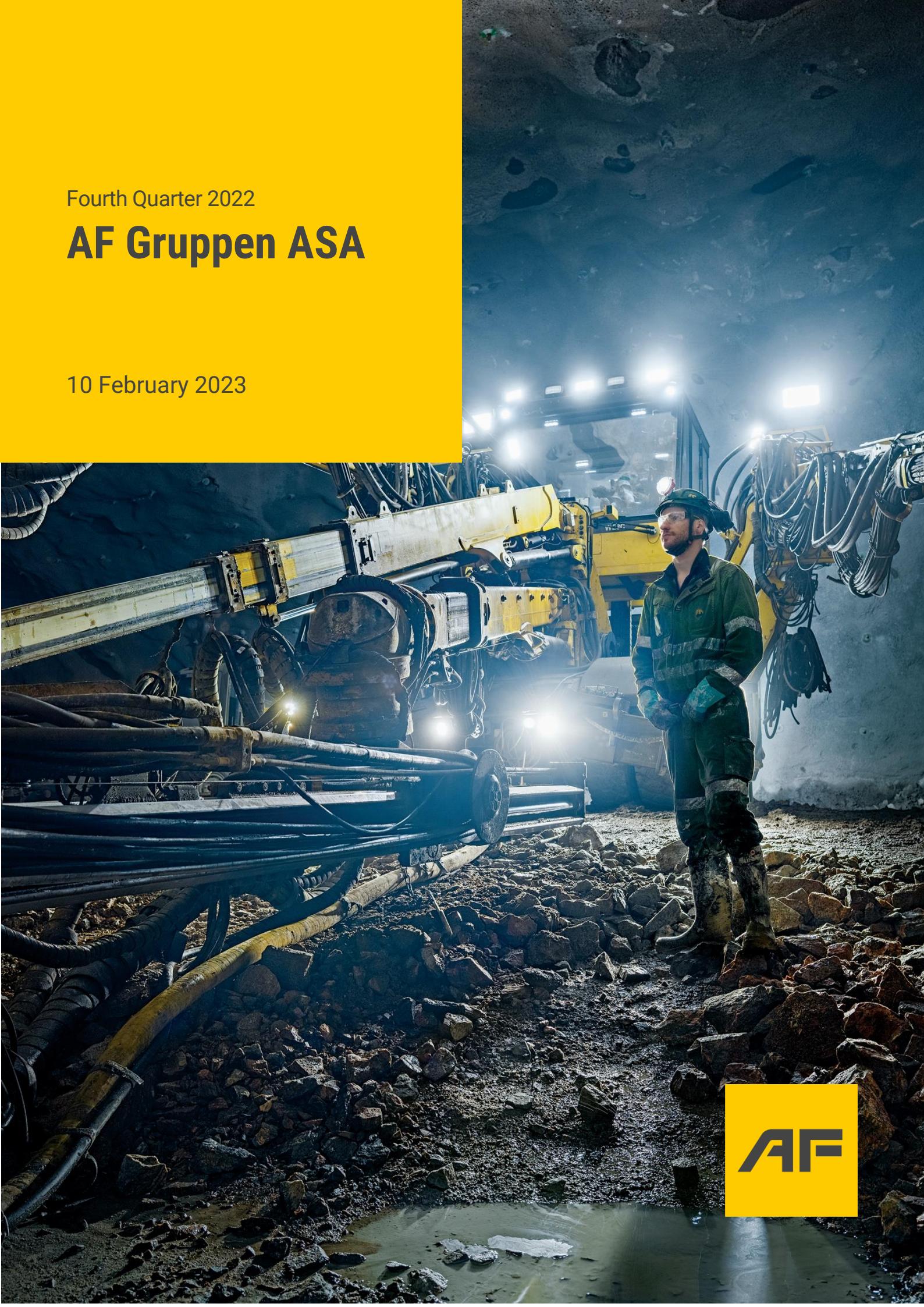


Fourth Quarter 2022

# AF Gruppen ASA

10 February 2023



# Q4



## ***From the CEO***

We achieved very good profitability in large parts of the Group during the quarter, particularly within Offshore and Energy and Environment. Civil Engineering reported a double-digit profit margin, and Betonmast showed positive development and achieved a good result for the quarter. The overall profitability for Construction and Sweden was not satisfactory, despite the fact that several units in both business areas delivered very strong results. There was too much variation in the performance of the units, and we were not satisfied with overall profitability in 2022.

In 2022, we entered into contracts for several large, complex projects with high social benefit. Among other things, AF Gruppen has been awarded two assignments from Oslo Municipality related to new water supply in Oslo, and we are working on several wind power projects in Sweden. We have been chosen as the contractor for a new airport in Mo i Rana, for which we are still in the

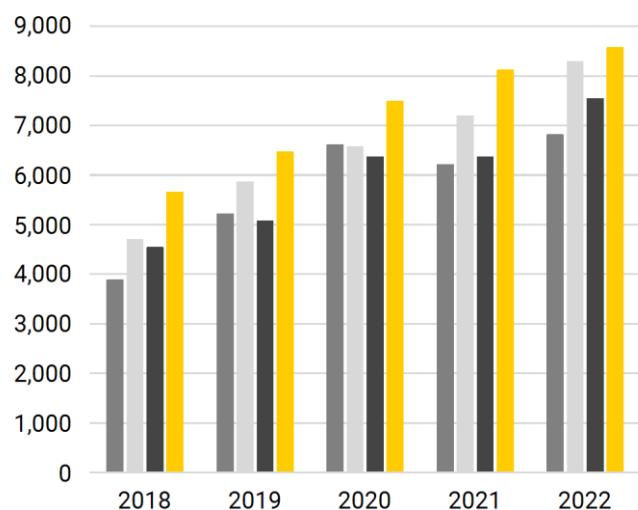
collaboration phase. We have also entered into an agreement to construct a new cable tunnel in Oslo for Statnett, and we perform projects within construction and rehabilitation to reuse and refine existing buildings. These are challenging projects which will enable us to use our expertise and implementational ability. These types of assignments are important to ensure that we continue to attract, develop and retain the industry's best management and professional expertise.

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

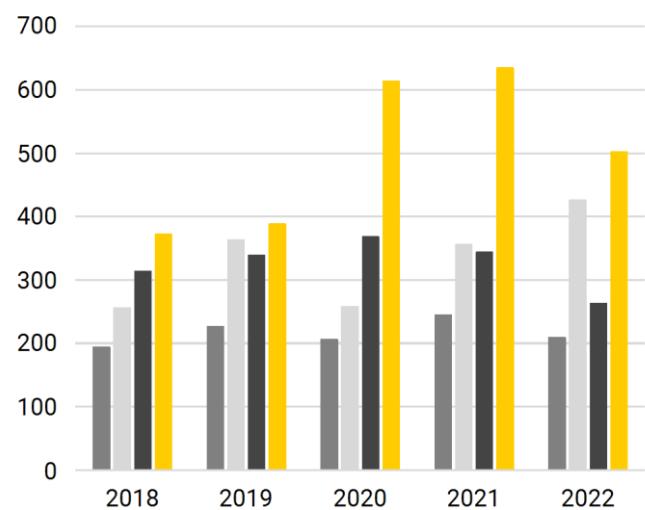
## HIGHLIGHTS

- Revenues were NOK 8,568 million (8,112 million) for the 4th quarter and NOK 31,205 million (27,868 million) for the full year.
- Earnings before tax were NOK 502 million (635 million) for the 4th quarter and NOK 1,400 million (1,580 million) for the full year.
- The profit margin was 5.9% (7.8%) for the 4th quarter and 4.5% (5.7%) for the full year.
- Net operating cash flow was NOK -38 million (301 million) for the 4th quarter and NOK 1,460 million (1,415 million) for the full year.
- The order backlog stood at NOK 39,765 million (38,646 million) as at 31 December 2022.
- Net interest-bearing debt (receivables) was NOK 329 million (-29 million) as at 31 December 2022.
- Result per share in 2022 was NOK 8.96 (9.60). The Board of Directors has proposed a dividend for payment of NOK 6.50 (6.50) for the first half of 2023.

REVENUES PER QUARTER (NOK MILLION)



EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



## SUMMARY OF 4TH QUARTER

Key figures (NOK million)	4Q 22	4Q 21	2022	2021
Operating and other revenue	8,568	8,112	31,205	27,868
EBITDA	631	778	1,937	2,176
Earnings before financial items and tax (EBIT)	502	639	1,409	1,609
Earnings before tax (EBT)	502	635	1,400	1,580
Result per share (NOK)	3.43	3.88	8.96	9.60
Diluted result per share (NOK)	3.43	3.85	8.96	9.57
EBITDA margin	7.4 %	9.6 %	6.2 %	7.8 %
Operating profit margin	5.9 %	7.9 %	4.5 %	5.8 %
Profit margin	5.9 %	7.8 %	4.5 %	5.7 %
Return on capital employed (ROaCE) <sup>1)</sup>	-	-	31.6 %	36.0 %
Cash flow from operating activities	-38	301	1,460	1,415
Net interest-bearing debt (receivables)	329	-29	329	-29
Shareholders' equity	3,494	3,572	3,494	3,572
Total equity and liabilities	14,457	13,108	14,457	13,108
Equity ratio	24.2 %	27.3 %	24.2 %	27.3 %
Order backlog	39,765	38,646	39,765	38,646
LTI-1 rate	0.9	0.9	1.1	1.1
Absence due to illness	4.7 %	4.9 %	4.6 %	4.6 %

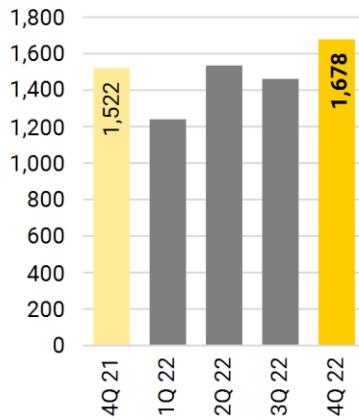
<sup>1)</sup> Rolling average last four quarters

# Business Areas

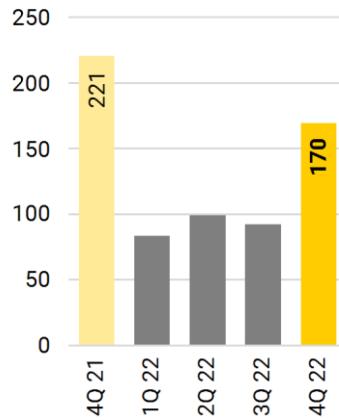
Norwegian Press House. Photo: Hannah Kirkestuen

# CIVIL ENGINEERING

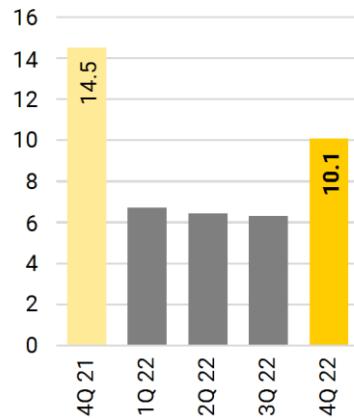
**REVENUE (NOK million)**



**OPERATING PROFIT (NOK million)**



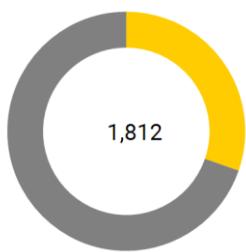
**OPERATING PROFIT (%)**



## KEY FIGURES

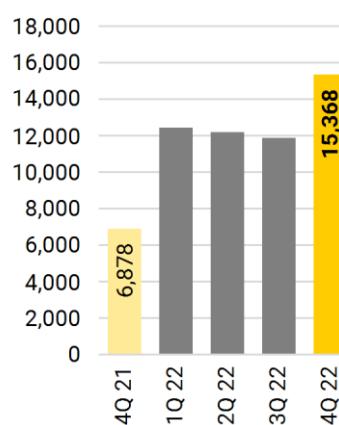
NOK million	4Q 22	4Q 21	2022	2021
Operating and other revenue	1,678	1,522	5,919	6,002
Earnings before financial items and tax (EBIT)	170	221	445	515
Earnings before tax (EBT)	168	220	440	510
Operating profit margin	10.1 %	14.5 %	7.5 %	8.6 %
Profit margin	10.0 %	14.5 %	7.4 %	8.5 %

**NUMBER OF EMPLOYEES**



AF Gruppen 5,975

**ORDER BACKLOG (NOK million)**



**CIVIL ENGINEERING CONSISTS OF**

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



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

The activity level in Civil Engineering increased by 10% during the quarter compared with the same quarter last year, and the business area delivered very good results. The Civil Engineering business area reported revenues of NOK 1,678 million (1,522 million) for the 4th quarter. Earnings before tax were NOK 168 million (220 million). For the full year, revenues totalled NOK 5,919 million (6,002 million) and earnings before tax were NOK 440 million (510 million).

