ANNUAL REPORT 2024

COMPETITIVE EDGE THROUGH INSIGHTS

AF GRUPPEN ASA

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AF Gruppen is a leading contracting and industrial group characterised by an entrepreneurial spirit and the ability to succeed. We provide services in the areas of Civil Engineering, Construction, Energy and Environment, Property and Offshore, primarily in Norway and Sweden. AF creates value for its employees, customers and owners, while also contributing to solving important societal challenges.

At AF, we have high ambitions and believe in the value of a long-term strategy. By taking on the most demanding jobs, we will grow, develop and create competitiveness for the future. Increased demands, complexity and stronger competition require us to continue managing projects safely and profitably. The future will require us to adapt to the green shift and increase productivity. Our aim is to halve our footprint and make the greatest impact where we are the best. At AF, we build teams that challenge and use entrepreneurial spirit to find new solutions. Together, we will continue to clear up from the past and build for the future.

REVENUES

NOK MILLION 30,638

EBIT

NOK MILLION 1,149

OPERATING MARGIN

3.8%

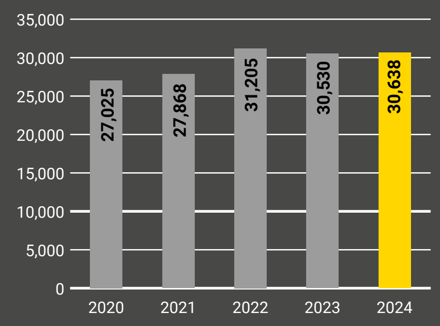
EQUITY RATIO

23.2%

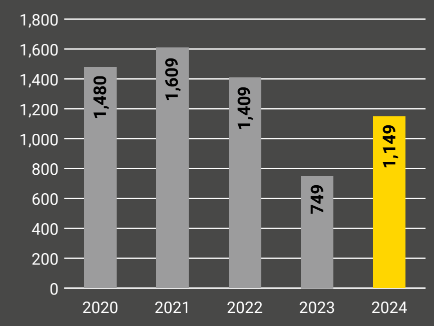
LTI-1 RATE

0.5

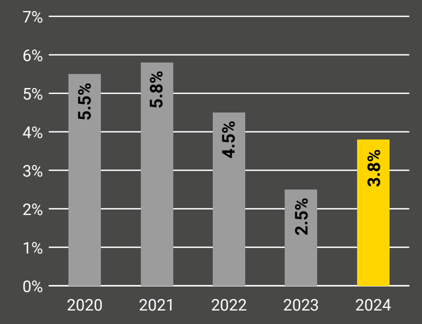
REVENUES (NOK MILLION)



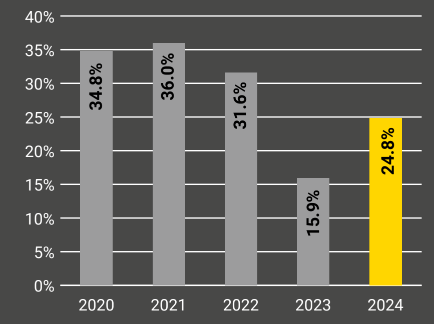
OPERATING PROFIT (NOK MILLION)



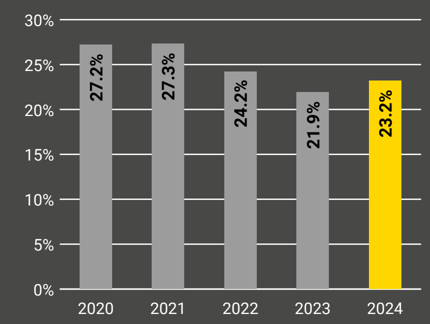
OPERATING MARGIN



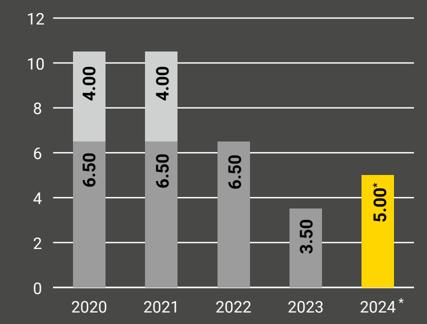
RETURN ON AVERAGE CAPITAL EMPLOYED



EQUITY RATIO

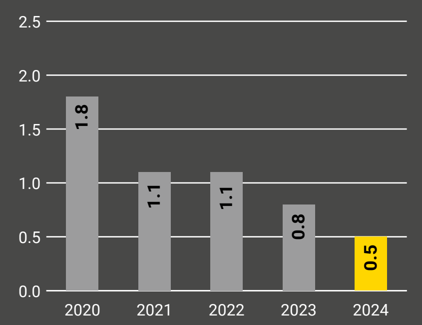


DIVIDEND PER SHARE (NOK)

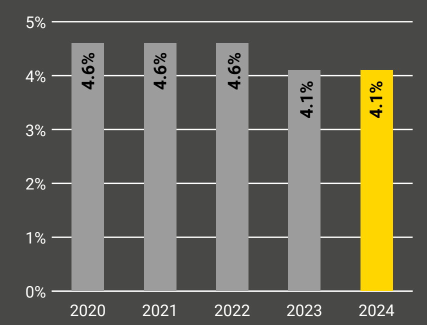


** The dividend to be distributed in the first half of 2025 has been proposed, but not adopted.*

LTI RATE



ABSENCE DUE TO ILLNESS



FRONT PAGE: TØYENBADET. PHOTO: HANS FREDRIK ASBJØRNSEN

KEY FIGURES →

KEY FIGURES

YEAR	2024	2023	2022	2021	2020
REVENUES (NOK million)					
Operating and other revenue	30,638	30,530	31,205	27,868	27,025
Order backlog	40,351	41,991	39,765	38,646	30,617
Order intake	28,998	32,756	32,324	35,897	29,442
EARNINGS (NOK million)					
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,850	1,325	1,937	2,176	2,053
Depreciation and write-downs	-701	-576	-528	-567	-573
Operating profit (EBIT)	1,149	749	1,409	1,609	1,480
Earnings before tax (EBT)	1,085	700	1,400	1,580	1,447
Earnings after tax	834	515	1,151	1,229	1,158
PROFITABILITY					
EBITDA margin (%)	6.0	4.3	6.2	7.8	7.6
Operating margin (%)	3.8	2.5	4.5	5.8	5.5
Profit margin (%)	3.5	2.3	4.5	5.7	5.4
Return on equity (%)	26.3	16.4	34.0	36.1	36.6
Return on average capital employed (%)	24.8	15.9	31.6	36.0	34.8
Economic Value Added (NOK millions)	476	144	736	839	788
Cash flow from operations (NOK millions)	2,217	1,552	1,460	1,415	1,189
BALANCE SHEET (NOK millions)					
Total assets	15,003	14,647	14,457	13,108	12,862
Equity	3,488	3,203	3,494	3,572	3,494
Invested capital	4,800	4,540	4,900	4,571	4,621
Average invested capital	4,816	5,032	4,561	4,491	4,313
Equity ratio (%)	23.2	21.9	24.2	27.3	27.2
Equity ratio excluding effect of IFRS 16 (%)	24.5	23.2	25.4	28.7	29.0
Gross interest-bearing liabilities	1,312	1,337	1,406	999	1,127
Net interest-bearing liabilities (receivables)	-99	641	329	-29	-90
SHARE PERFORMANCE					
Market value on 31.12 (NOK)	148.40	124.20	143.80	193.60	175.60
No. of shares	109,289,800	108,532,000	107,702,000	106,804,500	105,998,497
Market value (NOK millions)	16,219	13,480	15,488	20,677	18,613
Earnings per share (NOK)	6.52	3.73	8.96	9.60	9.29
Diluted earnings per share (NOK)	6.52	3.73	8.96	9.57	9.27
Dividend per share first half of the year (NOK) [1]	5.00	3.50	6.50	6.50	6.50
Dividend per share second half of the year (NOK)	-	-	-	4.00	4.00
Distribution ratio (ordinary dividend) (%) [2]	76.7	93.8	72.5	109.4	113.0

1) The dividend to be distributed in the first half of 2025 has been proposed, but not adopted.
2) For 2024, the distribution ratio only includes dividends for distribution in the first half of 2025.

	2024	2023	2022	2021	2020
PERSONNEL					
Number of salaried employees	2,571	2,578	2,555	2,580	2,602
Number of skilled employees	3,077	3,335	3,420	2,833	2,908
Total number of employees	5,648	5,913	5,975	5,413	5,510
LTI rate	0.5	0.8	1.1	1.1	1.8
Absence due to illness (%)	4.1	4.1	4.6	4,6	4.6
EXTERNAL ENVIRONMENT					
Climate footprint scope 1 and 2	1.4	1.2	1.1	1.3	1.6
Source separation rate – building (%)	88	84	86	88	88
Source separation rate – renovation (%)	86	87	89	90	87
Source separation rate – demolition (%)	95	96	95	96	96
Total amount source separated in tonnes	234,972	287,588	278,172	294,776	400,995

For definitions of key figures, see the description of alternative performance targets on page 340 and the definitions on page 342.

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The Fåberg Tunnel is taking shape
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Cooling with a lower CO_2 footprint
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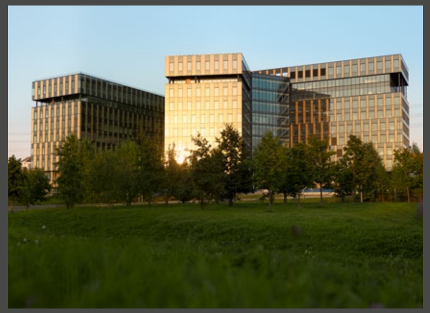

A BOOST FOR THE ENVIRONMENT
Modern facility for wastewater treatment
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COMPETITIVE EDGE THROUGH INSIGHTS

CEO Amund Tøftum describes a 2024 where the gap in performance has been too wide, but the best teams continue to perform. The new strategy highlights project management, productivity and adaptability as key success factors towards 2028.

At AF, we strive to be reliable and trustworthy. For almost 40 years, we have been loyal to our values and our business idea. This has been crucial for successfully implementing an increasing number of socially beneficial projects. The people at AF create value, with active risk management, decentralised decision-making authority, and a value-based culture as key building blocks. It is inspiring to see how the entrepreneurial spirit is present in our everyday projects and how the building blocks are transformed into action through engaged leadership and adherence to our values. Experience shows that our best teams are highly skilled, but in 2024, the gap in performance across the Group has been too wide.

At AF, we not only measure financial performance – we also prioritise the safety of everyone working at AF. We include our own employees and our subcontractors in the safety statistics. Health and safety work is an important part of the AF culture, and we can look back on a year with excellent safety performance. At the same time, we know that safety cannot be taken for granted, and we must work systematically every day to ensure that everyone working in and for AF returns home safely.

The strategic period from 2021 to 2024 has proven to be challenging, and it is impossible to summarise the last four years without mentioning how external factors have affected us. We are lucky to have skilled people who have been able to adapt and mobilise extra effort. Despite this, we have not achieved our goals of a revenue of NOK 40 billion and a 7 per cent operating margin. The main direction we have worked towards and the goal of profitable growth remain key focuses as we move into a new strategic period. Our adaptability and capability to implement ensure that AF is well-positioned for what the future holds.

Throughout 2024, a new corporate strategy has been developed, and the common priorities in the strategy will make us even better at creating value in the future. There are several external forces influencing AF's development, but our identity through values, vision and business model remains strong and is more relevant than ever. We will continue to clear up the past and build for the future, and the goal of achieving a 7 per cent operating margin remains unchanged. By 2028, we also aim for an annual growth of 7 per cent. The goal of zero serious personal injuries and work-related absence is a prerequisite for profitable growth at AF. In addition, we are setting a new main goal to halve our climate and environmental footprint, while striving to reach even more ambitious climate and environmental targets.

To reach our goals, we will continue to work on innovation, leadership and expertise. We will continue to build the best teams that are characterised by performance, job satisfaction and professional pride. AF will execute the industry's best project management by adhering to our core principles. At the same time, we must strengthen the part of AF's culture that focuses on adaptability and to deliver projects that render value both to our customers and to society.

Uncertain times and turbulent markets will continue to affect the industry and the world at large. At AF, we must look to our own performance to find the key to future value creation. With a robust order backlog and the best people on our team, AF is entering a new and exciting strategic period, maintaining a steady course toward increased profitability. Together, we will continue to clear up the past and build for the future.

HIGHLIGHTS FROM 2024

We have delivered many strong project performances throughout the past year. Here is a selection of projects and milestones that highlight the breadth and societal value of our operations.

Q1 / THE FIRST BLASTS AT FÅBERG TUNNEL

On 10 January, Nye Veier and AF Gruppen marked the start of excavation for the Fåberg Tunnel. The 2.8 km twin-bore tunnel is part of the new E6 section between Storhove and Øyer north of Lillehammer, a 9.6 kilometre stretch.The project is largely based on the reuse of the existing E6 road. The Fåberg Tunnel will eliminate road noise for the town of Fåberg and help restore parts of the current E6 back to nature.

Q2 / ROYAL FOUNDATION STONE CEREMONY

HRH Crown Princess Mette-Marit laid the foundation stone for the new Museum of the Viking Age on 4 June. The world's best-preserved Viking ships can be found at Bygdøy in Oslo. The former museum did not meet the special requirements needed to preserve the ancient ships and other artefacts from the Viking Age. The new Museum of the Viking Age is being built in connection with the existing museum. A new climate-controlled building with new support systems will protect these unique ships for future generations. Oslo's new world attraction is set to be delivered in 2026.

Q3 / FIRST LAYER OF ASPHALT ON THE RUNWAY

Construction manager Lars Tore Røen at AF Anlegg confirms that the asphalting is underway at the new airport in Mo i Rana. This is the first new airport to be built in Norway since Båtsfjord Airport was completed in 1999. Avinor is the client, and AF Anlegg has been tasked with building a complete airport, including roads, infrastructure, technical aviation installations, terminal buildings and operational buildings.

Q4 / AGREEMENT ON THE CONSTRUCTION OF DIAKONHJEMMET CAMPUS

AF Bygg Oslo has been selected as the contractor for the Diakonhjemmet Campus project in Oslo. The agreement includes the design and construction of a new upper secondary school for healthcare, child and youth development studies, VID Specialized University, as well as a shared basement and a large multipurpose hall. The project also includes a platform for the new metro station, external technical infrastructure, and the demolition of the north wing of Diakonhjemmet 14. The project has very high environmental ambitions and is also very complex, involving construction within a hospital area and work on a new platform for Sporveien.

GOALS AND RESULTS

PROFITABILITY

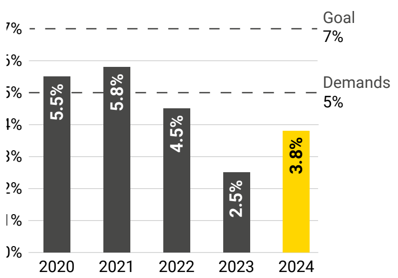
GOAL

AF Gruppen aims to achieve a return on average capital employed of over 20 per cent and an operating margin of over 5 per cent. The goal for the strategic period leading up to 2028 is to increase the operating margin to 7 per cent.

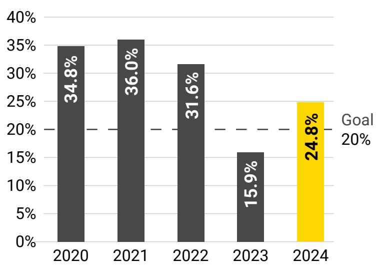
RESULTS 2024

In 2024, AF had an operating margin of 3.8 per cent and a return on average capital employed of 24.8 per cent.

OPERATING MARGIN



RETURN ON AVERAGE CAPITAL EMPLOYED



FINANCIAL STRENGTH

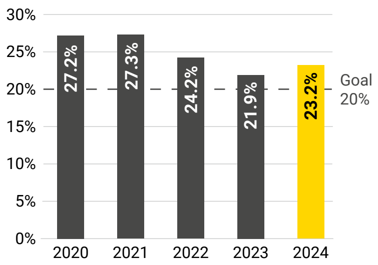
GOAL

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

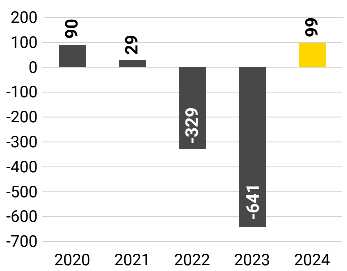
RESULTS 2024

AF's equity ratio was 23.2 per cent at the end of 2024. The Group had net interest-bearing receivables of NOK 99 million. Available liquidity as of 31 December 2024, including overdraft facilities with Handelsbanken and DNB, was NOK 4,363 million.

EQUITY RATIO



NET INTEREST-BEARING LIABILITIES (-)/ RECEIVABLES (+) (NOK MILLION)



DIVIDEND

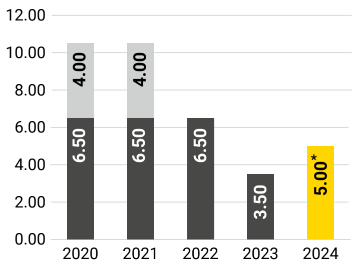
GOAL

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

RESULTS 2024

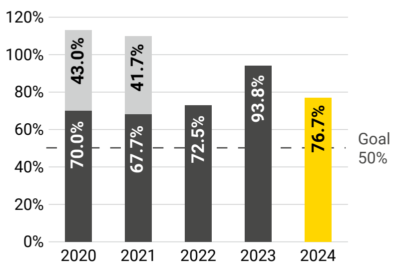
In 2024, AF paid out a total dividend of NOK 3.50 per share for the 2023 financial year. Earnings per share was NOK 3.73 in 2023. Earnings per share was NOK 6.52 in 2024. The Board of Directors has proposed a dividend of NOK 5.00 per share for the 2024 financial year.

DIVIDEND PER SHARE (NOK)



** The dividend for the 2024 financial year has been proposed, but not adopted.*

DISTRIBUTION RATIO



HEALTH AND SAFETY

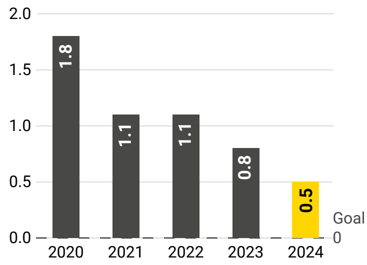
GOAL

AF's workplace health objective is to achieve zero work-related absences. AF's safety objective is to achieve zero serious personal injuries and zero lost-time injuries, i.e. LTI-1 rate of zero. The working environment should be safe for everyone, and therefore the figures also include those who are employed by our subcontractors.

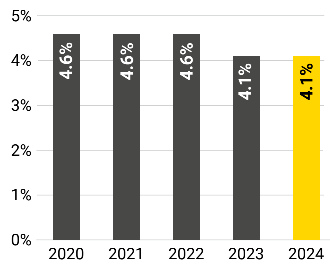
RESULTS 2024

AF achieved an LTI-1 rate of 0.5 and absence due to illness of 4.1 per cent.

LTI-1 RATE



ABSENCE DUE TO ILLNESS



CLIMATE AND ENVIRONMENT

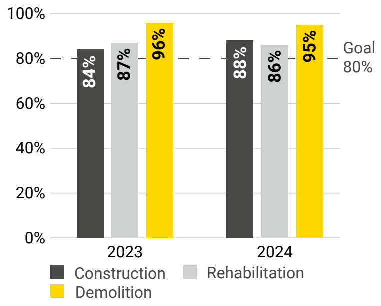
GOAL

AF's goal is to reduce the amount of waste sent for incineration and landfill relative to revenue by at least 50 per cent by 2030. At least 70 per cent of non-hazardous waste will be prepared for material recycling or reuse by 2028. Our total greenhouse gas emissions will be halved by 2030.

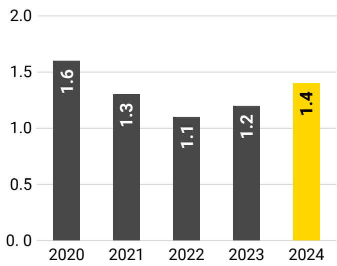
RESULTS 2024

Our source separation rate in 2024 was 88 per cent for construction, 86 per cent for renovations and 95 per cent for demolition. Our scope 1 and 2 carbon footprint for 2024 was 1.4.

SOURCE SEPARATION



SCOPE 1 AND 2 CARBON FOOTPRINT



WELL-BEING AND EMPLOYEES

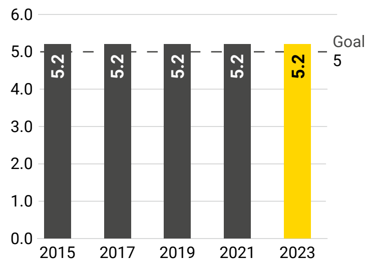
GOAL

AF aims for the score on the employee satisfaction survey to be higher than 5 on a scale from 1 to 6. The survey is conducted every two years. AF has a long-term strategic goal of increasing the proportion of women among salaried employees to 40 per cent and the overall proportion of women to 20 per cent.

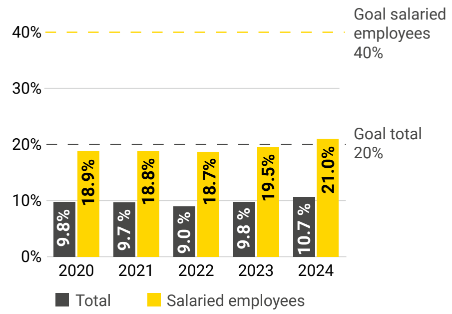
RESULTS 2024

The employee satisfaction survey, which was last conducted in 2023, gave a score of 5.2 on a scale from 1 to 6. In 2024, the percentage of women at AF was 10.7 per cent overall, and 21.0 per cent for salaried employees.

EMPLOYEE SATISFACTION



PROPORTION OF WOMEN



EVALUATION OF THE STRATEGIC PERIOD 2021–2024

This strategic period has given us all a new normal, providing AF with an opportunity to look ahead to the future. Our environment and conditions have changed significantly during this strategic period, with an increasingly unstable world, a pandemic, war in Europe, inflation, and lower construction activity.

AMBITIOUS GROWTH TARGET

REVENUE

Target	Result
40 NOK billion	30,6 NOK billion

The growth target of NOK 40 billion in 2024 was ambitious, as it should be to remain driven by the pursuit of profitable growth. With a revenue of NOK 30.6 billion in 2024, there is a way to go before we reach our target. AF has remained committed to ensuring that growth is profitable, and when the conditions have not supported this, growth has been limited. We remain loyal to our established acquisition strategy, and many acquisition candidates in the market have been assessed throughout the period – but we have not yet succeeded in securing the right cases. In addition, there is an acknowledgement that after a period of significant growth, it has been important to gain control over profitability, which is why there has been less focus on pure growth within the Group. Important milestones for further development of the Group have been acquisitions of Stenseth & RS (2022), Mepex (2022), Betong og Tre (2023) and ETA Norge (2024).

PROFITABILITY IN LIGHT OF OUR OWN

OPERATING MARGIN

Target	Result
7%	3.8%

PERFORMANCE

AF has also set ambitious profitability goals, with a target of a 7 per cent operating margin. This strategic period has been twofold for AF, and overall, we have delivered weaker performances than expected. The business areas that deliver strong results execute projects based on a thorough AF culture. Where we have not met our profitability expectations, thorough analyses have been conducted to identify the underlying causes. Our basic skills have failed, highlighting the importance of a values-based culture where the willingness for profitable growth is strong. When we adhere to the AF culture, we also achieve profitability.

Several of our units and companies have delivered strong results during this strategic period. AF Anlegg continues to win larger and more complex projects, and still sets the standard within AF Gruppen for both project management and profitable growth. The Energy and Environment business area has positioned itself well for the future during this strategic period, with the ability to deliver green projects with good profitability, and has made environmentally friendly value creation an integral part of AF's operations. These are just some of the examples from a long list of strong performances.

SAFETY IS MORE IMPORTANT THAN EVER

LTI RATE

Target	Result
0	0.5

AF Gruppen entered the strategic period with 2020 being a very challenging year regarding safety. We had two fatal incidents and an increase in serious personal injuries. These incidents really had an impact on us and served as a strong reminder of how important our safety efforts are. We prioritise the safety of everyone working at and for AF, which is why it has been important for us to learn from our mistakes. Throughout the strategic period, our systematic work on risk management, the investigation of adverse events, and preventive emergency preparedness measures have been based on the Group's business model for safety. Continuing to work towards high compliance with our HSE culture is crucial for achieving strong safety performance. In 2024, we can proudly present an LTI-1 rate of 0.5, while still working towards achieving our safety goal of zero serious personal injuries at AF.

THE WORK TO REDUCE OUR CARBON FOOTPRINT

In 2021, AF presented a strategy that included climate and environment targets for the first time: the goal in terms of revenue is to halve greenhouse gas emissions and the amount of waste that cannot be recycled for each business area by 2030. During the strategic period, we have systematically worked to gain insights into our own environmental performance through data collection, acquired new knowledge about effective measures, and developed the professional area of climate and environment. For 2024, we will present a complete climate account for scope 1, 2 and 3, and have good data on the amount of waste from our operations. Our business units have used their entrepreneurial spirit to find new solutions and opportunities for our customers while also developing several socially beneficial business opportunities within our own operations. AF will continue to work toward its long-term ambitions within climate and environment and is better equipped than ever as we enter a new strategic period to take on projects with stringent climate and environmental requirements.

A ROBUST BUSINESS MODEL

During this strategic period, the AF Business Model has been introduced, implemented and operationalised across the entire organisation. The Business Model has clarified which elements of our culture are important to safeguard. It highlights a distinct AF language and serves as an essential toolbox within a decentralised business structure. AF will continue to promote the Business Model as a crucial element for effective corporate governance.

ABOUT AF GRUPPEN

ABOUT AF GRUPPEN

OUR HISTORY

1980

ENTREPRENEURIAL SPIRIT

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

VALUE-BASED CULTURE

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

1990

PROFITABILITY AND GROWTH

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

SAFETY CULTURE AND HSE

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

2000

NEW MARKETS

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

RISK MANAGEMENT AND ENTREPRENEURIAL SPIRIT

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

2010

LEADING CONTRACTOR

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

AMBITION FOR GROWTH

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

2020

ABILITY TO SUCCEED

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

THE BEST PEOPLE

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

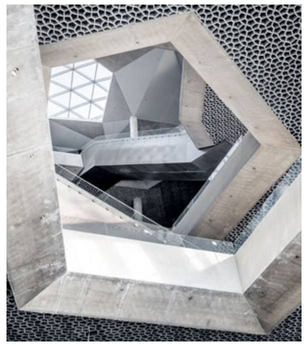
	1990	2000	2010	2020	2024
Revenue (NOK million)	175	1,426	5,828	27,025	30,638
Share price as of 31.12. (NOK)	-	5.00	40.00	175.60	148.40
Employees as of 31.12.	150	860	1,933	5,510	5,648

BUSINESS STRUCTURE

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

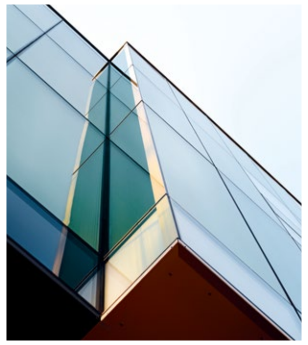
CIVIL ENGINEERING

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



CONSTRUCTION

AF provides contracting services for residential, public and commercial buildings. Services range from engineering design to new construction and renovation of existing buildings. AF collaborates closely with clients to find effective and innovative solutions suitable for their needs. Construction encompasses the Norwegian building activities except for Betonmast, and is mainly located in Eastern Norway and the Bergen region.



BETONMAST

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

PROPERTY

AF develops, designs and carries out residential and commercial projects in Norway, and activities takes place in geographical areas where AF has its own production capacity. AF works closely with other industry actors, and property development projects are generally structured as associated companies and joint ventures.

ENERGY AND ENVIRONMENT

AF offers energy-efficient solutions for buildings and industry and is a leading actor in environmental clean-up, demolition and recycling. Contaminated materials are sorted, decontaminated and recycled at AF's environmental centres Rimol, Jølsen and Nes.

SWEDEN

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

OFFSHORE

AF offers a diverse range of services to the maritime industry, offshore wind, and the oil and gas sector. The services range from the removal and recycling of offshore installations to the construction of new buildings and modification of climate control systems (HVAC). AF has a state-of-the art facility for environmental clean-up at Vats.

