

Second Quarter 2021

AF Gruppen ASA

27 August 2021



AF

Q2



From the CEO

Thoroughness and hard work through time in project activities enables us to report good revenue growth and a good result in Q2 and the year's first six months for AF Gruppen. Several of our business areas contributed to good profitability in the quarter, with a high level of activity and good margins. In combination with the safety trend going in the right direction, we are pleased with the quarter we have put behind us.

In order to succeed going forward, we have to remain curious and strengthen our culture, which is founded upon an ability to follow through and a willingness to innovate. The

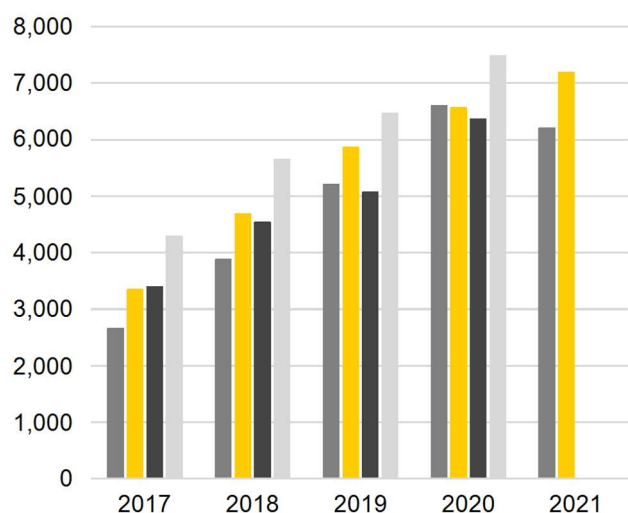
development of Construction City is a good example of true innovation. The cluster gathers and facilitates learning in the construction, civil engineering and real estate industry. It will be AF Gruppen's new headquarters and our largest Construction-project of all time.

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.

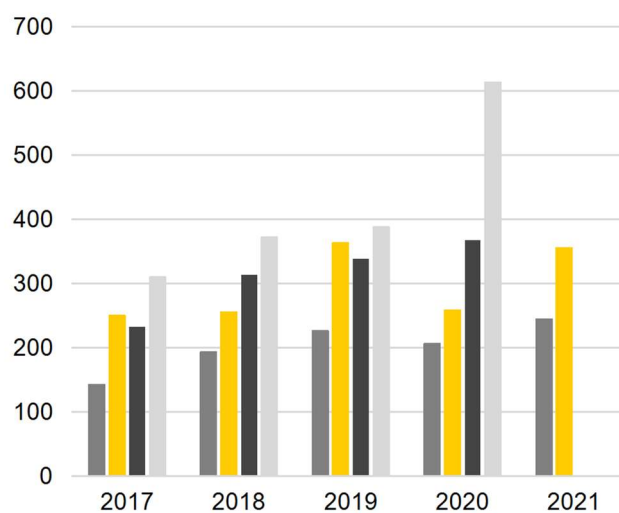
HIGHLIGHTS

- Revenues were NOK 7,189 million (6,568 million) for the 2nd quarter and NOK 13,398 million (13,175 million) for the 1st half of the year.
- Earnings before tax were NOK 356 million (258 million) for the 2nd quarter and NOK 602 million (465 million) for the 1st half of the year.
- The profit margin was 5.0% (3.9%) for the 2nd quarter and 4.5% (3.5%) for the 1st half of the year.
- Net operating cash flow was NOK 529 million (202 million) for the 2nd quarter and NOK 734 million (701 million) for the 1st half of the year.
- The order backlog stood at NOK 37,837 million (34,155 million) as at 30 June 2021.
- Net interest-bearing debt as at 30 June 2021 were NOK 333 million (49 million).

REVENUES PER QUARTER (NOK MILLION)



EARNINGS BEFORE TAX PER QUARTER (NOK MILLION)



SUMMARY OF 2ND QUARTER AND FIRST HALF OF 2021

Key figures (NOK million)	2Q 21	2Q 20	1H 21	1H 20	2020
Operating and other revenue	7,189	6,568	13,398	13,175	27,025
EBITDA	503	401	903	746	2,053
Earnings before financial items and tax (EBIT)	363	263	626	476	1,480
Earnings before tax (EBT)	356	258	602	465	1,447
Result per share (NOK)	2.09	1.56	3.65	2.79	9.29
Diluted result per share (NOK)	2.09	1.56	3.64	2.79	9.27
EBITDA margin	7.0 %	6.1 %	6.7 %	5.7 %	7.6 %
Operating profit margin	5.0 %	4.0 %	4.7 %	3.6 %	5.5 %
Profit margin	5.0 %	3.9 %	4.5 %	3.5 %	5.4 %
Return on capital employed (ROaCE) ¹⁾	-	-	36.7 %	31.4 %	34.8 %
Cash flow from operating activities	529	202	734	701	1,189
Net interest-bearing debt (receivables)	333	49	333	49	-90
Shareholders' equity	3,117	2,919	3,117	2,919	3,494
Total equity and liabilities	12,547	12,674	12,547	12,674	12,862
Equity ratio	24.8 %	23.0 %	24.8 %	23.0 %	27.2 %
Order backlog	37,837	34,155	37,837	34,155	30,617
LTI-1 rate	0.9	2.3	1.2	1.9	1.8
Absence due to illness	4.3 %	4.6 %	4.7 %	4.8 %	4.6 %

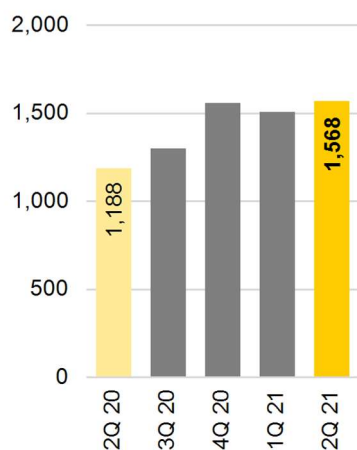
¹⁾ Rolling average last four quarters

Business Areas

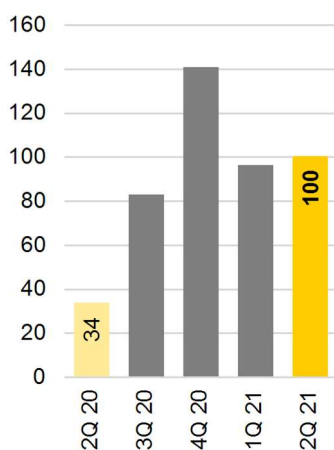


CIVIL ENGINEERING

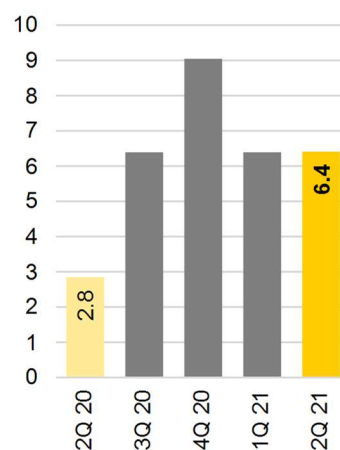
REVENUE (NOK million)*



OPERATING PROFIT (NOK million)*



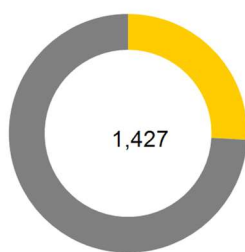
OPERATING PROFIT (%)*



KEY FIGURES*

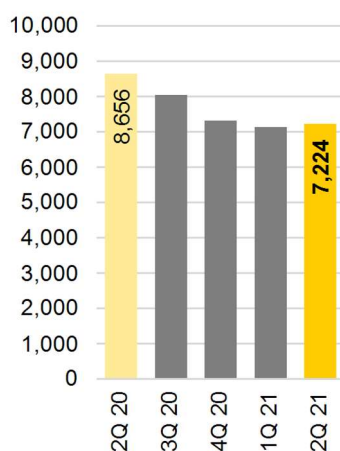
NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
Operating and other revenue	1,568	1,188	3,077	2,358	5,218
Earnings before financial items and tax (EBIT)	100	34	197	90	314
Earnings before tax (EBT)	99	31	193	89	292
Operating profit margin	6.4 %	2.8 %	6.4 %	3.8 %	6.0 %
Profit margin	6.3 %	2.6 %	6.3 %	3.8 %	5.6 %

NUMBER OF EMPLOYEES



AF Gruppen 5,518

ORDER BACKLOG (NOK million)*



CIVIL ENGINEERING CONSISTS OF

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

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



Rehabilitation of Vålerengtunnelen. Photo: Eirik Førde/Catchlight

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

The activity level in AF Anlegg increased considerably compared to the same quarter last year, and the business area delivered good results during the quarter. As of 2021, Eiqon and Consolvo have become part of Civil Engineering, and this is reflected in the comparative figures. The Civil Engineering business area reported revenues of NOK 1,568 million (1,188 million) for the 2nd quarter. This is equivalent to a growth of 32% compared to the same quarter last year. Earnings before tax were NOK 99 million (31 million). For the 1st half of the year, revenues totalled NOK 3,077 million (2,358 million) and earnings before tax were NOK 193 million (89 million).

AF Anlegg currently has two major projects in progress: E39 Kristiansand vest-Mandal øst and Bergtunnlar Lovö in

Stockholm. Increased volumes with associated cost overruns on E39 Kristiansand vest-Mandal øst affect the profitability of the project. The operational performance of the unit's remaining project portfolio is good in general, and the unit delivered good results in the quarter.

Målselv Maskin & Transport had a good level of activity and performance in the quarter. The unit continues to deliver strong results. Eiqon and Consolvo improved profitability and delivered good results in the quarter.

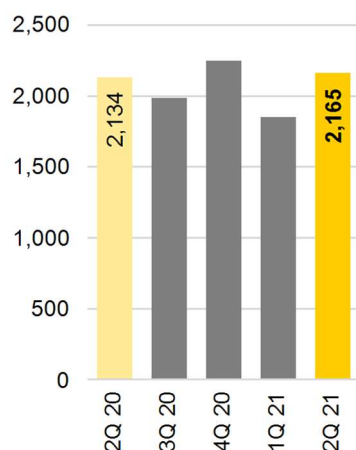
The Covid-19 outbreak and associated restrictions has created challenges for the projects, especially due to quarantine and entry regulations. However, most projects have managed to maintain good operational performance in the quarter.

No contracts have been reported to the stock exchange in the second quarter, but the order backlog increased as a result of the increased scope of existing contracts and contracting of smaller projects. The interaction phase of the E6 Roterud-Storhove is still ongoing.

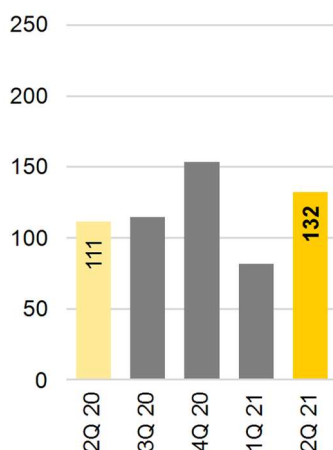
The order backlog for Civil Engineering was NOK 7,224 million (8,656 million) as at 30 June 2021.

CONSTRUCTION

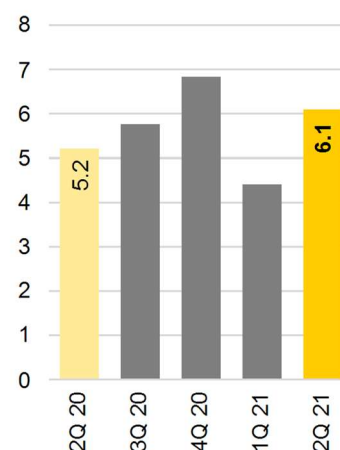
REVENUE (NOK million)*



OPERATING PROFIT (NOK million)*



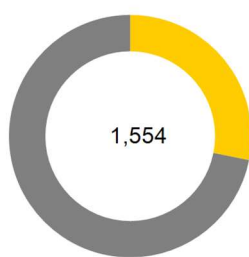
OPERATING MARGIN (%)*



KEY FIGURES*

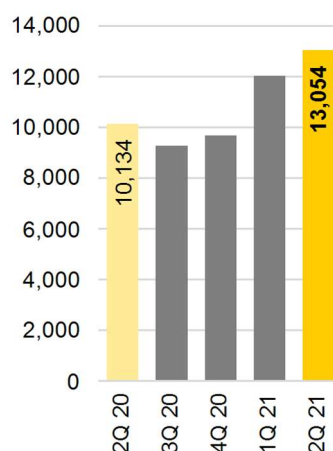
NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
Operating and other revenue	2,165	2,134	4,019	4,450	8,684
Earnings before financial items and tax (EBIT)	132	111	214	234	502
Earnings before tax (EBT)	134	114	216	240	513
Operating profit margin	6.1 %	5.2 %	5.3 %	5.3 %	5.8 %
Profit margin	6.2 %	5.3 %	5.4 %	5.4 %	5.9 %

NUMBER OF EMPLOYEES



AF Gruppen 5,518

ORDER BACKLOG (NOK million)*



CONSTRUCTION CONSISTS OF

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

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



Non-Schengen East, Oslo Airport. Photo: Eirik Førde/Catchlight

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 Construction business area comprises activities in Eastern Norway and the Bergen Region.