AF Anlegg had two major projects in production at the end of the quarter: E6 Rentvannstunnel in Oslo and Bergtunnlar Lovö in Stockholm. Both projects have a high level of

activity and good operations. The handover of E39 Kristiansand vest–Mandal øst took place in November. AF Anlegg reported very good results in the fourth quarter due to good operational performance and several projects in the final phase.

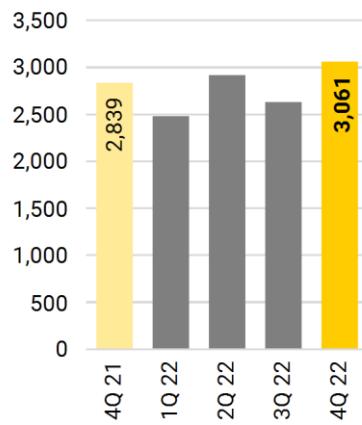
Målselv Maskin & Transport, Eiqon and Consolvo had a high level of activity compared to the same quarter last year. Målselv Maskin & Transport, Eiqon and Stenseth & RS reported very good results during the quarter, and Consolvo reported good results.

Two contracts were reported to the stock exchange in the fourth quarter. AF Anlegg will construct a new cable tunnel between Sogn and Ulven in Oslo for Statnett. The contract is valued at approximately NOK 1,800 million, excl. VAT. In October, AF Anlegg signed a contract to build a new water treatment plant at Huseby in Oslo. The project has an estimated value of NOK 3,000 million and the final price will be determined in collaboration with Oslo Municipality, Agency for Water and Sewerage Works.

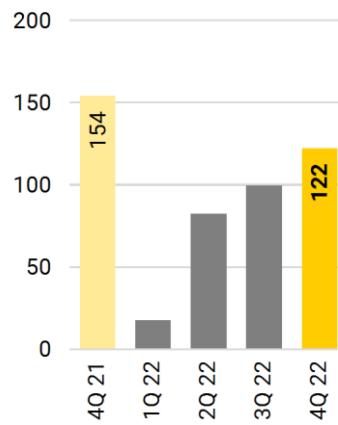
The order backlog for Civil Engineering was NOK 15,368 million (6,878 million) as at 31 December 2022.

# CONSTRUCTION

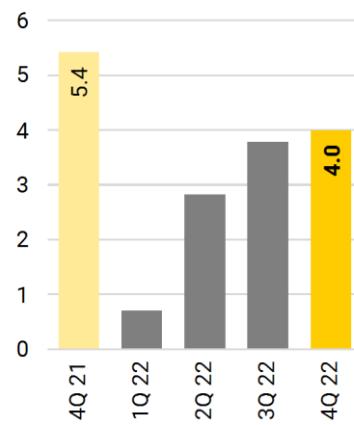
**REVENUE (NOK million)**



**OPERATING PROFIT (NOK million)**



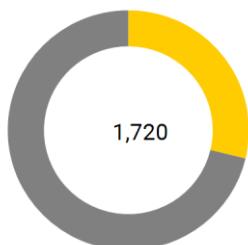
**OPERATING MARGIN (%)**



## KEY FIGURES

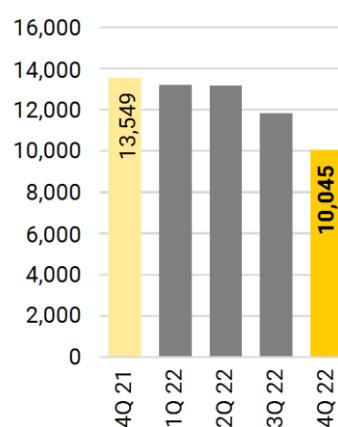
NOK million	4Q 22	4Q 21	2022	2021
Operating and other revenue	3,061	2,839	11,090	8,865
Earnings before financial items and tax (EBIT)	122	154	322	447
Earnings before tax (EBT)	119	154	318	450
Operating profit margin	4.0 %	5.4 %	2.9 %	5.0 %
Profit margin	3.9 %	5.4 %	2.9 %	5.1 %

**NUMBER OF EMPLOYEES**



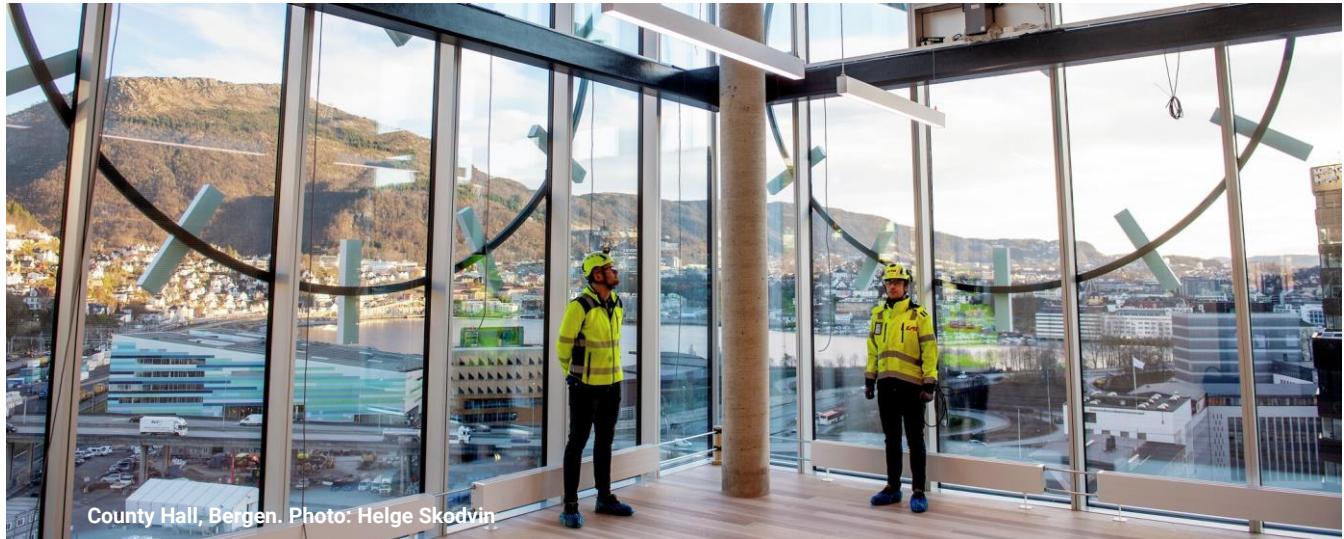
AF Gruppen 5,975

**ORDER BACKLOG (NOK million)**



## CONSTRUCTION CONSISTS OF

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



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

Construction reported revenues of NOK 3,061 million (2,839 million) for the 4th quarter. This corresponds to a revenue growth of 8% compared to the same quarter last year. There was a wide variation in the results and performance of the units, and high costs of materials and energy prices

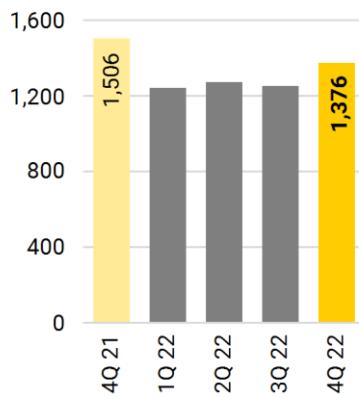
had a negative impact on the profitability of the units. Overall, the business area reported a result for the quarter that was below expectations. Earnings before tax were NOK 119 million (154 million). For the full year revenues totalled NOK 11,090 million (8,865 million) and earnings before tax were NOK 318 million (450 million).

AF Bygg Oslo, Haga & Berg and Åsane Byggmesterforretning excelled with very good results in the fourth quarter. Good operational performance and projects in the final phase contributed to profitability. Strøm Gundersen and HTB achieved good results, while Strøm Gundersen Vestfold and LAB reported results that were somewhat below expectations. AF Byggfornyelse, AF Bygg Østfold, AF Håndverk og Fundamentering reported weak results for the quarter.

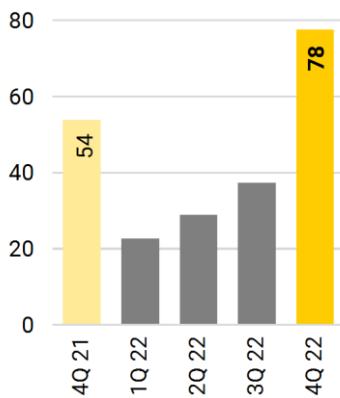
Construction's order backlog was NOK 10,045 million (13,549 million) as at 31 December 2022.