	Civil Engineering	Construction	Betonmast	Property	Energy and Environment	Sweden	Offshore
Revenues (NOK million)	9,590	8,881	4,367	23	1,510	5,399	1,081
Operating profit (EBIT) (NOK million)	655	337	120	-39	93	79	-201
Earnings before tax (EBT) (NOK million)	723	351	163	-25	90	65	-236
Operating margin (%)	6.8	3.8	2.8	-	6.2	1.5	-18.6
Profit margin (%)	7.5	4.0	3.7	-	5.9	1.2	-21.8
Order backlog (NOK million)	16,433	11,132	4,831	-	1,194	4,856	1,753
Order intake (NOK million)	7,883	10,548	2,996	-	1,455	5,127	1,424
Employees	1,792	1,612	525	17	370	830	287

OUR PEOPLE ARE OUR GREATEST ASSET

At the heart of Construction City

Project engineers Viktoria Amble Larsen and Aslaug Haukeland Mosebø have been responsible for the construction and installation of the large glass facade at Construction City. The wall slopes inward towards what will be the building's heart – the glass hall. The facade consists of glass panels measuring 115 by 50 centimeters. The panels are mounted in profiles attached to a steel framework, a task that has required high precision, planning, and collaboration. 'Setting up the first part was very challenging, and we spent a lot of time ensuring everything was perfectly straight,' says project engineer Viktoria Amble Larsen.

Students get to test the working life

In the fall of 2024, engineering geologist Kriti Panthi was one of ten AF employees who participated in the student campaign 'Take My Job.' Here, engineering students compete to win internships and educational scholarships. Kriti works on mapping geological conditions in the Fåberg Tunnel, which is a central part of the new E6 section under construction north of Lillehammer. 'I scan the rock mass when it is blasted out, and then I indicate the reinforcement to be used afterward based on the assessments I have made. It should be safe to work in the tunnel and drive there later,' explains Kriti. 'The most fun part of the job is that it's not just office work. It's very varied. I never get bored at work.

Spaghetti and marshmallows

The competitive spirit was awakened among apprentices at AF Anlegg during a gathering in the fall of 2024. Who managed to build the tallest tower of spaghetti and marshmallows? And how should one go about creating a device that prevented an egg from breaking after a two meter drop? The gathering included both a professional program, go-karting, and a communal dinner. 'The apprentices are very valuable to us, and it's great to gather them in this way,' says Philip Skaugen, who was responsible for the program.

Emergency drill at construction site

What do you do if the crane operator falls ill? That was one of the scenarios practiced during an emergency drill at Fredrikstad's new wastewater treatment plant in October. The crane operator was lowered with climbing equipment, and the crane was then used to evacuate workers simulating an injury situation in a narrow concrete shaft. The exercise provided valuable learning for both AF Bygg Østfold's people and the emergency services.

Between construction projects and vinyl records

Mikael Augustsson has worked in the construction industry since 1986. He is now a foreman at AF Bygg Syd. Leading others has proven to suit him well, not least because, as a former concrete worker, he has a deep understanding of the everyday life and challenges of skilled workers. After an intense work week, he likes to unwind by putting on a vinyl record of his favorite band Nightwish and letting the music fill the room. 'There's something special about just drifting away to the music,' he says.

VISION AND VALUES

BUSINESS MODEL

Value creation for our stakeholders

EMPLOYEES
- A safe workplace for our employees and subcontractors.
- A good working environment for our employees as well as opportunities for competence development and employee ownership.

CUSTOMERS
- High quality projects prepared in collaboration with customers and suppliers.

OWNERS
- Good returns for investors through dividends and share price appreciation.

SOCIETY
- Contribution to society's climate battle through the reduction of waste and greenhouse gases that arise as a result of our activities.
- Delivery of sustainable services and products required by society.

ABOUT AF GRUPPEN

AF GRUPPEN'S BUSINESS MODEL

The Business Model addresses key characteristics of our company, summarised in five main pillars: Safety, value-based culture, Employee ownership, decentralised decision-making authority, and active risk management. Our business idea is at the core of the Business Model and requires that we execute our projects with an entrepreneurial spirit and determined drive.

Employee ownership

EMPLOYEES PARTICIPATE IN JOINT VALUE CREATION AND DEVELOPMENT

The goal of ensuring that all employees have the opportunity to participate in AF Gruppen's share and options programme is a key success factor. The purpose is to motivate increased and long-term participation in the Group's value creation, and when AF Gruppen acquires subsidiaries, we want key employees to be part of the ownership. AF has a performance-driven culture where salary and incentive models are designed to motivate value creation in each individual project, in every unit, and for the entire Group.

The willingness for profitable growth creates opportunities and room for development for our many talented employees. At AF, we aim to develop our leaders internally, and we have positive experience in achieving this through learning within the line organisation. In addition, our employees are developed through relevant courses and skills development initiatives, as well as valuable sharing of experiences across AF Gruppen.

Active risk management

WE SHALL ACTIVELY SEEK RISK THAT WE CAN INFLUENCE

The ability to actively seek and manage risk is an important barrier in our corporate governance model. Similarly, it is important to secure or avoid risks that we cannot influence. Risk management is an integral part of all business activities at AF, and we treat risk in a unified and structured way. Through tender reviews and quarterly risk assessments of projects and portfolios, we cultivate a commercial mindset throughout the entire line organisation. Our approach to risk management creates arenas for learning and sharing experiences, enabling us to collectively identify and manage risks. Read more about how we work systematically with risk management in all our projects and business units on page 22.

Value-based culture

A STRONG CULTURE BASED ON A COMMON SET OF VALUES

Our core values form the foundation of our culture and can be traced back to the establishment of AF Gruppen in 1985. AF Gruppen's team of managers lead by example as clear role models, demonstrating presence and a passion for what they do. They have a unique responsibility as culture bearers within the organisation and demonstrate an uncompromising stance on safety and ethics. Our employees are characterised by an ability and willingness to create value. AF Gruppen creates value and opportunities for its employees, owners, customers and society through a focus on achieving profitable growth.
AF Gruppen's operations and employees demonstrate good ethical conduct in all the communities and markets we operate in, and we remain loyal to our code of conduct.

Safety

TARGETED AND SYSTEMATIC HSE WORK

All companies within AF Gruppen shall work purposefully and systematically to prevent serious incidents, with the goal of achieving zero serious personal injuries and work-related absence. The way in which we work with HSE should be predictable and familiar, and must be complied with throughout the organisation. The systematic work involves both identifying and preventing potential incidents through continuous risk management, barrier management, and having robust emergency preparedness plans in place. At AF, we believe that every incident has a cause and therefore can be prevented. As a result, we have developed methods for investigating adverse incidents, where we identify underlying causes and learn from what has happened.

The core of a strong safety culture lies in the combination of a good system and effective leadership. HSE responsibility lies with line management, and at AF, we hold our suppliers to the same standards as we hold ourselves. Therefore, our employees are crucial in ensuring positive attitudes towards HSE in our projects by demonstrating behaviour that sets good examples. Everyone working for AF should be able to perform tasks in a safe and health-conscious manner.

Decentralised decision-making authority

AUTHORITY AND RESPONSIBILITY CLOSEST TO WHERE VALUE IS CREATED

The freedom to make decisions locally is a key principle for creating strong units within AF Gruppen. By establishing reponsibility for results in the line organisation and keeing operational organisation high on the agenda, we believe in the power of local ownership to drive the greatest value creation possible.

Each unit has developed its own business plan that supports the Group's ambitions and goals. Decision-making authority and autonomy are important in order to be able to challenge the status quo. At the same time, all units are part of a financial community with duties and responsibilities, as AF is a publicly listed company.

Being part of AF provides access to value-creating functions and processes that help achieve profitable growth. Targeted development of employees and the organisation, structural capital in the form of established systems, and cross-group knowledge sharing ensure that AF is better equipped to take on demanding projects. In addition, the companies benefit from AF Gruppen's market position, enhancing their recruitment power.

ABOUT AF GRUPPEN

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

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

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

AF'S RISK MANAGEMENT PROCESSES

Risk management and a scenario mentality have become integral parts of all commercial activities of AF Gruppen, involving managers at all levels. A special function for risk management facilitates the necessary processes related to risk through a standardized and action-oriented methodology. his ensures a consistent handling of risk at all levels of the organisation.

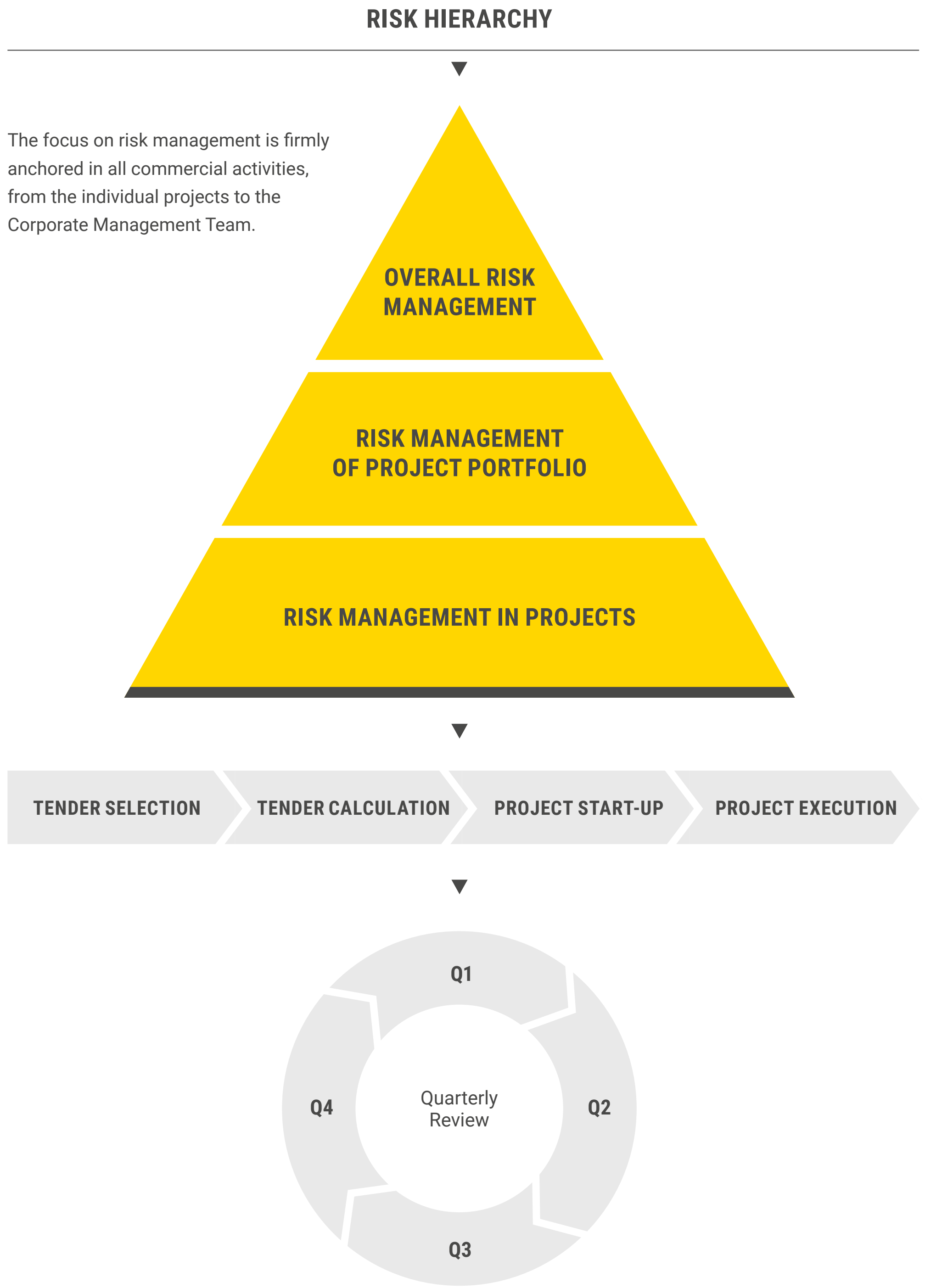
Targeted efforts have been made to adapt risk management to the various business units. Learning and information from previous risk assessments have been made available through a common digital platform and can be actively used in decisions and evaluations.

Risk management at the project level is the foundation of AF's risk work, and it starts already before a project tender is submitted. Various opportunities and threats associated with the project are discussed in the risk review, and various scenarios are considered for 5–10 predefined risk groups. This may, for example, include risk related to our capacity, our experience with the customer, contractual terms and conditions, climate and the environment and the extent to which the project is in accordance with our strategy and expertise. The aim is not to eliminate risk, but to identify, manage and price risk correctly. For tenders in excess of NOK 100 million, the Executive Vice President for the business area will participate in the risk review, and the Corporate Management Team must approve the tender before it is submitted. Tenders with a contract value in excess of NOK 600 million are also reviewed by the Board of Directors prior to submission.

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

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

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



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

STRATEGY TOWARDS 2028

AF's compass and course are clear and well-defined: we have the strongest teams that take on the most demanding jobs. By constantly seeking new challenges to grow and develop, we create competitiveness for the future.

At AF, we achieve our goals and firmly believe in the value of focused perseverance and a long-term strategy. We will continue to be ambitious. Safe and profitable project execution is more important than ever.

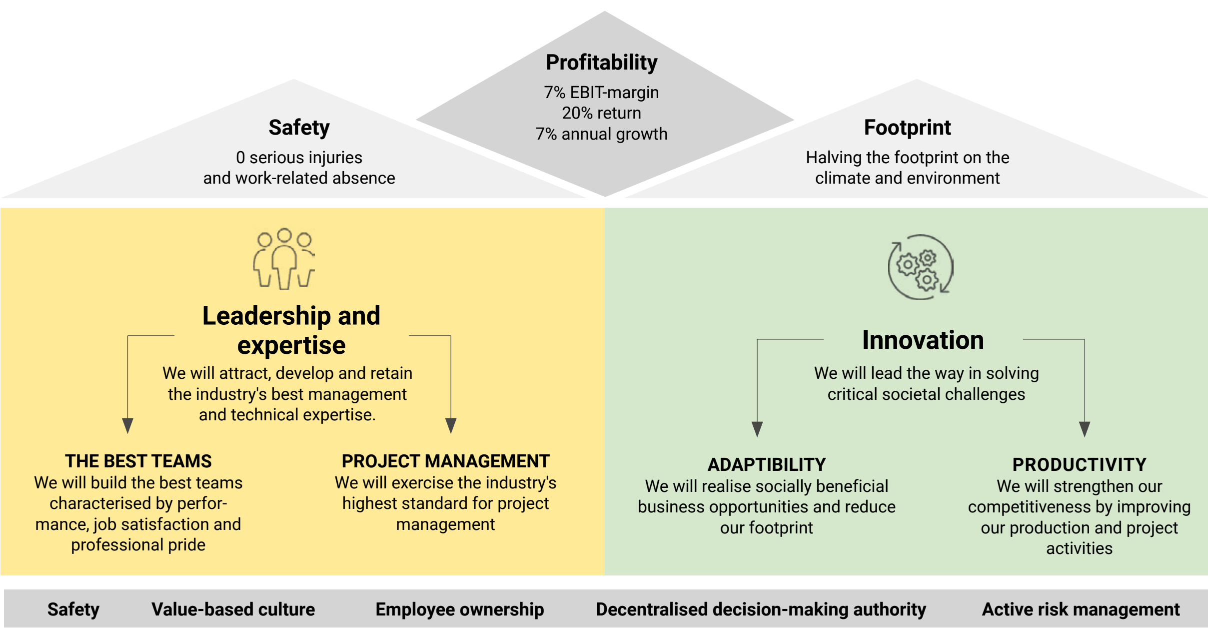
Uncertain times and turbulent markets will continue to affect our industry going forward, but first and foremost, we must look to our own performance to find the key to future value creation. Focus must be placed on what we can influence and control ourselves.

Increased demands, complexity and fiercer competition require us to continue steering our projects on a steady course toward greater profitability. AF does this with teams made up of the best people. We build teams that challenge the norm and think innovatively, find solutions and use expertise and an entrepreneurial spirit to push ahead even further. This creates strong performance, job satisfaction and professional pride.

The future will require us to adapt to the green shift and increase productivity. Our aim is to halve our carbon footprint and make the greatest impact where we are the best. AF will continue to win projects in our markets, and in order to offer the best solutions, we must have fact-based insight into our carbon footprint. AF must have the expertise to tackle important societal challenges, and the path to this goal requires the entire industry to work together with combined strength.

Exceptional project management, productivity and adaptability are about leadership and assembling the best teams. Together, we will continue to clear up the past and build for the future.

CLEARING UP THE PAST, BUILDING FOR THE FUTURE



MARKET FORCES

In the strategy towards 2028, we have assessed external drivers and market trends that influence our strategic priorities.

GLOBAL UNCERTAINTY

- Increased level of conflict in the world
- Projectionism, resource policy and trade war
- Simultaneous societal challenges – competition for funds regarding defence, healthcare, education and renewable energy
- Uncertainty in political priorities and project conditions
- Increased activity in cyberattacks and financial crime

▼

Strategic importance for AF Gruppen

- Effective project selection and strengthened contract management that seize opportunities
- Differentiated portfolio strategy for increased value creation and reduced vulnerability to market fluctuations
- Prioritise following key actors who drive investments in defence, healthcare, education and renewable energy in Norway and Sweden
- Secure or transfer risks that we cannot influence

COMPETITION FOR QUALIFIED RESOURCES

- Reduced labour migration
- An ageing population and declining population growth
- Declining productivity growth
- Shifting employee preferences that may impact the attractiveness between industries
- Competition between industries to attract the best talent and skills

▼

Strategic importance for AF Gruppen

- Strengthen loyalty in order to retain the right employees
- Ensure attractiveness for critical management and operational roles
- Focus on competence in leadership and strategically important areas of expertise
- Strengthened focus on our own skilled workers and expertise within the organisation

ECONOMIC CYCLES

- Growth in new construction from historically low levels – limited access to projects in the short term.
- Growth in infrastructure and transport
- Margin pressure due to activity levels, construction costs, sale prices and financing costs.
- The public sector is less exposed to economic cycles
- Urbanisation and centralisation continue
- Competition, bankruptcy and consolidation

▼

Strategic importance for AF Gruppen

- Balancing short-term and long-term considerations in adapting our organisational capacity
- Stay true to our own full cost structure
- Prioritise urban initiatives while maintaining mobility within the organisation in order to follow our clients
- The public sector is becoming more important in the customer mix, leading to different and increased demands on our project organisations
- Opportunities in the potential increased access to strong companies seeking a robust industrial owner

GREEN TRANSITION AND TECHNOLOGICAL PROGRESSS

- Regulatory requirements for sustainability across the entire value chain
- Uncertainty in the rate of development if clients are unable to calculate the benefits of green initiatives
- Energy transition, power shortages and scarcity of resources and materials
- Over time, carbon taxes will make low-emission solutions more cost-effective
- Declining productivity growth, rising construction costs and ambitious sustainability goals are driving technological advancements

▼

Strategic importance for AF Gruppen

- Strengthen the development of fact-based insights that enhance our knowledge
- Actively identify and offer alternative solutions to help meet our clients' goals in terms of time, cost, carbon footprint and quality
- Seek opportunities that create new business, competitiveness and profitability.
- Measuring and developing critical operations and core processes to improve our productivity and competitiveness

▼ THE BEST TEAMS ▼ PROJECT MANAGEMENT ▼ ADAPTABILITY ▼ PRODUCTIVITY

OUR STRATEGIC INITIATIVES

AF Gruppen has two strategic initiatives aimed at strengthening our ability to achieve our profitability, safety and carbon footprint targets.

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

THE BEST TEAMS
We will build the best teams characterised by performance, job satisfaction and professional pride

PROJECT MANAGEMENT
We will exercise the industry's highest standard for project management

ROBUST ORGANISATION AND GOOD MANAGERIAL CAPACITY

Through leadership development and internal recruitment, we will work systematically on building a robust organisation with sufficient managerial capacity. We will ensure good career planning and training within the organisation through goal-oriented and supportive leadership. AF systematically conducts succession planning and evaluation of managers and management teams, while facilitating internal mobility. We must ensure compliance with the core principles of our project operations and practice leadership that strengthens our ability to take risks.

TARGETED SKILLS DEVELOPMENT

AF will offer the best leadership development in the market for managers at all levels and develop the leading expertise in strategically important areas. We will systematically develop managerial and professional roles through training within the organisation, relevant competency initiatives, and arenas for knowledge sharing. Through the AF Academy, we will develop expertise that complements training within the organisation. It will be crucial to strengthen basic project management skills through systematic training in each unit.

STRONG CULTURE AND HIGH JOB SATISFATION

At AF, a set of shared core values is upheld, contributing to a distinct culture. We shall have an inclusive, safe and positive work environment that ensures motivation, job satisfaction and equal opportunities for all employees. We build the best teams that are characterised by performance, professional pride and job satisfaction. Our differences and diversity in skills, expertise, perspectives and experiences will be used as a foundation for development, innovation and competitiveness.

PREFERRED EMPLOYER

AF must ensure that we remain the preferred choice for our employees over time by strengthening our collaboration with prioritised educational institutions. We will ensure visibility in order to attract the best people and build pride within the team. AF will attract employees who want to contribute to value creation and position us as an attractive choice for prioritised target groups. We will continue working to ensure that AF Gruppen and the construction industry are attractive career choices regardless of gender.

The strategic initiative for leadership and expertise has seven measurable objectives that support the strategy:

SUPPORTING OBJECTIVES

Leadership and expertise
Prioritised strategic objectives that are essential for our ability to achieve the main goals.

High job satisfaction
ESS > 5

Specialist expertise
Proportion of craft certificates > 60%

Apprentices
Proportion > 7%

Employee development
At least one annual appraisal dialogue.

Skills development
Established and implemented a training programme for basic skills in project management at each unit.

Preferred employer
The industry's most attractive employer, regardless of gender, at prioritised target schools and study specialisations.

Increased proportion of women
The proportion of women recruited should reflect the recruitment base, and the relative promotion rate should be equal regardless of gender. Long-term goal: 40% women amongst salaried employees, 20% total.

AF'S CORE PRINCIPLES FOR PROJECT MANAGEMENT

Project selection
Correct project selection that prioritises profitability first

Customer relations
Prioritise customers with the greatest and long-term potential for increased mutual value creation.

Calculations
Team-based calculation and involvement of executive levels in calculation

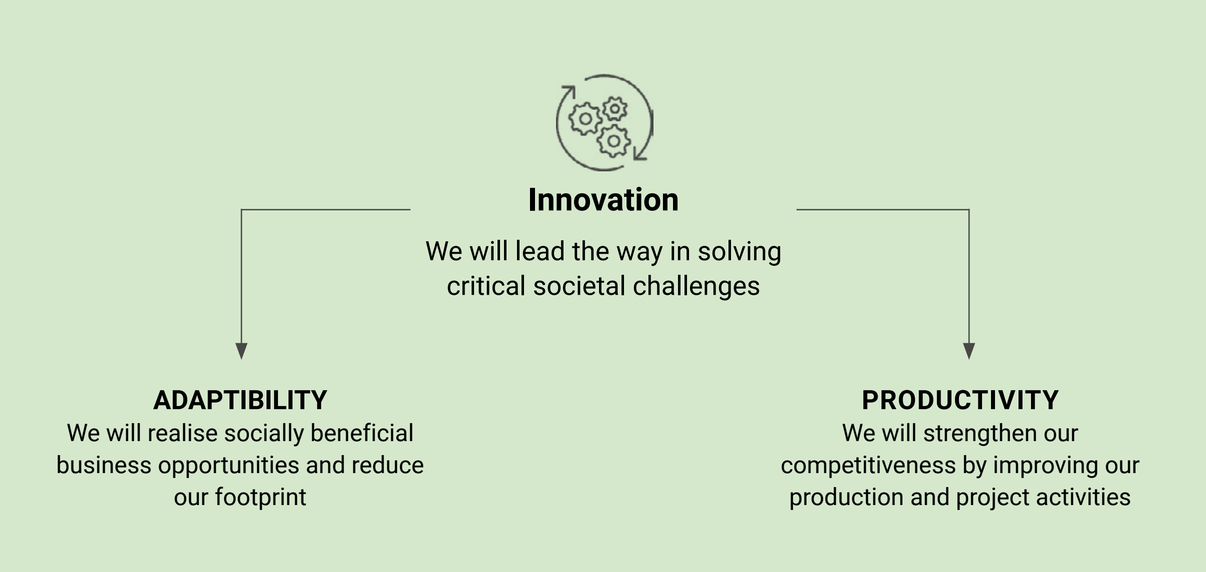
Project organisation
Correct and sufficient project organisation adapted to the nature of the project. Continuity in key roles and teams with a clear strategy during transitions

Planning
Early and adequate planning to ensure governance and proactivity

Procurement expertise
Ensure alignment between inquiries and project requirements, and make necessary interface clarifications.

Financial management
Reality-oriented financial monitoring and active risk management

Contract management
Professional contract and change management



BUSINESS OPPORTUNITIES
AF shall be the preferred partner through a strong understanding of customer needs and market development. We will actively identify and offer alternative solutions to help meet our customers' goals in terms of time, cost, carbon footprint and quality. AF must continue to seize commercial opportunities in unresolved customer needs both now and in the future. The Group will do this by identifying and investing in new business opportunities with the potential to become significant profitability drivers for the future AF Gruppen. At the same time, we will increase and create business that contributes to avoided emissions for other societal stakeholders.

EXPERTISE AND INSIGHT
AF will create fact-based insights into its own performance to ensure a better foundation for prioritisation and improvement, and utilise suppliers' expertise and data to optimise deliveries. We will actively acquire and attract relevant technological, climate and environmental expertise, while also participating in purposeful knowledge sharing between stakeholders and industries for skills enhancement and further development. Going forward, we will enhance our common understanding by strengthening networks and arenas for internal knowledge sharing, and leverage the breadth of expertise across AF Gruppen's business areas.

HALVE THE CARBON FOOTPRINT
To succeed with our goals, it is crucial to ensure that climate and environmental work is integrated into business activities and has ownership within the organisation. AF will work to offer economically viable solutions that reduce the carbon footprint by increasing our level of early involvement and influence. We will quantitatively measure and reduce greenhouse gas emissions in our own operations and value chains. We will also quantitatively measure and reduce our waste volumes, increase our material recycling rate, and contribute to better resource efficiency. We will continue to actively offer customers expertise and solutions that have a positive impact on the environment.