Revenues is on par with the same period last year, and the business area delivered good profitability in the quarter. Construction reported revenues of NOK 2,165 million (2,134 million) for the 2nd quarter. Earnings before tax were NOK 134 million (114 million). For the 1st half of the year revenues totalled NOK 4,019 million (4,450 million) and earnings before tax were NOK 216 million (240 million).

AF Byggefornyelse, Haga & Berg and AF Håndverk stand out with very good results in the second quarter. Good operational performance and projects in the final phase contributed positively to profitability in the quarter. Other units delivering good results include AF Bygg Oslo, Strøm Gundersen, AF Bygg Østfold, and Fundamentering. AF Nybygg has variation in the project portfolio and the unit's projects will be included in AF Bygg Oslo's project portfolio from the 3rd quarter of 2021.

Price developments for raw materials such as steel and wood are challenging, especially for the units that have agreed on fixed prices for their projects. Units that are compensated for wage and price inflation (LPS) are less impacted by the price increases.

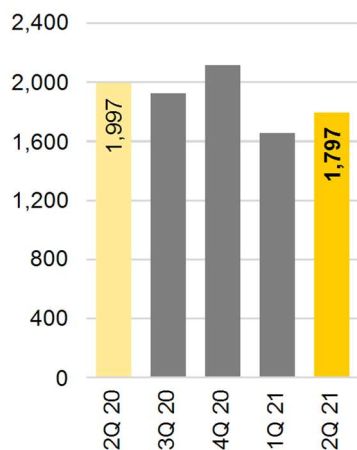
In the second quarter, four new agreements with an estimated value of NOK 1,514 million have been announced to the stock exchange. AF Bygg Oslo has entered into an agreement with USBL for the construction of Gregers Kvartal at Løren in Oslo. The project is a turnkey contract with a value of NOK 709 million excluding VAT. AF Byggefornyelse has entered into a contract with Kultur- og idrettsbygg Oslo KF to build the new Tøyenbadet. The contract has a value of NOK 520 million excluding VAT. The interaction process is ongoing and will last until the winter of 2022. The project will be carried out as a main contract.

After the end of the quarter, it was announced to the stock exchange that AF Gruppen is to build Construction City, an industry cluster that will bring together the construction, civil engineering and real estate industry in Norway. The contract has a value of NOK 2,676 million, excluding VAT.

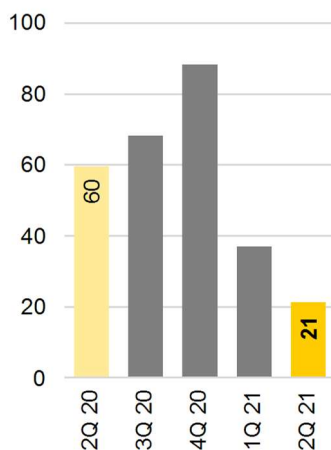
Construction's order backlog was NOK 13,054 million (10,134 million) as at 30 June 2021, not including Construction City.

BETONMAST

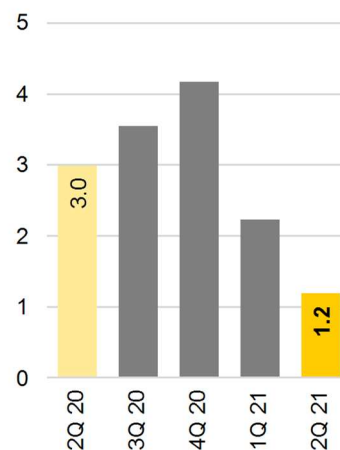
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



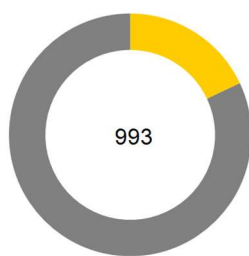
OPERATING MARGIN (%)



KEY FIGURES

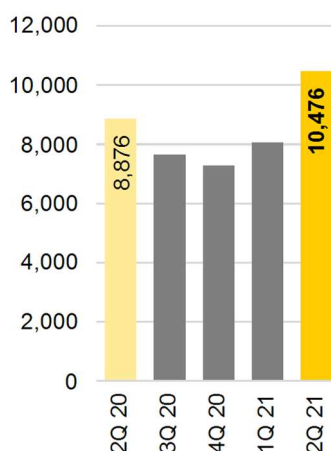
NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
Operating and other revenue	1,797	1,997	3,453	3,820	7,862
Earnings before financial items and tax (EBIT)	21	60	58	104	261
Earnings before tax (EBT)	19	55	47	101	252
Operating profit margin	1.2 %	3.0 %	1.7 %	2.7 %	3.3 %
Profit margin	1.1 %	2.8 %	1.4 %	2.6 %	3.2 %

NUMBER OF EMPLOYEES



AF Gruppen 5,518

ORDER BACKLOG (NOK million)



BETONMAST CONSISTS OF

- Betonmast Boligbygg
- Betonmast Oslo
- Betonmast Trøndelag
- Betonmast Romerike
- Betonmast Røsand
- Betonmast Telemark
- Betonmast Østfold
- Betonmast Innlandet
- Betonmast Buskerud-Vestfold
- Betonmast Ringerike
- Betonmast Göteborg
- Betonmast Mälardalen
- Betonmast Malmö
- Betonmast Stockholm
- Betonmast Anläggning
- Betonmast Eiendom



Betonmast is building Lørenskog Hageby. Illustration: Fredensborg Bolig

Betonmast is one of Norway's largest construction contractors and has operations in the largest markets in Norway and Sweden. The project portfolio comprises everything from major residential projects to commercial and public buildings. Betonmast is a major actor in construction for the public sector and possesses specialist expertise in project development and collaborative contracts.

Betonmast delivered weak profitability in the quarter, and as expected, profitability is weaker than for other operations in AF Gruppen. Betonmast saw revenues of NOK 1,797 million (1,997 million) and reported a pre-tax profit of NOK 19 million (55 million) in the 2nd quarter. For the 1st half of the year revenues totalled NOK 3,453 million (3,820 million) and earnings before tax were NOK 47 million (101 million).

There was a great deal of variation in the earnings of the various units in Norway. Some units deliver consistently good results, such as Betonmast Romerike, Oslo and Østfold.

Betonmast Boligbygg reported another quarter of weak results. As a result of risk reviews of all ongoing projects, write-downs have been made on several projects in the quarter. Challenges on projects in Betonmast Telemark also led to weak profitability for this unit.

Betonmast's Swedish operations delivered profitability below expectations in the second quarter due to variation in the project portfolio. A low level of activity in Betonmast Stockholm led to weak results in the second quarter. AF Bygg Göteborg is included in Betonmast Göteborg as of the second quarter of 2021.

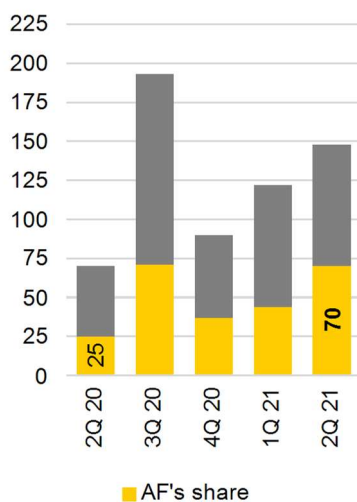
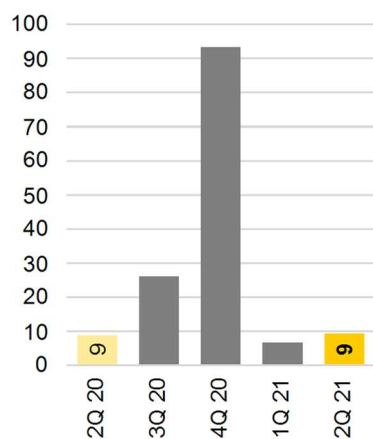
Betonmast has its own property portfolio with three property projects under production. For further information on the projects, see Note 7.

Nine new agreements have been announced to the stock exchange in the second quarter with a total value of around NOK 3,050 million excluding VAT. Betonmast Trøndelag has been nominated by Studentsamskipnaden in Gjøvik, Ålesund and Trondheim for the construction of student housing in Trondheim. The project enters the interaction phase with the goal of signing a contract in the first half of 2022. A contract may have a value of about NOK 600-700 million excluding VAT, but is not included in the order backlog as of 30 June 2021. Betonmast Oslo has signed a contract with a major real estate player for the total renovation of a commercial building in Oslo. The contract is a turnkey contract and has a value of NOK 485 million excluding VAT. Betonmast Mälardalen has entered into an agreement with Aberdeen Standard Investments and Ailon Group for a turnkey contract for Kvarteret Anholt in the north of Stockholm. The contract is valued at approximately SEK 390 million, excluding VAT.

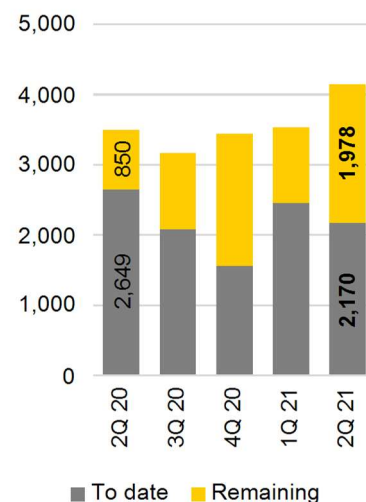
As at 30 June 2021, Betonmast's order backlog was NOK 10,476 million (8,876 million).

PROPERTY

EARNINGS BEFORE TAX (NOK million) UNITS SOLD (NUMBER)



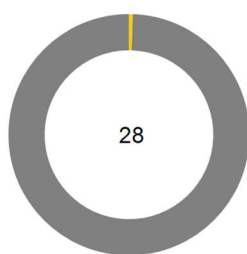
TURNOVER UNITS IN PRODUCTION (NOK million)



KEY FIGURES

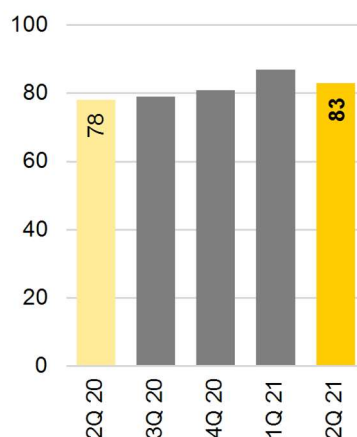
NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
Operating and other revenue	8	6	15	12	33
Earnings before financial items and tax (EBIT)	9	10	16	14	135
Earnings before tax (EBT)	9	9	16	12	132
Capital employed	922	903	922	903	844