# BETONMAST

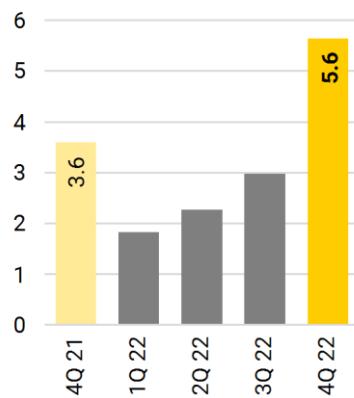
**REVENUE (NOK million)\***



**OPERATING PROFIT (NOK million)\***



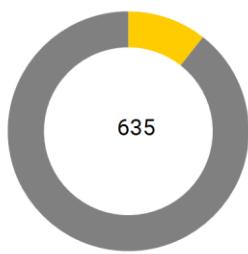
**OPERATING MARGIN (%)\***



## KEY FIGURES\*

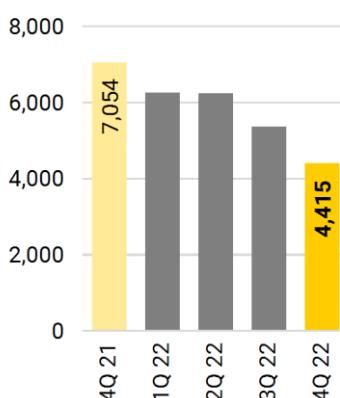
NOK million	4Q 22	4Q 21	2022	2021
Operating and other revenue	1,376	1,506	5,145	5,196
Earnings before financial items and tax (EBIT)	78	54	166	132
Earnings before tax (EBT)	83	48	174	111
Operating profit margin	5.6 %	3.6 %	3.2 %	2.5 %
Profit margin	6.0 %	3.2 %	3.4 %	2.1 %

**NUMBER OF EMPLOYEES**



AF Gruppen 5,975

**ORDER BACKLOG (NOK million)\***



## BETONMAST CONSISTS OF

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

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



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

Overall, Betonmast achieved a good result in the quarter with revenues of NOK 1,376 million (1,506 million) and earnings before tax of NOK 83 million (48 million) in the 4th quarter. For the full year revenues totalled NOK 5,145 million (5,196 million) and earnings before tax were NOK 174 million (NOK 111 million). In 2022, Betonmast Sweden became part of the Swedish business area, and the comparison figures have been restated.

The Betonmast Oslo, Romerike, Buskerud-Vestfold, Trøndelag, Asker and Bærum and Østfold units delivered very good results in the quarter. Betonmast Røsand achieved a good result in the quarter, while Betonmast

Boligbygg and Innlandet reported weak results in the quarter.

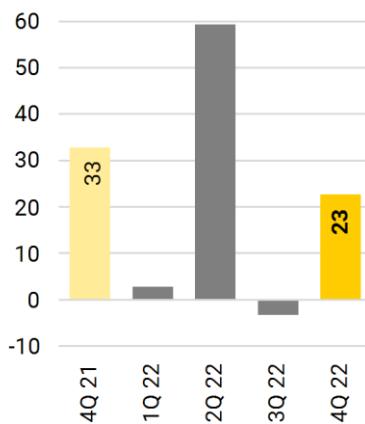
Betonmast has a separate property portfolio with three property projects with a total of 306 units under production. For further information on the projects, see Note 7.

Three new contracts were reported to the stock exchange in the fourth quarter. Betonmast Østfold has signed a contract with Moss Municipality for the rehabilitation and extension of Mossehallen in Moss. The contract is a collaborative contract, and phase 1 will continue until June 2023. The potential contract value exceeds NOK 200 million, excl. VAT. Betonmast Buskerud-Vestfold has entered into an agreement with Agnes Utvikling and Larvik Boligbyggelag for the construction of 41 apartments in the Sjøparken project in Stavern. The contract is a turnkey contract with a value of approximately NOK 136 million, excl. VAT. In addition, Betonmast Buskerud-Vestfold has entered into an agreement with Selmer Eiendom AS for the construction of a commercial building in Drammen. The contract is a turnkey contract valued at approximately NOK 139 million, excl. VAT.

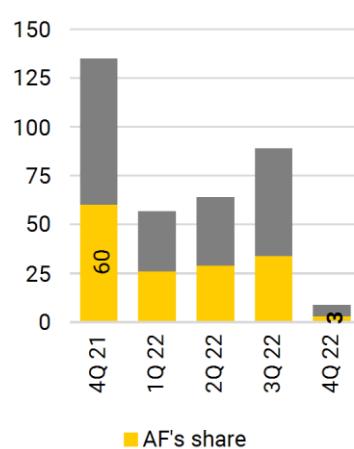
As at 31 December 2022, Betonmast's order backlog was NOK 4,415 million (7,054 million).

# PROPERTY

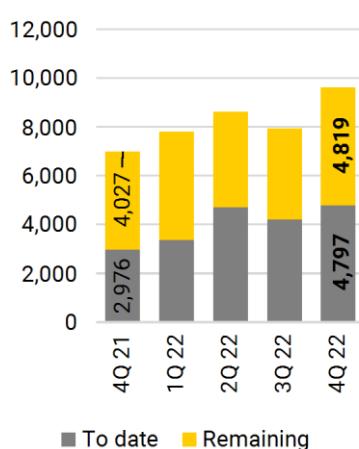
## EARNINGS BEFORE TAX (NOK million)



## ENTERED INTO SALES CONTRACTS (NUMBER)



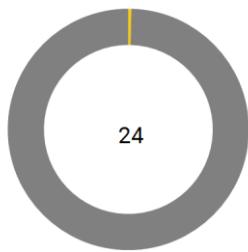
## TURNOVER UNITS IN PRODUCTION (NOK million)



## KEY FIGURES

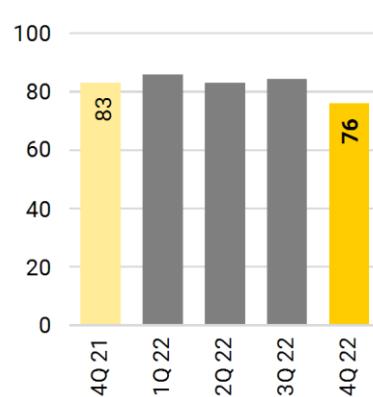
NOK million	4Q 22	4Q 21	2022	2021
Operating and other revenue	12	15	30	35
Earnings before financial items and tax (EBIT)	21	32	75	75
Earnings before tax (EBT)	23	33	82	76
Capital employed	645	703	645	703

## NUMBER OF EMPLOYEES



AF Gruppen 5,975

## SALES RATIO PROJECTS IN PROGRESS (%)



## PROPERTY CONSISTS OF

- AF Eiendom
- LAB Eiendom



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

Property delivered earnings before tax of NOK 23 million (33 million) in the 4th quarter. For the full year earnings before tax were NOK 82 million (NOK 76 million). Property consists of two operating units, AF Eiendom and LAB Eiendom, with local presence in Greater Oslo and the Bergen region respectively.

Reduced demand and a shift in sentiment during the last six months contributed to low sales in the quarter. Sales contracts were signed for a total of 9 (135) residential units in the quarter, of which AF's share is 3 (60). So far this year, sales contracts have been signed for 216 (550) residential units, of which AF's share is 89 (256).

In the fourth quarter, 73 homes were handed over at Brøter Terrasse, an AF Eiendom project in Lillestrøm. In addition, AF Eiendom completed the Hasle Tre commercial property during the quarter.

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

- Fyrstikkbakken in Oslo (159 units in production, of which 135 sales contracts have been signed).
- Skårersletta MIDT in Lørenskog (295 units in production, of which 173 sales contracts have been signed).
- Bekkestua Have in Bærum (232 units in production, of which 223 sales contracts have been signed).
- Rolvsrud Arena in Lørenskog (194 units in production, of which 128 sales contracts have been signed).
- Kråkehaugen in Bergen (55 units in production, of which 52 sales contracts have been signed).
- Skiparviklia 3D in Bergen (4 units in production, of which 3 sales contracts have been signed).
- Baneveien 16 in Bergen (1 unit in production, 1 sales contract has been signed).

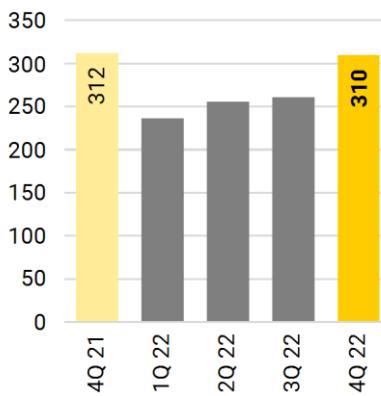
This gives a sales ratio of 76% for commenced projects. Property also has 28 units for sale in projects in the sales phase at Rolvsrud Arena in AF Eiendom. There were a total of 6 (6) completed unsold units at the end of the quarter, of which AF's share was 2 (3). For more information on projects for own account, see Note 7.

AF also has a significant development portfolio in Norway which is estimated at 1,580 (1,715) residential units. AF's share of this was 788 (821) residential units.

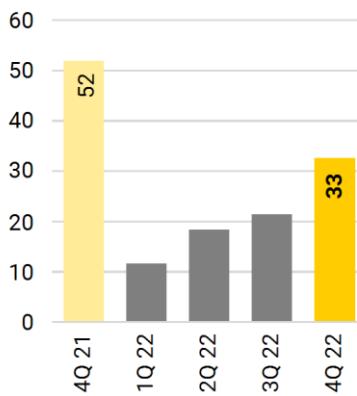
AF has an ownership stake in commercial property under construction with a total RFA of 62,256 (51,856) square metres, of which AF's share is an RFA of 30,949 (25,749) square metres.

# ENERGY AND ENVIRONMENT

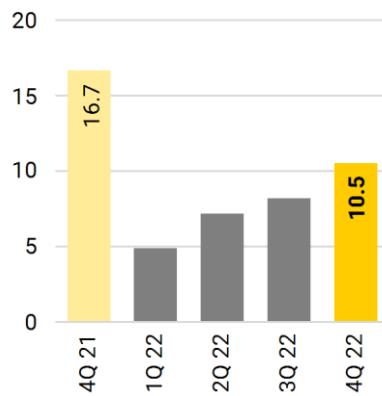
**REVENUE (NOK million)**



**OPERATING PROFIT (NOK million)**



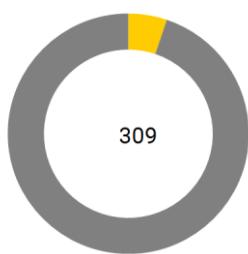
**OPERATING MARGIN (%)**



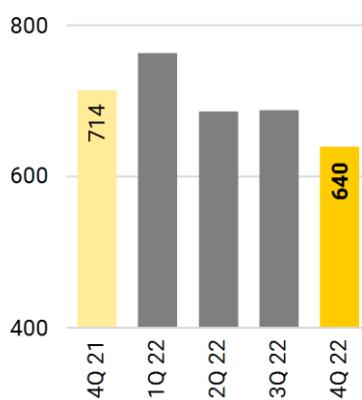
## KEY FIGURES

NOK million	4Q 22	4Q 21	2022	2021
Operating and other revenue	310	312	1,062	1,152
Earnings before financial items and tax (EBIT)	33	52	84	109
Earnings before tax (EBT)	32	53	82	107
Operating profit margin	10.5 %	16.7 %	7.9 %	9.4 %
Profit margin	10.3 %	17.1 %	7.7 %	9.3 %

**NUMBER OF EMPLOYEES**



**ORDER BACKLOG (NOK million)**



AF Gruppen 5,975

## ENERGY AND ENVIRONMENT

### CONSIST OF

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



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

Energy and Environment delivered very good results in the fourth quarter. Revenues for the 4th quarter were NOK 310 million (312 million). Earnings before tax were NOK 32 million (53 million). For the full year revenues totalled NOK 1,062 million (1,152 million) and earnings before tax were NOK 82 million (107 million).

Although AF Decom's level of activity remains somewhat low, the unit delivered very good profitability in the fourth quarter. AF's demolition operations demolish and sort different materials for recycling. AF Decom demolished and facilitated the recycling of 1,941 (6,860) tonnes of metal in the fourth quarter, and 17,629 (14,806) tonnes of metal for 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 helped to reduce alternative CO<sub>2</sub> emissions by 17,629 tonnes in 2022.