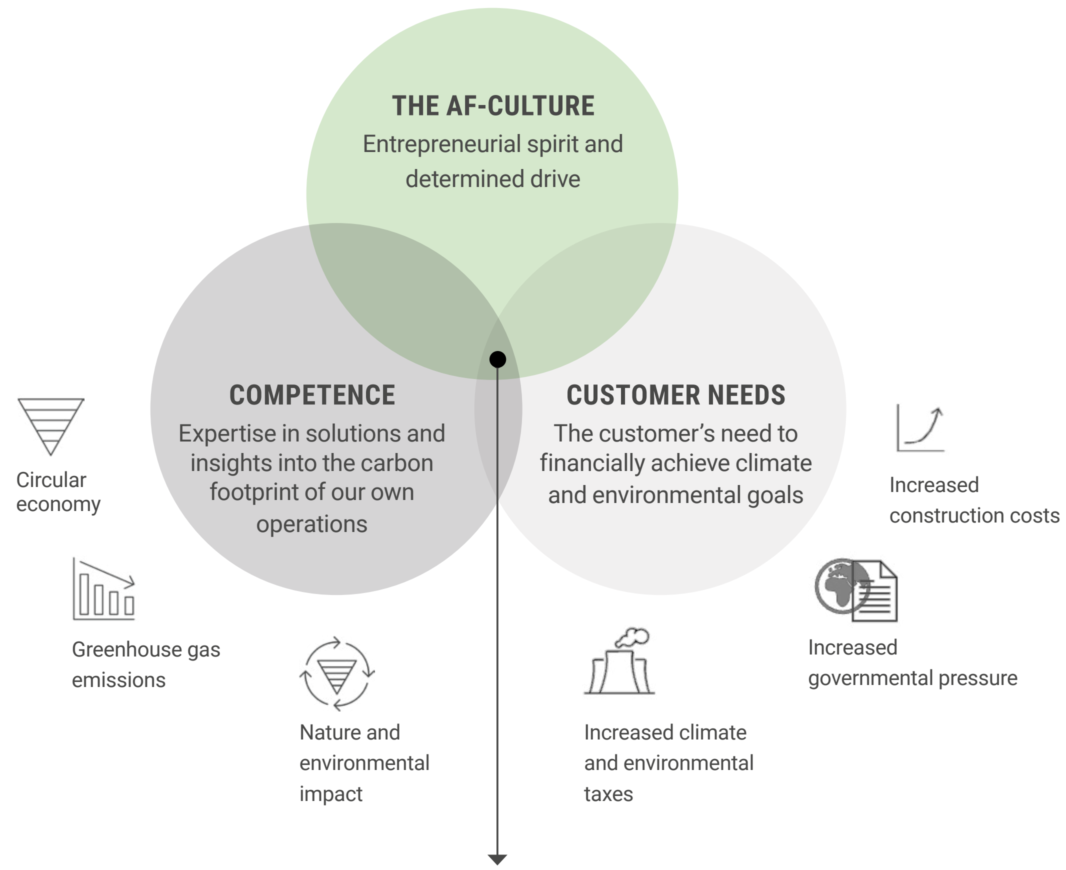
IMPROVE PRODUCTION AND PROJECT OPERATIONS
Our future aim is to strengthen our competitiveness through the improvement of core processes and critical operations with increased use of technology, better utilisation of data, and artificial intelligence. We will identify and realise gains through the industrialisation of existing operations. It will be crucial to ensure the right quality at the lowest possible cost and agreed time, and to plan the work thoroughly so as to get it right the first time. Through early involvement and influence, we aim to strengthen the design and planning in the projects we undertake. Clear prioritisation of innovation initiatives and ensuring ownership and follow-up will be key to success. AF shall be a learning organisation by evaluating and measuring ourselves, and seeking feedback from our partners.

The strategic innovation initiative has six measurable objectives that support the strategy:

SUPPORTING OBJECTIVES			
Innovation Prioritised strategic objectives that are essential for our ability to achieve the main goals.	**Productivity** • Each company shall define its key productivity and efficiency targets, measure progress, and work systematically to improve its target performance.	**Greenhouse gas emissions** • Halve total greenhouse gas emissions by 2030 [1)] • Halve emissions for scope 1 and 2 by 2028 [2)]	**Circular economy** • Halve the amount of waste sent for energy recovery or landfill by 2030 [3)] • Source separation rate > 80% • 70% of non-hazardous waste shall be prepared for reuse or material recycling [4)]

[1)] Halve scope 3 measured in CO_2 equivalents per million in revenue compared to the 2024 base year
[2)] Halve scope 1 and 2 measured in CO_2 equivalents compared to the 2020 base year
[3)] Measured in tonnes of waste per million in revenue compared to the 2023 base year
[4)] Measured as a percentage of total tonnes of waste

WE WILL MEET OUR CUSTOMERS' NEEDS FOR FINANCIALLY VIABLE SOLUTIONS THAT REDUCE THE CARBON FOOTPRINT



Socially beneficial business opportunities by understanding and meeting customer needs

MOVING E6 UNDERGROUND

The 2.8-kilometer Fåberg Tunnel is part of the new E6 between Storhove and Øyer in Innlandet. When the road opens and traffic is moved underground, the old E6 route will be restored to nature. The project will result in a net gain of 10 acres of cultivated land. AF Anlegg is building the new E6 in Innlandet for Nye Veier.

BUSINESS AREAS

BUSINESS AREAS

BUSINESS AREAS

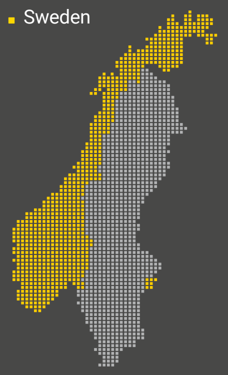
Inside the northbound tunnel, preparations are being made for loading explosives. The drilling rig has drilled more than 100 holes based on the tunnel's profile and the rock's characteristics. This blast will use over 1000 kilograms of explosives, which will make the tunnel 5.8 meters deeper.

BUSINESS AREAS IN AF GRUPPEN

OPERATIONAL STRUCTURE

CIVIL ENGINEERING

- Norway
- Sweden



AF Anlegg
AF Anläggning
JR Anlegg

Målselv Maskin & Transport

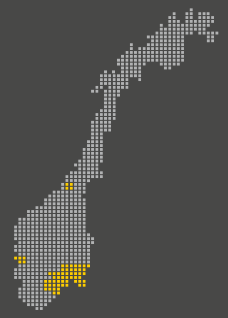
Stenseth & RS

Eiqon

VSP
Consolvo
Protector
Fjerby
Rakon

CONSTRUCTION

- Norway



AF Byggfornyelse

AF Bygg Oslo

AF Bygg Østfold

Haga & Berg
Haga & Berg Service
Haga & Berg Entreprenør
Oslo Brannsikring

Strøm Gundersen

Strøm Gundersen Vestfold

AF Håndverk
Thorendahl
Oslo Stillasutleie
Storo Blikkenslagerverksted
VD Vindu og Dør montasje
Lasse Holst
Kirkestuen
Betong & Tre

LAB Entreprenør

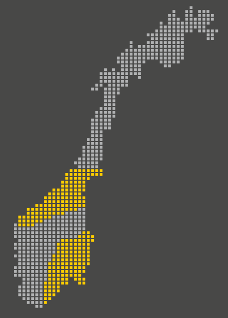
Helgesen Tekniske Bygg

Åsane Byggmesterforretning

Fundamentering

BETONMAST

- Norway



Betonmast Oslo

Betonmast Romerike

Betonmast Buskerud-Vestfold

Betonmast Boligbygg

Betonmast Trøndelag

Betonmast Røsand

Betonmast Innlandet

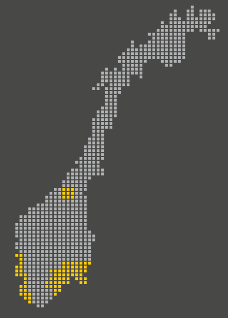
Betonmast Asker og Bærum

Betonmast Østfold

Betonmast Eiendom

PROPERTY

- Norway



AF Eiendom

LAB Eiendom

ENERGY AND ENVIRONMENT

- Norway

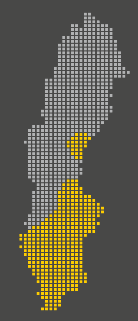
AF Decom
Jølsen Miljøpark
Rimol Miljøpark
Nes Miljøpark

AF Energi
AF Energija Baltic
Enaktiva
ETA Norge

Mepex

SWEDEN

- Sweden



Kanonaden
Kanonaden Entreprenad
Bergbolaget i Götaland
Kanonaden Mälardalen

AF Prefab i Mälardalen

AF Härnösand Byggreturer

AF Bygg Syd

HMB
HMB Construction
HMB Construction Örebro

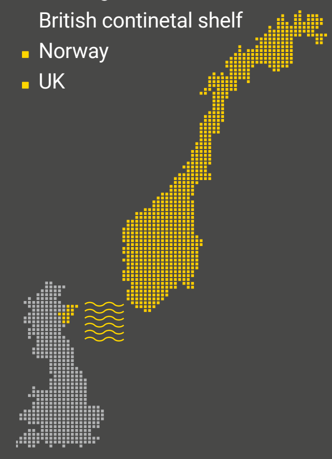
AF Projektutveckling

AF Bygg Öst

AF Bygg Väst

OFFSHORE

- Norwegian, Dutch and British continetal shelf
- Norway
- UK



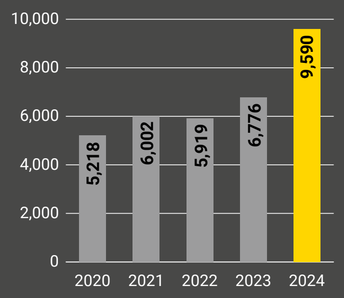
AF Offshore Decom
AF Environmental Base Vats

Aeron

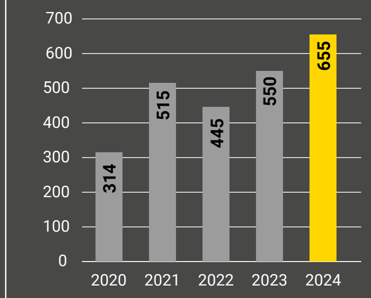
BUSINESS AREAS

CIVIL ENGINEERING

REVENUES NOK MILL.

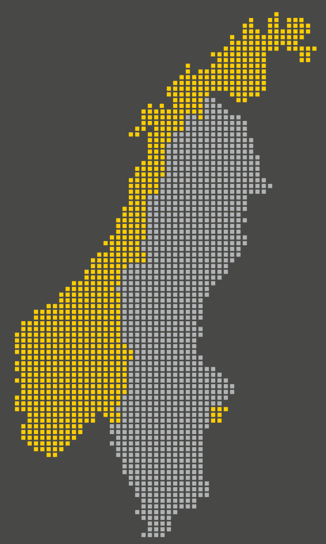


OPERATING PROFIT NOK MILL.



GEOGRAPHIC PRESENCE

- Norway
- Sweden

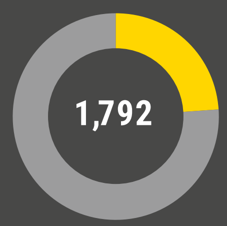


KEY FIGURES

NOK million	2024	2023	2022	2021	2020
Revenue	9,590	6,776	5,919	6,002	5,218
Operating profit (EBIT)	655	550	445	515	314
Earnings before tax (EBT)	723	572	440	510	292
Operating margin (%)	6.8	8.1	7.5	8.6	6.0
Profit margin (%)	7.5	8.4	7.4	8.5	5.6
Order backlog	16,433	18,140	15,368	6,878	7,319
Order intake	7,883	9,548	14,409	5,561	6,182

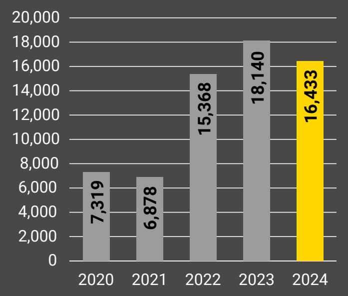
* Eiqon and Consolvo have been transferred from the Construction business area to the Civil Engineering business are with effect from 1 January 2021. Comparative figures have been restated.

EMPLOYEES



AF Gruppen 5,648

ORDER BACKLOG NOK MILL.



CIVIL ENGINEERING CONSISTS OF

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

BUSINESS AREAS

HIGH GROWTH AND STRONG RESULTS

Civil Engineering experienced record high activity in 2024 and delivered a strong result. There are several major projects in production, and the order backlog is strong.

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

BRIEF OVERVIEW OF THE YEAR

In 2024, Civil Engineering had a revenue of NOK 9,590 million (6,776 million). This represents growth of 42 per cent. Earnings before tax was NOK 723 million (572 million), which resulted in a profit margin for Civil Engineering activities of 7.5 per cent for 2024 compared to 8.4 per cent in 2023.

AF Anlegg experienced strong revenue growth compared to the previous year and delivered a good result in 2024. A solid project portfolio with several large projects in production contributed to the good result. The largest projects were the E6 Clean Water Tunnel in Oslo, the new water treatment plant at Huseby in Oslo, Bergtunnlar Lovö in Stockholm, the new airport in Mo i Rana, and E6 Storhove–Øyer.

Målselv Maskin & Transport, Stenseth & RS and VSP reported very good profitability for 2024. Eiqon had a weak result.

ORDER BACKLOG

In October 2022, AF Anlegg was awarded a collaborative contract by the City of Oslo to construct a new water treatment plant at Huseby in Oslo. The collaborative contract is part of the 'New Water Supply in Oslo' project, which aims to ensure residents have a fully reliable backup water supply by 2028. The contract is a collaborative contract in an alliance between the City of Oslo, represented by the Water and Sewage department, Multiconsult, and AF Gruppen. The main work is being carried out inside the tunnel facility, which will be blasted at Huseby in Oslo. AF's work includes concrete work, processing facilities, dosing and sludge plants, and electrical work. The first phase of the collaboration has included development, planning and engineering. In November 2024, AF entered into a contract for phase two of the collaborative contract, which includes detailed engineering and construction of the new water treatment plant. The work is ongoing with completion scheduled for the fourth quarter of 2027. AF Gruppen's share of the collaborative agreement has a total value of approximately NOK 7,600 million, excluding VAT.

Civil Engineering had an order intake of NOK 7,883 million (9,548 million) in 2024, and by the end of the year, the order backlog was NOK 16,433 million (18,140 million). After the end of the year, a major contract for the design and construction of E6 Roterud–Storhove has been announced on the stock exchange, valued at approximately NOK 6,350 million, excluding VAT. In February 2025, the Swedish Transport Administration terminated the contract with AF Anlegg for the Berg-tunnlar Lovö project in Stockholm. The remaining production value, which until the termination was included in the order backlog for the project, was approximately NOK 1,000 million, excluding VAT.

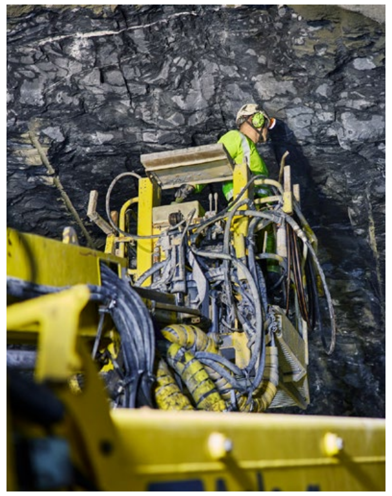
MARKET OUTLOOK

The civil engineering market in Norway is good and has traditionally been less sensitive to cyclical fluctuations, as public sector demand is the strongest driver behind investments in civil engineering. As of November 2024, Prognosesenteret expects a real growth of 3 per cent in the civil engineering market in Norway for both 2025 and 2026. A new NTP (National Transport Plan) was presented in March 2024 and indicates a shift from major investments to smaller investment initiatives, operations and maintenance in the years ahead. The 2025 national budget has allocated NOK 95.2 billion for purposes under the NTP.

As of November 2024, Prognosesenteret estimates that the Norwegian civil engineering market amounted to NOK 144.3 billion in 2024, of which civil engineering investments amounted to NOK 88.3 billion and operation and maintenance amounted to NOK 56.0 billion. Prognosesenteret expects growth in 2025 and 2026 to be driven by civil engineering investments. The greatest contribution in production value is expected from road projects and municipal engineering projects.

CIVIL ENGINEERING

SELECTED PROJECTS



GROUNDWORK ON RING 1

Ring 1 between Oslo Spektrum and the Pilestredet/St. Olavsgate intersection is being upgraded and secured against terrorism in connection with the construction of the new government quarter. The stretch includes Vaterland Tunnel and Hammersborg Tunnel. JR Anlegg has been awarded the contract to lower parts of Hammersborg Tunnel by eight meters. The work includes rock excavation, injection, and rock reinforcement.

BUSINESS UNIT: AF ANLEGG
CLIENT: VEIDEKKE
COMPLETION: 2027
CONTRACT VALUE: NOK 96 MILLION, EXCLUDING VAT.

CABLE TUNNEL SOGN-ULVEN

AF Anlegg is building a 6.6-kilometre tunnel between Sogn and Ulven in Oslo. The total length of the tunnel system is in excess of 7.5 km. Two sets of 420 kV power cables will be installed in the completed tunnel. The project is one of several initiatives to renew and strengthen the power grid around the capital, meeting future requirements regarding supply security, urban development and environmental solutions.

BUSINESS UNIT: AF ANLEGG
CLIENT: STATNETT
COMPLETION: 2029
CONTRACT VALUE: NOK 1,800 MILLION, EXCLUDING VAT.

CONCRETE WORK AT THE MUSEUM OF THE VIKING AGE

At Bygdøy in Oslo, a new museum is being built to house the world's best-preserved Viking ships. The Museum of the Viking Age aims to ensure that the public and future generations have access to cultural-historical knowledge and understanding of the Viking Age. Stenseth & RS are conducting the concrete work at the museum. In many areas, exposed concrete surfaces will be visible in the finished building, requiring special attention in the choice of method and execution of the casting.

BUSINESS UNIT: STENSETH & RS
CLIENT: AF BYGGFORNYELSE/STATSBYGG
COMPLETION: 2027
CONTRACT VALUE: NOK 170 MILLION EXCLUDING VAT.

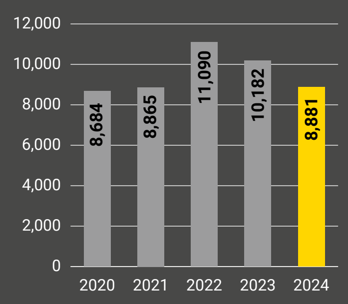
RENOVATION OF VÆRLEBRYGGA

Værlebrygga in Moss is part of the quay facility used for the Moss-Horten ferry connection. Consolvo has renovated the concrete on the underside of the quay. The project involved removing damaged concrete, installing cathodic protection, and applying new sprayed concrete. The work was carried out under challenging conditions, requiring high standards of HSE, expertise and collaboration.

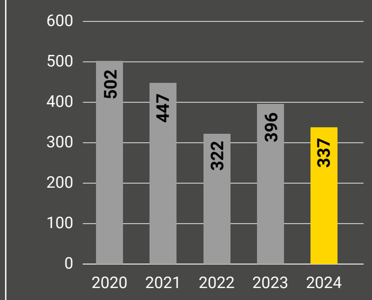
BUSINESS UNIT: VSP
CLIENT: MOSS HAVN
COMPLETION: 2024
CONTRACT VALUE: NOK 22 MILLION EXCLUDING VAT.

CONSTRUCTION

REVENUES NOK MILL.

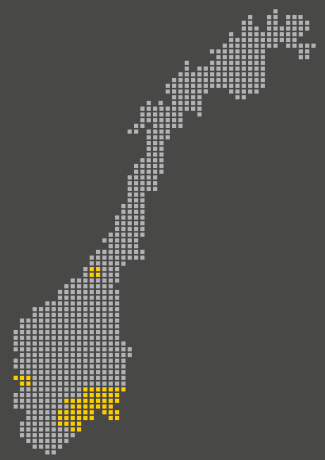


OPERATING PROFIT NOK MILL.



GEOGRAPHIC PRESENCE

- Norway

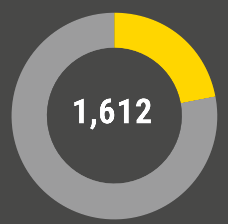


KEY FIGURES

NOK million	2024	2023	2022	2021	2020
Revenue	8,881	10,182	11,090	8,865	8,684
Operating profit (EBIT)	337	396	322	447	502
Earnings before tax (EBT)	351	378	318	450	513
Operating margin (%)	3.8	3.9	2.9	5.0	5.8
Profit margin (%)	4.0	3.7	2.9	5.1	5.9
Order backlog	11,132	9,464	10,045	13,549	9,674
Order intake	10,548	9,601	7,586	12,739	9,243

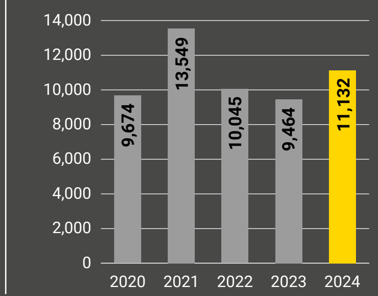
* Eiqon and Consolvo have been transferred from the Construction business area to the Civil Engineering business are with effect from 1 January 2021. Comparative figures have been restated.

EMPLOYEES



AF Gruppen 5,648

ORDER BACKLOG NOK MILL.



CONSTRUCTION CONSISTS OF

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

BETTER PROFITABILITY

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

AF provides contracting services for residential, public and commercial buildings. Services range from engineering design to new construction and renovation of existing buildings. AF collaborates closely with clients to find effective and innovative solutions suitable for their needs. Construction encompasses the Norwegian building activities except for Betonmast, and is mainly located in Eastern Norway and the Bergen region.

BRIEF OVERVIEW OF THE YEAR

The Construction business area had a revenue of NOK 8,881 million (10,182 million) in 2024 and earnings before tax (EBT) of NOK 351 million (378 million). This resulted in a profit margin of 4.0 per cent (3.7 per cent) for the year.

The Construction business area had a reduced activity level in 2024, with a 13 per cent reduction in revenue compared to 2023. Variance in performances at the project and business unit levels collectively resulted in an operating margin that was below AF Gruppen's margin requirements and goals.

AF Bygg Østfold, Haga & Berg, Strøm Gundersen and Åsane Byggmesterforretning distinguished themselves with excellent profitability in 2024. AF Byggfornyelse, Strøm Gundersen Vestfold and HTB delivered good results. AF Bygg Oslo delivered results slightly below expectations, while AF Håndverk, LAB Entreprenør and FAS had weak results in 2024.

ORDER BACKLOG

20 new contracts were reported to the stock exchange in 2024. The largest contract entered into was the Diakonhjemmet Campus project in Oslo with a value of approximately NOK 1,400 million, excluding VAT. The turnkey contract includes a new upper secondary school for health and childhood education programmes, the VID Specialized University, and a shared basement for both schools, including a large multi-purpose hall. The school buildings have a total gross area of approximately 26,000 sqm. The project also includes a platform for the new metro station, external technical infrastructure, and the demolition of the north wing of Diakonhjemmet 14. The project has very high environmental ambitions. AF Bygg Oslo has also entered into an agreement with KLP Eiendom for the construction of the Nora residential project at Bislett in Oslo. The turnkey contract has a value of NOK 906 million excluding VAT. The project includes the demolition of existing buildings and the construction of 165 apartments, as well as an underground parking garage and commercial spaces.

LAB Entreprenør has signed a contract with OBOS Nye Hjem for the construction of a new apartment project along the waterfront at Nøstet in Bergen city centre. The project consists of three apartment buildings with an underground garage and includes the development of outdoor areas and a new quay promenade. The contract is a turnkey contract with a value of NOK 428 million, excluding VAT.

The Construction business area had an order intake of NOK 10,548 million (9,601 million) in 2024, and by the end of the year, the order backlog was NOK 11,132 million (9,464 million).

MARKET OUTLOOK

As of November 2024, Prognosesenteret estimates that the construction market in Norway amounted to NOK 394.9 billion in 2024, a reduction of 6 per cent compared with 2023. Prognosesenteret estimates a 7 per cent increase in production value in 2025 and a 5 per cent increase in 2026. The upward adjustment in 2025 and 2026 is primarily linked to two new hospital buildings in Oslo, as well as expected interest rate cuts and a stabilisation of construction costs. In 2025, strong growth of 14 per cent is expected across the entire country regarding new residential and commercial buildings, while Renovation, Conversion, and Extension (ROT) are expected to see moderate growth of 2 per cent.

Prognosesenteret estimates that the number of commenced residential units in Norway was 21,500 in 2024, an increase of around 9 per cent compared to 2023. The number of commenced residential units is expected to increase further in 2025 and 2026, to approximately 24,500 and 27,000, respectively. Prognosesenteret's estimates for commenced residential units are based on statistics regarding the number of start permits. The market sentiment is resulting in greater uncertainty regarding the estimates for started residential units.

The development in the costs of materials and shipping has been a significant source of uncertainty in recent years. According to Statistics Norway's construction cost index for residential buildings, the prices of several materials increased throughout 2024, following a relatively flat development in 2023. Timber, reinforcement steel, and concrete experienced particularly high price increases of 11, 8, and 6 per cent, respectively.

CONSTRUCTION

SELECTED PROJECTS

DRONNING MAUDS GATE 15

The office building in Vika, Oslo has been renovated in two phases. The first phase of the project involved renovation of the facade, demolition work and major constructive changes. A glass roof was then installed over the courtyard, and a new interior facade was built facing the courtyard, along with furnishings and new constructions in the courtyard. The work was carried out while the building was almost fully operational and in close dialogue with the Cultural Heritage Management Office in Oslo.

BUSINESS UNIT: AF BYGGFORNYELSE
CLIENT: MALLING & CO/SAMEIET DRONNING MAUDS GATE 15 AND NORDEA LIV EIENDOM AS
COMPLETION: 2024
CONTRACT VALUE: NOK 130 MILLION EXCLUDING VAT (STEP 2)

STORØYKILEN

The residential project is located at Fornebu and is just a short distance to the fjord and Nansenparken. The high quality homes are surrounded by beautiful courtyards and a charming square provide space for both activities and relaxation. AF Bygg Oslo is now starting the construction of Storøykilen kvartal 4, which consists of 90 residential units spread across three apartment buildings with a shared basement and site-adapted outdoor areas.

BUSINESS UNIT: AF BYGG OSLO
CLIENT: STORØYKILEN UTVIKLING
COMPLETION: 2026
CONTRACT VALUE: NOK 340 MILLION EXCLUDING VAT (FOURTH QUARTER)

OS SCHOOL AND SPORTS FACILITIES

The project involved renovation and new construction at Os School in Halden. The existing school building from 1914 has been incorporated and renovated based on conservation principles. In addition, an extension, a new amphitheatre and specialised rooms have been built. The sports arena, with a handball arena and a basic gymnasium for gymnastics, is partially recessed into the terrain. A new schoolyard and outdoor facilities have also been established where parts of the roof surfaces have been used.

BUSINESS UNIT: AF BYGG ØSTFOLD
CLIENT: HALDEN MUNICIPALITY
COMPLETION: 2024
CONTRACT VALUE: NOK 493 MILLION EXCLUDING VAT.

FJELDVIG

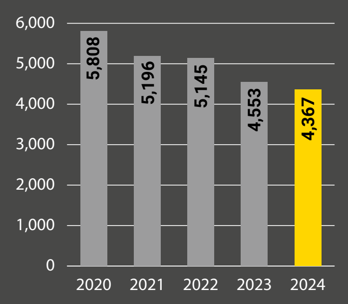
The residents of the Fjeldvig apartment project in Sandefjord can look forward to high-quality homes with a view of the city's harbour. The architecture is inspired by the ships passing on the fjord. The apartment buildings are varying heights, ranging from 5 to 6 floors plus a basement, and consist of 27 spacious apartments with an underground parking garage and a beautifully landscaped outdoor area.

BUSINESS UNIT: STRØM GUNDERSEN VESTFOLD
CLIENT: FJELDVIG BOLIG AS
COMPLETION: 2024
CONTRACT VALUE: NOK 133 MILLION EXCLUDING VAT.

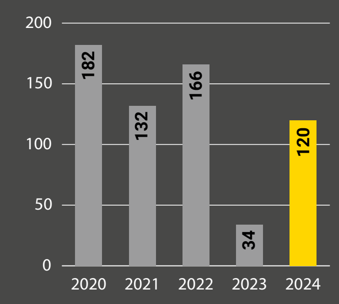
BUSINESS AREAS

BETONMAST

REVENUES NOK MILL.

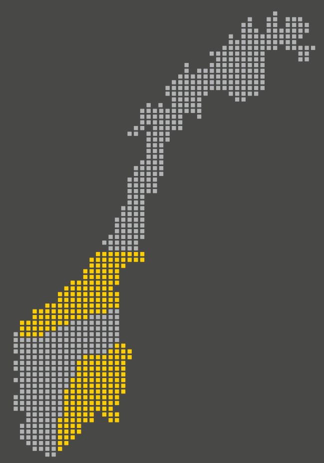


OPERATING PROFIT NOK MILL.



GEOGRAPHIC PRESENCE

- Norway

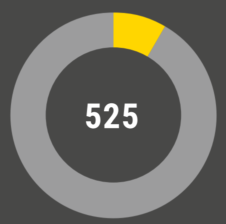


KEY FIGURES

NOK million	2024	2023	2022	2021*	2020*
Revenue	4,367	4,553	5,145	5,196	5,808
Operating profit (EBIT)	120	34	166	132	182
Earnings before tax (EBT)	163	58	174	111	173
Operating margin (%)	2.8	0.7	3.2	2.5	3.1
Profit margin (%)	3.7	1.3	3.4	2.1	3.0
Order backlog	4,831	6,203	4,415	7,054	5,715
Order intake	2,996	6,341	2,506	6,535	5,823

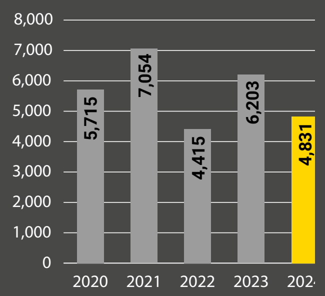
* Betonmast Sweden was transferred from the Betonmast business area to the Sweden business area with effect from 1 January 2022. Comparative figures have been restated.