NUMBER OF EMPLOYEES



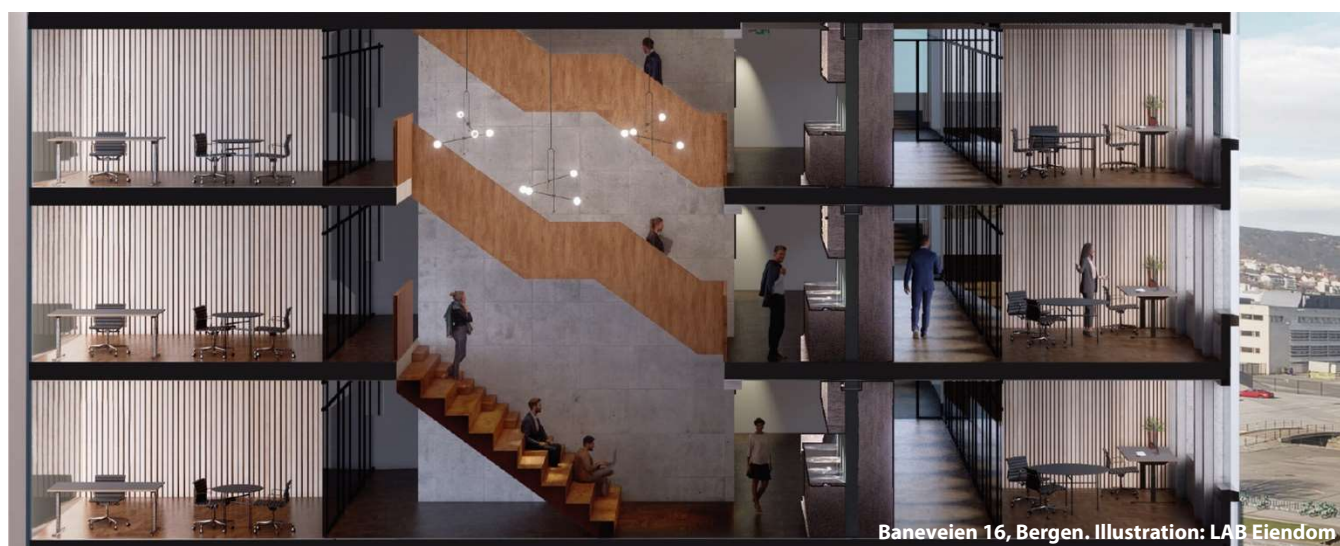
AF Gruppen 5,518

SALES RATIO PROJECTS IN PROGRESS (%)



PROPERTY CONSISTS OF

- AF Eiendom
- LAB Eiendom



Property develops, designs and carries out residential and commercial projects in Norway. The activities take place in geographic areas where AF has its own production capacity. AF cooperates closely with other players in the property industry, and the development projects are mainly organised as part-owned companies that are recognised in accordance with the equity method of accounting.

Property delivered earnings before tax of NOK 9 million (9 million) in the 2nd quarter. For the 1st half of the year earnings before tax were NOK 16 million (NOK 12 million). From the beginning of the year, Property has been divided into two operating units, AF Eiendom and LAB Eiendom, to ensure increased local anchorage in Greater Oslo and the Bergen region, respectively.

Property enjoyed good sales during the quarter, especially for the Bekkestua Have project for AF Eiendom. A total of 148 (70) apartments were sold in the quarter, of which AF's share was 70 (25). A total of 270 (150) apartments have been sold year to date, of which AF's share was 125 (53). 119 units have been handed over in LAB Eiendom's Skiparviken project in Bergen, and for AF Eiendom's projects Lilleby Triangel in Trondheim, 54 units were handed over in the second quarter, a total of 173 (126) units.

At the end of the quarter, Property had ownership interests in residential projects with a total of 312 (172) units for sale. AF's share was 152 (65). Of the units for sale, 100 units are related to

projects in production and 212 units are related to the following projects that are in the sales phase: Bekkestua Have and Skårersletta MIDT in AF Eiendom, and Lønvardstoppen in LAB Eiendom. There was a total of 11 (13) unsold completed apartments, of which AF's share was 5.3 (4).

There were five residential property projects in the production stage at the end of the quarter. A total of 589 units are in production, of which AF's share is 233. The sales ratio for commenced projects is 83%.

AF Eiendom:

- Bo på Billingstad in Asker (98 units under production)
- Lilleby Triangle in Trondheim (199 units under production)
- Brøter Terrasse at Lillestrøm (78 units in production)
- Fyrstikkbakken in Oslo (159 units in production)

LAB Eiendom:

- Kråkehaugen in Bergen (55 units in production)

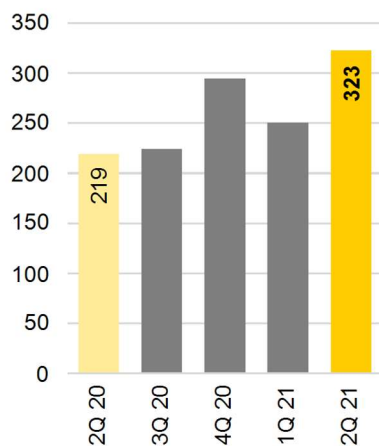
For more information on projects for own account, see Note 7.

AF also has a significant development portfolio in Norway which is estimated at 2,112 (2,413) units. AF's share of this was 1,064 (1,173) residential units. The majority of our portfolio is located in Greater Oslo and Bergen.

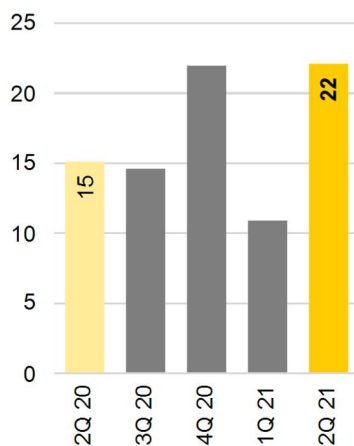
AF Eiendom is a partner in the Hasle Linje Næring project in Oslo, and AF's stake is 49.5%. The K4 hotel and offices (GFA of 21,056 square metres) was completed, but not sold at the end of the quarter. AF has commercial property under construction with a total gross floor area of 143,380 (52,183) square metres, of which Construction City represents 101,000 square metres. After the end of the quarter, an agreement was entered into to sell our ownership stake in Construction City to OBOS. AF's share of the commercial area under development is a total gross floor area of 41,196 (25,764) square metres.

ENERGY AND ENVIRONMENT

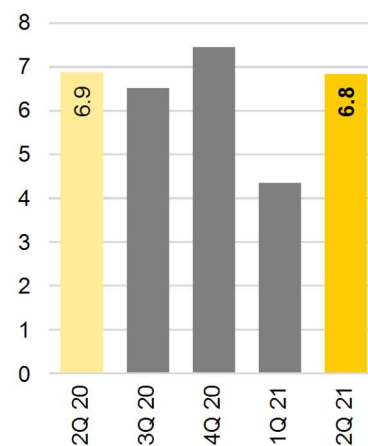
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



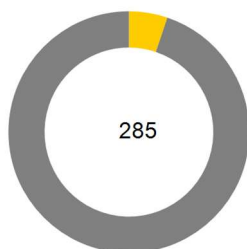
OPERATING MARGIN (%)



KEY FIGURES

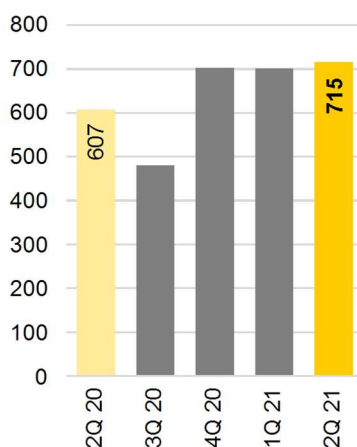
NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
Operating and other revenue	323	219	573	443	962
Earnings before financial items and tax (EBIT)	22	15	33	17	54
Earnings before tax (EBT)	21	11	31	18	52
Operating profit margin	6.8 %	6.9 %	5.8 %	3.8 %	5.6 %
Profit margin	6.6 %	5.2 %	5.3 %	4.0 %	5.5 %

NUMBER OF EMPLOYEES



AF Gruppen 5,518

ORDER BACKLOG (NOK million)



ENERGY AND ENVIRONMENT

CONSIST OF

- AF Energi, prev. AF Energi og Miljøteknikk
Enaktiva
Boligenergi
AF Energija Baltic
- AF Decom
Rimol Miljøpark
Nes Miljøpark
Jølsen Miljøpark



AF Decom in Svea. Photo: Eirik Førde/Catchlight

AF provides smart and energy-efficient services for buildings and industry, and is a leading actor within traditional demolition services and the subsequent receiving, treating and recycling of materials. At AF's environmental centres, Rimol, Jølsen and Nes, contaminated materials are sorted, decontaminated and recycled. The target is to recycle more than 80% of the materials.

Energy and Environment increased its level of activity and maintained stable good profitability during the quarter. Revenues for the 2nd quarter were NOK 323 million (219 million). This corresponds to a growth of 47% compared to the same quarter last year. Earnings before tax were NOK 21 million (11 million). For the 1st half of the year revenues totalled NOK 573 million (443 million) and earnings before tax were NOK 31 million (18 million).

AF Decom increased its level of activity and continues to deliver good profitability for both demolition and recycling at AF's environmental centres. AF's demolition operations demolish and sort the different material for recycling. AF Decom demolished and facilitated the recycling of approximately 2,302 (8,171) tonnes of metal in the 2nd quarter, and 6,007 (15,362) tonnes of metal in the first six months of the year. The steel industry accounts for about 7% of the world's total CO₂ emissions. Reusing steel results

in 70% lower CO₂ emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO₂ for each kilo of steel recycled. This means that AF Decom's demolition operations have helped to reduce alternative CO₂ emissions by 6,007 tonnes this year.

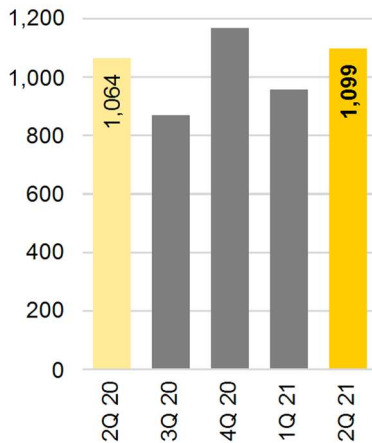
The foundation for our environmental activities is that to a large extent waste can be reused, and thus be a valuable resource in a growing circular economy. AF's environmental parks receive contaminated material and are working to reuse as much of this as possible instead of it going to landfill. There was a good level of activity in the environmental parks in the quarter and profitability is good. AF's environmental centres have recycled a total of 103,625 (125,742) tonnes of material in the 2nd quarter, and a total of 141,597 (248,730) tonnes of materials for the first six months of 2021. The recycling rate realised for contaminated materials was 78%, well above the target of 80%.

AF Energi, formerly AF Energi og Miljøteknikk, increased activity and improved profitability in the quarter. AF Energi designs and supplies energy plants for the supply of alternative forms of energy to residential and commercial projects, which are favourable in a long-term ownership perspective.

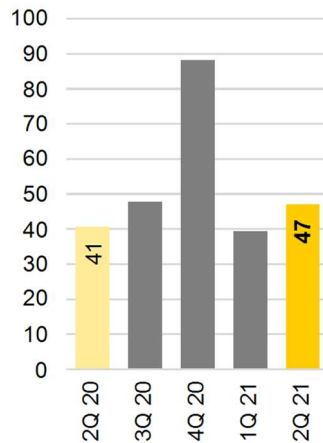
The order backlog for Energy and Environment stood at NOK 715 million (607 million) as at 30 June 2021.

SWEDEN

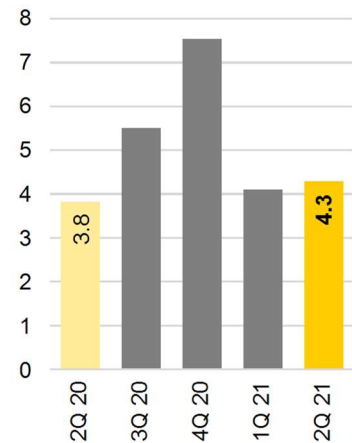
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



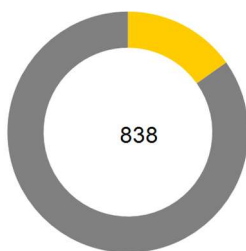
OPERATING MARGIN (%)



KEY FIGURES

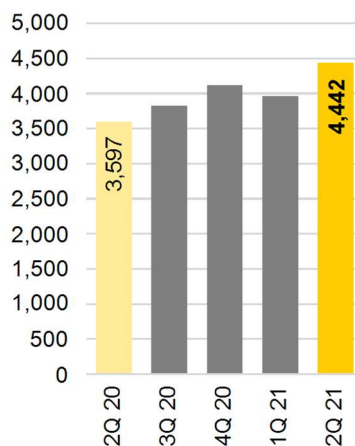
NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
Operating and other revenue	1,099	1,064	2,058	2,099	4,138
Earnings before financial items and tax (EBIT)	47	41	86	83	219
Earnings before tax (EBT)	46	39	84	80	212
Operating profit margin	4.3 %	3.8 %	4.2 %	3.9 %	5.3 %
Profit margin	4.2 %	3.7 %	4.1 %	3.8 %	5.1 %

NUMBER OF EMPLOYEES



AF Gruppen 5,518

ORDER BACKLOG (NOK million)



SWEDEN CONSISTS OF

- Kanonaden
- AF Prefab i Mälardalen, prev. Pålplintar
- AF Bygg Syd
- AF Projektutveckling
- AF Härnösand Byggreturer
- HMB



AF's Swedish business area encompasses activities related to construction, civil engineering, property and environmental activities in Sweden. Geographically, the business unit covers Gothenburg and Southern Sweden as well as Stockholm and Mälardalen.