The foundation for our environmental activities is that waste to a large extent can be reused, and thus be a valuable resource in a growing circular economy. AF's environmental centres receive

contaminated material and are working to reuse as much as possible instead of it going to landfill. The profitability of the environmental centres was very good during the quarter. AF's environmental centres recycled 69,664 (80,247) tonnes of material in the fourth quarter, and a total of 315,269 (344,437) tonnes of material for the year. The recycling rate for contaminated material in the fourth quarter was 80.1%.

AF Energy had a high level of activity and delivered a very good result in the fourth quarter. Good operational performance in renewable energy projects and profits from the sale of an energy hub had a positive impact on the results.

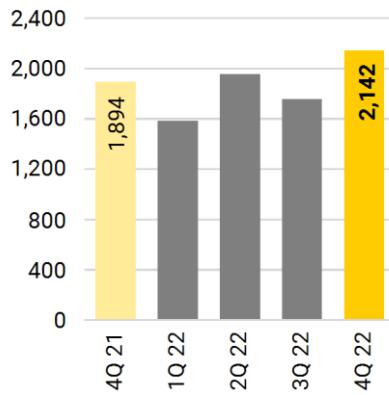
Through Enaktiva, AF Energi has developed a model for co-ownership of energy hubs that we design, construct and operate ourselves. The objective is both to ensure good reference facilities with low risk for the developer and value development through active ownership of the facilities. Among other things, the model was the basis for the establishment of Hovinbyen Energy Hub, which will supply district cooling to the Økern/Ulven area. The facility is under construction as part of the Construction City complex. During the quarter, Hovinbyen Energy Hub, in which Enaktiva had a 51% stake, was sold to OBOS. AF Energi realised a profit of NOK 7 million from the sale.

Since the end of the quarter, AF Gruppen has completed the acquisition of 60% of the shares in Mepex Consult. Mepex is a leading consultancy firm with 26 employees who are specialists within circular economy, waste and recycling. This will enable AF Gruppen to increase its contribution towards the green transition.

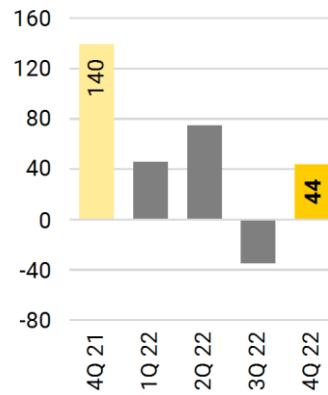
The order backlog for Energy and Environment stood at NOK 640 million (714 million) as at 31 December 2022.

# SWEDEN

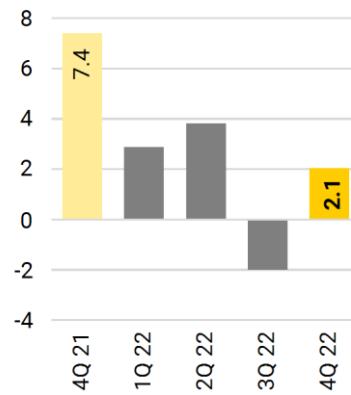
**REVENUE (NOK million)\***



**OPERATING PROFIT (NOK million)\***



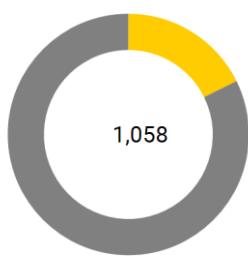
**OPERATING MARGIN (%)\***



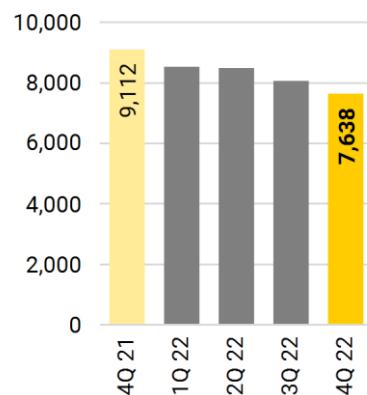
## KEY FIGURES\*

NOK million	4Q 22	4Q 21	2022	2021
Operating and other revenue	2,142	1,894	7,445	6,300
Earnings before financial items and tax (EBIT)	44	140	130	302
Earnings before tax (EBT)	44	138	127	295
Operating profit margin	2.1 %	7.4 %	1.7 %	4.8 %
Profit margin	2.1 %	7.3 %	1.7 %	4.7 %

## NUMBER OF EMPLOYEES



## ORDER BACKLOG (NOK million)\*



## SWEDEN CONSISTS OF

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

\* Betonmast Sweden was transferred from the Betonmast business area to the Sweden business area in March 2022 with accounting effect from 1 January 2022. Comparative figures have been restated. The companies that were previously part of Betonmast Sweden changed their name to AF in October 2022.



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.

In Sweden there was yet another quarter where we saw a large gap between the best and weakest performances, and the overall results were weak. There were further downward adjustments in the project estimates for the former Betonmast Sweden during the fourth quarter.

Sweden reported revenues of NOK 2,142 million (1,894 million) for the 4th quarter. Earnings before tax were NOK 44 million (138 million). For the full year revenues totalled NOK 7,445 million (6,300 million) and earnings before tax were NOK 127 million (295 million).

Kanonaden, AF Härrösand Byggreturer, AF Prefab in Mälardalen and AF Bygg Syd reported very good results in the quarter. HMB delivered good results.

During the quarter, further downward adjustments were made in the profit expectations for certain projects in the portfolio of the former Betonmast Sweden. The adjustments are mainly related to increased costs, both as a result of increased material prices and own performance.

AF Projektutveckling, AF's property business in Sweden, has one residential project with a total of 83 units under

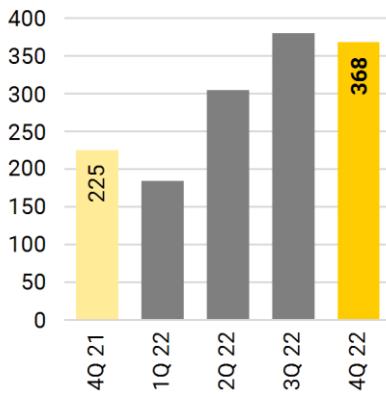
production. For further information on the residential projects, see Note 7. The unit has a building site inventory (residential units under development) that is estimated at 990 residential units. AF's share of this is 495 residential units.

Four new contracts were reported to the stock exchange in the fourth quarter. HMB Construction has been commissioned to build Rytterborgskolan, a school in Västerås for Hemsö. The contract amount is approximately SEK 230 million excl. VAT and will be carried out as a turnkey contract. In addition, HMB Construction has signed a contract to build 151 residential units in Knivsta. The contract amount is SEK 270 million excl. VAT. It is a turnkey contract that will be carried out for Genova and Redito. Kanonaden Entreprenad has signed a contract to carry out the construction and installation work for two power plants for Svenska Kraftnät. The work is being carried out in cooperation with Hitachi Energy, and Kanonaden's share is approximately SEK 170 million, excl. VAT. In addition, Kanonaden Entreprenad will carry out the construction work for a large wind farm in southern Dalarna for SR Energy. The assignment is a turnkey contract valued at approximately SEK 160 million, excl. VAT. The wind farm is expected to supply renewable energy equivalent to the annual consumption of household electricity for 54,000 homes.

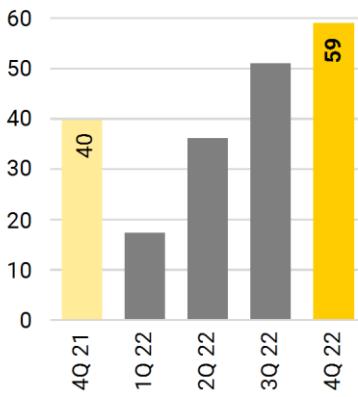
The order backlog for Sweden stood at NOK 7,638 million (9,112 million) as at 31 December 2022.

# OFFSHORE

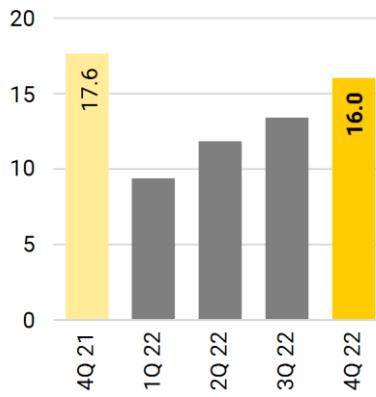
**REVENUE (NOK million)**



**OPERATING PROFIT (NOK million)**



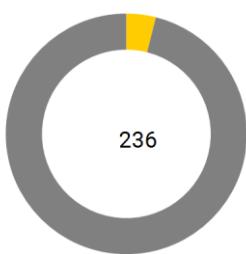
**OPERATING MARGIN (%)**



## KEY FIGURES

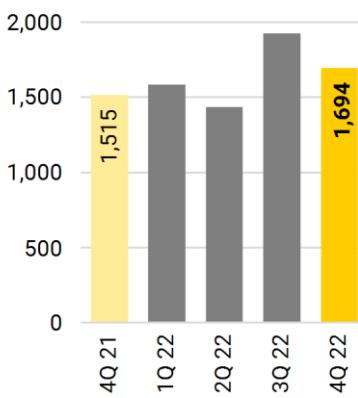
NOK million	4Q 22	4Q 21	2022	2021
Operating and other revenue	368	225	1238	848
Earnings before financial items and tax (EBIT)	59	40	164	83
Earnings before tax (EBT)	58	37	160	78
Operating profit margin	16.0 %	17.6 %	13.2 %	9.8 %
Profit margin	15.9 %	16.6 %	12.9 %	9.2 %

**NUMBER OF EMPLOYEES**



AF Gruppen 5,975

**ORDER BACKLOG (NOK million)**



## OFFSHORE CONSISTS OF

- AF Offshore Decom
- AF AeronMollier



Curlew decommissioning at AF Environmental base Vats. Photo: AF Gruppen

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 revenue increased by 63% compared to the fourth quarter last year, and the business area delivered very good results. Revenues in the 4th quarter were NOK 368 million (225 million). Earnings before tax were NOK 58 million (37 million). Revenues totalled NOK 1,238 million (848 million) and earnings before tax were NOK 160 million (78 million) for the full year.

AF Offshore Decom had a high level of activity compared to the same quarter last year and reported very good

profitability. A high level of production and good operational performance at Environmental base Vats made a significant contribution towards strong results for the quarter.

AF Offshore Decom demolishes and facilitates the recycling of offshore installations. AF Offshore Decom sorted 90% of the structures for recycling in the fourth quarter, where metal is the main component. AF Offshore Decom demolished and facilitated the recycling of 2,466 (8,961) tonnes of steel in the fourth quarter, and 36,911 (40,990) tonnes of steel for the year, corresponding to a reduction of alternative CO<sub>2</sub> emissions of 36,911 tonnes compared to ore-based production.

AF AeronMollier had a high level of activity and good profitability in the fourth quarter.

The order backlog for Offshore was NOK 1,694 million (1,515 million) as at 31 December 2022.