EMPLOYEES



AF Gruppen 5,648

ORDER BACKLOG NOK MILL.



BETONMAST CONSISTS OF

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

IMPROVED RESULTS

Betonmast improved profitability and results compared to the previous year. Varying performances across the units resulted in a combined result below the margin requirements in 2024.

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

BRIEF OVERVIEW OF THE YEAR

Betonmast had a revenue of NOK 4,367 million (4,553 million) in 2024 and earnings before tax (EBT) of NOK 163 million (58 million). This resulted in a profit margin of 3.7 per cent (1.3 per cent) for the year.

Activity levels decreased by 4 per cent compared to the previous year and profitability was below the margin requirement. The performances of the units varied greatly in 2024. Betonmast Asker og Bærum and Betonmast Østfold delivered very good results. Betonmast Oslo, Betonmast Romerike, Betonmast Buskerud-Vestfold, Betonmast Røsand and Betonmast Innlandet delivered good results. Betonmast Boligbygg and Betonmast Trøndelag reported weak results in 2024.

By the end of 2024, Betonmast Eiendom had one property project with four units under construction. The unit reported weak results for the year.

ORDER BACKLOG

Through 2024 Betonmast has announced nine new contracts on the stock exchange, three of which involve the construction and renovation of schools. Betonmast Østfold signed a renovation and extension contract with Indre Østfold Municipality for Hovin Primary School at Spydeberg in Østfold. This is a collaborative contract valued at approximately NOK 250 million, excluding VAT. Betonmast Romerike and Betonmast Asker og Bærum have signed contracts for the renovation of Sten-Tærud School and Rud Upper Secondary School, respectively. The contracts have a combined value of NOK 365 million, excluding VAT.

During the year, Betonmast Boligbygg has entered into a contract with Moerveien AS for the construction of 141 apartments in Ås town centre. The turnkey contract has a value of approximately NOK 400 million excluding VAT. Betonmast Buskerud-Vestfold has signed a contract with Folksom and Coop Norge Eiendom for the construction of apartments and commercial premises in Tønsberg. The Tolvsrød Square project consists of 42 apartments and commercial spaces, with a total development area of approximately 9,400 m². The contract will be carried out as a turnkey contract and is worth NOK 237 million, excluding VAT.

Betonmast had an order intake of NOK 2,996 million (6,341 million) in 2024, and by the end of the year, the order reserve stood at NOK 4,831 million (6,203 million).

MARKET OUTLOOK

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

BETONMAST

SELECTED PROJECTS

EDVARD MUNCH UPPER SECONDARY SCHOOL

The project includes the expansion of Edvard Munch Upper Secondary School in Oslo into the premises of the former Museum of Decorative Arts and Design. The project involves the renovation and conversion of a total of 11,600 square metres of gross floor area (GFA), including 6,600 square metres in the Museum of Decorative Arts and Design – a protected building from 1903. The school is designed to accommodate 1,230 pupils.

BUSINESS UNIT: BETONMAST OSLO
CLIENT: OSLOBYGG KF
COMPLETION: 2026
CONTRACT VALUE: NOK 620 MILLION, EXCLUDING VAT

SOFIEMYR SCHOOL

The new Sofiemyr School in Nordre Follo Municipality is being designed as a four-stream primary school with space for 784 pupils and 100 staff members. The total building area is 8,200 square metres. The school is being built to Passive House standards and aims to achieve at least a 35 per cent reduction in greenhouse gas emissions compared to a TEK 17 building. The goal is to achieve BREEAM Excellent certification.

BUSINESS UNIT: BETONMAST ØSTFOLD
CLIENT: NORDRE FOLLO MUNICIPALITY
COMPLETION: 2025
CONTRACT VALUE: NOK 210 MILLION EXCLUDING VAT.

VISION

In the maritime environment of Horten, Vision is being built as a combined industrial and office building. The lessee is Kongsberg Gruppen, which will consolidate its operations in an efficient and sustainable building. The project will be certified according to BREEAM-NOR 6.0 Very Good and energy class A. The total gross area is approximately 45,000 square metres.

BUSINESS UNIT: BETONMAST BUSKERUD-VESTFOLD
CLIENT: HORTEN INDUSTRIPARK
COMPLETION: 2026
CONTRACT VALUE: NOK 840 MILLION EXCLUDING VAT

KLOSTERGATA 56

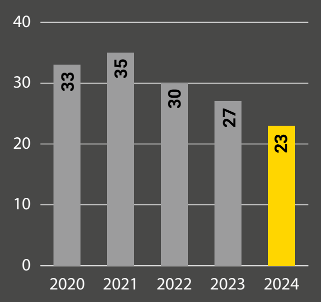
In the central area of Øya in Trondheim, 108 student apartments are being built for the Student Welfare Organisation. The project consists of a single building with a total usable area of approximately 3,200 square metres. In addition, the project includes the demolition of existing buildings and the development of outdoor areas. The building will house a large shared accommodation, dormitory, and a separate wing with studio apartments and two-bedroom apartments.

BUSINESS UNIT: BETONMAST TRØNDELAG
CLIENT: SIT
COMPLETION: 2025
CONTRACT VALUE: NOK 135 MILLION EXCLUDING VAT

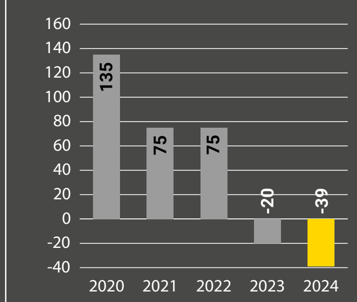
BUSINESS AREAS

PROPERTY

REVENUES NOK MILL.

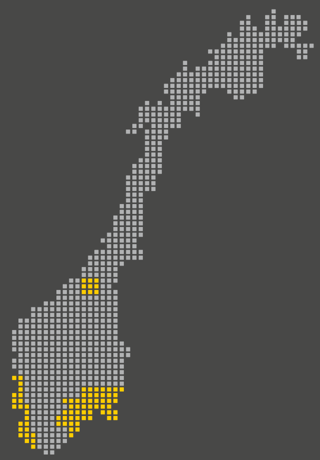


OPERATING PROFIT NOK MILL.



GEOGRAPHIC PRESENCE

- Norway



KEY FIGURES

NOK million	2024	2023	2022	2021	2020
Revenue	23	27	30	35	33
Operating profit (EBIT)	-39	-20	75	75	135
Earnings before tax (EBT)	-25	-8	82	76	132
Capital employed	846	818	654	703	844

EMPLOYEES

AF Gruppen 5,648

PROPERTY CONSISTS OF

- AF Eiendom
- LAB Eiendom

LOW RESIDENTIAL SALES AND WEAK RESULTS

The Property business area had a weak result in 2024, mainly due to high interest rates and continued low residence sales.

AF develops, designs and carries out residential and commercial projects in Norway, and activities take place in geographical areas where AF has its own production capacity. AF works closely with other industry actors, and property development projects are generally structured as associated companies and joint ventures. The Property business area consists of two operating units, AF Eiendom and LAB Eiendom, locally established in Greater Oslo and the Bergen region respectively.

BRIEF OVERVIEW OF THE YEAR

The Property unit reported earnings before tax of NOK -25 million (-8 million) in 2024. The negative result is mainly due to low activity and high interest rates.

AF Eiendom completed the purchase of the property at Ullevålsveien 114 in Oslo at the beginning of the year, with outline planning permission for the construction of approximately 80 residential units in addition to commercial spaces on the ground floor. Before the end of the year, AF Eiendom sold its share of the Bekkestua Have housing project to Gjelsten Bolig AS. All of the residential units in the project were sold, and most delivered at the time of the transaction. In December, LAB Eiendom sold its share of the commercial building Baneveien 16 in Bergen to EGD Property AS. The transactions did not have a significant impact on the result.

A market sentiment characterised by uncertainty and high interest rates continues to contribute to low residential sales with 89 (53) sales contracts signed for the year. AF's share was 40 (24). A total of 578 (172) residential units were handed over in 2024, of which AF's share was 277 (85). Rolvsrud Arena in Lørenskog was the only housing project under construction at the end of 2024, with 194 units in production. AF's share was 65 units, and the sales rate in the project was 49 per cent at the end of the year. A total of 90 (12) completed, unsold homes were available at the end of the year, of which AF's share was 42 (6).

At the turn of the year, AF had a development portfolio in Norway estimated at 1,464 (1,629) residential units. AF's share of this was 742 (813) residential units. In addition, AF has ownership interests in 98,849 (73,407) GFA sqm of commercial property under development, of which AF's share is 52,120 (36,524) GFA sqm. The majority of our portfolio is located in Greater Oslo and Bergen.

MARKET OUTLOOK

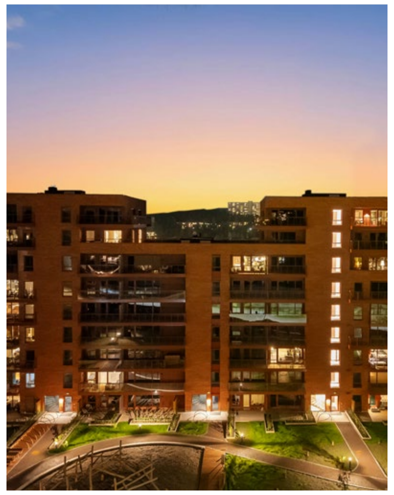
Figures from Eiendom Norge show that nationwide residential prices increased by 6 per cent in 2024. For 2025, Eiendom Norge estimates a nominal price growth of 10 per cent nationwide. The largest growth is expected in the cities of Oslo, Bergen and Stavanger.

Norges Bank decided at its March 2025 interest rate meeting to keep the policy rate unchanged at 4.5 per cent. The forecast for the policy rate has been revised from the previous monetary policy report and now indicates that rate cuts will be postponed. Norges Bank still estimates that the policy rate most likely will be reduced during 2025.

High interest rates and construction costs are putting pressure on the profitability of property development projects and affects the demand for investments in new projects. Prognosesenteret expects the number of units in commenced housing projects to increase by 14 per cent in 2025 and 10 per cent in 2026. Prognosesenteret's estimates for started residential units are based on statistics regarding the number of start permits. The market sentiment is resulting in greater uncertainty regarding the estimates for started residential units.

PROPERTY

SELECTED PROJECTS



ROLVSRUD ARENA

This project in Lørenskog comprises 289 apartments spread across five apartment buildings. It also involves approximately 1,100 square metres of commercial premises at street level and an underground car park. The homes are being constructed in line with stringent environmental requirements and certified in accordance with BREEAM-NOR Very Good. The area surrounding Rolvsrud Arena is being revitalised and is part of an extensive development in the centre of Lørenskog.

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

FAGERBLOM

Fagerblom is a residential project with 82 apartments, centrally located between Ullevål and Majorstuen. The building's ground floor will feature 500 square metres of service and commercial spaces. The building will be well integrated with the surrounding development and will feature a green oasis on the roof, serving as both a recreational area and a gathering place for the residents. The project is being developed together with Usbl.

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

BEKKESTUA HAVE

A new small district has been developed in the heart of Bekkestua in Bærum. Existing residential and commercial buildings have been demolished and replaced with 229 new homes. A vibrant street-level environment has been created, featuring spaces for retail and dining. At the centre of the new park, a building will be preserved as a cultural heritage site, surrounded by a large, publicly accessible green space.

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

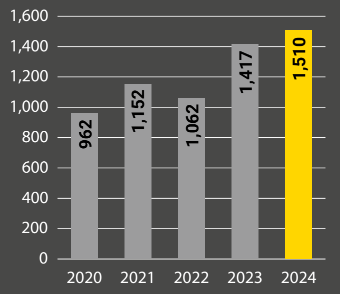
MIDT

The residential project consists of 295 apartments spread across five blocks, reaching up to nine stories high. The apartments are centrally located at Skårersletta, Lørenskog's new main street, featuring shops, residential buildings and service facilities. MIDT is environmentally certified as BREEAM-NOR Very Good. The final phase of the project was handed over in November 2024.

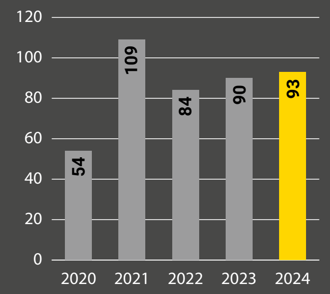
BUSINESS UNIT: AF EIENDOM
CONTRACTOR: AF BYGG OSLO
COMPLETION: 2024
OWNERSHIP STAKE: 50%

ENERGY AND ENVIRONMENT

REVENUES NOK MILL.

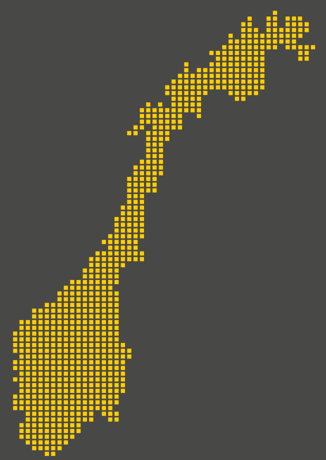


OPERATING PROFIT NOK MILL.



GEOGRAPHIC PRESENCE

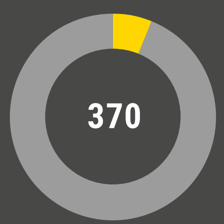
- Norway



KEY FIGURES

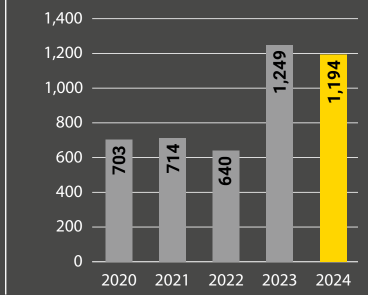
NOK million	2024	2023	2022	2021	2020
Revenue	1,510	1,417	1,062	1,152	962
Operating profit (EBIT)	93	90	84	109	54
Earnings before tax (EBT)	90	96	82	107	52
Operating margin (%)	6.2	6.3	7.9	9.4	5.6
Profit margin (%)	5.9	6.8	7.7	9.3	5.5
Order backlog	1,194	1,249	640	714	703
Order intake	1,455	2,027	987	1,162	1,294

EMPLOYEES



AF Gruppen 5,648

ORDER BACKLOG NOK MILL.



ENERGY AND ENVIRONMENT CONSISTS OF

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

GROWTH AND GOOD PROFITABILITY

The Energy and Environment business area saw a revenue growth of 7 per cent compared to 2023 and delivered a strong result.

AF offers energy-efficient solutions for buildings and industry and is a leading actor in environmental clean-up, demolition and recycling. Contaminated materials are sorted, decontaminated and recycled at AF's environmental centres Rimol, Jølsen and Nes.

The Energy and Environment business area provides energy-saving and environmentally friendly services, including the construction of energy plants and heating systems, environmental clean-up, demolition and material recycling services, as well as recycling of contaminated materials. The business area has leading expertise in consulting on circular economy, waste management and material recycling.

BRIEF OVERVIEW OF THE YEAR

The Energy and Environment business area reported revenues of NOK 1,510 million (1,417 million) and earnings before tax of NOK 90 million (96 million) in 2024. This resulted in a profit margin of 5.9 per cent, compared to 6.8 per cent in 2023.

AF Energi significantly increased its revenue compared to the previous year and delivered a very good result for the year. AF Energi is also working on several major projects that are contributing to high levels of activity. Through Enaktiva, the unit has developed a model for co-ownership of energy plants that they design, construct and operate themselves.

AF Energi completed the acquisition of ETA Norge AS in May. ETA is a bioenergy contractor that supplies heating systems for agriculture and industry. Bioenergy represents an addition to AF Gruppen's services within alternative energy solutions, supporting the phase-out of fossil fuels.

AF Decom experienced slightly reduced activity levels in 2024. Lower demolition activity due to a low number of commencements in the new construction market has been partially offset by increased activity in rigging and operations.

The environmental centres had an increased activity level, mainly as a result of increased reception of contaminated masses from the construction market. AF Decom delivered a good result in 2024.

ORDER BACKLOG

The Energy and Environment unit announced two contracts on the stock exchange during 2024. AF Decom was chosen as contractor by the South-Eastern Norway Regional Health Authority for the construction of temporary office and accommodation facilities at the New Rikshospitalet (Oslo University Hospital) at Gaustad in Oslo. The project includes the setup, operation and dismantling of office, dining and changing units. The contract has an estimated value of NOK 129 million, excluding VAT. AF Decom was selected by the South-Eastern Norway Regional Health Authority as the contractor for the shared contractor facilities at the Nye Aker Hospital. The project involves the delivery, assembly, operation, maintenance and dismantling of contractor facilities in connection with the Nye Aker Hospital. The contract has an estimated value of NOK 120 million, excluding VAT.

The Energy and Environment business area's order intake in 2024 totalled NOK 1,455 million (2,027 million), and at the end of the year, its order reserve was NOK 1,194 million (1,249 million).

MARKET OUTLOOK

The demand for energy and environmentally-related services is good. The Norwegian authorities have set ambitious targets for reducing energy consumption in new and existing buildings by 2030. Significant grants for energy efficiency improvements in buildings in the 2025 national budget, along with stricter environmental requirements for buildings, will provide excellent opportunities for AF Energi in relation to energy efficiency projects.

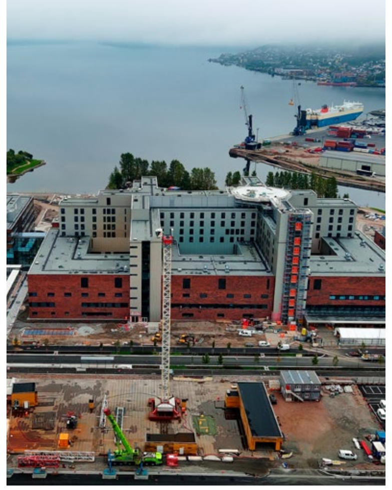
High electricity prices contribute positively to investments in energy efficiency measures for both industry and private individuals. At the same time, any decisions regarding fixed prices for private individuals could have a dampening effect on incentives for energy efficiency. Through the acquisition of ETA Norge AS, AF Energi now has a broader range of services, providing a solid foundation for future growth. The market for the development of energy plants is influenced by activity in the newbuild market, which is expected to grow in the coming years.

The business area's activity in demolition and material recycling services is closely linked to the construction and civil engineering market, where the level of new construction commencements will affect demand. In November, Prognosesenteret expected that the number of commencements for new residential units will increase by 14 per cent in 2025 and 10 per cent in 2026. In addition, the demand for demolition and material recycling services will be influenced by activity in the civil engineering market, where Prognosesenteret estimates a real growth of 2.5 per cent in 2025 and 2.8 per cent in 2026.

BUSINESS AREAS

ENERGY AND ENVIRONMENT

SELECTED PROJECTS



ENERGY PLANTS AT THE NEW DRAMMEN HOSPITAL

The new hospital in Drammen will open in 2025. AF Energi will provide heating and cooling to the central building, as well as a snow melting system designed to keep 7,830 square metres of the hospital site free from ice and snow. The helicopter landing pad on the roof will also have heating loops from AF Energi. This system will keep the landing pad ice-free throughout the winter.

BUSINESS UNIT: AF ENERGI
CLIENT: SOUTH-EASTERN NORWAY REGIONAL HEALTH AUTHORITY
COMPLETION: 2025
CONTRACT VALUE: NOK 200 MILLION, EXCLUSIVE VAT

DEMOLITION OF FREDRIK SELMERS VEI 12

AF Decom was commissioned to demolish the commercial building in Fredrik Selmers vei 2 at Helsfyr in Oslo. During the demolition, items such as LED lamps, toilets and carpet tiles were salvaged for reuse. 40 per cent of the bricks from the facade were recycled, while the remaining bricks were crushed and used as a base for green roofs.

BUSINESS UNIT: AF DECOM
CLIENT: HENT AS
COMPLETION: 2024
CONTRACT VALUE: NOK 9.5 MILLION, EXCLUDING VAT

ENERGY PLANTS AND COOLING DISTRIBUTION TO THE OSLO UNIVERSITY HOSPITAL, RADIUMHOSPITALET

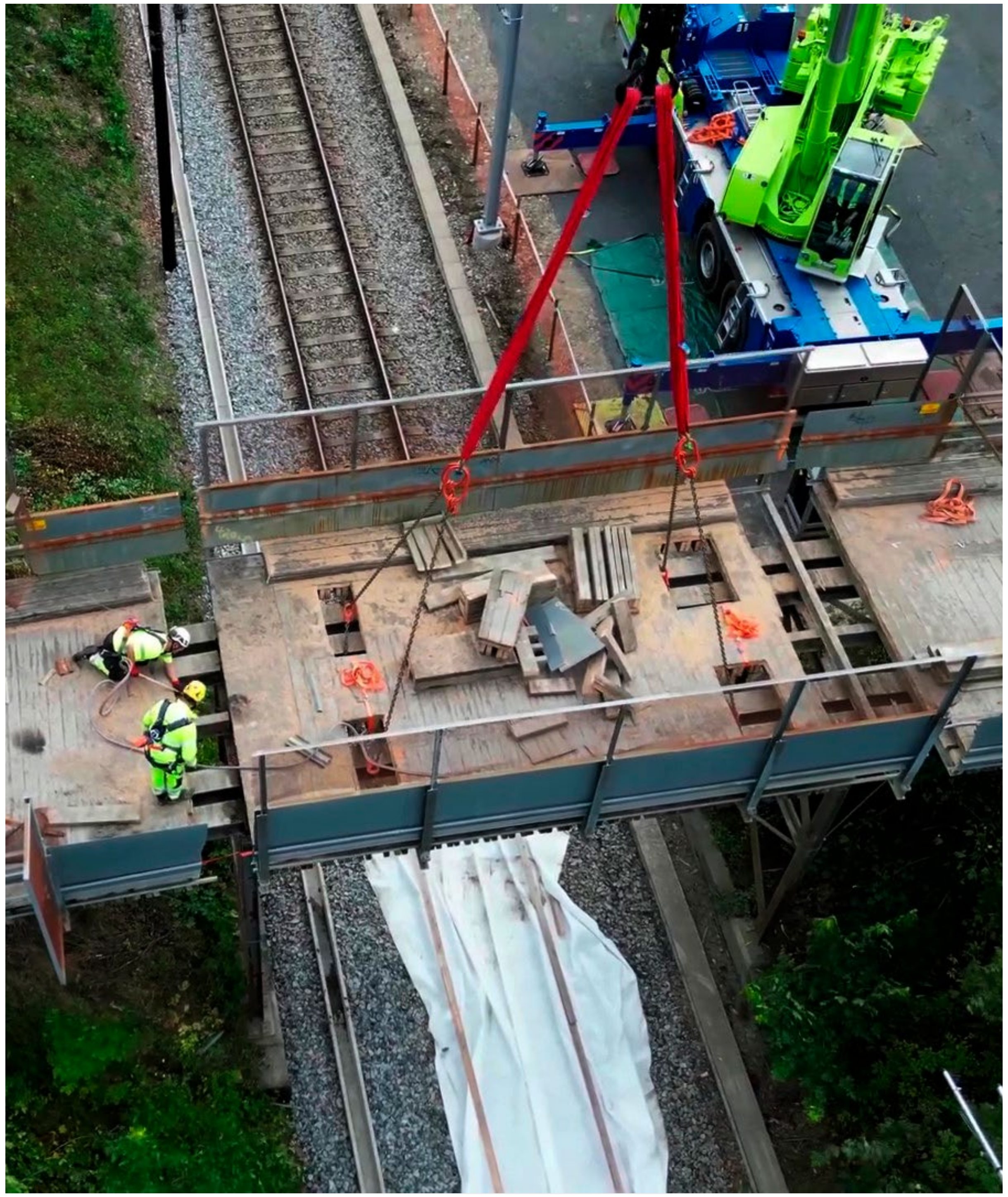
With the new clinic and proton building, the Radiumhospitalet is being further developed as a specialised cancer hospital. AF Energi delivered energy plants and cooling distribution to the hospital project. A total of eight cooling machines using ammonia as the refrigerant will be installed. A backup system is by design always available in case of operational disturbances.

BUSINESS UNIT: AF ENERGI
CLIENT: SOUTH-EASTERN NORWAY REGIONAL HEALTH AUTHORITY
COMPLETION: 2024
CONTRACT VALUE: NOK 86.5 MILLION, EXCLUSIVE VAT

BRIDGE DEMOLITION OVER THE DOVRE LINE

The old Vormstuguvegen bridge over the Dovre Line was dismantled and removed during a 48-hour track outage in August 2024. The project was a minor part of a contract between AF Decom and AF Anlegg involving construction of the new E6 road in the area. The bridge from 1896 had to make way for a new railway culvert, where both the E6 and a local road will cross over. The culvert will be established in autumn of 2025.

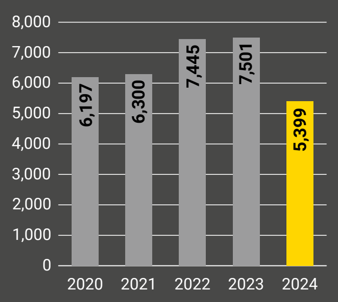
BUSINESS UNIT: AF DECOM
CLIENT: AF ANLEGG
COMPLETION: 2027
CONTRACT VALUE: NOK 2.7 MILLION EXCLUSIVE VAT (MAIN CONTRACT)



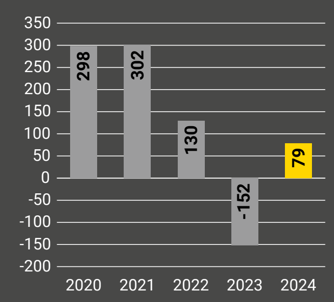
BUSINESS AREAS

SWEDEN

REVENUES NOK MILL.



OPERATING PROFIT NOK MILL.



GEOGRAPHIC PRESENCE

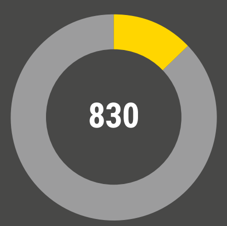
- Sweden

KEY FIGURES

NOK million	2024	2023	2022	2021*	2020*
Revenue	5,399	7,501	7,445	6,300	6,197
Operating profit (EBIT)	79	-152	130	302	298
Earnings before tax (EBT)	65	-160	127	295	291
Operating margin (%)	1.5	-2.0	1.7	4.8	4.8
Profit margin (%)	1.2	-2.1	1.7	4.7	4.7
Order backlog	4,856	5,128	7,638	9,112	5,678
Order intake	5,127	4,991	5,790	9,734	7,336

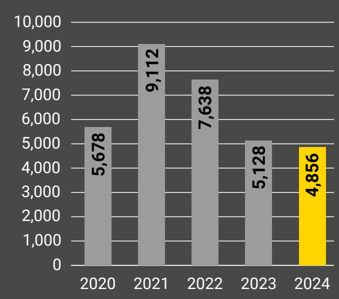
* Betonmast Sweden was transferred from the Betonmast business area to the Sweden business area with effect from 1 January 2022.

EMPLOYEES



AF Gruppen 5,648

ORDER BACKLOG NOK MILL.



SWEDEN CONSISTS OF

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

VARYING PERFORMANCE

A lower level of activity and varying performance resulted in a marginally positive result in 2024.

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

BRIEF OVERVIEW OF THE YEAR

In 2024, the Sweden business area had a revenue of NOK 5,399 million (7,501 million). This represents a reduction of 28 per cent. Earnings before tax was NOK 65 million (-160 million), resulting in a profit margin of 1.2 per cent for the year, compared to -2.1 per cent in 2023.

Profitability has improved throughout the year, and the business area had a profit margin of 4.8 per cent in the fourth quarter of 2024. There is still a large variation in the units' results.

Kanonaden maintained high activity levels and delivered a very good result for 2024. AF Prefab in Mälardalen also delivered a very good result. AF Härnösand Byggreturer and AF Bygg Syd delivered good results for the year, while HMB had a result somewhat below expectations. AF Bygg Öst and AF Bygg Väst, which were previously part of Betonmast Sverige, reported negative results due to significant downward adjustments of estimates in the project portfolio.