Sweden increased sales and maintained stable profitability in the second quarter compared with the same quarter last year. Sweden reported revenues of NOK 1,099 million (1,064 million) for the 2nd quarter. Earnings before tax were NOK 46 million (39 million). For the 1st half of the year revenues totalled NOK 2,058 million (2,099 million) and earnings before tax were NOK 84 million (80 million).

In the Swedish civil engineering market, Kanonaden delivered revenue growth and stable good results. AF Prefab i Mälardalen had low production during the period.

Total turnover for the Swedish building units AF Bygg Syd and HMB is stable compared to the same period last year, but profitability is somewhat below expectations. AF Bygg Göteborg has been reported as part of the Betonmast business area since the second quarter. For the demolition business, the level of activity increased from last year, and AF Härnösand Byggtreturer continues to deliver solid results.

Price developments for raw materials such as steel and wood products area also challenging in Sweden. This is especially true for the units that have agreed fixed prices for their projects. Units that are compensated for wage and price inflation (LPS)

are less impacted by the price increases. There is also uncertainty in the market for cement production. Approximately 75% of the cement used in Sweden is produced on Gotland, where Cementa AB was not granted a renewed permit to mine limestone during the summer. The company has now been granted dispensation to maintain production for another 8 months, until June 2022.

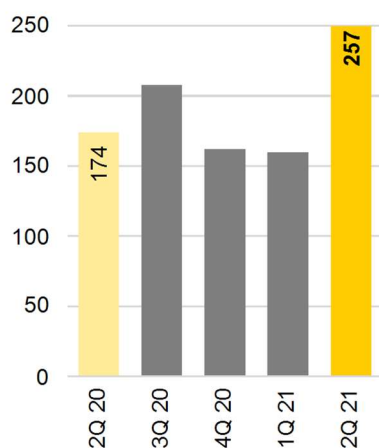
AF Projektutveckling, AF's property business in Sweden, has one school project and two residential projects under production. For further information on the residential projects, see Note 7. The unit has a building site inventory (residential units under development) that is estimated at 651 (363) residential units. AF's share of this was 313 (169) residential units.

Six agreements have been announced to the stock exchange in the second quarter with an estimated value of SEK 1,108 million excluding VAT. HMB has entered into an agreement for the construction of apartments for OBOS in Sollentuna outside Stockholm. The project is a turnkey contract with a value of SEK 270 million excluding VAT. HMB has also entered into an agreement with Wallenstam on the construction of homes in the south of Uppsala. The contract amount is approximately SEK 200 million excluding VAT and will be carried out as a turnkey contract. Kanonaden Entreprenad will carry out the construction work for a new wind farm in Uppvidinge municipality in southern Sweden. The contract has a value of approximately SEK 170 million excluding VAT. This is the third project Kanonaden is doing on behalf of OX2.

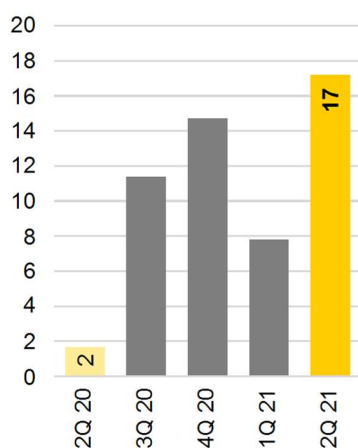
The order backlog for Sweden stood at NOK 4,442 million (3,597 million) as at 30 June 2021.

OFFSHORE

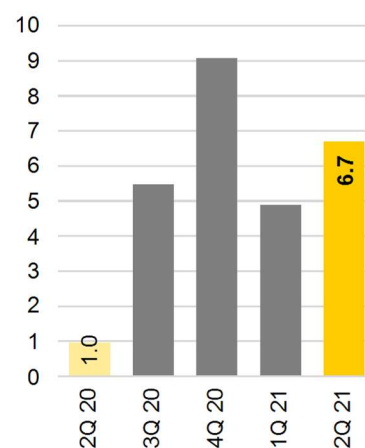
REVENUE (NOK million)



OPERATING PROFIT (NOK million)



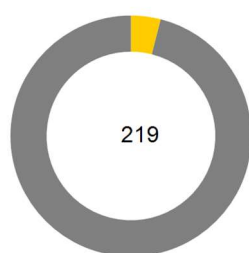
OPERATING MARGIN (%)



KEY FIGURES

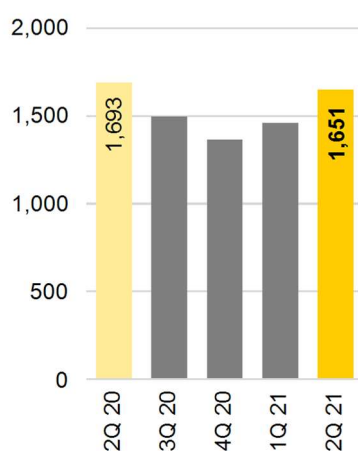
NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
Operating and other revenue	257	174	416	302	672
Earnings before financial items and tax (EBIT)	17	2	25	-51	-25
Earnings before tax (EBT)	16	-4	22	-60	-40
Operating profit margin	6.7 %	1.0 %	6.0 %	-16.8 %	-3.7 %
Profit margin	6.3 %	-2.5 %	5.3 %	-19.8 %	-5.9 %

NUMBER OF EMPLOYEES



AF Gruppen 5,518

ORDER BACKLOG (NOK million)



OFFSHORE CONSISTS OF

- AF Offshore Decom
- AF AeronMollier



Removal of the Brae Bravo Platform in the North Sea. Photo: TAQA

AF has varied activities in the oil and gas industry. The services range from new build and modification of systems for climate control (HVAC) delivered to the offshore and marine market, to the removal and recycling of offshore installations. AF has a state-of-the-art facility for environmental clean-up at Vats.

Revenues for Offshore increased compared with the 2nd quarter last year and profitability was good. Revenues in the 2nd quarter were NOK 257 million (174 million). Earnings before tax were NOK 16 million (-4 million). Revenues totalled NOK 416 million (302 million) and earnings before tax were NOK 22 million (-60 million) for the 1st half of the year.

AF Offshore Decom had a higher level of activity and significantly improved profitability compared with the corresponding quarter last year. Solid implementation of the offshore campaign despite strict Covid-19 measures as well as good operational performance at AF Environmental Base Vats contributed to the good result in the quarter.

AF Offshore Decom demolishes and facilitates the recycling of offshore installations. AF Offshore Decom sorted 91% of the structures for recycling in the 2nd quarter, where metal

is the main component. The steel industry accounts for about 7% of the world's total CO₂ emissions. Reusing steel results in 70% lower CO₂ emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO₂ for each kilo of steel recycled. AF Offshore Decom demolished and facilitated the recycling of 6,305 (118) tonnes of steel in the 2nd quarter and 17,069 (8,251) in the first half of the year. This represents a reduction of alternative CO₂ emissions of 17,069 tonnes so far this year.

After the end of the quarter, it was announced to the stock exchange that AF Gruppen and Aker Solutions have signed a letter of intent to merge the two companies' existing offshore decommissioning operations into a 50/50-owned company. The goal is to create a leading global player for the environmentally-friendly recycling of offshore installations. The transaction is expected to be completed during the second half of 2021 and is subject to due diligence and approval from the Norwegian Competition Authority.

AF AeronMollier reported a decline in revenue during the quarter as a result of the postponement of several projects due to Covid-19. Nevertheless, the unit maintained earnings in the second quarter. There was a good level of activity for service projects on installations on the Norwegian continental shelf in the quarter.

The order backlog for Offshore was NOK 1,651 million (1,693 million) as at 30 June 2021.



Rehabilitation of Vålerengtunnelen. Foto: Eirik Førde/Catchlight

SHARE PRICE PERFORMANCE DURING THE LAST 12 MONTHS



FINANCIAL INFORMATION

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

In the 2nd quarter, net operating cash flow was NOK 529 million (202 million) and net cash flow from investments was NOK -98 million (35 million). Cash flow before capital transactions and financing was NOK 430 million (237 million) for the 2nd quarter. A dividend of NOK 689 million was distributed to AF Gruppen's shareholders in the 2nd quarter. For the 1st half of the year cash flow from operating activities was NOK 734 million (701 million), and cash flow from net investments NOK -136 million (-62 million). Cash flow before financing activities was NOK 598 million (639 million) for the 1st half of the year.

At the end of the 2nd quarter, AF Gruppen had cash and cash equivalents of NOK 205 million (561 million). Net interest-bearing debt as at 30 June 2021 was NOK 333 million (49 million).

AF Gruppen's total financing facilities are NOK 3,000 million. The agreements include a multi-currency overdraft facility (revolving 1-year term) for NOK 2,000 million with DNB and a revolving long-term credit facility worth NOK 1,000 million with Handelsbanken, available until 2024. Available liquidity at 30 June 2021, including overdraft facilities with Handelsbanken and DNB, is NOK 3,205 million.

Total assets were NOK 12,547 million (12,674 million) as at 30 June 2021. The Group's equity totalled NOK 3,117 million (2,919 million) as at 30 June 2021. This corresponds to an equity ratio of 24.8% (23.0%).

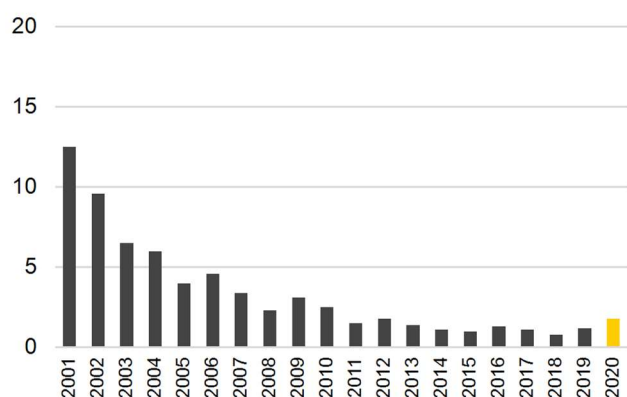
THE SHARE

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

LIST OF SHAREHOLDERS AS AT 30 JUNE 2021

Name	No. Shares	% share
OBOS BBL	17,183,709	16.2
ØMF Holding AS	16,627,342	15.7
Constructio AS	14,695,347	13.9
Folketrygdfondet	9,182,889	8.7
LJM AS	2,515,217	2.4
Artel Kapital AS	2,508,267	2.4
VITO Kongsvinger AS	1,911,676	1.8
Arne Skogheim AS	1,753,870	1.7
Staavi, Bjørn	1,627,000	1.5
Janiko AS	1,300,186	1.2
Ten largest shareholders	69,305,503	65.4
Total other shareholders	36,645,873	34.6
Own shares	47,121	0
Total number of shares	105,998,497	100.0

LTI-1 RATE DEVELOPMENT



As of 30 June 2021, the AF share had a closing price of NOK 189.80. This corresponds to a return of 11.8% year to date, adjusted for dividends of NOK 6.50 per share. The Oslo Børs Benchmark Index showed a return of 15.1% for the same period.

As a result of the Group's strong financial position, it has been decided to distribute a dividend for the first half of the year of NOK 6.50 (6.00) per share. This distribution is consistent with the company's dividend policy, namely a semi-annual distribution and the intention to distribute a minimum of 50% of the profit for the year as a dividend.

The company's Board of Directors has been authorised by the Annual General Meeting to determine the dividend to be distributed for the 2nd half of the year. A decision will be made on this in connection with the presentation of the quarterly results for the 3rd quarter on 12 November 2021.