Odin Granli, apprentice rock blasting and mining. Photo: Colin Eick

## SHARE PRICE PERFORMANCE DURING THE LAST 12 MONTHS



## FINANCIAL INFORMATION

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

In the 4th quarter, net operating cash flow was NOK -38 million (301 million) and net cash flow from investments was NOK -77 million (193 million). Cash flow before capital transactions and financing was NOK -115 million (494 million) for the 4th quarter. For the full year cash flow from operating activities was NOK 1,460 million (1,415 million), and cash flow from net investments NOK 67 million (175 million). Cash flow before financing activities was NOK 1,527 million (1,589 million) for the full year.

At the end of the 4th quarter, AF Gruppen had cash and cash equivalents of NOK 765 million (680 million). Net interest-bearing debt (receivables) as at 31 December 2022 was NOK 329 million (-29 million).

## LIST OF SHAREHOLDERS AS AT 31 DECEMBER 2022

Name	No. Shares	% share
ØMF Holding AS	17,842,233	16.6
OBOS BBL	17,459,483	16.2
Constructio AS	15,288,012	14.2
Folketrygdfondet	8,387,757	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>70,259,310</b>	<b>65.2</b>
Total other shareholders	37,442,690	34.8
Own shares	0	0.0
<b>Total number of shares</b>	<b>107,702,000</b>	<b>100.0</b>

AF Gruppen's total financing facilities are NOK 3,000 million. The financing include a multi-currency overdraft facility (revolving 1-year term) of NOK 2,000 million with DNB and a revolving long-term credit facility of NOK 1,000 million with Handelsbanken, available until 2024. Available liquidity at 31 December 2022, including overdraft facilities with Handelsbanken and DNB, is NOK 3,344 million.

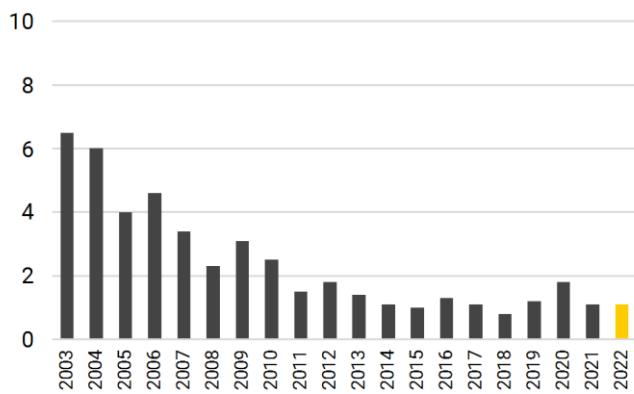
Total assets were NOK 14,457 million (13,108 million) as at 31 December 2022. The Group's equity totalled NOK 3,494 million (3,572 million) as at 31 December 2022. This corresponds to an equity ratio of 24.2% (27.3%).

## THE SHARE

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

As at 31 December 2022, the AF share closed at NOK 143.80. This corresponds to a negative return of 20.3% for

## LTI-1 RATE DEVELOPMENT



the full year, adjusted for a total dividend of NOK 10.50 per share. The Oslo Børs Benchmark Index showed a negative return of 1.0% for the same period.

During the quarter, the Board of Directors approved a dividend for the second half-year of NOK 4.00 (4.00) per share that was paid to shareholders in November. For 2023, a dividend of NOK 6.50 (6.50) per share for the first half-year has been proposed.

In connection with AF Gruppen's share programme for employees, the Board of Directors decided in October, based on authorisation from the general meeting, to sell 305,626 of the company's treasury shares and to carry out an issue of 694,374 shares. This was carried out on 13 October 2022. A total of 920 employees subscribed for a total of 1,000,000 shares through the programme, where the shares were subscribed for at a price of NOK 121.80 per share. This corresponds to a 20% discount in relation to the average stock exchange rate during the subscription period. The company owns no treasury shares following the sale.

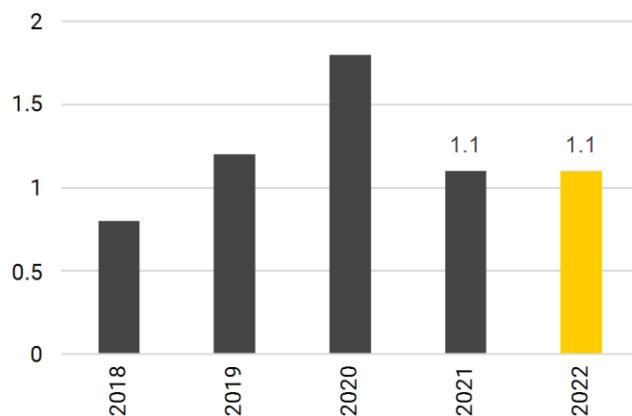
The number of shares in AF Gruppen is 107,702,000, which corresponds to share capital of NOK 5,385,100.

## 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 5 (5) injuries resulting in absence were registered in the 4th quarter. This

## LTI-1 RATE



gives an LTI-1 rate of 0.9 (0.9) for the 4th quarter. For the full year the LTI-1 rate is 1.1 (1.1).

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

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

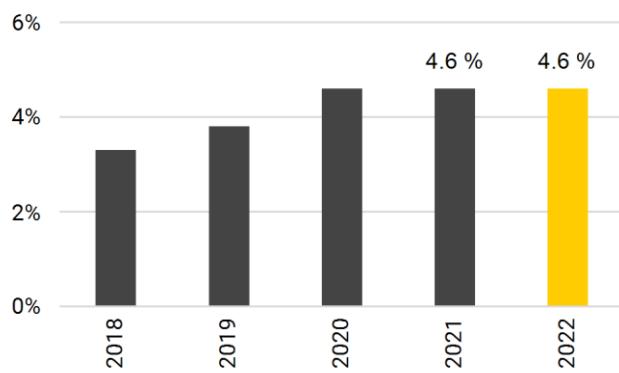
The registration of sick leave forms the basis for the measurement of health work at AF. In the 4th quarter, sick leave rate was 4.7% (4.9%), and 4.6% (4.6%) for the full year. Our target is a healthy sick leave level, without absence due to occupational illnesses or injuries. Systematic efforts are 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

## SICK LEAVE DEVELOPMENT



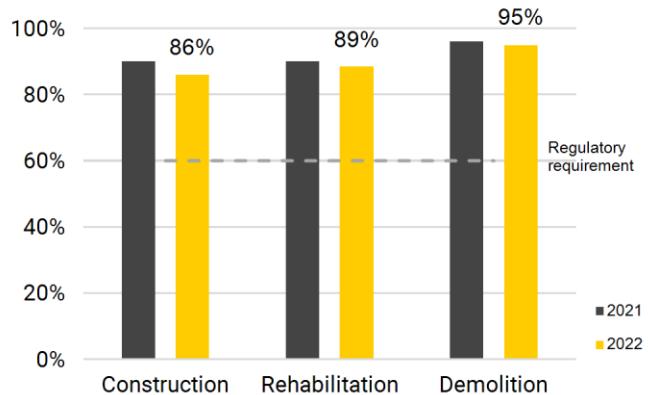
volumes that cannot be reused or recycled by 2030. The most important factor in reducing our own climate footprint is logistics planning to, among other things, reduce the transport of masses. In addition, the use of electric machinery, a modern machinery and car fleet and sorting of waste will help 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 4th quarter, the source separation rate for construction was 82% (92%), for renovation it was 87% (86%) and for demolition it was 94% (93%). For the full year the recycling result for building was 86% (90%), the result for renovation was 89% (90%) and the result for demolition was 95% (96%). These results are considered to be very good. A total of 64,210 tonnes (55,276 tonnes) of waste were separated at source in the 4th quarter and a total of 278,172 tonnes (295,519 tonnes) of waste were separated at source for the full 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 315,269 tonnes (344,437 tonnes) of materials for the full 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

## SOURCE SEPARATION RATE



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 4,407 tonnes (15,821 tonnes) of metal in the 4th quarter and 54,540 tonnes (55,796 tonnes) of metal for the full year. In total, this represents a reduction of alternative CO<sub>2</sub> emissions by around 54,540 tonnes (55,796 tonnes) for the full 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. From 2022, greenhouse gas emissions are also measured quarterly. As at 31 December 2022, the carbon footprint was 1.3 (1.6). AF has set a target of halving greenhouse gas emissions for each service type relative to revenue by 2030. In AF's climate accounts, the use of diesel in construction equipment is the largest direct source of emissions.

Climate accounts (tonnes CO <sub>2</sub> e <sup>1</sup> )	2022	2021
Scope 1: Direct emissions	32,533	35,412
Scope 2: Indirect emissions, energy	1,226	1,270
<b>Greenhouse gas emissions (tonnes CO<sub>2</sub>e)</b>	<b>33,759</b>	<b>36,682</b>
Carbon footprint <sup>2</sup> own emissions	1.1	1.3
Scope 3: Other indirect emissions	6,785	7,820
<b>Greenhouse gas emissions (tonnes CO<sub>2</sub>e)</b>	<b>40,544</b>	<b>44,502</b>
Carbon footprint <sup>2</sup>	1.3	1.6

<sup>1)</sup> Greenhouse gas emissions with global warming potential equivalent to CO<sub>2</sub>

<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 4th quarter the share of women is 9.0 % (9.7 %) in total and 18.7 % (18.8 %) amongst officials.

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

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 4th quarter AF Gruppen had a total of 5,975 (5,413) employees. Of these employees 4,820 (4,347) were employed in Norway, 1,115 (1,044) in Sweden, 19 (10) in Lithuania, 18 (12) 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 4th quarter, where the Corporate Management Team also participated.

Financial risk encompasses market risk, credit risk and liquidity risk. Market risk includes commodity price risk, foreign exchange risk and interest rate risk. AF is exposed to foreign exchange risk, including indirectly via suppliers who purchase from abroad, as well as the purchase and leasing of machinery manufactured abroad. As a major demolition and recycling operator, AF Gruppen is also exposed to fluctuations in steel prices. AF aims to have low exposure to risks that cannot be influenced, and use hedging instruments to mitigate the risk associated with foreign exchange rates and steel prices. AF has credit risk in relation to customers, suppliers and partners. In addition to the parent company and bank guarantees, the use of

credit rating tools contributes to reducing risk. The liquidity risk is considered low. AF Gruppen's available liquidity, including credit facilities of NOK 3,000 million, stood at NOK 3,344 million as at 31 December 2022.

## **MARKET OUTLOOK**

The world economy has experienced significant changes during the past few years. Among other things, pandemic and war have brought with them inflation, an energy crisis and supply chain challenges. As a consequence of this, most countries have experienced abnormal price increases and interest rates that they have not witnessed for many years. However, the price levels for a number of commodities stabilised somewhat during the fourth quarter, while interest rates have flattened out.

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. This entails an actual reduction of NOK 0.8 billion in relation to the final budget for 2022. Prognosenteret updated its forecast in September and expects annual growth in civil engineering investment in 2023 and 2024 of 8% and 5% respectively. Growth is primarily expected to come from road projects. Prognosenteret expects NOK 99.4 billion of civil engineering investments in 2023, of which 43% of investments will come from road construction. 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 negative price development in the housing market for November and December, where residential prices fell by 2.2% in November and 0.9% in December on a national basis. Nationwide, prices have risen by 1.5% year to date. At the interest rate meeting in January 2023, Norges Bank decided to keep the key rate unchanged at 2.75% and maintain the inflation target of 2%. Norges Bank has also indicated that the interest rate will probably be increased to 3% in March 2023.