AF Projektutveckling, AF's property business in Sweden, completed a housing project with a total of 83 units in 2024. The business unit had no residential projects under construction at the end of the year. AF Projektutveckling has a building site inventory (residential units under construction) estimated to consist of 1,231 residential units. AF's share of this is 616 residential units.

ORDER BACKLOG

Seven contracts from the Swedish operations were announced on the stock exchange in 2024. The largest contract was awarded to Kanonaden in a consortium with Hitachi Energy, which has been assigned the task of installing seven new series compensation stations for Svenska Kraftnät. Kanonaden's share of the contract amounts to approximately SEK 900 million, excluding VAT. Svenska kraftnät also has an option with a contract value of approximately SEK 400 million, excluding VAT. HMB has signed a contract to build 333 new apartments in the Stockholm area for Reliwe. The project has been divided into two construction phases and the turnkey contract is worth a total of SEK 459 million, excluding VAT.

The business area Sweden had an order intake of NOK 5,127 million (4,991 million) in 2024, and by the end of the year, the order backlog was NOK 4,856 million (5,128 million).

MARKET OUTLOOK

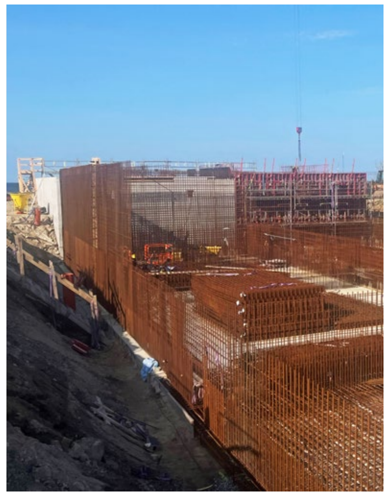
AF's Swedish operations are affected by macroeconomic factors in a manner similar to the Norwegian operations. There is significant uncertainty related to international political tensions and how this will affect the Swedish and Norwegian economies going forward. However, during 2024, the policy rate in Sweden has been lowered five times. In March 2025, the Riksbank reported an inflation rate of 2.9 per cent and an unchanged policy rate. The policy rate in Sweden as of March 2025 is 2.25 per cent.

According to Svensk Mäklarstatistik, the Swedish housing market experienced growth in 2024, following declining housing prices in 2022 and weak price development in 2023. At the end of 2024, Svensk Mäklarstatistik reported a price increase of 6 per cent for apartments and 5 per cent for detached houses for the year.

As of October 2024, Byggföretagen reports that construction investments in Sweden are estimated to reach SEK 479.2 billion for 2024, and a real increase of 5 per cent is expected in 2025, primarily related to the Housing (Bostäder) segment. Byggföretagen estimates construction investments to SEK 150.7 billion in Sweden for 2024, with an expected increase of 7 per cent in 2025.

SWEDEN

SELECTED PROJECTS



BUSÖR ARV

The project involves expanding and modernising the Busör Sewage Treatment Plant just outside Halmstad. The existing facility is over 50 years old and is being modernised to ensure it operates efficiently and complies with future requirements. The plant will receive a new treatment line, and once it is ready, a switchover will be made so that the existing line can be rebuilt. Geothermal energy and solar panels will save energy and reduce CO_2 emissions from the treatment plant.

BUSINESS UNIT: AF BYGG SYD
CLIENT: LAHOLMSBUKTENS VA AB
COMPLETION: 2026
CONTRACT VALUE: SEK 134 MILLION, EXCLUDING VAT.

SERIES COMPENSATION STATION

In recent years, Kanonaden and Hitachi Energy have carried out several power-related projects for Svenska kraftnät. In northern Sweden, a new series compensation station is now being built. The station is important for the operation of the new power line between Sweden and Finland – the Aurora Line. Kanonaden is responsible for construction, assembly and installation work.

BUSINESS UNIT: KANONADEN ENTREPRENAD MÄLARDALEN AB
CLIENT: SVENSKA KRAFTNÄT
COMPLETION: 2026
CONTRACT VALUE: SEK 123 MILLION, EXCLUDING VAT.

TAMARINDEN

Tamarinden in Örebro is a new residential area with climate-smart solutions where buildings produce, reduce, store and share energy with each other. HMB Construction is building 182 apartments, commercial spaces and two shared housing projects that Örebro Municipality will lease from Tornet. The buildings are designed to have low energy consumption, minimal energy loss, and an ambition to become energy self-sufficient.

BUSINESS UNIT: HMB CONSTRUCTION
CLIENT: TORNET BOSTADSPRODUKTION
COMPLETION: 2025
CONTRACT VALUE: SEK 280 MILLION, EXCLUDING VAT.

STIGBERGSHYLLAN

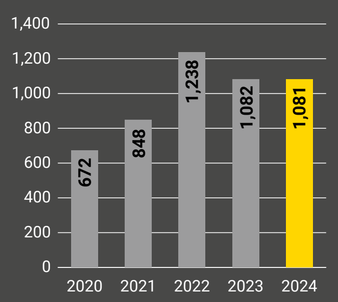
The residential project Stigbergshyllan in Gothenburg consists of 187 apartments of varying sizes, with a shared rooftop terrace offering views over the harbour. In total, there are three nine-story buildings with facades made of yellow brick and light-painted concrete. The residences are located in steep terrain, just a stone's throw from Masthuggskajen.

BUSINESS UNIT: AF BYGG VÄST
CLIENT: SVERIGEHUSET
COMPLETION: 2024
CONTRACT VALUE: SEK 316 MILLION, EXCLUDING VAT.

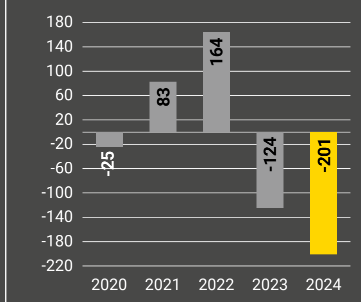
BUSINESS AREAS

OFFSHORE

REVENUES NOK MILL.

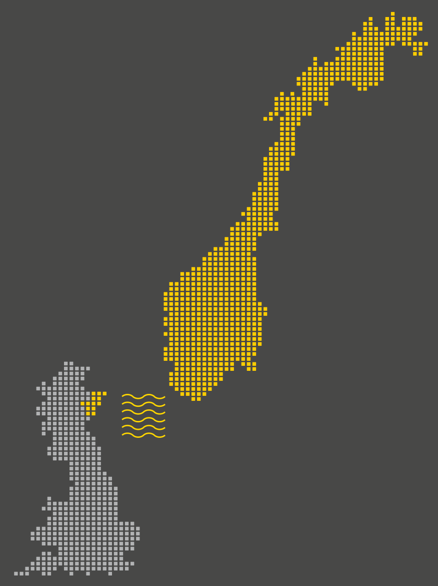


OPERATING PROFIT NOK MILL.



GEOGRAPHIC PRESENCE

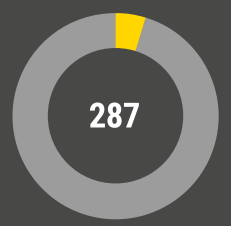
- Norwegian, Dutch and British continetal shelf
- Norway
- UK



KEY FIGURES

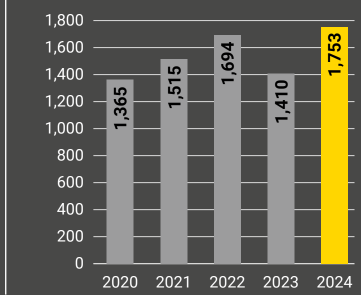
NOK million	2024	2023	2022	2021	2020
Revenue	1,081	1,082	1,238	848	672
Operating profit (EBIT)	-201	-124	164	83	-25
Earnings before tax (EBT)	-236	-139	160	78	-40
Operating margin (%)	-18.6	-11.5	13.2	9.8	-3.7
Profit margin (%)	-21.8	-12.9	12.9	9.2	-5.9
Order backlog	1,753	1,410	1,694	1,515	1,365
Order intake	1,424	798	1,417	998	686

EMPLOYEES



AF Gruppen 5,648

ORDER BACKLOG NOK MILL.



OFFSHORE CONSISTS OF

- AF Offshore Decom
  AF Environmental Base Vats
- Aeron

NEGATIVE RESULT

The Offshore business area had a stable level of activity compared to the previous year. Additional provisions for losses in a single project resulted in an overall negative result.

AF offers a diverse range of services to the maritime industry, offshore wind, and the oil and gas sector. The services range from the removal and recycling of offshore installations to the construction of new buildings and modification of climate control systems (HVAC). AF has a state-of-the art facility for environmental clean-up at Vats.

BRIEF OVERVIEW OF THE YEAR

In 2024, Offshore had a revenue of NOK 1,081 million (1,082 million) and earnings before tax of NOK -236 million (-139 million). This resulted in a profit margin of -21.8 per cent for the year, compared to 12.9 per cent in 2023.

Aeron significantly increased its activity and delivered a good result in 2024. AF Offshore Decom experienced a decline in activity and a negative result in 2024. The negative result is entirely related to further adjustments of the project estimate for a project in the Dutch sector of the North Sea. Activity at AF Environmental Base Vats was also lower compared to 2023.

ORDER BACKLOG

During the year, Offshore has announced three new contracts on the stock exchange. Aeron's products and services contribute significantly to the ongoing energy transition, and during the year, the unit was awarded an EPCi contract for the delivery of complete ventilation and cooling systems to a 2GW offshore wind project. The project will generate electricity for households in Germany and the Netherlands and is part of a large development project led by the Dutch company TenneT. The contract with Aeron has a value exceeding NOK 500 million excluding VAT.

AF Offshore Decom announced two contracts on the stock exchange in 2024. The unit entered into an agreement with Allseas (Excalibur Marine Contractors SA) for the dismantling and recycling of a platform superstructure weighing 12,000 tonnes. The contract includes an option for an additional superstructure. The total tonnage for the contract is between 25,000 and 30,000 tonnes. AF Offshore Decom also entered into an agreement with Heerema Marine Contractors for the engineering, receipt, dismantling and recycling of the Oseberg Øst platform. The weight of the superstructure and substructure is nearly 18,000 tonnes.

In 2024, Offshore had an order intake of NOK 1,424 million (798 million), and by the end of the year the order backlog stood at NOK 1,753 million (1,410 million). After the year end, Aeron has signed a contract with Stegra for the supply of HVAC ventilation systems to their new green steel production facility in Sweden. The contract is worth approximately NOK 200 million excluding VAT. The contract includes detailed engineering, design, procurement and assembly of HVAC systems. The agreement is a new step in AF's commitment to renewable energy.

MARKET OUTLOOK

The market for removal and recycling of offshore installations has strong growth prospects. In the years leading up to 2030, the British industry organisation Offshore Energies UK (OEUK) expects the annual cost of decommissioning in the North Sea to exceed GBP 2.4 billion. The recent changes in tax regulations in the UK for the oil and gas sector have introduced new challenges for the profitability of long-term production, especially for production facilities nearing the end of their life cycle. Therefore, decommissioning mature platforms is a priority.

There has been increased activity in the Dutch sector, with the ambition to prepare more offshore portfolios for decommissioning. There has been moderate activity on the Norwegian continental shelf, with an expectation of increased activity closer to 2030. The increased rate of investment in offshore wind has increased demand for large crane vessels and shipyards to assemble and install the next generation of offshore wind farms in Europe. A tight vessel market in which the available capacity is wanted for platform installation, decommissioning and wind installation globally will present a capacity challenge, and AF Offshore Decom is working to establish strong relationships with a range of vessel owners to secure capacity for the next few years.

The transition towards a low-emission society is presenting market opportunities for AF's climate control business, and the ever-increasing carbon tax could help accelerate the pace of electrification. Increased investment in offshore wind is also providing new market opportunities. TenneT's 2GW offshore wind project, where Aeron is supplying ventilation and cooling systems, is a good example of this.

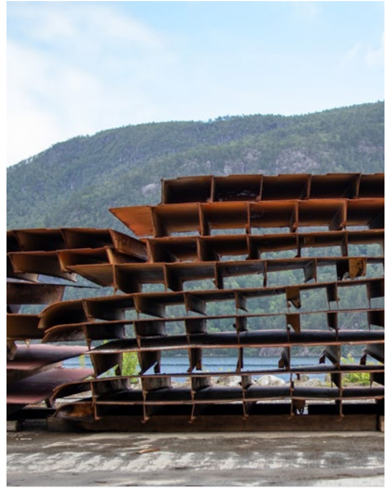
OFFSHORE

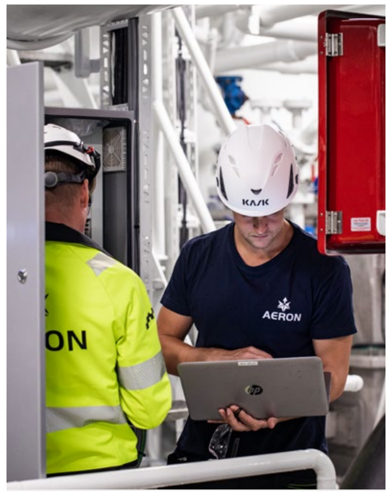
SELECTED PROJECTS

FINAL DISPOSAL FOR ALLSEAS

Dismantling and recycling a 12,000-tonne platform superstructure. In addition, an agreement has been entered into for the removal of an additional superstructure. The total tonnage including the option is between 25,000 and 30,000 tonnes. Preparatory work at the AF Environmental Base Vats and engineering started in the autumn of 2024.

BUSINESS UNIT: AF OFFSHORE DECOM
CLIENT: ALLSEAS
COMPLETION: 2027





UPCYCLING STEEL PLATES

The project includes the delivery of a small batch of steel plates from hull sections on the production vessel Curlew. The steel is used in construction projects carried out by Statsbygg and the City of Oslo. Approximately 2 per cent of the steel from Curlew is being upcycled by Nordic Circles. The rest of the steel has been sent for recycling, with Shell as the client.

BUSINESS UNIT: AF OFFSHORE DECOM
CLIENT: NORDIC CIRCLES
COMPLETION: 2024

REMOVAL OF MODULES AT HEIMDAL

Engineering and preparation for the removal of the superstructure on Equinor's main platform at the Heimdal field in the Norwegian part of the North Sea. The project includes surveying the offshore platform, followed by detailed engineering and preparation for the removal of the 20,000-tonne super-structure through reverse installation.

BUSINESS UNIT: AF OFFSHORE DECOM
CLIENT: HEEREMA MARINE CONTRACTORS (HMC)
COMPLETION: 2026

OFFSHORE WIND CONTRACT ON A DUTCH FIELD

Delivery of a complete ventilation and cooling system (HVAC) for a large Dutch offshore wind project managed by the state-owned Dutch company TenneT. Aeron's assignment includes detailed engineering, equipment delivery and installation, as well as maintenance once the system is completed and operational. Much of the equipment delivery will be produced by Aeron's subsidiary Aermade.

BUSINESS UNIT: AERON
CLIENT: TENNET
COMPLETION: 2028–2029

BUSINESS AREAS

BUSINESS AREAS

OSLO'S NEW PUBLIC SWIMMING FACILITY

The new Tøyenbadet is the city's largest swimming facility and one of the most energy-efficient swimming facility in Norway. Heat pumps, energy wells, solar energy and district heating are all part of the energy concept. Tøyenbadet is built by AF Byggfornyelse for Oslobygg KF.

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

With a 50-metre swimming pool, a family pool, water slides and both indoor and outdoor diving platforms, Tøyenbadet is suitable for both sports and the general public. Purified rainwater is used as pool water, which reduces the load on the public water system.

SHAREHOLDER INFORMATION

CORPORATE MANAGEMENT TEAM

AMUND TØFTUM

(1978)
Chief Executive Officer

Employee since
2005

Experience
EVP of Construction, Betonmast and Offshore at AF Gruppen
Project Director at AF Offshore Decom
Business Developer at AF Gruppen
Project Engineer, Supervisor and Operations Manager at AF Anlegg

Education
Civil Engineering in Industrial Economy from NTNU

No. of shares
148,146

Number of options
40,477

ANNY ØEN

(1974)
Chief Financial Officer

Employee since
2009

Experience
Group Accounting Director at AF Gruppen
Group Accounting Manager at the Reitan Group
Finance Manager at Rema 1000
Controller at Reitan Handel
Auditor and consultant at PwC

Education
MBA in Audit from NHH
MSc in Business from NHH
1st divison law

No. of shares
37,882

Number of options
23,708

LARS MYHRE HJELMESET

(1979)
Executive Vice President Offshore

Employee since
2003

Experience
Head of AF Offshore Decom
Business Developer at AF Gruppen
Chief Financial Officer of AF Offshore Decom

Education
CEFA from NHH
MSc in Business from BI Norwegian Business School

No. of shares
39,874

Number of options
23,708

EIRIK WRAAL

(1979)
Executive Vice President Energy and Environment, and parts of Construction

Employee since
2004

Experience
Head of AF Decom
Project Director at AF Decom
Project Manager at AF Decom

Education
Civil Engineering in Product Development and Production from NTNU

No. of shares
42,953

Number of options
24,327

BÅRD FRYDENLUND

(1968)
Executive Vice President Sweden and Betonmast

Employee since
2000

Experience
EVP HR, Communication and Construction at AF Gruppen
Director of Personnel and Organisation at AF Gruppen
Director of Finance and IT Service at AF Gruppen
Finance Manager and Project Economist at SRG
Office Manager at Statkraft Anlegg

Education
Master of Management from BI Norwegian Business School
Economics (diplomøkonom) from BI Norwegian Business School
1st divison law

No. of shares
193,637

Number of options
24,437

GEIR FLÅTA

(1978)
Executive Vice President Civil Engineering and Property

Employee since
2004

Experience
EVP Offshore at AF Gruppen
EVP Construction at AF Gruppen
Head of AF Nybygg
Department Director at AF Anlegg
Civil Engineering Manager and Project Manager at AF Anlegg

Education
MBA in Strategic Management from NHH
Civil Engineering from NTNU

No. of shares
2,629

Number of options
24,327

TORMOD SOLBERG

(1971)
Executive Vice President Construction

Employee since
2006

Experience
Chief Financial Officer of AF Bygg Oslo
Director of Quality and Risk at AF Gruppen
Project Manager at ABB
Consultant at PwC

Education
MSc in Business from NHH

No. of shares
64,778

Number of options
22,796

SHAREHOLDER INFORMATION

BOARD OF DIRECTORS

MORTEN GRONGSTAD

(1975)
Chair of the Board since 2023
Chair of the Competence and Remuneration Committee

Current roles
Chief Executive Officer of SGF AS
Board member of Utstillingsplassen Eiendom AS and Stokke Industri AS

Previous experience
EVP and Chief Executive Officer at AF Gruppen
Head of Fornebu Utvikling and Orkla Eiendom

Education
MSc in Business from BI Norwegian Business School

No. of shares
25,000

HEGE BØMARK

(1963)
Board Member since 2012
Member of the Audit Committee

Current roles
Board Member at Europris ASA and OBOS-Banken AS

Previous experience
Financial analyst at Fearnley Finans (Fonds) AS and Orkla Finans (Fondsmegling) AS
Board member of a.o Norwegian Property ASA, Fornebu Utvikling ASA, BWG Homes ASA

Education
MSc in Business from NHH

No. of shares
No shares

ERIK VEIBY

(1963)
Board Member since 2022
Member of the Competence and Remuneration Committee

Current roles
Chair of the Board at Concrete Group AS and Kongsvinger Betong AS

Previous experience
Managing Director of Betong Øst, and various operational roles at Kongsvinger Betongindustri
Extensive board experience from industrial and real estate companies

Education
Business and Administration

No. of shares
Related party to Vito Kongsvinger AS, ETV Invest AS and KB Gruppen Kongsvinger AS who owns 1,511,676, 400,000 and 312,564 AF shares respectively

KRISTIAN HOLTH

(1984)
Board Member since 2016
Chair of the Audit Committee

Current roles
Head of Constructio AS
Project Director at KB Gruppen AS
Several board positions within construction- and civil engerneering related businesses

Previous experience
Chief Financial Officer at KB Gruppen AS and Contiga AS
Consultant at McKinsey & Company

Education
Civil Engineer in Industrial Economy from NTNU

No. of shares
Related party to Constructio AS, Flygind AS and KB Gruppen Kongsvinger AS who owns 15,338,012, 1,021,509 and 312,564 AF shares respectively

MARIANNE GJERTSEN EBBESEN

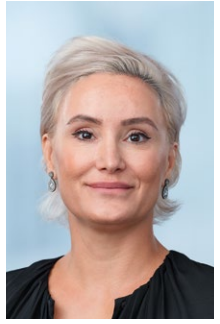
(1972)
Board Member since 2023
Member of the Competence and Remuneration Committee

Current roles
EVP of OBOS with responsibility for Boligutvikling Trehus in Norway and Sweden
Board member of Arion Bank and several subsidiaries of OBOS

Previous experience
Various roles in OBOS' Executive Management Team since 2019
Leadership experience from Nordea and DNB
Served on the Board of Gjensidige Pensjonsforsikring, Odevo and several subsidiaries of OBOS

Education
MSc in Business from BI Norwegian Business School

No. of shares
Related party to OBOS BBL who owns 17,459,483 AF shares



SALOUME DJOUDAT

(1977)
Board Member since 2021
Member of the Competence and Remuneration Committee

Current roles
Partner at Bull & Co Advokatfirma AS
Board member of Atea ASA and AKA AS

Previous experience
Legal Consultant at Uno-X Energi AS

Education
Studied Law at University of Oslo

No. of shares
No shares

HILDE KRISTIN HERUD

(1973)
Board Member since 2022
Member of the Audit Committee

Current roles
Partner and Advisor at Hartmark Executive Search
Board member of Fritzøe Engros AS and Stangeskovene AS

Previous experience
General Manager of Tremco CPG in Norway
Chief Executive Officer and Commercial Director of Norgips
Various leadership roles in the advertising and publishing industry and Deputy Leader of NHO Byggevareindustrien

Education
Executive Board Program from INSEAD
Master of Arts from Norges Markedshøyskole (BI) and University of Oslo

No. of shares
Related party to Hilma Invest AS who owns 3,075 AF shares

HILDE WIKESLAND FLAEN

(1983)
Board Member since 2018
Employee representative

Current roles
Assistant Project Manager at JV AF Ghella

Previous experience
Various operational roles at AF Anlegg

Education
Civil Engineering in Structural Engineering and Architecture from NMBU

No. of shares
29,016

Number of options
No options

ESPEN JAHR

(1972)
Board Member since 2022
Employee representative

Current roles
HSE Manager at AF Decom

Previous experience
Head of occupational health service at AF Gruppen
HSE Manager at AF Anlegg
Occupational nurse at the Institute for Occupational Health Services/Occupational Health Norway
Nurse at the trauma surgery ward, AHUS

Education
Advanced studies in HSE, management and preventive health work

No. of shares
6,586

Number of options
5,587

RENE ELKJÆR KRISTENSEN

(1972)
Board Member since 2024
Employee representative

Current roles
Chief Union Representative at AF Anlegg
Concrete Worker at AF Anlegg

Previous experience
Metalworker at Betong Tegl AS
Foundation installer for MT-Højgård
Concrete worker at the Opera House in Copenhagen
Concrete worker at NCC in Copenhagen

Education
Trade certificate

No. of shares
No shares

Number of options
No options

CORPORATE GOVERNANCE

AF Gruppen has a strong value-based corporate culture. Active risk management and our core values represent important cornerstones for our corporate governance.

KEY EVENTS IN 2024

The development of a new strategy for the period 2025-2028 has been a key focus of the Board's work in 2024. The strategy continues the ambition of achieving profitable growth along with an uncompromising commitment to safety and ethics. In addition, the company has set ambitious climate and environmental targets, aiming to halve its carbon footprint by 2028. Two initiatives must be prioritised in order to achieve the goals: Leadership and technical expertise, as well as innovation. Key words for the content of the initiatives are team building, project management, adaptability and productivity.

As in 2023, 2024 has also been a year of significant variation in the performance of the units. Geopolitical unrest, price increases, and high interest rates continue to impact AF Gruppen's operations. Throughout the year, the Board of Directors has closely monitored the business and developments in the market. The administration's assessments of individual projects, organisational measures, and strategic decisions are among the factors that have been reviewed by the Board of Directors.

EU's Corporate Sustainability Reporting Directive (CSRD) represents a significant increase of the reporting requirements compared to the current sustainability reporting requirements by introducing the obligation to report on corporate social responsibility. AF is subject to this directive starting from the reporting year 2024. The introduction of the CSRD imposes increased formal responsibilities for the Board of Directors, and AF's preparatory work and assessments related to the Directive have been discussed by the Board on several occasions. Among other things, a double materiality analysis and significant sustainability topics have been approved by the Board.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors has the overall responsibility for managing AF Gruppen on behalf of its owners, including continuously overseeing the Group's management and operations. The Board shall participate in the development of strategies, plans, budgets and policies for operations, and shall ensure that AF has an organization that is well equipped to implement the strategy. The Board should also ensure that our business operations are run in accordance with current policies and our adopted strategy. An open and solid management structure instils confidence and lays the foundation so that AF Gruppen can achieve its goals and ensure long-term value creation for investors, employees, customers and society.

The Board's areas of responsibility and procedures are set out in a separate set of Board instructions, and the work is organized through two Board committees: The Audit Committee and the Competence and Remuneration Committee. The committees' policies are set out in separate mandates. An annual plan has been established for the Board's work. In addition to the regular items, the Board of Directors considers all acquisitions over NOK 75 million, property site investments in excess of NOK 120 million and contract tenders with a contract sum in excess of NOK 750 million. In 2024, the Board of Directors reviewed 16 (13) tenders prior to submission.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Good corporate governance is the responsibility of the Board of Directors. The Board of Directors reviews AF Gruppen's principles and code of practice for corporate governance annually. We are continuously working to improve and adapt both the Group's overall management tasks and the management of the Group to ensure compliance with current laws and regulations, and that our management systems are adapted to our business and the current risk image at all times. A statement has been prepared in accordance with the Norwegian Code of Practice of 14 October 2021, cf. www.nues.no. In the following, an explanation is given for how the 15 sections in the Code of Practice are followed up within AF Gruppen.

DEVIATIONS FROM THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE

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

Section 6. General Meetings
AF Gruppen has two deviations from the Code of Practice for this section.
The General Meeting is not chaired by an independent chairperson, but by the Chairman of the Board. The fact that the General Meeting shall be chaired by the Board Chairman is stipulated in the Articles of Association. The need for an independent chairperson has not been considered necessary either based on the items that are reviewed at the General Meeting and the fact that there is little disagreement among the shareholders.

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

Section 7. Nomination Committee
AF Gruppen has one deviation from the Code of Practice for this section. The majority of the Nomination Committee is not independent of the Board of Directors. The assessment is that the continuity and industry knowledge of the representatives from the largest shareholders in both the Nomination Committee and the Board of Directors benefit the shareholder community.

BOARD OF DIRECTORS

Board of Directors	On the board from	Number of shares [1]	Elected by	Attendance record
Morten Grongstad, Chair of the Board	2023	25,000	General Meeting	9/9
Marianne Gjertsen Ebbesen	2023	17,459,483	General Meeting	9/9
Kristian Holth	2016	16,672,085	General Meeting	9/9
Hege Bømark	2012	-	General Meeting	9/9
Saloume Djoudat	2021	-	General Meeting	9/9
Hilde Kristin Herud	2022	3,075	General Meeting	9/9
Eirik Tømmeraas Veiby	2022	2,224,240	General Meeting	9/9
Espen Jahr	2022	6,586	Employee	9/9
Hilde W. Flaen	2018	29,016	Employee	8/9
René E. Kristensen [2]	2024	-	Employee	6/9
Arne Sveen [3]	2010	-	Employee	3/9
Total		**36,419,485**		

1) Number of shares owned as of 31.12.24 includes shares that belong to immediate family and companies in which the individual has a controlling influence.
2) René E. Kristensen was elected to the Board in May 2024.
3) Sveen stepped down from the Board in May 2024.

