interest expense last four quarters</b>	<b>1,146</b>	<b>1,649</b>	<b>1,442</b>
Divided by:			
Average capital employed	4,912	4,505	4,561
<b>Return on capital employed</b>	<b>23.3 %</b>	<b>36.6 %</b>	<b>31.6 %</b>

<b>NOK million</b>	<b>30/06/23</b>	<b>30/06/22</b>	<b>31/12/22</b>
<b>EQUITY RATIO</b>			
Total equity	2,897	3,126	3,494
Divided by:			
Total equity and liabilities	14,872	14,085	14,457
<b>Equity ratio</b>	<b>19.5 %</b>	<b>22.2 %</b>	<b>24.2 %</b>
<b>AVERAGE Total equity</b>			
Total equity as at 3rd quarter 2021	-	3,378	-
Total equity as at 4th quarter 2021	-	3,572	-
Total equity as at 1st quarter 2022	-	3,639	3,639
Total equity as at 2nd quarter 2022	-	3,126	3,126
Total equity as at 3rd quarter 2022	3,286	-	3,286
Total equity as at 4th quarter 2022	3,494	-	3,494
Total equity as at 1st quarter 2023	3,458	-	-
Total equity as at 2nd quarter 2023	2,897	-	-
<b>Average total equity</b>	<b>3,284</b>	<b>3,429</b>	<b>3,386</b>
<b>RETURN ON EQUITY</b>			
Net income 3rd quarter 2021	-	270	-
Net income 4th quarter 2021	-	486	-
Net income 1st quarter 2022	-	179	179
Net income 2nd quarter 2022	-	337	337
Net income 3rd quarter 2022	207	-	207
Net income 4th quarter 2022	428	-	428
Net income 1st quarter 2023	10	-	-
Net income 2nd quarter 2023	227	-	-
<b>Net income for the last four quarters</b>	<b>872</b>	<b>1,272</b>	<b>1,151</b>
Divided by:			
Average equity	3,284	3,429	3,386
<b>Return on equity</b>	<b>26.5 %</b>	<b>37.1 %</b>	<b>34.0 %</b>

# COMPANY INFORMATION

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## ***AF Gruppen ASA***

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### **Postal address:**

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Norway

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

Morten Grongstad, Board Chairman  
Hege Bømark  
Kristian Holth  
Saloume Djoudat  
Erik Tømmerraas Veiby  
Hilde Kristin Herud  
Marianne Gjertsen Ebbesen  
Hilde Wikesland Flaen  
Arne Sveen  
Espen Jahr

## ***Corporate Management***

Amund Tøftum, CEO  
Anny Øen, CFO  
Geir Flåta, EVP Civil Engineering and Property  
Bård Frydenlund, EVP Sweden and Betonmast  
Eirik Wraal, EVP Construction, Energy and environment, Corporate social responsibility  
Tormod Solberg, EVP Construction  
Lars Myhre Hjelmeseeth, EVP Offshore

## ***Financial calendar***

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

25/08/2023 Interim report 2nd quarter and first half of 2023  
10/11/2023 Interim report 3rd quarter 2023

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

**For more information on the company, visit our web site at [afgruppen.com](http://afgruppen.com)**

Cover: New hospital in Drammen, AF Energi  
Photo: Hans Fredrik Asbjørnsen

OPERATIONAL STRUCTURE