We expect a tighter construction market in the period ahead. Prognosenteret expects the country-wide production value for the construction market to fall by 4.2% in 2023, and to increase by 3% in 2024. There is considerable uncertainty in the estimates. For the entire country, new builds are expected to drive the reduction in

2023, while the market for rehabilitation, renovation and extensions (ROT) is expected to grow. Start permits for approximately 24,000 new residential units were registered in 2022. Prognosenteret estimates that the number of start permits will decrease in 2023, however will pick up again in 2024.

The general increase in prices for materials, energy and other goods is a significant element of uncertainty for our activities going forward. According to Statistics Norway's construction cost index for "Housing in total", prices increased by 6.3% in December compared to the same period last year, of which labour costs increased by 2.7% and materials by 9.2%. The price of concrete remained at a relatively stable level since the previous quarter, while concrete elements increased by 2.4%. The price level for structural steel and wood products fell by 4% and 8% respectively from the previous quarter, however remains significantly higher than prior to the Covid-19 pandemic. Price developments particularly affect units with projects that have entered into fixed-price agreements, while units with agreements on ongoing wage and price increase mechanisms for the projects are less affected.

The Government's national budget for 2023 contains several aspects that could impact our operations in Norway, both in terms of activity level and our direct costs. Less predictability in relation to public sector investment may have a negative impact, and signals of decreased public sector construction activity, and road and rail appropriations may reduce our level of activity. As a professional services company, we are also impacted by the introduction of additional employer's national insurance contributions on annual payments that exceed NOK 750,000.

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 has a better market outlook. Electrification of the marine sector and installations on the Norwegian shelf provides new market opportunities. The carbon tax was NOK 766 per tonne in 2022, and the "Climate Plan for 2021-2030" white paper has signalled that it will be increased to NOK 2,000/tonne in 2030. This can help accelerate the rate of electrification.

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

The run-down of petroleum activities on a global basis, with approximately 10,000 operational platforms, provides immense potential for AF Gruppen's decommissioning activities. According to the British industry organisation Oil & Gas UK, there is an expectation that more than 1,000,000 tonnes of top deck will have to be removed in the North Sea during the period from 2020 to 2029. This applies to the British, Norwegian, Danish and Dutch sectors. The market for the removal of offshore installations has been characterised by delays and strong competition, but the current decommissioning rate of platforms means that it will take operators approximately 100 years to recycle today's installations. An increase in pace will lead to increased demand for this type of service.

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

Byggföretagen estimates that building investments in Sweden (excluding civil engineering investments) amounted to SEK 487 billion in 2022 and expects this to decrease to SEK 429 billion in 2023. The uncertainty associated with Swedish cement production was resolved in December, whereby Cementa AB was granted an exemption to continue production for an additional four years.

The Swedish housing market also experienced a decline in prices in the fourth quarter. At the end of December, Svensk Mäklarstatistik reported a 2% price decrease from the previous quarter for apartments and 8% for detached houses. When compared to the same quarter in 2021, the price decrease was 9% for apartments and 10% for detached houses. In November, the Swedish central bank decided to raise the key rate by 0.75 percentage points from 1.75% to 2.5%, as a result of high inflation. The central bank's forecast indicates that the interest rate will be increased to 2.75 % at the interest rate meeting in February 2023.

### **Oslo, 09 February 2023**

Board of Directors of AF Gruppen ASA

For more detailed information, please contact:

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# Financial information



Stadsgården, Halmstad. Photo: Marie Ullnert

# CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	4Q 22	4Q 21	2022	2021
Operating and other revenue	8,568	8,112	31,205	27,868
Subcontractors	-4,741	-4,420	-16,554	-14,633
Cost of materials	-1,062	-967	-5,346	-4,440
Payroll costs	-1,548	-1,459	-5,487	-5,142
Operating expenses ex. depreciation and impairment	-627	-592	-2,072	-1,677
Net gains (losses) and profit (loss) from associates	41	104	190	200
<b>EBITDA</b>	<b>631</b>	<b>778</b>	<b>1,937</b>	<b>2,176</b>
Depreciation and impairment of tangible fixed assets	-52	-52	-209	-206
Depreciation and impairment of right of use assets	-76	-87	-317	-360
Depreciation and impairment of intangible assets	-	-1	-2	-1
<b>Earnings before financial items and tax (EBIT)</b>	<b>502</b>	<b>639</b>	<b>1,409</b>	<b>1,609</b>
Net financial items	-	-5	-10	-29
<b>Earnings before tax (EBT)</b>	<b>502</b>	<b>635</b>	<b>1,400</b>	<b>1,580</b>
Income tax expense	-73	-149	-248	-351
<b>Net income for the period</b>	<b>428</b>	<b>486</b>	<b>1,151</b>	<b>1,229</b>
Attributable to:				
Shareholders in the Parent Company	368	412	958	1,019
Non-controlling interests	61	73	193	210
<b>Net income for the period</b>	<b>428</b>	<b>486</b>	<b>1,151</b>	<b>1,229</b>
Earnings per share (NOK)	3.43	3.88	8.96	9.60
Diluted earnings per share (NOK)	3.43	3.85	8.96	9.57
Key figures	4Q 22	4Q 21	2022	2021
EBITDA margin	7.4 %	9.6 %	6.2 %	7.8 %
Operating profit margin	5.9 %	7.9 %	4.5 %	5.8 %
Profit margin	5.9 %	7.8 %	4.5 %	5.7 %
Return on capital employed (ROaCE) <sup>1)</sup>	-	-	31.6 %	36.0 %
Return on equity	-	-	34.0 %	36.1 %
Equity ratio	24.2 %	27.3 %	24.2 %	27.3 %
Net interest-bearing debt (receivables) <sup>2)</sup>	329	-29	329	-29
Capital employed <sup>3)</sup>	4,900	4,571	4,900	4,571
Order backlog	39,765	38,646	39,765	38,646

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

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

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

## STATEMENT OF COMPREHENSIVE INCOME

NOK million	4Q 22	4Q 21	2022	2021
Net income for the period	428	486	1,151	1,229
Net actuarial gains and losses	2	-2	2	-2
Currency translation differences non-controlling	-5	-7	-6	-8
<b>Items that will not be reclassified to income statement in subsequent periods</b>	<b>-3</b>	<b>-9</b>	<b>-5</b>	<b>-10</b>
Net cash flow hedges	17	10	4	27
Currency translation differences shareholders of the	-33	-25	-35	-46
<b>Items that may be reclassified to income statement in subsequent periods</b>	<b>-16</b>	<b>-16</b>	<b>-31</b>	<b>-19</b>
<b>Other comprehensive income for the period</b>	<b>-20</b>	<b>-25</b>	<b>-36</b>	<b>-30</b>
<b>Total comprehensive income for the period</b>	<b>409</b>	<b>461</b>	<b>1,116</b>	<b>1,199</b>
Attributable to:				
- Shareholders of the parent	353	394	929	997
- Non-controlling interests	56	66	187	202
<b>Total comprehensive income for the period</b>	<b>409</b>	<b>461</b>	<b>1,116</b>	<b>1,199</b>

## EQUITY

NOK million	Paid-in capital	Translation differences	Actuarial pension gain/(loss)	Cash flow hedge	Retained earnings	Attributable to share-holders	Non-controlling interests	Total equity
<b>As at 31 December 2020</b>	<b>760</b>	<b>62</b>	<b>-18</b>	<b>-49</b>	<b>1,839</b>	<b>2,593</b>	<b>901</b>	<b>3,494</b>
Comprehensive income	-	-46	-2	27	1,018	997	202	1,199
Capital increase	118	-	-	-	-	118	2	121
Purchase of treasury shares	-	-	-	-	-27	-27	-	-27
Sale of treasury shares	-	-	-	-	51	51	-	51
Dividend paid	-427	-	-	-	-689	-1,116	-186	-1,301
Share-based remuneration	55	-	-	-	-	55	7	62
Transactions with non-controlling interests	-	-	-	-	-18	-18	-8	-26
<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>
<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	-	-35	2	4	958	929	187	1,116
Capital increase	162	-	-	-	-	162	-	162
Purchase of treasury shares	-	-	-	-	-66	-66	-	-66
Sale of treasury shares	-	-	-	-	19	19	-	19
Dividend paid	-	-	-	-	-1,125	-1,125	-240	-1,365
Share-based remuneration	51	-	-	-	-	51	4	55
Put options for non-controlling interests	-	-	-	-	41	41	-	41
Addition from acquisition of subsidiaries	-	-	-	-	-	-	13	13
Transactions with non-controlling interests	-	-	-	-	-89	-89	35	-54
<b>As at 31 December 2022</b>	<b>719</b>	<b>-19</b>	<b>-19</b>	<b>-18</b>	<b>1,912</b>	<b>2,575</b>	<b>918</b>	<b>3,494</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	31/12/22	31/12/21
Tangible fixed assets	1,462	1,437
Right of use assets	859	780
Intangible assets	4,461	4,335
Investment in associates and joint ventures	490	639
Deferred tax asset	76	7
Interest-bearing receivables	268	282
Pension plan and other financial assets	13	10
<b>Total non-current assets</b>	<b>7,630</b>	<b>7,490</b>
Inventories	301	198
Projects for own account	158	51
Trade receivables and other receivables	5,557	4,623
Interest-bearing receivables	44	65
Cash and cash equivalents	765	680
<b>Total current assets</b>	<b>6,827</b>	<b>5,618</b>
<b>Total assets</b>	<b>14,457</b>	<b>13,108</b>
Equity attributable to shareholders of the parent	2,575	2,654
Non-controlling interests	918	918
<b>Total equity</b>	<b>3,494</b>	<b>3,572</b>
Interest-bearing debt	75	90
Interest-bearing debt - lease liability	607	554
Retirement benefit obligations	3	6
Provisions	117	100
Deferred tax	445	585
Derivatives	2	8
<b>Total non-current liabilities</b>	<b>1,250</b>	<b>1,343</b>
Interest-bearing debt	433	54
Interest-bearing debt - lease liability	290	301
Trade payables and other short-term debt	7,969	6,956
Derivatives	20	24
Provisions	585	625
Tax payable	416	232
<b>Total current liabilities</b>	<b>9,713</b>	<b>8,193</b>
<b>Total liabilities</b>	<b>10,963</b>	<b>9,536</b>
<b>Total equity and liabilities</b>	<b>14,457</b>	<b>13,108</b>

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	4Q 22	4Q 21	2022	2021
Earnings before financial items and tax (EBIT)	502	639	1,409	1,609
Depreciation, amortisation and impairment	128	139	528	567
Change in net working capital	-575	-316	-43	-340
Income taxes paid	-82	-92	-299	-283
Net gains (losses) and profit (loss) from associates	-41	-104	-190	-200
Other adjustments	30	34	55	62
<b>Cash flow from operating activities</b>	<b>-38</b>	<b>301</b>	<b>1,460</b>	<b>1,415</b>
Net investments	-77	193	67	175
<b>Cash flow before financing activities</b>	<b>-115</b>	<b>494</b>	<b>1,527</b>	<b>1,589</b>
Share issue	122	119	122	119
Dividends paid to shareholders in the Parent Company	-431	-427	-1,125	-1,116
Dividends paid to non-controlling interests	-	-2	-242	-186
Transactions with non-controlling interests	-69	-9	-129	-28
Sale (purchase) of treasury shares	9	16	-46	24
Borrowings (repayment) of debt	244	-92	29	-343
Interest and other financial expenses paid	-19	4	-45	-35
<b>Cash flow from financing activities</b>	<b>-143</b>	<b>-392</b>	<b>-1,437</b>	<b>-1,565</b>
<b>Change in cash and cash equivalents with cash effect</b>	<b>-258</b>	<b>101</b>	<b>89</b>	<b>24</b>
Net cash and cash equivalents at the beginning of	1,036	593	680	708
Change in cash and cash equivalents without cash	-12	-14	-4	-52
<b>Net cash and cash equivalents at the end of period</b>	<b>765</b>	<b>680</b>	<b>765</b>	<b>680</b>