THE BOARD'S AUDIT COMMITTEE
Kristian Holth (Chair)
Hege Bømark
Hilde Kristin Herud

THE BOARD'S COMPETENCE AND REMUNERATION COMMITTEE
Morten Grongstad (Chair)
Saloume Djoudat
Marianne G. Ebbesen
Eirik Tømmeraas Veiby

NOMINATION COMMITTEE
Roar Engeland (Chair)
Roy G. Holth
Tor Øivind Fjeld jr.
Christina Stray

EXTERNAL AUDITOR
PricewaterhouseCoopers AS

AF GRUPPEN'S COMPLIANCE WITH NUES

	Section of the Norwegian Code of Practice for Corporate Governance	Deviation from the Code of Practice
1	Implementation and reporting on corporate governance	No deviations
2	Business	No deviations
3	Equity and dividends	No deviations
4	Equal treatment of shareholders	No deviations
5	Shares and negotiability	No deviations
6	General meetings	Two deviations, see the text above
7	Nomination Committee	One deviation, see the text above
8	Board of Directors: composition and independence	No deviations
9	The work of the Board of Directors	No deviations
10	Risk management and internal control	No deviations
11	Remuneration of the Board of Directors	No deviations
12	Salary and other remuneration for executive personnel	No deviations
13	Information and communication	No deviations
14	Take-overs	No deviations
15	Auditor	No deviations

SHAREHOLDER INFORMATION

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

Deviations from the Code of Practice: None.

2. BUSINESS

The Company's Articles of Association state that the object of the Group is to engage in contracting and industrial businesses, and all related thereto, including participation in other companies. AF Gruppen has project-based operations in the business areas of Civil Engineering, Construction, Betonmast, Property, Energy & Environment and Offshore. Our company is built on a sustainable vision: We are clearing up the past, building for the future. Our head office is located in Oslo, and in 2024, 76 per cent (69 per cent) and 24 per cent (30 per cent) of the revenues came from units in Norway and Sweden, which are AF Gruppen's two main geographical markets.

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

- Reliability
- Freedom to exercise entrepreneurship and discipline in accordance with goals and requirements
- Thoroughness and hard work
- Persistence in achieving profitable growth
- Management through presence and involvement

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

Strategies, goals and risk profile

The Board of Directors follows a four-year cycle for its strategy work. In 2024, a new strategy was developed for the 2025–2028 period. The strategy is based on the Board's and management team's assessment of the company's risk profile, and continues the ambitions from previous years regarding safety, profitability and growth, as well as halving the environmental footprint in terms of climate and sustainability. The goal for the next strategic period is an average revenue growth of 7 per cent per year, an operating margin of 7 per cent, a 20 percent return on average capital employed, and zero work-related absences and serious personal injuries. Two initiatives will be prioritised to achieve these goals: leadership and technical expertise, as well as innovation. Through the leadership and technical expertise initiative, the company aims to attract, develop and retain the best leadership and technical expertise in the market, thereby building the best teams and executing the highest industry standards regarding project management. The innovation initiative will contribute to AF becoming a leader in solving key societal challenges by prioritising adaptability and productivity. The new strategy is described in more detail in the annual report on page 24-29.

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

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

AF Gruppen's policies for corporate social responsibility cover climate and environment, social conditions and corporate governance. The policies are described in more detail in the thematic standards in our sustainability report, as well as on www.afgruppen.no.

Deviations from the Code of Practice: None.

3. EQUITY AND DIVIDENDS

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

As of December 31, 2024, the Group had a solid capital structure with net interest-bearing debt (receivables) of NOK -99 million (641 million), equity of NOK 3,488 million (3,203 million), and an equity ratio of 23.2 per cent (21.9 per cent). Net interest-bearing debt includes debt related to lease liabilities amounting to NOK 1,027 million (1,011 million), of which NOK 813 million (798 million) is recognised in accordance with IFRS 16 Leases. Loan covenants related to AF Gruppen's financing facilities are measured exclusive of the effect of capitalised leases recognized according to IFRS 16. As of 31 December 2024, the IFRS 16 adjusted equity ratio was 24.5 per cent (23.2 per cent). This is in accordance with the Group's goal of having an equity ratio, exclusive the effects of IFRS 16, of at least 20 per cent, and adapted in the opinion of the Board to AF Gruppen's goals, strategy and risk profile.

Dividend

AF's dividend policy is to provide shareholders with a competitive dividend yield. The aim is to distribute a minimum of 50 per cent of the financial results for the year as a dividend per share over time. Distribution of dividend will take place up to twice yearly, normally after the Annual General Meeting and after presentation of the quarterly report for the 3rd quarter. Treasury shares are not entitled to a dividend.

Capital increases

The Board's authorization to increase the share capital is limited to defined purposes and limited in time until the next General Meeting. Each purpose for which authorisation is granted will be considered as a separate item by the General Meeting. Such authorisation was used in connection with AF Gruppen's employee share programme in the autumn of 2024.

Acquisition of treasury shares

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

Deviations from the Code of Practice: None.

4. EQUAL TREATMENT OF SHAREHOLDERS

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

Capital increase

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

Transactions with treasury shares

All treasury share purchases and sales shall be made at the market price and traded on the Oslo Stock Exchange. This authorisation from the General Meeting provides one exception for the application of market prices for the sale of shares to employees. In connection with AF Gruppen's share and bonus programme, treasury shares are sold at a discount of 20 per cent.

Deviations from the Code of Practice: None.

5. SHARES AND NEGOTIABILITY

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

Deviations from the Code of Practice: None.

6. GENERAL MEETINGS

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

Participation in the General Meeting

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

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

Shareholders must notify the Group that they will attend no later than two days prior to the General Meeting.

Conduct of the General Meeting

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

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

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

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

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

SHAREHOLDER INFORMATION

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

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

7. NOMINATION COMMITTEE

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

The duties of the Nomination Committee are as follows:

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

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

Composition and independence of the Nomination Committee

Importance is placed on the Nomination Committee having a composition that reflects the interests of the shareholders as a whole. No senior executive, board member or outgoing board member sits on the Nomination Committee. Members of the Nomination Committee as of 10 April, 2025 are Roar Engeland (chair), Christina Stray, Roy G. Holth and Tor Øivind Fjeld jr.

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

Deviations from the Code of Practice:
AF Gruppen has one deviation from the Code of Practice for this section. The majority of the Nomination Committee is not independent of the Board of Directors. The assessment is that the continuity and industry knowledge of the representatives from the largest shareholders in both the Nomination Committee and the Board of Directors benefit the shareholder community.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

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

Composition of the Board of Directors

As per 10 April 2025, AF Gruppen ASA had ten permanent board members. Three of the board members have been elected by the employees. AF Gruppen meets the requirements of the Public Limited Liability Companies Act regarding gender distribution on the Board. Of the seven board members elected by the general meeting, three are men and four are women. Of the three employee-elected board members, two are men and one is a woman. The board members have a varied background both in terms of education and professional experience, and the Board of Directors is composed to safeguard the interests of the community of shareholders and the company's need for expertise and capacity. Information regarding the board members' age, education and professional experience is published on the website www.afgruppen.no.

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

Independence of the Board of Directors

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

- Five of the seven board members elected by the general meeting are independent of the company's principal shareholders. Board Member Marianne G. Ebbesen represents OBOS BBL, which as of 31 December, 2024 owns 16.0 per cent of the shares in AF Gruppen. Board Member Kristian Holth is the Head of and has significant ownership interests in Constructio AS and Flygind AS, which as of 31 December, 2024, own 14.0 per cent and 0.9 per cent of the shares in AF Gruppen ASA, respectively. Board Member Erik Veiby holds significant ownership interests and board positions in Vito Kongsvinger AS and ETV Invest AS, which as of 31 December, 2024, own 1.4 per cent and 0.4 per cent of the shares in AF Gruppen ASA, respectively.
- None of the board members elected by the general meeting are involved in the day-to-day management of the company or have cross-relations with senior executives. The Chairman of the Board, Morten Grongstad, has held a senior position in AF Gruppen for the past five years. He was CEO until August 2020.
- One of the seven board members elected by the general meeting represents a company with a significant business relationship to AF Gruppen. This applies to Board Member Marianne G. Ebbesen, who represents OBOS BBL, which is a key customer and business partner of AF Gruppen.

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

Each individual board member has an obligation to notify of any potential conflicts of interest or issues related to their impartiality. The Board of Directors also has a collective responsibility to assess on an ongoing basis whether there are circumstances that objectively speaking are likely to weaken public confidence in the board members' impartiality or may give rise to conflicts of interest.

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

Deviations from the Code of Practice: None.

9. THE WORK OF THE BOARD OF DIRECTORS

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

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

In addition to the regular items, the Board of Directors considers all potential acquisitions of companies valued at over NOK 75 million, site investments where our share is over NOK 120 million and contract tenders with a contract sum in excess of NOK 750 million. The tenders are evaluated based on strategic, financial, and organizational criteria, with a particular focus on significant risk factors. Contracts with a lower contract sum are also considered by the Board of Directors if the risk situation or other factors so indicate.

The Board of Directors continuously assesses the need to use committees. As of 10 April 2025, the Board of Directors has two committees: The Audit Committee and the Competence and Remuneration Committee. The work of the committees consists of advisory and preparatory work for the Board. The committees' mandates, members and activities are described in more detail below. The mandates for both committees are updated as needed and were last updated in 2023.

Rules of procedure and the members of the board

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

Chair of the Board

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

In matters of a significant nature, in which the Chair of the Board is or has been actively involved, a substitute chair will be appointed. There have been no such matters in 2024.

Meeting structure

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

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

A total of nine board meetings were held in 2024.

Audit Committee

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

The following duties are included in the Audit

SHAREHOLDER INFORMATION

Committee's mandate:

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

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

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

The Committee meets when required, but at least five times a year. The CFO and auditor attend all the meetings. The Committee had six meetings in 2024.

Competence and Remuneration Committee

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

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

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

The committee had three meetings in 2024.

Financial reporting and sustainability reporting

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

Board of Directors' self-evaluation

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

Instructions for the CEO

The Board of Directors has prepared an authority matrix that describes and clarifies what authority the CEO and management have and what matters have to be dealt with by the Board of Directors. The Board of Directors is continuously informed about the Group's financial position, activities and asset management. In connection with the accounting process, the CEO and CFO issue a statement to the auditor confirming that the annual financial statements have been prepared and presented in accordance with IFRS® Accounting Standards approved by the EU, that all information reflects the company's actual situation, and that no significant information has been omitted from the financial statements.

Agreements with associated parties

To safeguard its reputation, AF Gruppen supports openness and caution in relation to agreements where there are circumstances that can be perceived as a conflict of interest between the company and an associated party. This is stated in AF Gruppen's code of conduct. Board members do not participate in the discussion of agenda items where a close associate or relative is a party. All transactions with related parties shall be conducted based on the arm's length principle, and the Board instructions specify that the Board of Directors should assess the need for an independent valuation in such cases. Each individual board member has an obligation to notify of any potential conflicts of interest or issues related to their impartiality. The Board of Directors also has a collective responsibility to assess on an ongoing basis whether there are circumstances that objectively speaking are likely to weaken public confidence in the board members' impartiality or may give rise to conflicts of interest.

Deviations from the Code of Practice: None.

10. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

Risk management

Risk management is good management in practice. AF Gruppen has standard systems for risk management and a culture in which everyone has a proactive attitude to managing risk. AF Gruppen seeks risk that can be influenced and looks for both opportunities and threats when risk is analysed.

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

The risk is quantified and recognised in the financial reporting for each business unit throughout the year. All projects are risk-assessed as part of the quarterly reporting. Based on prioritised lists of uncertainties from the most significant projects in the portfolio, each business unit conducts a comprehensive risk review of the entire project portfolio. The review involves both the management of the business unit, representatives from the Corporate Management Team, and a facilitator from AF Gruppen's own risk management unit. The quarterly risk review concludes with a summary by the Corporate Management Team, and the most important parts of the presentation are presented to the Board.

Climate and nature risks are also included in AF Gruppen's risk management. The Board of Directors has the ultimate responsibility for ensuring that climate- and environment-related risks and opportunities are managed in a satisfactory manner. AF's climate and nature risk analysis is described in the sustainability report in sections E1 and E4 IRO-1.

Risk management at AF Gruppen is described in greater detail on page 22-23 of the annual report.

Internal control

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

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

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

The heads of the business units, together with the financial managers, are responsible for ongoing financial and operational reporting to the Group. A controller function has been established at the group level and the main task of this function is to control and verify reporting from the business units. Deviations are reported directly to the Corporate Management Team. Financial reporting from business units is reviewed by the Corporate Management Team at a separate meeting in conjunction with each interim reporting period.

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

Notice of unacceptable incidents

Procedures and routines related to the notification of censurable conditions at AF have been prepared, including the violation of laws and ethical policies, and an electronic whistleblowing portal has been established at https://afgruppen.com/notification. The whistleblowing system applies both internally and externally, and a dedicated Notification Committee has been established to oversee this.

Deviations from the Code of Practice: None.

11. REMUNERATION OF THE BOARD OF DIRECTORS

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

SHAREHOLDER INFORMATION

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

The shareholder-elected board members have no other duties for the company than their board position. Note 33 to the consolidated financial statements shows the remuneration of board members and executive personnel in the Group.

Deviations from the Code of Practice: None.

12. SALARY AND OTHER REMUNERATION FOR EXECUTIVE PERSONNEL

The Competence and Remuneration Committee establishes policies for the remuneration of executive personnel in consultation with the Board. The policies are clear and understandable, and prepared so that they contribute to converging long-term interests between shareholders and executive personnel. A report on salary and other remuneration for executive personnel is prepared annually. The policies and report are presented to the General Meeting and are available at www.afgruppen.no.

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

Reward system

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

Deviations from the Code of Practice: None.

13. INFORMATION AND COMMUNICATION

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

Financial information

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

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

Investor relations

AF Gruppen aims to disclose significant information that is relevant to shareholders and the stock market's assessment of the company, its activities, and results, without undue delay. Publication through the websites of Oslo Stock Exchange and AF Gruppen ensure that everyone has equal access to the information. The CEO and CFO are responsible for communication with the shareholders. During the period prior to the presentation of results extra caution is exercised to ensure information symmetry in the market. AF Gruppen follows the Oslo Stock Exchange's recommendation of 1 March 2021 for reporting IR information.

Deviations from the Code of Practice: None.

14. TAKE-OVERS

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

Equal treatment and transparency

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

Evaluation of offers

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

Deviations from the Code of Practice: None.

15. AUDITOR

Election of an auditor

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

The Board of Director's relationship to the auditor

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

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

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

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

Meetings with the auditor in 2024

Managing partner Thomas Whyte Gaardsø from AF Gruppen's auditor PwC attended one board meeting in 2024. The auditor also attended the Annual General Meeting in 2024. The auditor attended all meetings held by the Audit Committee in 2024.

Deviations from the Code of Practice: None.

SHAREHOLDER INFORMATION

THE SHARE

The AF share performed positively in 2024. The total return ended at 22.3 per cent for the year, while the main index on the Oslo Stock Exchange rose by 9.1 per cent.

In 2024, the AF share rose by 19.5 per cent, ending the year with a closing price of 148.40 compared to a closing price of 124.20 in 2023. Including a dividend of NOK 3.50 per share, this results in a total return of 22.3 per cent in 2024. The Oslo Stock Exchange Benchmark Index (OSEBX) showed a return of 9.1 per cent for the same period. With 109,289,800 (108,532,000) outstanding shares, AF's market value was NOK 16,219 million (13,480 million) as of 31 December 2024.

HISTORY

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

AF Gruppen's goal is to create value for shareholders by providing a rate of return that is competitive in relation to comparable investment alternatives. This return will be a combination of dividends and share price appreciation. Over the last five years, the AF share has yielded a return of 7.6 per cent, including dividends. This corresponds to an average annual return of 1.5 per cent. In comparison, the Oslo Stock Exchange's Main Index has risen by 53 per cent, which corresponds to an annual return of 8.9 per cent. Since the AF share was listed in 1997, it has yielded an average annual return of 18.5 per cent, where the return on the Oslo Stock Exchange main index has been 7.9 per cent over the same period of time.

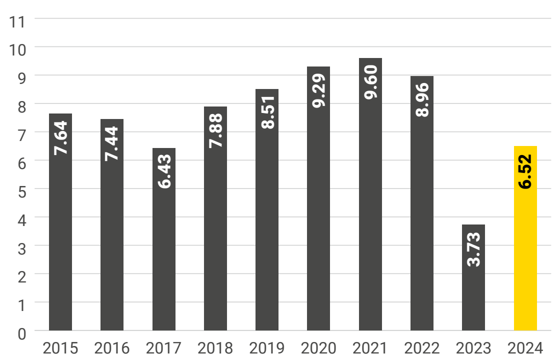
DIVIDEND

AF Gruppen's goal is to pay out a minimum of 50 percent of the profit for the year as dividend over time. The payment of dividends is made up to twice a year, preferably after the Annual General Meeting in May and after presentation of the quarterly results for the 3rd quarter. The Board evaluates the company's financial position, including equity and liquidity, as well as possible strategic transactions before the dividend is proposed to or approved under authorisation from the General Meeting.

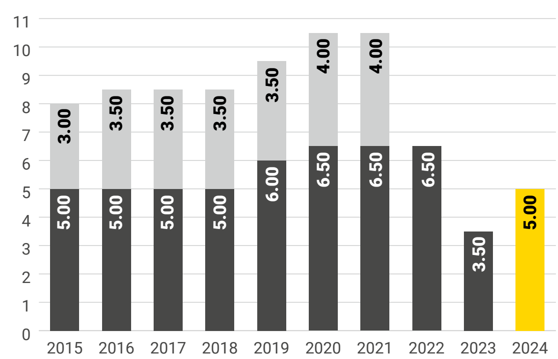
The company distributed a dividend for the 2023 financial year of NOK 3.50 (6.50) per share in May 2024. It was decided not to distribute a dividend in the second half of 2024. The total dividend for the 2023 financial year corresponds to a payout ratio of 93.8 per cent compared to the earnings per share. The average payout ratio over the last five years, up to and including 2023, was 100.1 per cent.

For the 2024 financial year, the Board of Directors will propose to the General Meeting a dividend of NOK 5.00 per share. The dividend will be entirely distributed as a repayment of contributed capital. The dividend will be distributed on 21 May to shareholders registered on 15 May, 2025. The dividend proposed for distribution in the first half of 2025 corresponds to 76.7 per cent of the earnings per share for 2024.

EARNINGS PER SHARE (NOK)



DIVIDEND PER SHARE (NOK)



KEY FIGURES – SHARE

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Market value (NOK million)	16,219	13,480	15,488	20,677	18,613	18,139	13,069	13,078	14,463	12,929
Number of shares traded (1000)	7,432	5,594	7,891	6,481	8,292	6,537	4,360	8,137	6,690	10,370
Total number of shares as of 31.12 (Million)	109.29	108.53	107.70	106.80	106.00	103.07	99.01	97.96	93.61	92.68
Number of shareholders as of 31.12	8,612	8,225	6,610	5,938	4,520	3,582	3,303	3,158	2,737	2,575
Share price as of 31.12	148.40	124.20	143.80	193.60	175.60	176.00	132.00	133.50	154.50	139.50
– High	149.80	164.80	206.00	207.00	183.00	185.00	142.00	162.00	164.50	139.50
– Low	115.60	111.20	136.00	164.60	128.50	135.50	118.50	122.00	120.00	77.25
Earnings per share	6.52	3.73	8.96	9.60	9.29	8.51	7.88	6.43	7.44	7.64
Diluted earnings per share	6.52	3.73	8.96	9.57	9.27	8.46	7.88	6.43	7.29	7.50
Dividend per share	5.00 [1)]	3.50	6.50	10.50	10.50	9.50	8.50	8.50	8.50	8.00
Distribution ratio (%)	76.7 [2)]	93.8	72.5	109.4	113.0	111.6	107.9	132.2	114.2	104.7
Direct return (total dividend) (%)	2.8	4.5	5.4	6.0	5.4	6.4	6.4	5.5	5.7	10.1
The share's total return (%)	22.3	-9.1	-20.3	16.2	5.6	40.3	5.6	-8.3	1.50	89.2
Return on equity (ROE) (%)	26.3	16.4	34.0	36.1	36.6	43.7	45.4	35.8	43.3	43.8
Share price/earnings (P/E)	22.8	33.3	16.0	20.2	18.9	20.7	16.8	20.8	20.8	18.3
Share price/equity per share (P/B)	4.6	4.2	4.4	5.8	5.3	6.1	6.2	6.3	7.4	7.1
Return on average capital employed (ROaCE) (%)	24.8	15.9	31.6	36.0	34.8	38.2	53.9	42.7	54.2	53.6
Enterprise value/earnings before interest and tax (EV/EBIT)	14.0	18.9	11.2	12.8	12.5	13.7	10.9	12.8	13.4	12.2
Company Value/Investment Capital (EV/CE)	3.4	3.1	3.2	4.5	4.0	4.4	5.5	5.4	6.7	6.4

1) Proposed, not yet approved dividend
2) For 2024, the distribution ratio includes proposed, not distributed dividends

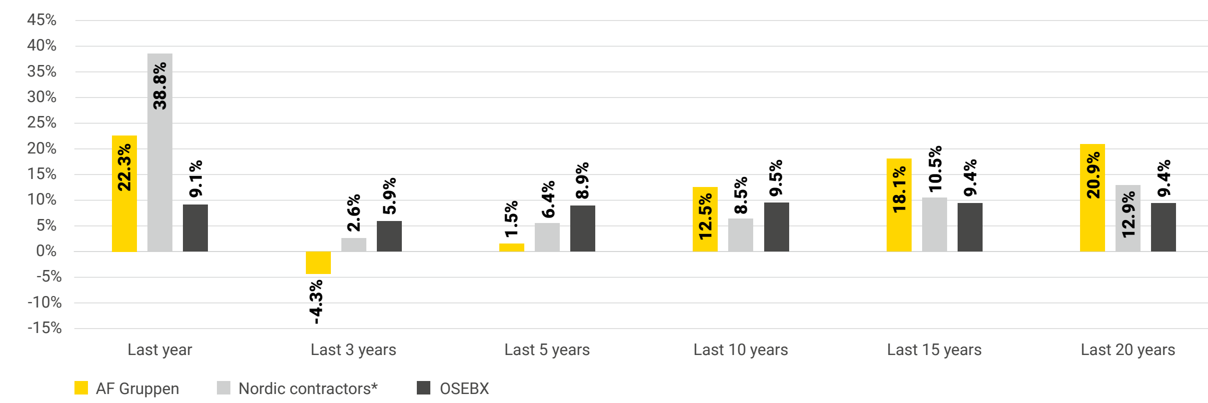
SHARE CAPITAL AND SHAREHOLDER COMPOSITION

As of 31 December, 2024, the share capital was NOK 5,464,490 (5,426,600), divided into 109,289,800 (108,532,000) shares with a nominal value of NOK 0.05 each. The share capital increased by NOK 37,890 and 757,800 shares in 2024 as part of a share issue related to the annual employee share programme in November.

The number of shareholders also increased in 2024, with AF Gruppen gaining 387 (1,615) new shareholders during the year, approximately 150 of whom became shareholders through AF's annual share programme. AF Gruppen had a total of 8,612 (8,225) owners at the end of the year, of which approximately 1,400 were employees of the company. In total, AF employees own approximately 10.1 per cent (10.3 per cent) of the shares in the company. The employees' total ownership stake has decreased somewhat in recent years. The main reason for this is the retirement of several employees who have been with the company for a long time and who have built up large shareholdings. The proportion of shares owned by Norwegian shareholders is 89.2 per cent (89.0 per cent).

Throughout 2024, several institutional investors have joined the AF Gruppen shareholder list. The equity funds Storebrand Norge and First Veritas increased their shareholdings by 436,234 and 205,000 shares, respectively, from the end of 2023, and are now among

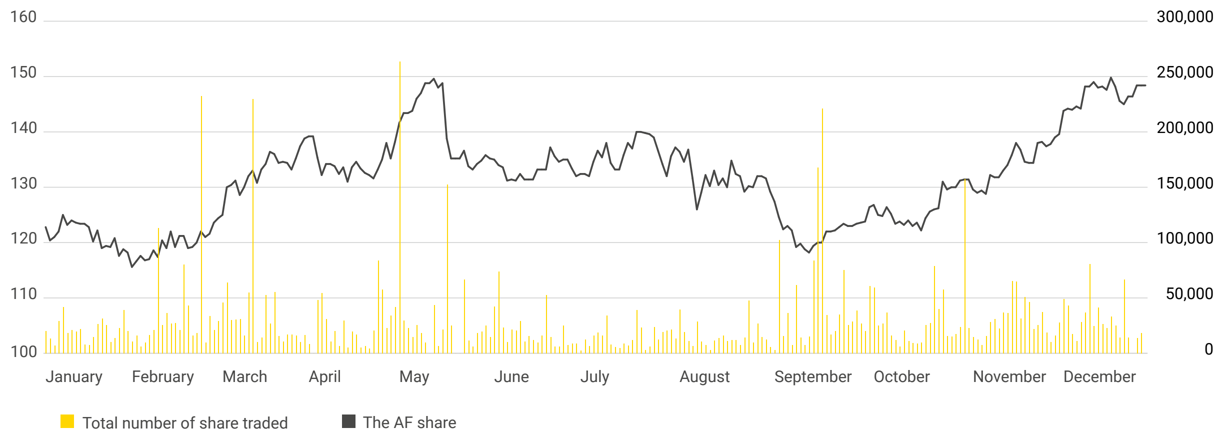
ANNUAL TOTAL RETURN PER 31 DECEMBER 2024



** Unweighted average of competing Nordic contractors (local currency)*

SHAREHOLDER INFORMATION

SHARE PRICE PERFORMANCE AND REVENUE IN 2024



the top 20 largest shareholders as of 31 December, 2024. Conversely, the largest sales of AF shares have primarily been among individuals and family-owned companies. VITO Kongsvinger reduced its shareholding by 400,000 shares during the year due to a generational shift. ØMF Holding remains AF's largest shareholder with an ownership share of 16.4 per cent. At the end of 2024, the ten largest shareholders collectively owned 64.9 per cent of the company's shares, a decrease from 65.5 per cent at the end of 2023.

At year-end, AF Gruppen does not own any treasury shares. AF Gruppen has been authorised by the General Meeting to buy up to 10 per cent of the outstanding shares. The buyback of shares will be considered on an ongoing basis in light of the company's alternative investment options, financial situation and need for treasury shares in connection with the sale of shares to employees, options programme, bonus programme and acquisitions.

SHARE AND OPTION PROGRAMME

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

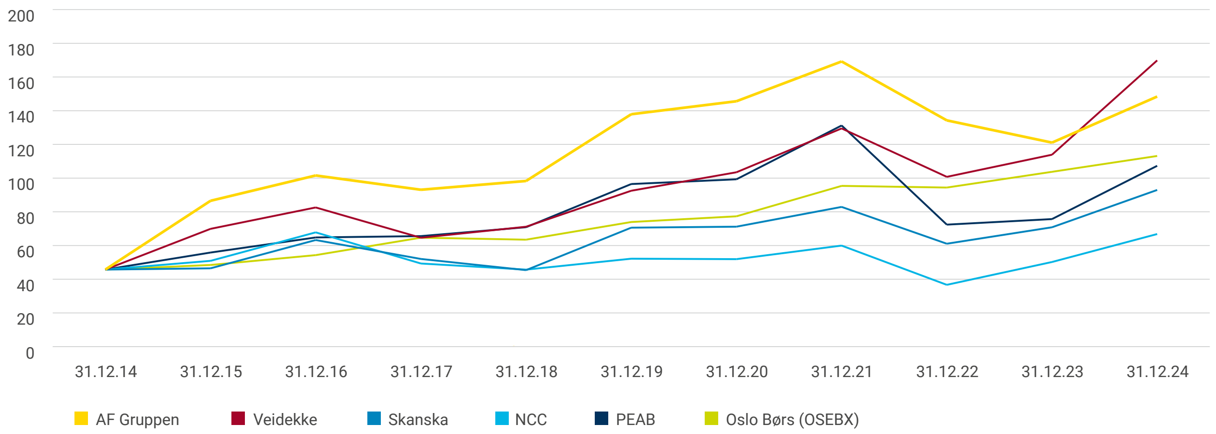
Through the share programme, employees have the opportunity to purchase shares at a discounted price of 20 per cent of the market price. In 2024, a total of 743 employees subscribed for 1,000,000 shares at a discounted price of NOK 95.40 per share. In connection with the sale, the Board of Directors used its authority and issued 757,800 new shares. The remaining 242,200 shares were transferred from the treasury stock.