The number of shares in AF Gruppen is 105,998,497, which corresponds to share capital of NOK 5,299,924.85.

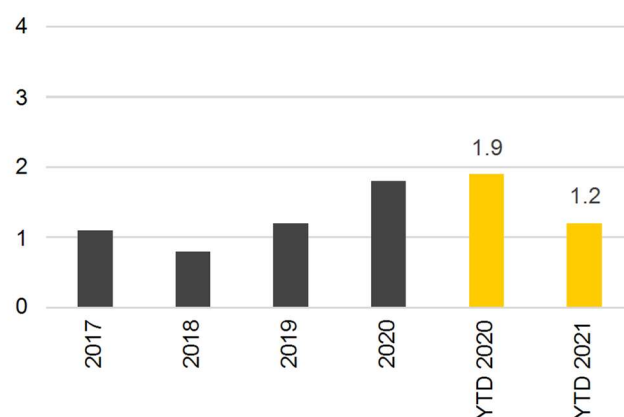
SAFETY AND HEALTH

AF Gruppen is complying with the recommendations made by the authorities regarding covid-19. A number of measures have been initiated at group, business unit and project level. AF's top priority is to protect employees and take its share of the corporate social responsibility.

In connection with the corona situation there is continuous reporting on, among other things, operating status in ongoing projects, sickness absence and layoffs. A "Corona Council" monitors the development of the situation, both in terms of the spread of the infection, and to follow the authorities' recommendations and measures.

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

LTI-1 RATE



our subcontractors. The figures from the 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 (12) injuries resulting in absence were registered in the 2nd quarter. This gives an LTI-1 rate of 0.9 (2.3) for the 2nd quarter. For the 1st half of the year the LTI-1 rate is 1.2 (1.9).

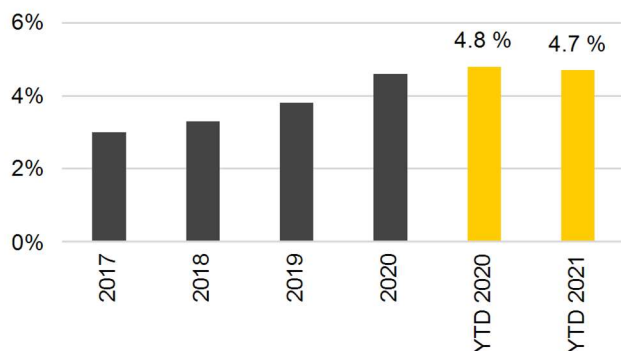
Systematic and long-term work is being carried out to reduce the LTI-1 rate. Significant resources are being invested to further improve our HSE efforts in order to be able to achieve our goal of an LTI-1 rate of zero. Key to this work is AF's fundamental understanding and acceptance that all injuries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

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

The registration of sickness absence forms the basis for the measurement of health work at AF. For the 2nd quarter, sickness absence was 4.3% (4.6%), and 4.7% (4.8%) for the 1st half of the year. Our target is a healthy sickness absence level, without absence due to occupational illnesses or injuries. Systematic efforts are being made, which consist of ongoing risk analysis of exposure that is harmful to health, the establishment of physical and organisational barriers, and close follow-up of employees on sick leave.

AF strives to avoid environmental damage and minimise undesirable effects on the environment. Environmental

SICK LEAVE DEVELOPMENT



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

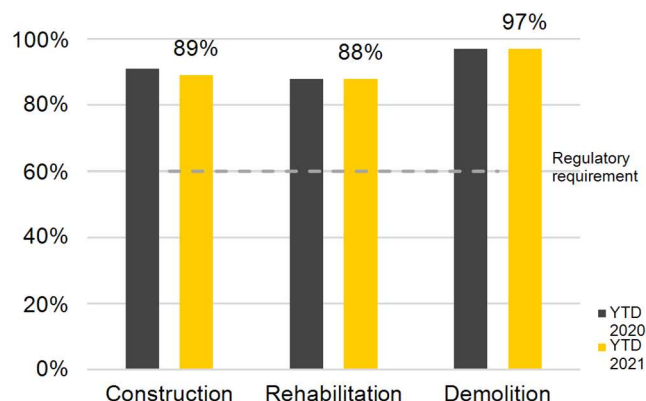
As part of the strategy for 2021-2024, AF has set a goal of halving relative greenhouse gas emissions and halve waste volumes that cannot be reused or recycled. The goal is to be achieved by 2030. The most important factor in reducing our own climate footprint is logistics planning to, among other things, reduce the transport of material. In addition, the use of electric machinery, a modern machinery stock and car fleet, the choice of materials and sorting of waste will help to further reduce our own greenhouse gas emissions.

The source separation rate indicates how much of the waste from AF's operations is separated for the purpose of facilitating recycling. The government requirement for source separation is 60%. In the 2nd quarter, the source separation rate for construction was 92% (91%), for renovation it was 91% (89%) and for demolition it was 97% (96%). For the 1st half of the year the recycling result for building was 89% (91%), the result for renovation was 88% (88%) and the result for demolition was 97% (97%). These results are considered to be very good. A total of 70,843 tonnes (56,217 tonnes) were separated at source in the 2nd quarter and a total of 176,211 tonnes (159,530 tonnes) were separated at source for the 1st half of the year.

AF wants to use the expertise we have to create further indirect savings on greenhouse gas emissions. AF's environmental centres are examples of solutions where materials that previously would have ended up in landfill sites can now be recovered and have their useful life extended. The environmental centres have recycled a total of 141,597 tonnes (248,730 tonnes) of materials for the 1st half of the year.

The Offshore and Energy and Environment business areas are based on services that solve environmental challenges in the area of demolition and recycling. All our demolition

SOURCE SEPARATION RATE



activities, both onshore and offshore, are based on a circular economy, where over 95% of all material from demolition is sorted for recycling. Metals, especially steel, are one of the main components of that which is recycled. The steel industry accounts for about 7% of the world's total CO₂ emissions. Reusing steel results in 70% lower CO₂ emissions than ore-based production. This corresponds to a reduction in emissions of 1 kg CO₂ for each kilo of steel recycled. AF Offshore Decom and AF Decom demolished and facilitated the recycling of 8 607 tonnes (8 289 tonnes) of metal in the 2nd quarter and 23 077 tonnes (23 613 tonnes) of metal for the 1st half of the year. In total, this represents a reduction of alternative CO₂ emissions by around 23 077 tonnes for the 1st half of the year.

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 construct organisations with a good composition of technical expertise and management at all levels. The resources are organised close to production, with project teams where the managers have a major influential force.

AF aims to be a company to which talented individuals apply, whether they are women or men. A long-term goal is to increase the proportion of women among salaried employees to 40%, and the total proportion of women to 20%. This is an ambitious goal. This means that AF would move from being one of the worst in its class to an industry leader. In the 2nd quarter the share of women is 9.9 % (9.6 %) in total and 18.9 % (19.1 %) amongst officials.

In AF, everyone is of equal value, and the company shall have an inclusive and safe working environment with zero tolerance for discrimination and a culture where violations have consequences. AF has been working on the diversity project "The best people" since 2018, and as part of the project, the campaign "Of equal value" has been launched. The campaign has been very well received in all projects in

both our Swedish and Norwegian business units. AF's work on diversity, including through the Diversitas network and #HunSpanderer, has contributed to an increased focus on and change of attitudes related to unconscious discrimination.

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

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

At the end of the 2nd quarter AF Gruppen had a total of 5,518 (5,524) employees. Of these employees 4,436 (4,524) were employed in Norway, 1,056 (966) in Sweden, 11 (24) in Lithuania and 15 (10) in Germany.

RISK AND RISK MANAGEMENT

AF Gruppen is exposed to risk of both non-financial and financial nature. Risk reflects uncertainty or variations in the result. Non-financial risk encompasses business risk, operational risk and reputational risk. Business risk arises as a result of external circumstances. These circumstances may, for example, be related to how competitors act, climate changes, regulatory changes or other political risk. The importance of business risk has been highlighted by the Covid-19 pandemic and the authorities' measures in this connection. AF Gruppen's Board of Directors and management are continuously assessing the situation and implementing any measures that are necessary to ensure adequate liquidity and responsible operations. 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, 31 quarterly reviews in the business units were completed during the 2nd quarter, where the Corporate Management Team also participated.

Financial risk encompasses market risk, credit risk and liquidity risk. Market risk includes commodity price risk, foreign exchange risk and interest rate risk. AF is exposed to foreign exchange risk, including indirectly via suppliers who purchase from abroad, as well as the purchase and leasing of machinery manufactured abroad. As a significant demolition and recycling business, AF Gruppen is also exposed to changes in the steel prices. AF aims to have low exposure to risks that cannot be influenced, and it uses hedging instruments to mitigate the risk associated with foreign exchange rates and steel prices. AF has credit risk in relation to customers, suppliers and partners. The use of credit rating tools, in addition to parent company guarantees and bank guarantees, 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 3,205 million as at 30 June 2021.

MARKET OUTLOOK

The Covid-19 pandemic has had major consequences for the Norwegian and international economy, but with an increasing proportion of the population vaccinated and the reopening of society, the outlook for the future is more optimistic. Although the Covid-19 pandemic has so far affected the level of activity in building and civil engineering to a lesser extent than many other industries, there is still a high level of uncertainty about how the markets we are part of will be affected in the time ahead. Among other things, there is the risk associated with virus mutations and new lockdowns, including travel restrictions and border closures.

The civil engineering market in Norway is good and not very sensitive to cyclical fluctuations, as public sector demand is the strongest driver behind investments in civil engineering in Norway. In the 2021 State Budget, NOK 80 billion has been allocated to transport, which is an increase of 7.9% over the final budget for 2020. Prognosesenteret reports that the level of activity in civil engineering in 2020 seems to have only been affected by Covid-19 and the infection control measures to a small extent, and expects this also to be the case in 2021. Their forecasts therefore assume that the direct effects for the level of activity in the construction

market will remain low. The development in 2020 was nevertheless weaker than estimated with total construction investments of NOK 86 billion. The relatively weak development in 2020 was mainly due to deferred projects. For the forecast period up to 2023, Prognosesenteret expects overall growth in construction investments of around 40%, and particularly strong growth is expected in 2021. Growth is primarily expected to come from road projects, but also railway and tramline systems. In 2021, Prognosesenteret expects NOK 104 billion of construction investments, of which 39% will come from road building, while 15% will come from railway and tramline systems. Taken together, the forecasts for the civil engineering market provide a good foundation for further growth of AF's civil engineering activities, even with the uncertainty about the consequences of Covid-19 in the short term.

Figures from Real Estate Norway as of June show that the strong price growth in the housing market over the past year slowed and levelled off in the 2nd quarter of 2021. At the end of the 2nd quarter, residential property prices were 10.1% higher nationally than one year ago. The 12-month nominal change was 10.3% in Oslo, 10.7% in Trondheim and 8.7% in Bergen. Real Estate Norway points out that it is important that higher house prices are followed by more residential construction in areas where there is a supply-side deficit. At the interest rate meeting in June 2021, Norges Bank decided to keep the key rate unchanged at 0%. As far as Norges Bank assesses the outlook and the risk situation, the key rate will most likely be raised during at the interest rate meeting in September.

The building market in Norway remained at a high level in 2020 with a total production value of NOK 349 billion. Prognosesenteret expects a 1.7% increase in production value in 2021, before a decline in the market of 1.0% in 2022 and a further 1.2% in 2023. New residential buildings and the renovation, remodelling and extension market are expected to drive growth in 2021. During the forecast period up to 2023, the largest growth is estimated for the construction market in Oslo. Start permits for 30,038 new residential units were registered in 2020. For 2021, 2022 and 2023, Prognosesenteret estimates that the number of start permits will be 31,000, 27,000 and 26,000 residential units, respectively. For Oslo, housing starts in 2021 are expected to amount to 3,400 residential units, an increase of some 21.9% from 2020. Prognosesenteret also expects growth in the number of commenced residential units in Viken and Vestland in 2021, which in addition to Oslo are important markets for AF's construction operations. Even though a high level of activity is expected for AF's construction operations in Norway in the future, the consequences of Covid-19 will contribute to increased uncertainty for the construction market in the short term.