## BUSINESS AREAS

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

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

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

### Civil Engineering

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	1,529	1,392	5,370	5,597
Internal operating and other revenue	149	130	549	405
<b>Total operating and other revenue</b>	<b>1,678</b>	<b>1,522</b>	<b>5,919</b>	<b>6,002</b>
EBITDA	213	270	636	734
Earnings before financial items and tax (EBIT)	170	221	445	515
<b>Earnings before tax (EBT)</b>	<b>168</b>	<b>220</b>	<b>440</b>	<b>510</b>
EBITDA-margin	12.7 %	17.7 %	10.7 %	12.2 %
Operating margin	10.1 %	14.5 %	7.5 %	8.6 %
Profit margin	10.0 %	14.5 %	7.4 %	8.5 %
Assets	3,546	2,229	3,546	2,229
<b>Order backlog</b>	<b>15,368</b>	<b>6,878</b>	<b>15,368</b>	<b>6,878</b>

## Construction

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	3,030	2,813	10,992	8,740
Internal operating and other revenue	31	26	98	125
<b>Total operating and other revenue</b>	<b>3,061</b>	<b>2,839</b>	<b>11,090</b>	<b>8,865</b>
EBITDA	145	177	410	532
Earnings before financial items and tax (EBIT)	122	154	322	447
<b>Earnings before tax (EBT)</b>	<b>119</b>	<b>154</b>	<b>318</b>	<b>450</b>
EBITDA-margin	4.7 %	6.2 %	3.7 %	6.0 %
Operating margin	4.0 %	5.4 %	2.9 %	5.0 %
Profit margin	3.9 %	5.4 %	2.9 %	5.1 %
Assets	4,887	4,554	4,887	4,554
<b>Order backlog</b>	<b>10,045</b>	<b>13,549</b>	<b>10,045</b>	<b>13,549</b>

## Betonmast

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	1,376	1,503	5,142	5,194
Internal operating and other revenue	-	3	2	3
<b>Total operating and other revenue</b>	<b>1,376</b>	<b>1,506</b>	<b>5,145</b>	<b>5,196</b>
EBITDA	83	63	190	168
Earnings before financial items and tax (EBIT)	78	54	166	132
<b>Earnings before tax (EBT)</b>	<b>83</b>	<b>48</b>	<b>174</b>	<b>111</b>
EBITDA-margin	6.0 %	4.2 %	3.7 %	3.2 %
Operating margin	5.6 %	3.6 %	3.2 %	2.5 %
Profit margin	6.0 %	3.2 %	3.4 %	2.1 %
Assets	3,257	2,817	3,257	2,817
<b>Order backlog</b>	<b>4,415</b>	<b>7,054</b>	<b>4,415</b>	<b>7,054</b>

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

## Property

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	12	15	30	35
Internal operating and other revenue	-	-	0	0
<b>Total operating and other revenue</b>	<b>12</b>	<b>15</b>	<b>30</b>	<b>35</b>
EBITDA	21	33	75	76
Earnings before financial items and tax (EBIT)	21	32	75	75
<b>Earnings before tax (EBT)</b>	<b>23</b>	<b>33</b>	<b>82</b>	<b>76</b>
EBITDA-margin	-	-	-	-
Operating margin	-	-	-	-
Profit margin	-	-	-	-
Assets	660	735	660	735
<b>Order backlog</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Energy and Environment

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	288	273	988	1,047
Internal operating and other revenue	22	39	74	104
<b>Total operating and other revenue</b>	<b>310</b>	<b>312</b>	<b>1,062</b>	<b>1,152</b>
EBITDA	50	68	150	170
Earnings before financial items and tax (EBIT)	33	52	84	109
<b>Earnings before tax (EBT)</b>	<b>32</b>	<b>53</b>	<b>82</b>	<b>107</b>
EBITDA-margin	16.0 %	21.9 %	14.2 %	14.8 %
Operating margin	10.5 %	16.7 %	7.9 %	9.4 %
Profit margin	10.3 %	17.1 %	7.7 %	9.3 %
Assets	733	706	733	706
<b>Order backlog</b>	<b>640</b>	<b>714</b>	<b>640</b>	<b>714</b>

## Sweden

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	2,141	1,890	7,438	6,289
Internal operating and other revenue	1	4	7	11
<b>Total operating and other revenue</b>	<b>2,142</b>	<b>1,894</b>	<b>7,445</b>	<b>6,300</b>
EBITDA	61	157	193	372
Earnings before financial items and tax (EBIT)	44	140	130	302
<b>Earnings before tax (EBT)</b>	<b>44</b>	<b>138</b>	<b>127</b>	<b>295</b>
EBITDA-margin	2.9 %	8.3 %	2.6 %	5.9 %
Operating margin	2.1 %	7.4 %	1.7 %	4.8 %
Profit margin	2.1 %	7.3 %	1.7 %	4.7 %
Assets	2,712	2,776	2,712	2,776
<b>Order backlog</b>	<b>7,638</b>	<b>9,112</b>	<b>7,638</b>	<b>9,112</b>

Betonmast Sweden was transferred from the Betonmast business area to the Sweden business area in March 2022 with accounting effect from 1 January 2022. Comparative figures have been restated. The companies that were previously part of Betonmast Sweden changed their name to AF in October 2022.

## Offshore

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	368	225	1,236	847
Internal operating and other revenue	-	-	1	1
<b>Total operating and other revenue</b>	<b>368</b>	<b>225</b>	<b>1,238</b>	<b>848</b>
EBITDA	67	48	194	115
Earnings before financial items and tax (EBIT)	59	40	164	83
<b>Earnings before tax (EBT)</b>	<b>58</b>	<b>37</b>	<b>160</b>	<b>78</b>
EBITDA-margin	18.1 %	21.2 %	15.7 %	13.6 %
Operating margin	16.0 %	17.6 %	13.2 %	9.8 %
Profit margin	15.9 %	16.6 %	12.9 %	9.2 %
Assets	1,003	988	1,003	988
<b>Order backlog</b>	<b>1,694</b>	<b>1,515</b>	<b>1,694</b>	<b>1,515</b>

## Other Segments (Group)

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	18	30	59	94
Internal operating and other revenue	12	10	48	57
<b>Total operating and other revenue</b>	<b>30</b>	<b>40</b>	<b>107</b>	<b>150</b>
EBITDA	7	-7	40	32
Earnings before financial items and tax (EBIT)	-9	-23	-24	-30
<b>Earnings before tax (EBT)</b>	<b>-11</b>	<b>-16</b>	<b>-31</b>	<b>-21</b>
Assets	2,175	1,894	2,175	1,894
<b>Order backlog</b>	-	-	-	-

## Eliminations

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	-77	36	152	-50
Internal operating and other revenue	-216	-212	-779	-706
<b>Total operating and other revenue</b>	<b>-293</b>	<b>-175</b>	<b>-627</b>	<b>-756</b>
EBITDA	-5	-2	33	-16
Earnings before financial items and tax (EBIT)	-5	-2	33	-16
<b>Earnings before tax (EBT)</b>	<b>-4</b>	<b>-5</b>	<b>33</b>	<b>-19</b>
Assets	-4,448	-3,505	-4,448	-3,505
<b>Order backlog</b>	<b>-410</b>	<b>-348</b>	<b>-410</b>	<b>-348</b>

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

## GAAP adjustments (IFRS 15)

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	-117	-65	-203	75
Internal operating and other revenue	-	-	-	-
<b>Total operating and other revenue</b>	<b>-117</b>	<b>-65</b>	<b>-203</b>	<b>75</b>
EBITDA	-9	-28	15	-7
Earnings before financial items and tax (EBIT)	-9	-28	15	-7
<b>Earnings before tax (EBT)</b>	<b>-9</b>	<b>-28</b>	<b>15</b>	<b>-7</b>
Assets	-67	-85	-67	-85
<b>Order backlog</b>	<b>375</b>	<b>172</b>	<b>375</b>	<b>172</b>

## Segment total

NOK million	4Q 22	4Q 21	2022	2021
External operating and other revenue	8,568	8,112	31,205	27,868
Internal operating and other revenue	-	-	-	-
<b>Total operating and other revenue</b>	<b>8,568</b>	<b>8,112</b>	<b>31,205</b>	<b>27,868</b>
EBITDA	631	778	1,937	2,176
Earnings before financial items and tax (EBIT)	502	639	1,409	1,609
<b>Earnings before tax (EBT)</b>	<b>502</b>	<b>635</b>	<b>1,400</b>	<b>1,580</b>
EBITDA-margin	7.4 %	9.6 %	6.2 %	7.8 %
Operating margin	5.9 %	7.9 %	4.5 %	5.8 %
Profit margin	5.9 %	7.8 %	4.5 %	5.7 %
Assets	14,457	13,108	14,457	13,108
<b>Order backlog</b>	<b>39,765</b>	<b>38,646</b>	<b>39,765</b>	<b>38,646</b>

# **NOTES**

## **1. GENERAL INFORMATION**

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

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

This summary of financial information for the 4th quarter 2022 has not been audited.

## **2. BASIS OF PREPARATION**

The consolidated accounts for AF Gruppen encompass AF Gruppen ASA and its subsidiaries, joint ventures and associated companies. The consolidated financial statements for the 4th quarter 2022 have been prepared in accordance with IAS 34 Interim Accounts. The summary of the financial information presented in the quarterly accounts is intended to be read in conjunction with the annual report for 2021, which has been prepared in accordance with the International Financial Reporting Standards (IFRS).

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

## **3. CHANGES IN THE GROUP'S STRUCTURE**

### *New segment structure*

Betonmast Sweden was transferred from the Betonmast business area to the Sweden business area in March 2022 with accounting effect from 1 January 2022. Comparative figures have been restated. The companies that were previously part of Betonmast Sweden changed their names to AF in October 2022.

### *Acquisition of Stenseth & RS*

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

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

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

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

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

## 4. ACCOUNTING POLICIES

### Effect of IFRS 16 lease liability

AF Gruppen presents figures for the Group as lessee to comply with the accounting principles for IFRS 16. The present value of future rental payments for lease liabilities is recognised in the balance sheet as an interest-bearing loan, and right of use is recognised as a non-current asset, 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 below.