AF Gruppen has had its own employee option programme since 2008, and in May 2023, the General

Shareholder	Number of shares 31.12.2024	% of the total	Share-holding changes 2023–2024
ØMF Holding AS	17,972,233	16.4%	-
OBOS BBL	17,459,483	16.0%	-
Constructio AS	15,338,012	14.0%	-
Folketrygdfondet	9,171,392	8.4%	101,252
LJM AS	2,515,217	2.3%	-
Artel Kapital AS	2,508,267	2.3%	-
Arne Skogheim AS	1,753,870	1.6%	-
VITO Kongsvinger AS	1,511,676	1.4%	-400,000
Janiko AS	1,390,186	1.3%	20,000
Verdipapirfondet Holberg Norge	1,281,094	1.2%	180,116
Moger Invest AS	1,242,609	1.1%	-
Flygind AS	1,021,509	0.9%	-
Stenshagen Invest AS	739,977	0.7%	-
Landkreditt Utbytte	666,441	0.6%	-25,000
Verdipapirfondet KLP Aksjenorge IN	639,067	0.6%	146,490
Staavi, Bjørn	627,000	0.6%	-
Verdipapirfondet Storebrand Norge	555,700	0.5%	436,234
Verdipapirfondet First Veritas	555,000	0.5%	205,000
Staavi, Bjørn Vegar Prestegård	500,900	0.5%	-
Staavi, Tom Ragnar Prestegård	500,000	0.5%	-13,550
Total – 20 largest	77,949,633	71.3%	650,542
Total other shareholders	31,340,167	28.7%	107,258
Treasury shares	-	0.0%	-
Total number of shares	109,289,800	100%	757,800

Meeting approved a new option programme for the next three years. The maximum number of options that may be allocated is 5,000,000 with an option premium of NOK 1 per option, and the programme entails annual allotments in 2023–25 and an exercise date in March 2026. The purchase price for the shares will be based

THE SHARE PRICE PERFORMANCE FOR THE LAST 10 YEARS COMPARED WITH COMPETING ENTREPRENEUR COMPANIES AND THE OSLO STOCK EXCHANGE



Share price performance – Oslo Stock Exchange and competing construction companies rebased to AF's share price of 45.73 as per 31 December 2014. Total return, local currency

No. of shares	Number of owners	Per cent
1–100	3,977	0.11%
101–500	1,798	0.42%
501–1000	651	0.46%
1001–5000	1,245	2.78%
5001–10,000	389	2.50%
10,001–100,000	475	11.50%
100,001–1,000,000	65	15.29%
> 1,000,000	12	66.95%
	8,612	100.00%

Brokerage firm	Telephone
ABG Sundal Collier	+47 22 01 60 98
Carnegie	+47 22 00 93 00
DNB Markets	+47 24 16 92 09
KeplerCheuvreux	+46 87 23 51 75

on the average market price during the week before the three respective subscription periods. In order to exercise the options, it is a condition that one be employed by the Group on 1 March 2026. AF Gruppen issued 4,850,000 options in 2023 and 220,553 options in 2024 to 1,364 and 123 employees, respectively. Adjusted for employees who have left the company during the year, the total number of outstanding options was 4,782,006 as of 31 December 2024.

LIQUIDITY

The liquidity of the stock is low, and in 2024, the turnover rate was 6.8 per cent, an increase from 5.2 per cent in 2023. This is slightly above the average levels of the last three and five years, which were 5.7 per cent and 6.2 per cent, respectively.

A total of 7.4 million (5.6 million) AF shares were traded on the stock exchange in 2024, which corresponds to an average daily turnover of 29,727 (22,287) shares. Of the 7.4 million shares traded, AF Gruppen itself accounted for 290,000 (242,792) shares, representing 3.9 per cent (4.3 per cent) of the total turnover. These are shares the company bought on the stock exchange for use in the share and bonus programmes for employees.

INVESTOR RELATIONS

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

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

Presentations of quarterly and annual results are held publicly, and the presentations are streamed live. The streams are available on both the Oslo Stock Exchange and AF Gruppen websites (afgruppen.no/investor). The company also maintains ongoing contact with investors and analysts, and the website provides an overview of analysts who cover the AF stock.

AF Gruppen follows the Oslo Stock Exchange's recommendation of 1 March 2021 for reporting IR information. AF Gruppen's CFO Anny Øen is responsible for investor relations.

SHAREHOLDER INFORMATION

DISTRICT COOLING AT ULVEN

Modern buildings need cooling. In the basement of Construction City, the Hovinbyen Energy Hub is being built, which is operator Hafslund Celsio's first district cooling facility in Norway. When fully developed, the facility can meet the cooling needs of approximately 600,000 square metres of office space.

THE BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' REPORT

A district cooling facility is energy-efficient, frees up office space, and offers economies of scale. The Hovinbyen Energy Hub will have a 24/7 monitoring system, which reduces the need for operational staff in each building. Excess heat from the facility is used to heat Construction City.

BOARD OF DIRECTORS' REPORT

ABOUT THE BOARD OF DIRECTORS' REPORT

Following the EU's sustainability directive, AF presents its sustainability report for the first time. This forms part of the Board of Directors' report.

The Board of Directors' report is structured into two parts:

PART I

In the first part, the Board of Directors provides an account of 2024. The account includes information about AF Gruppens operations, an explanation of the financial statements, business areas, risks, market outlook and strategy, and contracts reported to the stock exchange.

PART II

The second part of AFs Sustainability Report has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the new European Sustainability Reporting Standards (ESRS). AF have previously reported under recognised frameworks such as TCFD and the GHG Protocol, but this is the first year that AF is reporting under a comprehensive sustainability reporting framework.

In February 2025, the European Commission proposed a simplification package that includes a proposal to streamline the requirements in the CSRD and the EU Taxonomy. This could impact our reporting going forward, and AF Gruppen is closely monitoring developments in this area.

The Sustainability Report is structured in four parts in accordance with the framework:
– General disclosures
– Information on climate and environment, including taxonomy reporting
– Information on social
– Information on business conduct

BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' ACCOUNT OF 2024

AF Gruppen had a revenue of NOK 30,638 million with a profit margin of 3.5 per cent for 2024. The Board of Directors is not satisfied with the results. With clear strategic priorities, a strong financial position and a solid order backlog, the Board of Directors believes that AF is well prepared for a new strategic period.

OPERATIONS ▶

OPERATIONS

AF Gruppen is one of Norway's leading contracting and industrial groups and is listed on the Oslo Stock Exchange under the ticker symbol AFG. Since its establishment in 1985, the AF organisation has relied on its own execution capabilities and collective expertise to solve complex tasks. The entrepreneurial spirit of AF is strong, characterised by expertise and a commitment to finding innovative and future-oriented ways to create value.

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

AF Gruppen's vision

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

Business concept

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

EXPLANATION OF THE FINANCIAL STATEMENTS ▶

EXPLANATION OF THE FINANCIAL STATEMENTS

AF Gruppen's financial statements have been prepared in accordance with the IFRS® Accounting Standards as adopted by the EU. The financial statements for the parent company, AF Gruppen ASA, have been prepared in accordance with simplified IFRS. The Board of Directors is of the opinion that the financial statements provide an accurate and fair picture of the financial results for 2024 and financial position as of 31 December 2024. In accordance with the requirements in the Norwegian accounting legislation, the Board of Directors confirms that the prerequisites have been met for preparation of the accounts under the assumption that the company will continue as a going concern and that the accounts have been prepared under this assumption.

EXPLANATION OF THE FINANCIAL STATEMENTS ▶

Profit for the year

In 2024, AF Gruppen had operating revenues of NOK 30,638 million (30,530 million). Earnings before tax were NOK 1,085 million (700 million) and profit for the year were NOK 834 million (515 million). For the strategic period leading up to 2024, AF Gruppen had a revenue target of NOK 40 billion. This target was not reached. The organic growth within the civil engineering business area has been strong, while the construction business area have seen a decline in revenue due to challenging market conditions.

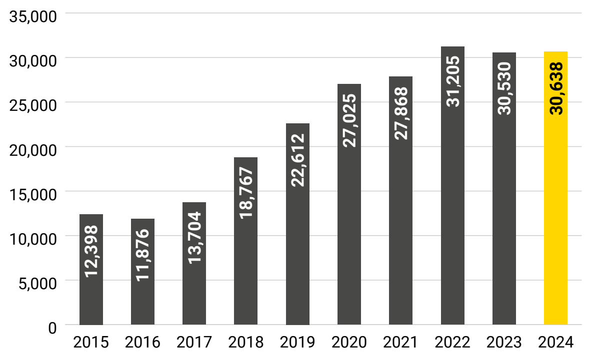
The operating profit was NOK 1,149 million (749 million), which corresponds to an operating margin of 3.8 per cent (2.5 per cent). This is a level of profitability that the Board of Directors is not satisfied with. The year was characterised by great variation in performance, and with significant write-downs of project estimates in several business areas, the overall result was unsatisfactory. AF Gruppen's operating margin requirement is 5 per cent, and the target set in the strategy towards 2024 was 7 per cent.

AF Gruppen assesses the long-term prospects for the business as strong. In the new strategic period leading up to 2028, the growth target is set at 7 per cent annual growth, and the profitability target of a 7 per cent operating margin has been maintained.

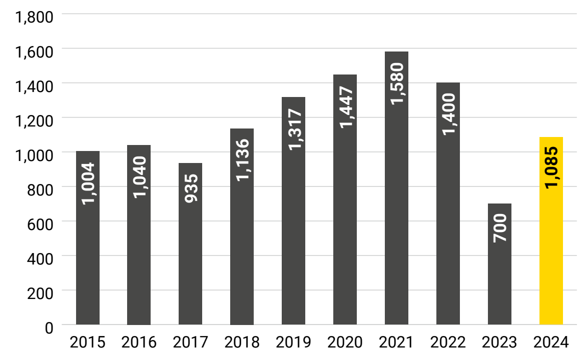
The macro picture is characterised by greater uncertainty and geopolitical unrest, and this is impacting AF Gruppen's Norwegian and Swedish operations. High financing costs and material prices are reducing the profitability of new projects. Reduced willingness and capacity to invest mean the number of new projects being initiated have declined. The weak Norwegian krone is an important driver of price increases. Both the Norwegian and Swedish krone weakened against the euro in 2024.

Civil Engineering had record-high activity in 2024, with a revenue growth of 42 per cent compared to 2023. A solid project portfolio with several large projects in production contributed to the civil engineering business area delivering good results for the year. The Construction business area had a reduced activity level in 2024, with a 13 per cent reduction in revenue compared to 2023. Variance in performances at the project and business unit levels collectively resulted in an operating margin that was below AF Gruppen's margin requirements and goals, despite a somewhat improved profit margin. Betonmast improved profitability and results compared to the previous year. Varying performances across the units resulted in an overall result below the margin requirements in 2024. The Property business area had a weak result in 2024, mainly due to a high interest rates and continued low residence sales. AF Eiendom completed the purchase of the property at Ullevålsveien 114 in Oslo, with planning permission for the construction of approximately 80 residential units in addition to commercial spaces on the ground floor. The Energy and Environment business area saw a revenue growth of 7 per cent compared to 2023 and delivered a very good result. The business area Sweden had a lower level of activity compared to the previous year, and a wide range in performance resulted in a marginally positive result in 2024. Profitability has improved throughout the year. The Offshore business area had a stable level of activity in 2024 compared to the previous year. Additional provisions for losses in a single project resulted in an overall negative result.

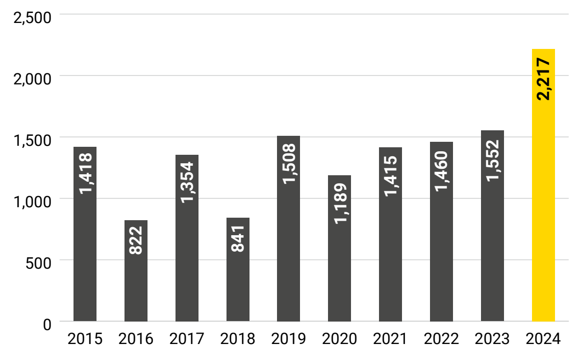
REVENUE (NOK MILLION)



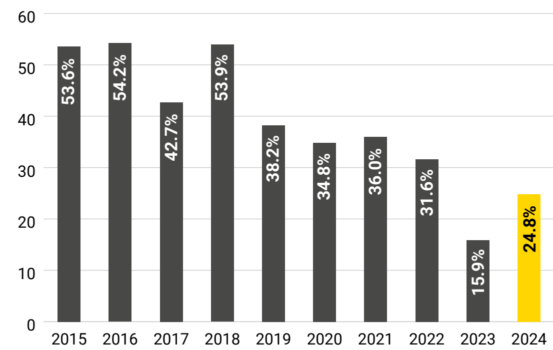
EARNINGS BEFORE TAX (NOK MILLION)



NET OPERATING CASH FLOW (NOK MILLIONS)



RETURN ON AVERAGE CAPITAL EMPLOYED



BOARD OF DIRECTORS' REPORT

EXPLANATION OF THE FINANCIAL STATEMENTS ▶

Balance sheet and liquidity
Return on equity in 2024 was 26.3 per cent (16.4 per cent). Return on average invested capital was 24.8 per cent (15.9 per cent).

Total assets as of 31 December 2024 were NOK 15,003 million (14,647 million). At year end, the Group had net interest-bearing receivables of NOK -99 million (641 million) cash and cash equivalents of NOK 1,033 million (347 million). Equity at the end of the year was NOK 3,488 million (3,203 million). This results in an equity ratio of 23.2 per cent (21.9 per cent).

Net operating cash flow in 2024 was NOK 2,217 million (1,552 million). Cash flow before capital transactions and financing was NOK 1,991 million (939 million). A dividend of NOK 380 million (700 million) was paid to the shareholders of AF Gruppen ASA in 2024.

Key intangible assets
It is the people at AF who create value, with active risk management, decentralised decision-making authority, and a value-based culture as key building blocks. AF Gruppen considers the competence and experience of its employees as a key intangible asset. AF depends on attracting, developing and retaining leadership capacity and professional expertise. Our priority is building teams that can solve and execute projects that meet the client's needs.

AF Gruppen is constantly looking for new ways to address society's challenges. For example, in our environmental operations, we have participated in projects related to new technology for the treatment of black carbon as well as the handling and processing of snow from street clearing. Overall, AF Gruppen had limited research and development activities in 2024, and none of these have been included in the statement of financial position.

The share
Earnings per share were NOK 6.52 (3.73) in 2024. Diluted earnings per share were NOK 6.52 (3.73).

The Board of Directors proposes a dividend distribution of a total of NOK 546 million for the 2024 financial year. The dividend is proposed to be entirely distributed as a repayment of share premium and other paid-in equity. This corresponds to a dividend per share of NOK 5.00 (3.50) for the first half of the year. The Board of Directors will propose to the General Meeting to be granted authorisation to approve dividends for the third quarter as well.

In accordance with AF's dividend policy, semi-annual dividends will be distributed, provided the company's earnings and financial position so allow. In 2024, as in the previous year, only one dividend was distributed.

The share price at the end of the year was NOK 148.40 (124.20), This resulted in a return on the share including dividends for 2024 of 22.3 per cent (-9.1 per cent).

▶ Distribution of comprehensive income for the year
Comprehensive income for the year for the parent company AF Gruppen ASA was NOK 87 million and the following distribution is proposed:

AMOUNTS IN NOK MILLION	2024
Transferred to (from) other reserves	87
Provision for dividend	546
Transferred from premiums	-514
Transferred from other paid-in equity	-32
Total allocations	**87**

Events after the balance sheet date
After the publication of the quarterly report for the 4th quarter of 2024, AF Gruppen was informed by Trafikverket that they have terminated the contract with the subsidiary AF Anläggning AB on the E4 Forbifart Stockholm project. The remaining production value at termination, which was included in the order reserve for this project, was approximately NOK 1,000 million excluding VAT. AF Gruppen has disputed the basis for the termination. The board is closely monitoring the situation.

THE TRANSPARENCY ACT ▶

THE TRANSPARENCY ACT
Reporting pursuant to the Transparency Act is published on AF Gruppen's website: www.afgruppen.no/apenhetsloven/

BUSINESS AREAS ▶

BUSINESS AREAS 2024
▶ CIVIL ENGINEERING
Description of the business
AF is one of Norway's largest actors in the civil engineering market, serving both public and private sector clients. The project portfolio includes roads, railways, bridges, port facilities, airports, tunnels, foundation work, renovation and construction of concrete structures, power and energy plants, as well as onshore facilities for oil and gas.

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

AMOUNTS IN NOK MILLION	2024	2023	2022
Revenue	9,590	6,776	5,919
Operating profit (EBIT)	655	550	445
Earnings before tax (EBT)	723	572	440
Operating margin (%)	6.8	8.1	7.5
Profit margin (%)	7.5	8.4	7.4
Order backlog	16,433	18,140	15,368
Order intake	7,883	9,548	14,409

In 2024, Civil Engineering had a revenue of NOK 9,590 million (6,776 million). This represents growth of 42 per cent. Earnings before tax was NOK 723 million (572 million), which resulted in a profit margin for Civil Engineering activities of 7.5 per cent for 2024 compared to 8.4 per cent in 2023.

AF Anlegg experienced strong revenue growth compared to the previous year and delivered a good result in 2024. A solid project portfolio with several large projects in production contributed to the good result. The largest projects were the E6 Clean Water Tunnel in Oslo, the new water treatment plant at Huseby in Oslo, Bergtunnlar Lovö in Stockholm, the new airport in Mo i Rana, and E6 Storhove–Øyer.

Målselv Maskin & Transport, VSP and Stenseth & RS reported very good profitability for 2024. Eiqon had a weak result in 2024.

Order backlog
In October 2022, AF Anlegg was awarded a collaborative contract by the City of Oslo to construct a new water treatment plant at Huseby in Oslo. The collaborative contract is part of the 'New Water Supply in Oslo' project, which aims to ensure residents have a fully reliable backup water supply by 2028. The contract is a collaborative contract in an alliance between the City of Oslo, represented by the Water and Sewage department, Multiconsult, and AF Gruppen. The main work is being carried out inside the tunnel facility, which will be blasted at Huseby in Oslo. AF's work includes concrete work, processing facilities, dosing and sludge plants, and electrical work. The first phase of the collaboration has included development, planning and engineering. In November 2024, AF entered into a contract for phase two of the collaborative contract, which includes detailed engineering and construction of the new water treatment plant. The work is ongoing with completion scheduled for the fourth quarter of 2027. AF Gruppen's share of the collaborative agreement has a total value of approximately NOK 7,600 million, excluding VAT.

Civil Engineering had an order intake of NOK 7,883 million (9,548 million) in 2024, and by the end of the year, the order backlog was NOK 16,433 million (18,140 million). After the end of the year, a major contract for the design and construction of E6 Roterud–Storhove has been announced on the stock exchange, valued at approximately NOK 6,350 million, excluding VAT. In February 2025, the Swedish Transport Administration terminated the contract with AF Anlegg for the Bergtunnlar

BOARD OF DIRECTORS' REPORT

Lovö project in Stockholm. The remaining production value, which until the termination was included in the order backlog for the project, was approximately NOK 1,000 million, excluding VAT.

Market outlook

The civil engineering market in Norway is good and has traditionally been less sensitive to cyclical fluctuations, as public sector demand is the strongest driver behind investments in civil engineering. As of November 2024, Prognosesenteret expects a real growth of 3 per cent in the civil engineering market in Norway for both 2025 and 2026. A new NTP (National Transport Plan) was presented in March 2024 and indicates a shift from major investments to smaller investment initiatives, operations and maintenance in the years ahead. The 2025 national budget has allocated NOK 95.2 billion for purposes under the NTP.

As of November 2024, Prognosesenteret estimates that the Norwegian civil engineering market amounted to NOK 144.3 billion in 2024, of which civil engineering investments amounted to NOK 88.3 billion and operation and maintenance amounted to NOK 56.0 billion. Prognosesenteret expects growth in 2025 and 2026 to be driven by civil engineering investments. The greatest contribution in production value is expected from road projects and municipal engineering projects.

▶ CONSTRUCTION

Description of the business

AF provides contracting services for residential, public and commercial buildings. Services range from engineering design to new construction and renovation of existing buildings. AF collaborates closely with clients to find effective and innovative solutions suitable for their needs. Construction encompasses the Norwegian building activities except for Betonmast, and is mainly located in Eastern Norway and the Bergen region.

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

AMOUNTS IN NOK MILLION	2024	2023	2022
Revenue	8,881	10,182	11,090
Operating profit (EBIT)	337	396	322
Earnings before tax (EBT)	351	378	318
Operating margin (%)	3.8	3.9	2.9
Profit margin (%)	4.0	3.7	2.9
Order backlog	11,132	9,464	10,045
Order intake	10,548	9,601	7,586

The Construction business area had a revenue of NOK 8,881 million (10,182 million) in 2024 and earnings before tax (EBT) of NOK 351 million (378 million). This resulted in a profit margin of 4.0 per cent (3.7 per cent) for the year.

The Construction business area had a reduced activity level in 2024, with a 13 per cent reduction in revenue compared to 2023. Variance in performances at the project and business unit levels collectively resulted in an operating margin that was below AF Gruppen's margin requirements and goals.

AF Bygg Østfold, Haga & Berg, Strøm Gundersen and Åsane Byggmesterforretning distinguished themselves with excellent profitability in 2024. AF Byggfornyelse, Strøm Gundersen Vestfold and HTB delivered good results. AF Bygg Oslo delivered results slightly below expectations, while AF Håndverk, LAB Entreprenør, and FAS had weak results in 2024.

Order backlog

20 new contracts were reported to the stock exchange in 2024. The largest contract entered into was the Diakonhjemmet Campus project in Oslo with a value of approximately NOK 1,400 million, excluding VAT. The turnkey contract includes a new upper secondary school for health and childhood education programmes, the VID Specialized University, and a shared basement for both schools, including a large multi-purpose hall. The school buildings have a total gross area of approximately 26,000 sqm. The project also includes a platform for the new metro station, external technical infrastructure, and the demolition of the north wing of Diakonhjemmet 14. The project has very high environmental ambitions. AF Bygg Oslo has also entered into an agreement with KLP Eiendom for the construction of the Nora residential project at Bislett in Oslo. The turnkey contract has a value of NOK 906 million excluding VAT. The project includes the demolition of existing buildings and the construction of 165 apartments, as well as an underground parking garage and commercial spaces.

LAB Entreprenør has signed a contract with OBOS Nye Hjem for the construction of a new apartment project along the waterfront at Nøstet in Bergen city centre. The project consists of three apartment buildings with an underground garage and includes the development of outdoor areas and a new quay promenade. The contract is a turnkey contract with a value of NOK 428 million, excluding VAT.

The Construction business area had an order intake of NOK 10,548 million (9,601 million) in 2024, and by the end of the year, the order backlog was NOK 11,132 million (9,464 million).

Market outlook

As of November 2024, Prognosesenteret estimates that the construction market in Norway amounted to NOK 394.9 billion in 2024, a reduction of 6 per cent compared with 2023. Prognosesenteret estimates a 7 per cent increase in production value in 2025 and a 5 per cent increase in 2026. The upward adjustment in 2025 and 2026 is primarily linked to two new hospital buildings in Oslo, as well as expected interest rate cuts and a stabilisation of construction costs. In 2025, strong growth of 14 per cent is expected across the entire country regarding new residential and commercial buildings, while Renovation, Conversion, and Extension (ROT) are expected to see moderate growth of 2 per cent.

Prognosesenteret estimates that the number of commenced residential units in Norway was 21,500 in 2024, an increase of around 9 per cent compared to 2023. The number of commenced residential units is expected to increase further in 2025 and 2026, to approximately 24,500 and 27,000, respectively. Prognosesenteret's estimates for commenced residential units are based on statistics regarding the number of start permits. The market sentiment is resulting in greater uncertainty regarding the estimates for started residential units.

The development in the costs of materials and shipping has been a significant source of uncertainty in recent years. According to Statistics Norway's construction cost index for residential buildings, the prices of several materials increased throughout 2024, following a relatively flat development in 2023. Timber, reinforcement steel, and concrete experienced a particularly high price increases of 11, 8, and 6 per cent, respectively.

▶ BETONMAST

Description of the business

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

Betonmast consists of 10 business units: Betonmast Oslo, Betonmast Romerike, Betonmast Buskerud-Vestfold, Betonmast Boligbygg, Betonmast Asker og Bærum, Betonmast Røsand, Betonmast Østfold, Betonmast Innlandet, Betonmast Trøndelag and Betonmast Eiendom.

BUSINESS AREAS ►

AMOUNTS IN NOK MILLION	2024	2023	2022
Revenue	4,367	4,553	5,145
Operating profit (EBIT)	120	34	166
Earnings before tax (EBT)	163	58	174
Operating margin (%)	2.8	0.7	3.2
Profit margin (%)	3.7	1.3	3.4
Order backlog	4,831	6,203	4,415
Order intake	2,996	6,341	2,506

Betonmast had a revenue of NOK 4,367 million (4,553 million) in 2024 and earnings before tax (EBT) of NOK 163 million (58 million). This resulted in a profit margin of 3.7 per cent (1.3 per cent) for the year.

Activity levels decreased by 4 per cent compared to the previous year and profitability was below the margin requirement. The performances of the units varied greatly in 2024. Betonmast Østfold and Betonmast Asker og Bærum delivered very good results. Betonmast Oslo, Betonmast Romerike, Betonmast Røsand, Betonmast Innlandet and Betonmast Buskerud-Vestfold delivered good results. Betonmast Boligbygg and Betonmast Trøndelag reported weak results in 2024.

By the end of 2024, Betonmast Eiendom had one property project with four units under construction. The unit reported weak results for the year.

Order backlog

Through 2024 Betonmast has announced nine new contracts on the stock exchange, three of which involve the construction and renovation of schools. Betonmast Østfold signed a renovation and extension contract with Indre Østfold Municipality for Hovin Primary School at Spydeberg in Østfold. This is a collaborative contract valued at approximately NOK 250 million, excluding VAT. Betonmast Romerike and Betonmast Asker og Bærum have signed contracts for the renovation of Sten-Tærud School and Rud Upper Secondary School, respectively. The contracts have a combined value of NOK 365 million, excluding VAT.

During the year, Betonmast Boligbygg has entered into a contract with Moerveien AS for the construction of 141 apartments in Ås town centre. The turnkey contract has a value of approximately NOK 400 million excluding VAT. Betonmast Buskerud-Vestfold has signed a contract with Folksom and Coop Norge Eiendom for the construction of apartments and commercial premises in Tønsberg. The Tolvsrød Square project consists of 42 apartments and commercial spaces, with a total development area of approximately 9,400 m². The contract will be carried out as a turnkey contract and is worth NOK 237 million, excluding VAT.

Betonmast had an order intake of NOK 2,996 million (6,341 million) in 2024, and by the end of the year, the order reserve stood at NOK 4,831 million (6,203 million).

Market outlook

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

► PROPERTY

Description of the business

AF develops, designs and carries out residential and commercial projects in Norway, and activities take place in geographical areas where AF has its own production capacity. AF works closely with other industry actors, and property development projects are generally structured as associated companies and joint ventures. The Property business area consists of two operating units, AF Eiendom and LAB Eiendom, locally established in Greater Oslo and the Bergen region respectively.

AF's ownership interest is between 25 per cent and 50 per cent and is recognised according to the equity method. The earnings that are consolidated in AF correspond to the earnings after tax multiplied by the ownership interest, and they are included in the operating profit.

BUSINESS AREAS ►

AMOUNTS IN NOK MILLION	2024	2023	2022
Revenue	23	27	30
Operating profit (EBIT)	-39	-20	75
Earnings before tax (EBT)	-25	-8	82
Return on average capital employed (%)	-2.7	-0.9	13.8

The Property unit reported earnings before tax of NOK -25 million (-8 million) in 2024. The negative result is mainly due to low activity and a high interest rates.

AF Eiendom completed the purchase of the property at Ullevålsveien 114 in Oslo at the beginning of the year, with outline planning permission for the construction of approximately 80 residential units in addition to commercial spaces on the ground floor. Before the end of the year, AF Eiendom sold its share of the Bekkestua Have housing project to Gjelsten Bolig AS. All of the residential units in the project were sold, and most delivered at the time of the transaction. In December, LAB Eiendom sold its share of the commercial building Baneveien 16 in Bergen to EGD Property AS. The transactions did not have a significant impact on the result.