Price developments for steel and wood products is a significant element of uncertainty for our business going forward. According to Statistics Norway's construction cost index "Multi dwelling houses total", prices in June were 5.3% higher than a year ago and prices for materials have increased by 8.1% in the same period. Price developments particularly affect units with projects that have entered into fixed-price agreements, while units that have entered into projects with agreements on ongoing wage and price increases (LPS) are less affected.

The Energy and Environment business area encompasses AF's energy services related to land-based activities and services related to demolition and recycling onshore in Norway. AF Gruppen's level of demolition activity is closely connected to the general level of activity in the construction and civil engineering markets. Lower housing starts will affect the market for demolition and recycling services. The authorities in Norway have defined ambitious energy goals related to a reduction in the consumption of energy towards the year 2030. Enova has found that there is a major maintenance backlog for public buildings and major conservation opportunities in connection with the rehabilitation of buildings. Furthermore, the delivery of heating and cooling for commercial buildings is another interesting market. The demand is closely related to the number of new commercial building starts. Prognosesenteret expects the total floor area of commercial building starts in 2021 to be on par with 2020. The largest growth in the total floor area of commercial building starts during the forecast period is expected for Oslo. Overall, we expect a healthy market for AF's energy and environment business.

Offshore services for the removal and recycling of decommissioned oil platforms solve a significant societal challenge. The aim is to recycle as much of the materials from the decommissioned offshore platforms as possible. The recycling of steel from decommissioned oil platforms is a significant contribution to reducing greenhouse gas emissions compared with ordinary steel production. The decommissioning of the offshore market has great untapped potential globally, with approximately 10 000 operational platforms. According to the British industry organisation Oil & Gas UK, there is an expectation that more than 900,000 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 items. An increase in pace will lead to increased demand for this type of service.

For AF's offshore climate control business (HVAC), as well as maintenance and modifications, market conditions remain challenging. However, electrification of the marine sector and installations on the Norwegian shelf provides new market opportunities. The Government's climate plan proposes that the CO₂ tax be adjusted upwards from NOK 590/tonne today to NOK 2,000/tonne in 2030, which can help accelerate the pace of electrification. The oil price fluctuated significantly over the last year, and Covid-19 is still contributing to uncertainty in the oil industry, which in turn may affect AF's operations in the future.

The construction and civil engineering market in Sweden is expected to increase by 4% in 2021, according to Byggföretagen's latest updated forecast. This implies an increase in investment volume from SEK 535 billion in 2020 to SEK 554 billion in 2021. Byggföretagen expects a further increase in the Swedish construction and civil engineering market of 3% in 2022. New residential buildings are highlighted as the largest driver with an estimated annual growth of 11% in 2021 and 10% in 2022. Civil engineering investments are expected to grow by 6% in 2021 as a result of several major infrastructure projects, while a fall of 1% is estimated for 2022.

Price developments for steel and wood products also create challenges for our Swedish business. There is also uncertainty about future cement production in Sweden. Approximately 75% of the cement used in Sweden is produced in Gotland, where Cements AB was not granted a

renewed permit to mine limestone during the summer. According to Byggföretagen, a halt in production will have major consequences, including construction stoppages, unemployment and loss of investment. Cements AB has now been granted dispensation by the Swedish government to maintain production for another 8 months, until June 2022.

The Swedish housing market developed moderately in the second quarter compared with the first quarter of 2021, when the market was characterised by price increases and increased sales volumes. At the end of June, Svensk Mäklarstatistik reported a 1.1% price increase for apartments and 6.2% for detached houses for the quarter. Price growth over the past 12 months was 13.2% for apartments and 19.8% for detached houses. The Swedish central bank Riksbanken decided in July 2021 to maintain a zero interest rate. Overall, this indicates that AF's operations in Sweden will have good opportunities in the future, even though competition is tough. However, the consequences of Covid-19 will continue to contribute to increased uncertainty in Sweden in the near future.

Oslo, 26 August 2021

Board of Directors of AF Gruppen ASA

For more detailed information, please contact:

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Sverre Hærem, CFO

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RESPONSIBILITY STATEMENT FROM MEMBERS OF THE BOARD AND CEO

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

It is confirmed to the best of our knowledge that:

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

Oslo, 26 August 2021

Amund Tøftum
CEO

Pål Egil Rønn
Board Chairman

Hege Bømark

Kristian Holth

Saloume Djoudat

Kjetel Digre

Kristina Alvendal

Arne Baumann

Arne Sveen
Ansattvalgt

Hilde Wikesland Flaen
Ansattvalgt

Kenneth Svendsen
Ansattvalgt

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

An architectural illustration of the interior of the new Tøyenbadet swimming pool. The space is characterized by a high, vaulted ceiling made of light-colored wood, featuring a complex grid of dark wooden beams and numerous circular openings. The walls are also clad in wood and punctuated by similar circular patterns. Large windows along the side wall offer a view of the outdoors. In the foreground, a swimmer in a red cap and swimsuit stands on a wooden starting block, ready to enter the pool. The pool is divided into lanes by colorful lane lines. A metal ladder is visible on the right side of the pool deck.

Financial information

CONDENSED CONSOLIDATED STATEMENT OF INCOME

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
Operating and other revenue	7,189	6,568	13,398	13,175	27,025
Subcontractors	-3,657	-3,669	-6,970	-7,200	-15,041
Cost of materials	-1,549	-1,002	-2,385	-2,000	-3,712
Payroll costs	-1,170	-1,103	-2,465	-2,377	-4,953
Operating expenses ex. depreciation and impairment	-374	-457	-745	-939	-1,571
Net gains (losses) and profit (loss) from associates	63	64	69	87	305
EBITDA	503	401	903	746	2,053
Depreciation and impairment of tangible fixed assets	-49	-45	-98	-89	-193
Depreciation and impairment of right of use assets	-91	-92	-178	-180	-377
Depreciation and impairment of intangible assets	-	-	-1	-1	-3
Earnings before financial items and tax (EBIT)	363	263	626	476	1,480
Net financial items	-7	-5	-25	-12	-33
Earnings before tax (EBT)	356	258	602	465	1,447
Income tax expense	-77	-57	-128	-103	-289
Net income for the period	279	202	473	362	1,158
Attributable to:					
Shareholders in the Parent Company	221	162	386	289	971
Non-controlling interests	58	39	87	73	187
Net income for the period	279	202	473	362	1,158
Earnings per share (NOK)	2.09	1.56	3.65	2.79	9.29
Diluted earnings per share (NOK)	2.09	1.56	3.64	2.79	9.27
Key figures	2Q 21	2Q 20	1H 21	1H 20	2020
EBITDA margin	7.0 %	6.1 %	6.7 %	5.7 %	7.6 %
Operating profit margin	5.0 %	4.0 %	4.7 %	3.6 %	5.5 %
Profit margin	5.0 %	3.9 %	4.5 %	3.5 %	5.4 %
Return on capital employed (ROaCE) ¹⁾	-	-	36.7 %	31.4 %	34.8 %
Return on equity	-	-	38.0 %	33.0 %	36.6 %
Equity ratio	24.8 %	23.0 %	24.8 %	23.0 %	27.2 %
Net interest-bearing debt (receivables) ²⁾	333	49	333	49	-90
Capital employed ³⁾	4,231	4,057	4,231	4,057	4,621
Order backlog	37,837	34,155	37,837	34,155	30,617

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

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

³⁾ Capital employed = Equity + interest-bearing debt

STATEMENT OF COMPREHENSIVE INCOME

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
Net income for the period	279	202	473	362	1,158
Currency translation differences non-controlling interests	9	-	1	13	14
Items that will not be reclassified to income statement in subsequent periods	9	-	1	13	14
Net cash flow hedges	4	27	3	-25	-20
Currency translation differences shareholders of the	28	-2	-15	63	66
Items that may be reclassified to income statement in subsequent periods	32	26	-11	38	45
Other comprehensive income for the period	41	26	-11	50	59
Total comprehensive income for the period	320	228	462	412	1,218
Attributable to:					
- Shareholders of the parent	253	188	375	327	1,016
- Non-controlling interests	67	40	88	86	202
Total comprehensive income for the period	320	228	462	412	1,218

EQUITY

NOK million	Paid-in capital	Translation differences	Actuarial pension gain/ (loss)	Cash flow hedge	Retained earnings	Attributable to share-holders	Non-controlling interests	Total equity
As at 31 December 2019	939	-4	-18	-29	1,302	2,189	809	2,999
Comprehensive income	-	63	-	-25	289	327	86	412
Capital increase	-	-	-	-	312	312	46	358
Purchase of treasury shares	-	-	-	-	-48	-48	-	-48
Sale of treasury shares	-	-	-	-	13	13	-	13
Dividend paid	-	-	-	-	-630	-630	-161	-791
Share-based remuneration	6	-	-	-	-	6	-	6
Addition from restructuring	-	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-25	-25	-5	-30
As at 30 June 2020	945	59	-18	-54	1,211	2,143	776	2,919
As at 31 December 2020	761	62	-18	-49	1,839	2,593	901	3,494
Comprehensive income	-	-15	-	3	386	375	88	462
Capital increase	-	-	-	-	-	-	2	2
Purchase of treasury shares	-	-	-	-	16	16	-	16
Dividend paid	-	-	-	-	-689	-689	-162	-850
Share-based remuneration	16	-	-	-	-	16	2	18
Transactions with non-controlling interests	-	-	-	-	-18	-18	-8	-25
As at 30 June 2021	776	47	-18	-46	1,534	2,294	824	3,117

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	30.06.21	30.06.20	31.12.20
Tangible fixed assets	1,486	1,476	1,493
Right of use assets	889	955	887
Intangible assets	4,362	4,365	4,367
Investment in associates and joint ventures	584	568	547
Deferred tax asset	9	41	16
Interest-bearing receivables	448	417	443
Pension plan and other financial assets	8	12	8
Total non-current assets	7,786	7,833	7,760
Inventories	218	226	225
Projects for own account	136	136	135
Trade receivables and other receivables	4,073	3,805	3,968
Interest-bearing receivables	128	112	66
Derivatives	-	1	-
Cash and cash equivalents	205	561	708
Total current assets	4,761	4,841	5,101
Total assets	12,547	12,674	12,862
Equity attributable to shareholders of the parent	2,294	2,143	2,593
Non-controlling interests	824	776	901
Total equity	3,117	2,919	3,494
Interest-bearing debt	144	153	155
Interest-bearing debt - lease liability	644	675	633
Retirement benefit obligations	4	3	3
Provisions	76	87	92
Deferred tax	498	472	516
Derivatives	13	82	26
Total non-current liabilities	1,378	1,473	1,426
Interest-bearing debt	7	7	8
Interest-bearing debt - lease liability	319	303	330
Trade payables and other short-term debt	6,899	6,902	6,691
Derivatives	57	28	46
Provisions	561	621	629
Tax payable	210	421	236
Total current liabilities	8,052	8,282	7,942
Total liabilities	9,430	9,755	9,368
Total equity and liabilities	12,547	12,674	12,862

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
Earnings before financial items and tax (EBIT)	363	263	626	476	1,480
Depreciation, amortisation and impairment	140	137	276	270	573
Change in net working capital	159	-112	44	99	-233
Income taxes paid	-81	-19	-162	-57	-376
Other adjustments	-52	-67	-51	-87	-255
Cash flow from operating activities	529	202	734	701	1,189
Net investments	-98	35	-136	-62	112
Cash flow before financing activities	430	237	598	639	1,301
Share issue	-	312	-	312	410
Dividends paid to shareholders in the Parent Company	-689	-630	-689	-630	-1,001
Dividends paid to non-controlling interests	-58	-72	-162	-161	-161
Transactions with non-controlling interests	-20	42	-25	2	-46
Sale (purchase) of treasury shares	-	-12	16	-35	-10
Borrowings (repayment) of debt	-91	-49	-184	-100	-299
Interest and other financial expenses paid	-10	-26	-20	-44	-58
Cash flow from financing activities	-867	-435	-1,064	-656	-1,166
Change in cash and cash equivalents with cash effect	-436	-199	-466	-17	135
Net cash and cash equivalents at the beginning of period	630	764	708	563	563
Change in cash and cash equivalents without cash effect	12	-4	-37	16	10
Net cash and cash equivalents at the end of period	205	561	205	561	708

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 Construction and Property segments and Sweden. Revenue from projects for own account in these segments is not recognised upon handover as regulated in IFRS 15, but in accordance with the degree of completion method. This means that the recognition of revenue in these projects is the product of the degree of completion, sales ratio and expected contribution margin.