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

NOK million	4Q 22 less IFRS 16	Effect of IFRS 16	4Q 22	2022 less IFRS 16	Effect of IFRS 16	2022
Operating expenses excl. depr. and	-698	71	-627	-2,368	296	-2,072
<b>EBITDA</b>	<b>560</b>	<b>71</b>	<b>631</b>	<b>1,640</b>	<b>296</b>	<b>1,937</b>
Depr. and impairment of right of use assets	-10	-66	-76	-40	-276	-317
<b>Earnings before financial items and tax (EBIT)</b>	<b>497</b>	<b>5</b>	<b>502</b>	<b>1,389</b>	<b>20</b>	<b>1,409</b>
Net financial items	5	-5	-	8	-18	-10
<b>Earnings before tax (EBT)</b>	<b>502</b>	<b>-</b>	<b>502</b>	<b>1,397</b>	<b>2</b>	<b>1,400</b>
Income tax expense	-74	-	-73	-248	-1	-248
<b>Net income for the period</b>	<b>428</b>	<b>-</b>	<b>428</b>	<b>1,150</b>	<b>2</b>	<b>1,151</b>

NOK million	4Q 21 less IFRS 16	Effect of IFRS 16	4Q 21	2021 less IFRS 16	Effect of IFRS 16	2021
Operating expenses excl. depr. and impairment	-674	83	-592	-2,018	341	-1,677
<b>EBITDA</b>	<b>696</b>	<b>83</b>	<b>778</b>	<b>1,835</b>	<b>341</b>	<b>2,176</b>
Depr. and impairment of right of use assets	-10	-77	-87	-38	-321	-360
<b>Earnings before financial items and tax</b>	<b>634</b>	<b>5</b>	<b>639</b>	<b>1,589</b>	<b>20</b>	<b>1,609</b>
Net financial items	-1	-4	-5	-12	-17	-29
<b>Earnings before tax (EBT)</b>	<b>633</b>	<b>1</b>	<b>635</b>	<b>1,577</b>	<b>3</b>	<b>1,580</b>
Income tax expense	-149	-	-149	-351	-1	-351
<b>Net income for the period</b>	<b>484</b>	<b>2</b>	<b>486</b>	<b>1,227</b>	<b>2</b>	<b>1,229</b>

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

NOK million	2022 less IFRS 16	Effect of IFRS 16	2022	2021 less IFRS 16	Effect of IFRS 16	2021
Right of use assets	233	627	859	205	576	780
<b>Total assets</b>	<b>13,830</b>	<b>627</b>	<b>14,457</b>	<b>12,532</b>	<b>576</b>	<b>13,108</b>
Total equity	3,514	-20	3,494	3,595	-22	3,572
Interest-bearing debt - lease liability (non-current)	140	467	607	132	422	554
Deferred tax	450	-5	445	591	-5	585
Interest-bearing debt - lease liability (current)	64	226	290	58	243	301
<b>Total equity and liabilities</b>	<b>13,830</b>	<b>627</b>	<b>14,457</b>	<b>12,532</b>	<b>576</b>	<b>13,108</b>
Equity ratio	25.4 %	-	24.2 %	28.7 %	-	27.3 %
Gross interest-bearing debt	713	693	1,406	334	665	999
Net interest-bearing debt (receivables)	-364	693	329	-694	665	-29

## 5. ESTIMATES

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

## 6. TRANSACTIONS WITH RELATED PARTIES

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

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

The segment information is presented in accordance with the Group's accounting policies in accordance with IFRS except for the principles for revenue recognition for residential property development in accordance with IFRS 15. This policy exception applies to the Construction, 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 -9 million (-28 million) for the 4th quarter 2022 and 15 million (-7 million) for the full year. The effect on equity was NOK -73 million (-88 million), and the accumulated reversed revenues were NOK 375 million (172 million) as at 31 December 2022.

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

Property projects for own account	AF's construction value <sup>1)</sup>	Number of housing units			Construction period		Ownership share AF
		Total number	Hereof transferred in 2022	Hereof completed not transf.	Start up	Completion	
Lilleby Triangel B4, Trondheim	51	54	-	1	Q3 2019	Q2 2021	33%
Skiparviken, Bergen (LAB Eiendom)	324	129	5	-	Q2 2018	Q2 2021	50%
<b>Total completed in 2021 - Property segment<sup>2)</sup></b>	<b>375</b>	<b>183</b>	<b>5</b>	<b>1</b>			
Kosterbaden Fritid, Koster	-	20	-	13	-	-	100%
Klosterøya Vest 3, Skien	-	25	1	-	Q4 2017	Q4 2019	24%
Snipetorp, Skien	-	16	2	4	Q3 2018	Q2 2020	50%
Lietorvet I, Skien	-	21	3	-	Q3 2019	Q2 2021	25%
Lietorvet II, Skien	-	26	4	1	Q3 2019	Q4 2021	25%
<b>Total completed earlier years - Betonmast</b>	<b>-</b>	<b>108</b>	<b>10</b>	<b>18</b>			
Bo på Billingstad, Asker	-	78	78	-	Q2 2019	Q1 2022	33%
Lilleby Triangel Sør, Trondheim	-	125	125	-	Q4 2020	Q3 2022	33%
Brøter Terrasse, Lillestrøm	-	78	73	5	Q3 2020	Q4 2022	35%
<b>Total completed 2022 - Property segment</b>	<b>-</b>	<b>281</b>	<b>276</b>	<b>5</b>			
2317 Sentrumskvartalet A-B, Hamar	172	73	70	3	Q2 2020	Q1 2022	50%
2317 Sentrumskvartalet C, Hamar	54	23	19	4	Q2 2021	Q3 2022	50%
Klosterøya Vest 4, Skien	-	44	30	14	Q1 2021	Q3 2022	24%
<b>Total completed in 2022 - Betonmast segment</b>	<b>226</b>	<b>140</b>	<b>119</b>	<b>21</b>			
Brottärr Hage, Göteborg	-	10	10	-	Q4 2020	Q2 2022	40%
Stadsgården 1, Halmstad	103	63	63	-	Q2 2020	Q3 2022	50%
Stadsgården 2, Halmstad	69	42	41	1	Q4 2021	Q3 2022	50%
<b>Total completed in 2022 - Sweden segment</b>	<b>172</b>	<b>115</b>	<b>114</b>	<b>1</b>			
Kråkehaugen, Bergen (LAB Eiendom)	185	55	-	-	Q2 2021	Q2 2023	50%
Fyrstikkbakken, Oslo	370	159	-	-	Q2 2021	Q3 2023	50%
Skårsletta Midt 1 og 2, Lørenskog	409	169	-	-	Q3 2021	Q1 2024	50%
Bekkestua Have, Bærum	-	232	-	-	Q4 2021	Q2 2024	50%
Rolvrsrud Arena trinn 1, Lørenskog	266	95	-	-	Q2 2022	Q2 2024	33%
Skiparviklia 3D, Bergen (LAB Eiendom)	23	4	-	-	Q2 2022	Q4 2023	50%
Baneveien, Bergen (LAB Eiendom)	17	1	-	-	Q2 2022	Q1 2024	50%
Skårsletta Midt 3 og 4, Lørenskog	305	126	-	-	Q4 2022	Q3 2024	50%
Rolvrsrud Arena trinn 2, Lørenskog	277	99	-	-	Q4 2022	Q1 2025	33%
<b>Total in production - Property segment</b>	<b>1,853</b>	<b>940</b>	<b>-</b>	<b>-</b>			
2317 Sentrumskvartalet D, Hamar	59	25	-	-	Q3 2021	Q1 2023	50%
Klosterøya Vest 4, Skien	-	25	-	-	Q2 2021	Q1 2023	24%
SPG Bostader Linden, Strömstad <sup>3)</sup>	144	162	-	-	Q4 2021	Q3 2023	45%
SPG Bostader Häggen, Strömstad <sup>3)</sup>	83	94	-	-	Q2 2022	Q4 2023	45%
<b>Total in production - Betonmast segment</b>	<b>286</b>	<b>306</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 2021 are included.

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

## 8. EVENTS AFTER THE BALANCE SHEET DATE

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



Målselv Maskin & Transport. Photo: MMT

## ALTERNATIVE PERFORMANCE MEASURES

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

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

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

The alternative performance measures are defined as follows:

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

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

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

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

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

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

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

**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:** Earnings divided by average shareholders' equity.

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

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

NOK million	31.12.22	31.12.21
<b>GROSS INTEREST-BEARING LIABILITIES / NET INTEREST-BEARING LIABILITIES</b>		
Non-current interest-bearing debt	75	90
Non-current interest-bearing debt - lease liability	607	554
Current interest-bearing debt	433	54
Current interest-bearing debt - lease liability	290	301
<b>Gross interest-bearing liabilities</b>	<b>1,406</b>	<b>999</b>
Less:		
Non-current interest-bearing receivables	-268	-282
Current interest-bearing receivables	-44	-65
Cash and cash equivalents	-765	-680
<b>Net interest-bearing liabilities (receivables)</b>	<b>329</b>	<b>-29</b>

NOK million	31.12.22	31.12.21
<b>CAPITAL EMPLOYED</b>		
Shareholders' equity	3,494	3,572
Gross interest-bearing liabilities	1,406	999
<b>Capital employed</b>	<b>4,900</b>	<b>4,571</b>
<b>AVERAGE CAPITAL EMPLOYED</b>		
Capital employed as at 1st quarter	4,593	4,673
Capital employed as at 2nd quarter	4,366	4,231
Capital employed as at 3rd quarter	4,385	4,489
Capital employed as at 4th quarter	4,900	4,571
<b>Average capital employed</b>	<b>4,561</b>	<b>4,491</b>
<b>RETURN ON CAPITAL EMPLOYED</b>		
Earnings before tax	1,400	1,580
Interest expense	43	38
<b>Earnings before tax and interest expense</b>	<b>1,442</b>	<b>1,617</b>
Divided by:		
Average capital employed	4,561	4,491
<b>Return on capital employed</b>	<b>31.6 %</b>	<b>36.0 %</b>

NOK million	31.12.22	31.12.21
<b>EQUITY RATIO</b>		
Shareholders' equity	3,494	3,572
Divided by:		
Total equity and liabilities	14,457	13,108
<b>Equity ratio</b>	<b>24.2 %</b>	<b>27.3 %</b>
<b>AVERAGE SHAREHOLDERS' EQUITY</b>		
Shareholder's equity as at 1st quarter	3,639	3,553
Shareholder's equity as at 2nd quarter	3,126	3,117
Shareholder's equity as at 3rd quarter	3,286	3,378
Shareholder's equity as at 4th quarter	3,494	3,572
<b>Average shareholders' equity</b>	<b>3,386</b>	<b>3,405</b>
<b>RETURN ON EQUITY</b>		
Period result	1,151	1,229
Divided by:		
Average equity	3,386	3,405
<b>Return on equity</b>	<b>34.0 %</b>	<b>36.1 %</b>

# COMPANY INFORMATION

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## ***AF Gruppen ASA***

### **Head office:**

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### **Postal address:**

Postboks 6272 Etterstad  
0603 Oslo  
Norway

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

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

## ***Corporate Management***

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

## ***Financial calendar***

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

10/02/2023 Interim report 4th quarter 2022  
12/05/2023 Interim report 1st quarter 2023  
25/08/2023 Interim report 2nd quarter 2023  
10/11/2023 Interim report 3rd quarter 2023

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

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

Cover: E4 Förbifart Stockholm  
Photo: Hans Fredrik Asbjørnsen

## OPERATIONAL STRUCTURE



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