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

Civil Engineering

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	1,461	1,091	2,901	2,161	4,818
Internal operating and other revenue	107	97	176	197	399
Total operating and other revenue	1,568	1,188	3,077	2,358	5,218
EBITDA	154	89	306	203	543
Earnings before financial items and tax (EBIT)	100	34	197	90	314
Earnings before tax (EBT)	99	31	193	89	292
EBITDA-margin	9.8 %	7.5 %	9.9 %	8.6 %	10.4 %
Operating margin	6.4 %	2.8 %	6.4 %	3.8 %	6.0 %
Profit margin	6.3 %	2.6 %	6.3 %	3.8 %	5.6 %
Assets	2,213	2,464	2,213	2,464	2,437
Order backlog	7,224	8,656	7,224	8,656	7,319

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

Construction

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	2,122	2,096	3,942	4,393	8,507
Internal operating and other revenue	44	38	77	57	178
Total operating and other revenue	2,165	2,134	4,019	4,450	8,684
EBITDA	150	130	252	271	584
Earnings before financial items and tax (EBIT)	132	111	214	234	502
Earnings before tax (EBT)	134	114	216	240	513
EBITDA-margin	6.9 %	6.1 %	6.3 %	6.1 %	6.7 %
Operating margin	6.1 %	5.2 %	5.3 %	5.3 %	5.8 %
Profit margin	6.2 %	5.3 %	5.4 %	5.4 %	5.9 %
Assets	4,181	4,216	4,181	4,216	4,332
Order backlog	13,054	10,134	13,054	10,134	9,674

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

Betonmast

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	1,796	1,997	3,452	3,819	7,862
Internal operating and other revenue	1	-	1	1	1
Total operating and other revenue	1,797	1,997	3,453	3,820	7,862
EBITDA	33	67	79	118	289
Earnings before financial items and tax (EBIT)	21	60	58	104	261
Earnings before tax (EBT)	19	55	47	101	252
EBITDA-margin	1.8 %	3.4 %	2.3 %	3.1 %	3.7 %
Operating margin	1.2 %	3.0 %	1.7 %	2.7 %	3.3 %
Profit margin	1.1 %	2.8 %	1.4 %	2.6 %	3.2 %
Assets	3,519	3,415	3,519	3,415	3,528
Order backlog	10,476	8,876	10,476	8,876	7,274

Property

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	8	6	15	12	33
Internal operating and other revenue	-	-	0	-	-
Total operating and other revenue	8	6	15	12	33
EBITDA	9	10	16	14	136
Earnings before financial items and tax (EBIT)	9	10	16	14	135
Earnings before tax (EBT)	9	9	16	12	132
EBITDA-margin	-	-	-	-	-
Operating margin	-	-	-	-	-
Profit margin	-	-	-	-	-
Assets	939	915	939	915	894
Order backlog	-	-	-	-	-

Energy and Environment

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	307	181	524	363	796
Internal operating and other revenue	16	38	49	81	166
Total operating and other revenue	323	219	573	443	962
EBITDA	37	27	62	43	108
Earnings before financial items and tax (EBIT)	22	15	33	17	54
Earnings before tax (EBT)	21	11	31	18	52
EBITDA-margin	11.6 %	12.3 %	10.9 %	9.8 %	11.2 %
Operating margin	6.8 %	6.9 %	5.8 %	3.8 %	5.6 %
Profit margin	6.6 %	5.2 %	5.3 %	4.0 %	5.5 %
Assets	659	557	659	557	650
Order backlog	715	607	715	607	703

Sweden

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	1,097	1,058	2,055	2,093	4,121
Internal operating and other revenue	2	6	3	7	16
Total operating and other revenue	1,099	1,064	2,058	2,099	4,138
EBITDA	63	57	118	115	303
Earnings before financial items and tax (EBIT)	47	41	86	83	219
Earnings before tax (EBT)	46	39	84	80	212
EBITDA-margin	5.8 %	5.4 %	5.7 %	5.5 %	7.3 %
Operating margin	4.3 %	3.8 %	4.2 %	3.9 %	5.3 %
Profit margin	4.2 %	3.7 %	4.1 %	3.8 %	5.1 %
Assets	1,836	1,686	1,836	1,686	1,766
Order backlog	4,442	3,597	4,442	3,597	4,120

Offshore

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	256	174	416	302	671
Internal operating and other revenue	-	-	1	1	1
Total operating and other revenue	257	174	416	302	672
EBITDA	26	11	41	-36	7
Earnings before financial items and tax (EBIT)	17	2	25	-51	-25
Earnings before tax (EBT)	16	-4	22	-60	-40
EBITDA-margin	10.0 %	6.3 %	9.9 %	-11.8 %	1.1 %
Operating margin	6.7 %	1.0 %	6.0 %	-16.8 %	-3.7 %
Profit margin	6.3 %	-2.5 %	5.3 %	-19.8 %	-5.9 %
Assets	924	1,024	924	1,024	1,055
Order backlog	1,651	1,693	1,651	1,693	1,365

Other Segments (Group)

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	10	11	36	36	62
Internal operating and other revenue	11	8	33	17	44
Total operating and other revenue	21	19	70	53	106
EBITDA	14	12	21	22	59
Earnings before financial items and tax (EBIT)	-3	-6	-9	-11	-3
Earnings before tax (EBT)	6	7	-13	-12	10
Assets	1,553	1,628	1,553	1,628	1,849
Order backlog		-	-	-	-

Eliminations

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	-51	-26	-80	-41	49
Internal operating and other revenue	-181	-187	-340	-359	-805
Total operating and other revenue	-232	-213	-420	-401	-756
EBITDA	-8	-4	-13	-11	2
Earnings before financial items and tax (EBIT)	-8	-4	-13	-11	2
Earnings before tax (EBT)	-19	-4	-13	-11	2
Assets	-3,213	-3,145	-3,213	-3,145	-3,572
Order backlog	192	274	192	274	-85

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

GAAP adjustments (IFRS 15)

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	183	-20	139	37	106
Internal operating and other revenue	-	-	-	-	-
Total operating and other revenue	183	-20	139	37	106
EBITDA	24	1	19	7	21
Earnings before financial items and tax (EBIT)	24	1	19	7	21
Earnings before tax (EBT)	24	1	19	7	21
Assets	-63	-87	-63	-87	-75
Order backlog	84	316	84	316	247

Segment total

NOK million	2Q 21	2Q 20	1H 21	1H 20	2020
External operating and other revenue	7,189	6,568	13,398	13,175	27,025
Internal operating and other revenue	-	-	-	-	-
Total operating and other revenue	7,189	6,568	13,398	13,175	27,025
EBITDA	503	401	903	746	2,053
Earnings before financial items and tax (EBIT)	363	263	626	476	1,480
Earnings before tax (EBT)	356	258	602	465	1,447
EBITDA-margin	7.0 %	6.1 %	6.7 %	5.7 %	7.6 %
Operating margin	5.0 %	4.0 %	4.7 %	3.6 %	5.5 %
Profit margin	5.0 %	3.9 %	4.5 %	3.5 %	5.4 %
Assets	12,547	12,674	12,547	12,674	12,862
Order backlog	37,837	34,155	37,837	34,155	30,617

QUALITY HOTEL HASLE LINJE



Consolvo facade rehabilitation, the former U.S. Embassy. Photo: Jiri Havran

NOTES

1. GENERAL INFORMATION

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

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

This summary of financial information for the 2nd quarter 2021 has not been audited.

2. BASIS OF PREPARATION

The consolidated accounts for AF Gruppen encompass AF Gruppen ASA and its subsidiaries, joint ventures and associated companies. The consolidated financial statements for the 2nd quarter 2021 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 2020, 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

Eiqon and Consolvo have been transferred from the Construction business area to the Civil Engineering business area with effect from 1 January 2021. Comparative figures have been restated. AF Bygg Göteborg has been reported as part of the Betonmast business area since the second quarter; the company was previously reported as part of the Sweden business area. There were no other material changes to the Group's structure during the year.

4. ACCOUNTING POLICIES

The accounting policies applied to the accounts are consistent with those described in the annual report for 2020. IFRS 16 was implemented for the Group as of 1 January 2019 with the modified retrospective application. The effects of this standard for 2020 and 2021 are presented below.

Effect of IFRS 16 lease liability

In IFRS 16 the distinction made between operating and financial leases is eliminated, and practically all leases over 12 months duration are recognised on the balance sheet of the lessee. The present value of the future lease liability is recognised as an interest-bearing loan and the value of the lease (right of use) is to be recognised as a non-current asset. The balance sheet total is increased upon transition to the new standard, and the most important key figures, such as the equity ratio and net interest-bearing debt, will change accordingly. The right of use recognised on the balance sheet will be amortised over the agreed term of the lease, and interest on the lease liability will be recognised as an interest expense. These income statement items will replace rental expenses, which were recognised under other operating expenses in accordance with IAS 17.

Both instalments and interest on lease obligations recognised on the balance sheet are classified as financing activities in the cash flow statement. The introduction of IFRS 16 has a positive effect on cash flow from operations as lease payments were classified as a cash flow from operations in accordance with IAS 17, and as financing activities according to IFRS 16. The introduction of the standard has no impact on net cash flow, but provides an improved cash flow from operations of NOK 168 million (180 million), and a corresponding negative effect on cash flow from financing activities year to date.

For the 1st half of the year the implementation of the standard has resulted in a positive effect on EBITDA and the operating profit of NOK 168 million (180 million) on and NOK 10 million (10 million) respectively. Earnings before tax and Net income for the period are affected by respectively NOK 1 million (-1 million) and NOK 1 million (-1 million) by the standard. As at 30 June 2021 the balance sheet total has increased by NOK 684 million (876 million). Total interest bearing debt has increased by NOK 767 million (908 million) and equity has been reduced by NOK 24 million (25 million).

Consolidated statement of income – Effect of IFRS 16

NOK million	2Q 21 less IFRS 16	Effect of IFRS 16	2Q 21	YTD 2Q 21 less IFRS 16	Effect of IFRS 16	YTD 2Q 21
Operating expenses excl. depr. and impairment	-460	85	-374	-914	168	-745
EBITDA	417	85	503	734	168	903
Depr. and impairment of right of use assets	-8	-83	-91	-19	-159	-178
Earnings before financial items and tax (EBIT)	360	2	363	617	10	626
Net financial items	-2	-4	-7	-16	-9	-25
Earnings before tax (EBT)	358	-2	356	601	1	602
Income tax expense	-77	-	-77	-128	-	-128
Net income for the period	281	-2	279	472	1	473

NOK million	2Q 20 less IFRS 16	Effect of IFRS 16	2Q 20	YTD 2Q 20 less IFRS 16	Effect of IFRS 16	YTD 2Q 20	2020 less IFRS 16	Effect of IFRS 16	2020
Operating expenses excl. depr. and impairment	-546	89	-457	-1,118	180	-939	-1,928	357	-1,571
EBITDA	312	89	401	566	180	746	1,697	357	2,053
Depr. and impairment of right of use assets	-6	-86	-92	-10	-169	-180	-42	-335	-377
Earnings before financial items and tax (EBIT)	261	2	263	466	10	476	1,459	21	1,480
Net financial items	-	-5	-5	-1	-11	-12	-12	-21	-33
Earnings before tax (EBT)	261	-3	258	466	-1	465	1,447	-	1,447
Income tax expense	-57	1	-57	-103	-	-103	-288	-1	-289
Net income for the period	204	-2	202	362	-1	362	1,158	-	1,158

Consolidated statement of financial position – Effect of IFRS 16

NOK million	30.06.21 less IFRS 16	Effect of IFRS 16	30.06.21	30.06.20 less IFRS 16	Effect of IFRS 16	30.06.20	31.12.20 less IFRS 16	Effect of IFRS 16	2020
Right of use assets	205	684	889	78	876	955	167	720	887
Total assets	11,863	684	12,547	11,798	876	12,674	12,142	720	12,862
Total equity	3,141	-24	3,117	2,944	-25	2,919	3,518	-24	3,494
Interest-bearing debt - lease liability (non-current)	164	481	644	59	616	675	118	515	633
Deferred tax	504	-6	498	479	-7	472	522	-6	516
Interest-bearing debt - lease liability (current)	33	286	319	11	292	303	42	289	330
Total equity and liabilities	11,863	684	12,547	11,798	876	12,674	12,142	720	12,862
Equity ratio	26.5 %	-	24.8 %	25.0 %	-	23.0 %	29.0 %	-	27.2 %
Gross interest-bearing debt	347	767	1,113	230	908	1,138	323	803	1,127

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 commitments, revenues and costs. The estimates are based on the management's best judgement and experience, and there is some uncertainty related to the concurrence of these estimates with the actual result. Estimates and their underlying assumptions are assessed on a continuous basis. Changes in accounting estimates are recognised for the period in which the estimate is changed and for future periods if these are affected by the change in estimate.

6. TRANSACTIONS WITH RELATED PARTIES

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

7. DEVIANT APPLICATION OF PRINCIPLES IN THE SEGMENT ACCOUNTS

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

The effect for the year of the deviant application of principles in the segment accounts with respect to earnings before tax is NOK 24 million (1 million) for the 2nd quarter 2021, and NOK 19 million (7 million) for the 1st half of the year. The effect on equity was NOK -62 million (-94 million), and the accumulated reversed revenues were NOK 84 million (316 million) as at 30 June 2021.

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

Property projects for own account	AF's construction value ¹⁾	Number of housing units			Construction period		Ownership share AF
		Total number	Hereof transferred in 2021	Hereof completed not transf.	Start up	Completion	
Lilleby Triangel B3, Trondheim	20	21	1	0	Q1 2019	Q4 2020	33%
Nye Kilen Brygge B/C3, Sandefjord	69	35	1	0	Q2 2019	Q3 2020	50%
Total completed in 2020 - Property segment²⁾	89	56	2	0			
Stronde I, Hardanger (LAB)	87	34	3	0	Q4 2018	Q2 2020	49%
Total completed in 2020 - Construction segment²⁾	87	34	3	0			
Bjørnsveen Panorama B2, Gjøvik	33	12	2	0	Q2 2019	Q2 2020	50%
Vikenstranda B6, Gjøvik	39	23	2	0	Q1 2019	Q2 2020	50%
Snipetorp, Skien	60	16	0	6	Q3 2018	Q2 2020	50%
Total completed in 2020 - Betonmast segment²⁾	132	51	4	6			
Bo på Billingstad, Asker	-	88	87	1	Q2 2019	Q1 2021	33%
Lilleby Triangel B4, Trondheim	51	54	54	0	Q3 2019	Q2 2021	33%
Skiparviken, Bergen	324	129	119	10	Q2 2018	Q2 2021	50%
Total completed 2021 - Property segment	375	271	260	11			
Stronde II, Hardanger (LAB)	61	24	24	0	Q4 2018	Q2 2021	49%
Total completed in 2021 - Construction segment	61	24	24	0			
Lietorvet I, Skien	62	21	17	4	Q3 2019	Q2 2021	25%
Total completed in 2021 - Betonmast segment	62	21	17	4			
Bo på Billingstad, Asker	-	98	-	-	Q2 2019	Q1 2022	33%
Lilleby Triangel B5, Trondheim	71	74	-	-	Q2 2020	Q2 2022	33%
Lilleby Triangel Sør, Trondheim	-	125	-	-	Q4 2020	Q4 2022	33%
Brøter Terrasse, Lørenskog	-	78	-	-	Q3 2020	Q4 2022	35%
Kråkehaugen, Bergen	185	55	-	-	Q2 2021	Q2 2023	50%
Fyrstikkbakken, Oslo	370	159	-	-	Q2 2021	Q3 2023	50%
Total in production - Property segment	626	589	-	-			
Lietorvet II, Skien	77	26	-	-	Q3 2019	Q3 2021	25%
2317 Sentrumskvartalet A-B, Hamar	101	73	-	-	Q2 2020	Q2 2022	33%
2317 Sentrumskvartalet C-D, Hamar	77	48	-	-	Q3 2020	Q2 2023	33%
Klosterøya Vest, 1	80	29	-	-	Q1 2021	Q3 2022	24%
Klosterøya Vest, 2	110	40	-	-	Q1 2021	Q4 2022	24%
Total in production - Betonmast segment	445	216	-	-			
Stadsgården 1, Halmstad	117	63	-	-	Q2 2020	Q2 2022	50%
Brottkärr Hage, Göteborg	-	10	-	-	Q4 2020	Q2 2022	40%
Total in production - Sweden segment	117	73	-	-			

¹⁾ NOK million excl. VAT

²⁾ Only projects with not sold or not transferred units as at year end 2020 are included.

8. EVENTS AFTER THE BALANCE SHEET DATE

After the end of the quarter, it was announced to the stock exchange that AF Gruppen is to build Construction City, an industry cluster that will bring together the construction, civil engineering and real estate industry in Norway. The contract has a value of NOK 2,676 million, excluding VAT. for the Construction business area. After the end of the quarter, it was announced to the stock exchange that AF Gruppen and Aker Solutions have signed a letter of intent to merge the two companies' existing offshore decommissioning operations into a 50/50-owned company. The goal is to create a leading global player for the environmentally-friendly recycling of offshore installations. The transaction is expected to be completed during the second half of 2021 and is subject to due diligence and approval from the Norwegian Competition Authority.

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



ALTERNATIVE PERFORMANCE MEASURES

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

Return on capital employed (ROaCE):

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

The alternative performance targets are defined as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOK million	30.06.21	30.06.20	31.12.20
GROSS INTEREST-BEARING DEBT / NET INTEREST-BEARING DEBT			
Non-current interest-bearing debt	144	153	155
Non-current interest-bearing debt - lease liability	644	675	633
Current interest-bearing debt	7	7	8
Current interest-bearing debt - lease liability	319	303	330
Gross interest-bearing debt	1,113	1,138	1,127
Less:			
Non-current interest-bearing receivables	-448	-417	-443
Current interest-bearing receivables	-127	-112	-66
Cash and cash equivalents	-205	-561	-708
Net interest-bearing debt (receivables)	333	49	-90

NOK million	30.06.21	30.06.20	31.12.20
CAPITAL EMPLOYED			
Shareholders' equity	3,117	2,919	3,494
Gross interest-bearing debt	1,113	1,138	1,127
Capital employed	4,231	4,057	4,621
AVERAGE CAPITAL EMPLOYED			
Capital employed as at 3rd quarter 2019	-	3,482	-
Capital employed as at 4th quarter 2019	-	4,183	-
Capital employed as at 1st quarter 2020	-	4,277	4,277
Capital employed as at 2nd quarter 2020	-	4,057	4,057
Capital employed as at 3rd quarter 2020	4,297	-	4,297
Capital employed as at 4th quarter 2020	4,621	-	4,621
Capital employed as at 1st quarter 2021	4,673	-	-
Capital employed as at 2nd quarter 2021	4,231	-	-
Average capital employed	4,455	4,000	4,313
RETURN ON CAPITAL EMPLOYED			
Earnings before tax 3rd quarter 2019	-	339	-
Earnings before tax 4th quarter 2019	-	388	-
Earnings before tax 1st quarter 2020	-	206	206
Earnings before tax 2nd quarter 2020	-	258	258
Earnings before tax 3rd quarter 2020	368	-	368
Earnings before tax 4th quarter 2020	614	-	614
Earnings before tax 1st quarter 2021	245	-	-
Earnings before tax 2nd quarter 2021	356	-	-
Earnings before tax last four quarters	1,584	1,192	1,447
Interest expense 3rd quarter 2019	-	14	-
Interest expense 4th quarter 2019	-	25	-
Interest expense 1st quarter 2020	-	18	18
Interest expense 2nd quarter 2020	-	6	6
Interest expense 3rd quarter 2020	11	-	11
Interest expense 4th quarter 2020	20	-	20
Interest expense 1st quarter 2021	10	-	-
Interest expense 2nd quarter 2021	10	-	-
Interest expense last four quarters	51	62	55
Earnings before tax and interest expense last four quarters	1,635	1,254	1,502
Divided by:			
Average capital employed	4,455	4,000	4,313
Return on capital employed	36.7 %	31.4 %	34.8 %

NOK million	30.06.21	30.06.20	31.12.20
EQUITY RATIO			
Shareholders' equity	3,117	2,919	3,494
Divided by:			
Total equity and liabilities	12,547	12,674	12,862
Equity ratio	24.8 %	23.0 %	27.2 %
AVERAGE SHAREHOLDERS' EQUITY			
Shareholder's equity as at 3rd quarter 2019	-	2,232	-
Shareholder's equity as at 4th quarter 2019	-	2,999	-
Shareholder's equity as at 1st quarter 2020	-	3,045	3,045
Shareholder's equity as at 2nd quarter 2020	-	2,919	2,919
Shareholder's equity as at 3rd quarter 2020	3,195	-	3,195
Shareholder's equity as at 4th quarter 2020	3,494	-	3,494
Shareholder's equity as at 1st quarter 2021	3,553	-	-
Shareholder's equity as at 2nd quarter 2021	3,117	-	-
Average shareholders' equity	3,340	2,799	3,163
RETURN ON EQUITY			
Net income 3rd quarter 2019	-	276	-
Net income 4th quarter 2019	-	287	-
Net income 1st quarter 2020	-	160	160
Net income 2nd quarter 2020	-	202	202
Net income 3rd quarter 2020	301	-	301
Net income 4th quarter 2020	496	-	496
Net income 1st quarter 2021	194	-	-
Net income 2nd quarter 2021	279	-	-
Net income for the last four quarters	1,269	925	1,158
Divided by:			
Average equity	3,340	2,799	3,163
Return on equity	38.0 %	33.0 %	36.6 %



COMPANY INFORMATION

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Company's Board of Directors

Pål Egil Rønn, Board Chairman

Arne Baumann

Saloume Djoudat

Hege Bømark

Kristian Holth

Kristina Alvendal

Kjetel Digre

Kenneth Svendsen

Hilde W. Flaen

Arne Sveen

Corporate Management

Amund Tøftum, CEO

Sverre Hærem, CFO

Ida Aall Gram, EVP Property, HR and Communications

Geir Flåta, EVP Civil Engineering and Offshore

Bård Frydenlund, EVP Sweden and Betonmast

Eirik Wraal, EVP Construction and Energy and environment

Tormod Solberg, EVP Construction

Financial calendar

Presentation of interim accounts:

27.08.2021 Interim report 2nd quarter 2021

12.11.2021 Interim report 3rd quarter 2021

The presentation of interim accounts usually takes place at Hotel Continental, Stortingsgata 24-26, at 8:30 a.m. For the 2nd quarter 2021, the presentation will be distributed via webcast only.

For more information on the company, visit our web site at afgruppen.com

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OPERATIONAL STRUCTURE



Civil Engineering

AF Anlegg

JR Anlegg

Målselv Maskin & Transport

Eiqon

Eiqon

Eiqon Anlegg

Consolvo

Construction

AF Byggfornyelse

AF Bygg Oslo

AF Bygg Østfold

AF Nybygg

LAB

LAB Entreprenør

FAS

Åsane Byggmester
forretning

HTB

AF Håndverk

Kirkestuen

Lasse Holst

Thorendahl

VD Vindu og Dør
montasje

Oslo Stillasutleie

Storo Blikken-
slagerverksted

Oslo Prosjektbygg

Strøm Gundersen

Strøm Gundersen

Strøm Gundersen
Vestfold

Haga & Berg

Betonmast

Betonmast Boligbygg

Betonmast Oslo

Betonmast Trøndelag

Betonmast Asker og
Bærum

Betonmast Røsand

Betonmast Telemark

Betonmast Østfold

Betonmast Innlandet

Betonmast Buskerud-
Vestfold

Betonmast Ringerike

Betonmast Göteborg

Betonmast Mälardalen

Betonmast Malmö

Betonmast Stockholm

Betonmast Anläggning

Betonmast Eiendom

Property

AF Eiendom

LAB Eiendom

Energy and Environment

AF Energi

Enaktiva

AF Energija Baltic

Boligenergi

AF Decom

Jølsen Miljøpark

Rimol Miljøpark

Nes Miljøpark

Sweden

Kanonaden

Kanonaden
Entreprenad

Kanonaden
Mälardalen

Bergbolaget i
Götaland

Prefab i Mälardalen

AF Bygg Syd

HMB

AF Projektutveckling

AF Härnösand

Byggreturer

Offshore

AF Offshore
Decom

AF Offshore
Decom UK

AF

Environmental

Base Vats

AF AeronMollier