A market sentiment characterised by uncertainty and high interest rates continues to contribute to low residential sales with 89 (53) sales contracts signed for the year. AF's share was 40 (24). A total of 578 (172) residential units were handed over in 2024, of which AF's share was 277 (85). Rolvsrud Arena in Lørenskog was the only housing project under construction at the end of 2024, with 194 units in production. AF's share was 65 units, and the sales rate in the project was 49 per cent at the end of the year. A total of 90 (12) completed, unsold homes were available at the end of the year, of which AF's share was 42 (6).

At the turn of the year, AF had a development portfolio in Norway estimated at 1,464 (1,629) residential units. AF's share of this was 742 (813) residential units. In addition, AF has ownership interests in 98,849 (73,407) GFA sqm of commercial property under development, of which AF's share is 52,120 (36,524) GFA sqm. The majority of our portfolio is located in Greater Oslo and Bergen.

Market outlook

Figures from Eiendom Norge show that nationwide residential prices increased by 6 per cent in 2024. For 2025, Eiendom Norge estimates a nominal price growth of 10 per cent nationwide. The largest growth is expected in the cities of Oslo, Bergen and Stavanger.

Norges Bank decided at its March 2025 interest rate meeting to keep the policy rate unchanged at 4.5 per cent. The forecast for the policy rate has been revised from the previous monetary policy report and now indicates that rate cuts will be postponed. Norges Bank still estimates that the policy rate will most likely will be reduced during 2025.

High interest rates and construction costs are putting pressure on the profitability of property development projects and affects the demand for investments in new projects. Prognosesenteret expects the number of units in commenced housing projects to increase by 14 per cent in 2025 and 10 per cent in 2026. Prognosesenteret's estimates for started residential units are based on statistics regarding the number of start permits. The market sentiment is resulting in greater uncertainty regarding the estimates for started residential units.

► ENERGY AND ENVIRONMENT

Description of the business

AF offers energy-efficient solutions for buildings and industry and is a leading actor in environmental clean-up, demolition and recycling. Contaminated materials are sorted, decontaminated and recycled at AF's environmental centres Rimol, Jølsen and Nes.

The Energy and Environment business area provides energy-saving and environmentally friendly services, including the construction of energy plants and heating systems, environmental clean-up, demolition and material recycling services, as well as recycling of contaminated materials. The business area has leading expertise in consulting on circular economy, waste management and material recycling.

The Energy and Environment business area consists of AF Energi, AF Decom and Mepex.

BOARD OF DIRECTORS' REPORT

BUSINESS AREAS

AMOUNTS IN NOK MILLION	2024	2023	2022
Revenue	1,510	1,417	1,062
Operating profit (EBIT)	93	90	84
Earnings before tax (EBT)	90	96	82
Operating margin (%)	6.2	6.3	7.9
Profit margin (%)	5.9	6.8	7.7
Order backlog	1,194	1,249	640
Order intake	1,455	2,027	987

The Energy and Environment business area reported revenues of NOK 1,510 million (1,417 million) and earnings before tax of NOK 90 million (96 million) in 2024. This resulted in a profit margin of 5.9 per cent, compared to 6.8 per cent in 2023.

AF Energi significantly increased its revenue compared to the previous year and delivered a very good result for the year. AF Energi is also working on several major projects that are contributing to high levels of activity. Through Enaktiva, the unit has developed a model for co-ownership of energy plants that they design, construct and operate themselves.

AF Energi completed the acquisition of ETA Norge AS in May. ETA is a bioenergy contractor that supplies heating systems for agriculture and industry. Bioenergy represents an addition to AF Gruppen's services within alternative energy solutions, supporting the phase-out of fossil fuels.

AF Decom experienced slightly reduced activity levels in 2024. Lower demolition activity due to a low number of commencements in the new construction market has been partially offset by increased activity in rigging and operations.

The environmental centres had an increased activity level, mainly as a result of increased reception of contaminated masses from the construction market. AF Decom delivered a good result in 2024.

Order backlog

The Energy and Environment unit announced two contracts on the stock exchange during 2024. AF Decom was chosen as contractor by the South-Eastern Norway Regional Health Authority for the construction of temporary office and accommodation facilities at the New Rikshospitalet (Oslo University Hospital) at Gaustad in Oslo. The project includes the setup, operation and dismantling of office, dining and changing units. The contract has an estimated value of NOK 129 million, excluding VAT. AF Decom was selected by the South-Eastern Norway Regional Health Authority as the contractor for the shared contractor facilities at the Nye Aker Hospital. The project involves the delivery, assembly, operation, maintenance and dismantling of contractor facilities in connection with the Nye Aker Hospital. The contract has an estimated value of NOK 120 million, excluding VAT.

The Energy and Environment business area's order intake in 2024 totalled NOK 1,455 million (2,027 million), and at the end of the year, its order reserve was NOK 1,194 million (1,249 million).

Market outlook

The demand for energy and environmentally-related services is good. The Norwegian authorities have set ambitious targets for reducing energy consumption in new and existing buildings by 2030. Significant grants for energy efficiency improvements in buildings in the 2025 national budget, along with stricter environmental requirements for buildings, will provide excellent opportunities for AF Energi in relation to energy efficiency projects.

High electricity prices contribute positively to investments in energy efficiency measures for both industry and private individuals. At the same time, any decisions regarding fixed prices for private individuals could have a dampening effect on incentives for energy efficiency. Through the acquisition of ETA Norge AS, AF Energi now has a broader range of services, providing a solid foundation for future growth. The market for the development of energy plants is influenced by activity in the newbuild market, which is expected to grow in the coming years. The business area's activity in demolition and material recycling services is closely linked to the construction and civil engineering market, where the level of new construction commencements will affect demand. In November, Prognosesenteret expected that the number of commencements for new residential units will increase by 14 per cent in 2025 and 10 per cent in 2026. In addition, the demand for demolition and material recycling services will be influenced by activity in the civil engineering market, where Prognosesenteret estimates a real growth of 2.5 per cent in 2025 and 2.8 per cent in 2026.

BUSINESS AREAS

SWEDEN

Description of the business

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

The business area consists of 8 units with associated subsidiaries: Kanonaden, AF Prefab in Mälardalen, AF Bygg Syd, AF Projektutveckling, AF Härnösand Byggreturer, HMB, AF Bygg Väst and AF Bygg Öst.

AMOUNTS IN NOK MILLION	2024	2023	2022
Revenue	5,399	7,501	7,445
Operating profit (EBIT)	79	-152	130
Earnings before tax (EBT)	65	-160	127
Operating margin (%)	1.5	-2.0	1.7
Profit margin (%)	1.2	-2.1	1.7
Order backlog	4,856	5,128	7,638
Order intake	5,127	4,991	5,970

In 2024, the Sweden business area had a revenue of NOK 5,399 million (7,501 million). This represents a reduction of 28 per cent. Earnings before tax were NOK 65 million (-160 million), resulting in a profit margin of 1.2 per cent for the year, compared to -2.1 per cent in 2023.

Profitability has improved throughout the year, and the business area had a profit margin of 4.8 per cent in the fourth quarter of 2024. There is still a large variation in the units' results.

Kanonaden maintained high activity levels and delivered a very good result for 2024. AF Prefab in Mälardalen also delivered a very good result. AF Bygg Syd and AF Härnösand Byggreturer delivered good results for the year, while HMB had a result somewhat below expectations. AF Bygg Väst and AF Bygg Öst, which were previously part of Betonmast Sverige, reported negative results due to significant downward adjustments of estimates in the project portfolio.

AF Projektutveckling, AF's property business in Sweden, completed a housing project with a total of 83 units in 2024. The business unit had no residential projects under construction at the end of the year. AF Projektutveckling has a building site inventory (residential units under construction) estimated to consist of 1,231 residential units. AF's share of this is 616 residential units.

Order backlog

Seven contracts from the Swedish operations were announced on the stock exchange in 2024. The largest contract was awarded to Kanonaden in a consortium with Hitachi Energy, which has been assigned the task of installing seven new series compensation stations for Svenska Kraftnät. Kanonaden's share of the contract amounts to approximately SEK 900 million, excluding VAT. Svenska kraftnät also has an option with a contract value of approximately SEK 400 million, excluding VAT. HMB has signed a contract to build 333 new apartments in the Stockholm area for Reliwe. The project has been divided into two construction phases and the turnkey contract is worth a total of SEK 459 million, excluding VAT.

The business area Sweden had an order intake of NOK 5,127 million (4,991 million) in 2024, and by the end of the year, the order backlog was NOK 4,856 million (5,128 million).

Market outlook

AF's Swedish operations are affected by macroeconomic factors in a manner similar to the Norwegian operations. There is significant uncertainty related to international

BOARD OF DIRECTORS' REPORT

BUSINESS AREAS ▶

political tensions and how this will affect the Swedish and Norwegian economies going forward. However, during 2024, the policy rate in Sweden has been lowered five times. In March 2025, Riksbanken reports inflation of 2.9 per cent and an unchanged policy rate. The policy rate in Sweden as of March 2025 is 2.25 per cent.

According to Svensk Mäklarstatistik, the Swedish housing market experienced growth in 2024, following declining housing prices in 2022 and weak price development in 2023. At the end of 2024, Svensk Mäklarstatistik reported a price increase of 6 per cent for apartments and 5 per cent for detached houses for the year.

As of October 2024, Byggföretagen reports that construction investments in Sweden are estimated to reach SEK 479.2 billion for 2024, and a real increase of 5 per cent is expected in 2025, primarily related to the Housing (Bostäder) segment. Byggföretagen estimates construction investments amounting to SEK 150.7 billion in Sweden for 2024, with an expected increase in activity levels of 7 per cent in 2025.

OFFSHORE

Description of the business

AF offers a diverse range of services to the maritime industry, offshore wind, and the oil and gas sector. The services range from the removal and recycling of offshore installations to the construction of new buildings and modification of climate control systems (HVAC). AF has a state-of-the art facility for environmental clean-up at Vats.

Offshore consists of the business units AF Offshore Decom and Aeron. Offshore also has activities at AF Environmental Base Vats.

AMOUNTS IN NOK MILLION	2024	2023	2022
Revenue	1,081	1,082	1,238
Operating profit (EBIT)	-201	-124	164
Earnings before tax (EBT)	-236	-139	160
Operating margin (%)	-18.6	-11.5	13.2
Profit margin (%)	-21.8	-12.9	12.9
Order backlog	1,753	1,410	1,694
Order intake	1,424	798	1,417

In 2024, Offshore had a revenue of NOK 1,081 million (1,082 million) and earnings before tax of NOK -236 million (-139 million). This resulted in a profit margin of -21.8 per cent for the year, compared to 12.9 per cent in 2023.

Aeron significantly increased its activity and delivered a good result in 2024. AF Offshore Decom experienced a decline in activity and a negative result in 2024. The negative result is entirely related to further adjustments of the project estimate for a project in the Dutch sector of the North Sea. Activity at AF Miljøbase Vats was also lower compared to 2023.

Order backlog

During the year, Offshore has announced three new contracts on the stock exchange. Aeron's products and services contribute significantly to the ongoing energy transition, and during the year, the unit was awarded an EPCi contract for the delivery of complete ventilation and cooling systems to a 2GW offshore wind project. The project will generate electricity for households in Germany and the Netherlands and is part of a large development project led by the Dutch company TenneT. The contract with Aeron has a value exceeding NOK 500 million excluding VAT.

AF Offshore Decom announced two contracts on the stock exchange in 2024. The unit entered into an agreement with Allseas (Excalibur Marine Contractors SA) for the dismantling and recycling of a platform superstructure weighing 12,000 tonnes. The contract includes an option for an additional superstructure. The total tonnage for the contract is between 25,000 and 30,000 tonnes. AF Offshore Decom also entered into an agreement with Heerema Marine Contractors for the engineering, receipt, dismantling and recycling of the Oseberg Øst platform. The weight of the superstructure and substructure is nearly 18,000 tonnes.

In 2024, Offshore had an order intake of NOK 1,424 million (798 million), and by the end of the year, the order backlog stood at NOK 1,753 million (1,410 million).

BUSINESS AREAS ▶

After the year end, Aeron has signed a contract with Stegra for the supply of HVAC ventilation systems to their new green steel production facility in Sweden. The contract is worth approximately NOK 200 million excluding VAT. The contract includes detailed engineering, design, procurement and assembly of HVAC systems. The agreement is a new step in AF's commitment to renewable energy.

Market outlook

The market for removal and recycling of offshore installations has strong growth prospects. In the years leading up to 2030, the British industry organisation Offshore Energies UK (OEUK) expects the annual cost of decommissioning in the North Sea to exceed GBP 2.4 billion. The recent changes in tax regulations in the UK for the oil and gas sector have introduced new challenges for the profitability of long-term production, especially for production facilities nearing the end of their life cycle. Therefore, decommissioning mature platforms is a priority.

There has been increased activity in the Dutch sector, with the ambition to prepare more offshore portfolios for decommissioning. There has been moderate activity on the Norwegian continental shelf, with an expectation of increased activity closer to 2030. The increased rate of investment in offshore wind has increased demand for large crane vessels and shipyards to assemble and install the next generation of offshore wind farms in Europe. A tight vessel market in which the available capacity is wanted for platform installation, decommissioning and wind installation globally will present a capacity challenge, and AF Offshore Decom is working to establish strong relationships with a range of vessel owners to secure capacity for the next few years.

The transition towards a low-emission society is presenting market opportunities for AF's climate control business, and the ever-increasing carbon tax could help accelerate the pace of electrification. Increased investment in offshore wind is also providing new market opportunities. TenneT's 2GW offshore wind project, where Aeron is supplying ventilation and cooling systems, is a good example of this.

RISKS ▶

RISKS

AF Gruppen is exposed to risks of both an operational and financial nature. Risks are uncertain events or actions that can have a positive or negative effect on project targets, such as time, cost, scope or quality. AF Gruppen's Board and management are continuously assessing the situation and implementing any measures that are necessary to ensure adequate liquidity and responsible operations.

Active risk management

AF Gruppen wants to assume operational risk that the business units can influence and control. AF gives high priority to risk management and has good standardised and action-oriented risk management processes. This results in consistent management of risk at all levels of the organisation. Continuous efforts are made to further develop the processes and adapt them to ensure that risk management is as effective as possible. AF seeks to limit exposure to risk that cannot be influenced, including financial risk. A risk review will be conducted for all projects before a tender is submitted. Analysis of risk during the tendering phase enables the correct pricing and management of risk in the project. The same projects conduct detailed risk reviews every quarter.

Financial risk

Financial risk encompasses market risk, credit risk and liquidity risk.

Market risk

Market risk includes foreign exchange risk, commodity price risk and interest rate risk.

Foreign exchange risk

The Group has a low exchange rate risk related to revenue from the Civil Engineering, Construction, Betonmast, Property, Energy and Environment and Sweden business areas, since all revenues are primarily in the functional currency. Portions of the revenues in the Offshore business area are in EUR and USD. These are hedged naturally in some cases, since the costs are in the same currency as the revenues, or they are hedged by means

BOARD OF DIRECTORS' REPORT

RISKS ▶

of forward currency contracts. For two offshore contracts with revenue denominated in EUR, the effects of the forward exchange contracts are recognised in accordance with the rules for cash flow hedging. At the end of 2024, AF Gruppen had NOK 58 million (26 million) in net recognised liabilities related to forward exchange contracts.

AF Gruppen makes most purchases in the functional currency. The Group bears a risk related to purchases in foreign currency, either directly through purchases from foreign suppliers, or indirectly from Norwegian suppliers who import goods from abroad. The Group protects itself by entering into all major purchase agreements in NOK. Major individual purchases in foreign currency that are not encompassed by purchase agreements in NOK are hedged by forward contracts.

In 2024, 76 per cent (69 per cent) of the Group's recognised revenue was from operations with functional currency in NOK and 24 per cent (30 per cent) in SEK. The net foreign exchange gain (-loss) was NOK -14 million (0 million) in 2024. Total translation differences in 2024 were NOK 17 million (89 million).

Commodity price risk

Price developments for raw materials such as steel and wood products constitutes a risk in AF Gruppen's construction operations. Price changes can be partially offset by agreeing a pay and price increase mechanism with customers. Such contract terms have increasingly been used in recent years. The demolition activities in Offshore are exposed to price risk from the sale of scrap steel recycled from steel structures in the North Sea. A continuous assessment is made of whether the price of steel should be hedged, based both on exposure and on the efficiency of the market for forward contracts. At the end of the year, AF Gruppen had a liability of NOK 0 million (1 million) related to commodity derivatives for steel in the demolition business at AF Miljøbase Vats.

Interest rate risk

AF Gruppen's financing is based on variable interest rates, and the Group is therefore exposed to interest rate risk. As a general rule, the Group does not use derivatives to hedge the effective interest rate exposure. AF is also exposed to interest rate risk in construction and property activities, especially for residential construction for own account, in which the general interest rate level will have an impact on the saleability of completed residential units and consequently the Group's tied-up capital. The Group reduces this risk by requiring advance sales of residential units and deposits from home buyers.

Credit risk

Credit risk is the risk that AF Gruppen's contracting parties will inflict financial losses on the company by not fulfilling their obligations. AF has credit risk in relation to customers, suppliers and partners. The Group has established policies to safeguard against credit risk in cash and cash equivalents, loans and receivables. Historically, the Group has had low credit losses, but the risk of such losses has increased in line with inflation, higher interest rates and weak developments in the housing market. Verification in StartBank, use of credit assessment tools, parent company and bank guarantees as well as the use of customised payment plans help to reduce risk. AF has corresponding guarantee obligations to their partners.

Liquidity risk

Liquidity risk is the risk of not being able to meet financial obligations when they fall due. Based on the Group's strong financial position at the end of the year, the liquidity risk is considered low.

AF Gruppen's total financing facilities amount to NOK 3,500 million. The financing facilities consist of a multi-currency overdraft facility (revolving 1-year term) of NOK 2,000 million with DNB and a revolving long-term credit facility (3+1+1 year term) of NOK 1,500 million with Handelsbanken with effect from September 2023. These facilities were unused at the end of the year. As of 31 December 2024, AF Gruppen had net interest-bearing liabilities (receivable) of NOK -99 million (641 million). Available liquidity as of 31 December 2024, including overdraft facilities, was NOK 4,363 million.

The Group's liquidity is monitored through the follow-up of cash flows in the projects. Discrepancies between expected and actual cash flows are reviewed monthly in conjunction with risk reviews of the projects. In addition, daily liquidity is monitored through the Group's central treasury function.

RISKS ▶

Climate and nature risks

Climate change and environmental impact are among the greatest societal challenges of our time. Climate change is causing global temperatures to rise and more extreme weather events and natural disasters. The civil engineering, construction and property sector have a major impact on climate and the environment. 36 per cent of global greenhouse gas emissions can be attributed to these sectors. Nature loss and climate change mutually reinforce each other, generating effects that have serious societal consequences, and there is therefore an increasing focus on addressing nature loss and preserving biodiversity. Construction activities are dependent on and impact nature in the form of changes in land use, due to the need for suitable areas to build on. Our company also relies on the use of natural resources and input factors such as steel, concrete, asphalt and wood. The industry can therefore significantly influence and contribute to solutions for restructuring society and the way we work.

AF Gruppen works systematically on climate and nature risks, and the new strategy towards 2028 sets a new main target for climate and the environment – we aim to halve AF Gruppen's carbon footprint. Climate and nature risk analysis, as well as the Group's work on climate and environmental-related topics, are presented in the sustainability report.

Insurance

Insurance has been taken out for the board members and the Managing Director for their potential liability to the company and third parties. Liability insurance has been taken out with Zurich Insurance Plc. and ANV Speciality Europe S.L. and covers AF Gruppen ASA and its subsidiaries. The Board considers the coverage to be market-based.

MARKET OUTLOOK AND STRATEGY ▶

MARKET OUTLOOK AND STRATEGY

Over the past few years, AF Gruppen's business areas have been affected by high inflation, high interest rates and fluctuating investment activity. Increased trade-policy tensions and international conflicts are affecting the macro landscape and have heightened geopolitical uncertainty.

Persistently high financing costs and further material price increases, amplified by the weakening of the krone, have reduced investment activity and the number of new projects initiated in recent years. Since November 2021, Norges Bank has implemented a restrictive monetary policy, and the policy rate has remained unchanged at 4.5 per cent since December 2023. The interest rate has helped cool down the economy and reduce inflation. Inflation continued to fall towards the end of 2024, and Norges Bank indicated in March 2025 that the policy rate is likely to be lowered during 2025. In March 2025, Riksbanken decided to keep the Swedish policy rate unchanged at 2.25 per cent. There is great uncertainty associated with global outlooks. Internationally, fewer cuts in policy rates are now expected than previously anticipated. Prolonged conflicts and international trade policy tensions will continue to be a significant source of uncertainty for the Norwegian and Swedish economies.

We consider the long-term outlook for our business areas to be good. AF's civil engineering activities are more dependent on public demand compared to other business areas within AF. A high annual investment rate outlined in the National Transport Plan 2025-2036, along with substantial government allocations, provides a strong foundation for civil engineering activities in the future. There has been a lot of uncertainty for the construction and property sectors throughout 2024, but the main elements of uncertainty are showing signs of stabilising. The Energy and Environment business area is experiencing high and growing demand. The Norwegian authorities have set ambitious targets for reducing energy consumption towards 2030, and high electricity prices make investments in energy-efficient measures very attractive. We also see significant market potential for the Offshore business area, where several large oil platform portfolios will be demolished over the next ten years in the North Sea.

Throughout 2024, a thorough process has been carried out for a new corporate strategy at AF towards 2028. Despite a turbulent geopolitical landscape that is significantly changing the market conditions for the industries we are present in, the direction of AF Gruppen's strategy for the future remains firm. A value-based culture with an entrepreneurial spirit and a disciplined approach to attaining goals and meeting stringent

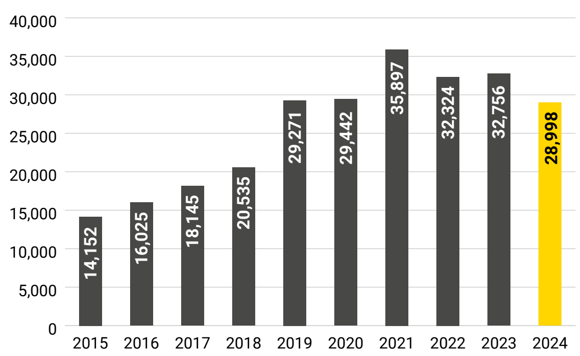
MARKET OUTLOOK AND STRATEGY ▸

requirements places AF in a competitive position to tackle the challenges of the future. The new strategy will continue to pursue the financial goals of an operating margin of 7 per cent and a return on average capital employed of 20 per cent. The goal of profitable growth remains and is expressed in the new strategy as a target of 7 per cent annual growth. The aim of this is to achieve a steady and controlled growth rate. Zero personal injuries and work-related absence remain the most important health and safety objectives. The new strategy sets a new main goal within the field of climate and environment – we aim to halve AF Gruppen's carbon footprint. The goal for the carbon footprint is defined by targets in the areas of greenhouse gas emissions and circular economy. AF aims to reduce its total greenhouse gas emissions by at least 50 per cent relative to revenue by 2030, and to halve its direct emissions, regardless of revenue, by 2028. These goals are more ambitious than in previous strategic periods. The strategy continues the goal of halving the waste sent to incineration or landfills per revenue by 2030, in addition to setting a new goal of increasing the proportion of waste prepared for reuse or material recycling to 70 per cent.

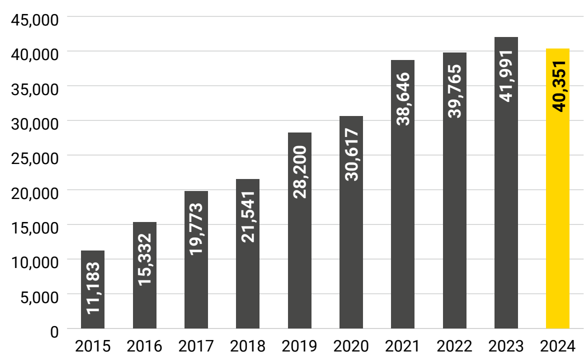
AF Gruppen is, and shall be, trustworthy. Both its reputation and competitiveness are founded on trust. AF is uncompromising in adhering to the core values and rules of conduct outlined in the code of behavior. A value-based culture, clear strategic priorities, and a strong financial position make AF well-equipped to meet challenges and seize opportunities the market presents going forward. With a solid order reserve totaling NOK 40,351 million (41,991 million), we expect a high level of activity for AF Gruppen also in 2025. The board thanks the employees for their significant contributions in 2024.

The Board of Directors thanks the employees for their significant contributions in 2024.

ORDER BACKLOG (NOK MILLIONS)



ORDER BACKLOG (NOK MILLIONS)



CONTRACTS ANNOUNCED ON OSLO BØRS IN 2024

Business area	Customer	Project	Contract amount in millions excl. VAT	Currency
Civil Engineerin	City of Oslo, represented by the Water and Sewage department	E1 Water treatment plant, Huseby	7,600	NOK
	Nedre Romerike vann- og avløpsselskap	Wastewater treatment plant in Strømmen, Romerike	0 [1]	NOK
Construc-tion	Diakonhjemmet Foundation	Diakonhjemmet Campus	1,400	NOK
	KLP Eiendom	Pilestredet 75, Nora, 165 apartments	906	NOK
	Drammen Helsepark	Hotel and office building, Brakerøya	516	NOK
	Nåbo	Sandsli stasjon, 178 apartments	430	NOK
	Nøstegaten 72-74 AS (OBOS Nye Hjem)	Nøstet, 96 new apartments in Bergen city center	428	NOK
	Linstow AS	Rehabilitating the commercial building Qvarteret in Oslo	360	NOK
	OBOS	Building 90 homes, Storøykilen, Block 4	340	NOK
	Gjelsten Bolig AS	Sjøbodene, 77 apartments in Sandviken	285	NOK
	Kvassnesvegen utvikling AS	Combined commercial and residential project in Alver	257	NOK
	Helse Sør-Øst RHF	Execution of contract 2211 Structural Shell Somatics Base West	212	NOK
	Munsterbekken BRL	Rehabilitating of Munsterbekken Borettslag in Bergen	183	NOK
	Entra	Rehabilitation of office premises at Brynsengfaret 6	140	NOK
	Bergen Municipality	Haugland Housing Community	125	NOK
	JVH Eiendom	Larvik Health Park	125	NOK
	Boligbyggelaget USBL	Construction of new apartment buidling Møllers Gate in Sandefjord	122	NOK
	BIR	Biogas Plant in Voss	120	NOK
	Bakehuset AS (NorgesGruppen)	Bakery, Endelausmarka	120	NOK
	REQ	Rehabilitation and conversion of Augustin Hotel in Bergen	115	NOK
	Høgafjellet Eigedom AS	Warehouse and logistics building at Espevoll in Osterøy municipality	111	NOK
	Norwegian Public Roads Administration	Foundation work Ramfjordbrua E8	100	NOK
Betonmast	Moerveien	Fredheimkvartalet, 141 apartments	400	NOK
	Indre Østfold municipality	Hovin Primary School	250	NOK
	Folksom	Tolvsrød Square	237	NOK
	Poseidon Properties	51 apartments at Holtet, Nordstrand	219	NOK
	Lillestrøm Municipality	Rehabilitation of Sten-Tærud School	200	NOK
	Værste AS	Office building at Værste in Fredrikstad	175	NOK
	Akershus county authority	Rud Upper Secondary School	165	NOK
	Norwegian Defence Estates Agency	Construction of offices and vehicle halls at Ørland	155	NOK
	Arbeidsmandsforbundets hus AS	Rehabilitation and expansion of office building, Grubbegata 4-6	146	NOK
Energy and Enviroment	South-Eastern Norway Regional Health Authority	Temporary office and accommodation facilities at the New Rikshospitalet (Oslo University Hospital)	129	NOK
	South-Eastern Norway Regional Health Authority	Common Contractor Rig at Nye Aker	120	NOK
Sweden	Svenska kraftnät	Turnkey contract, seven new series compensation stations	900	SEK
	Reliwe	Building 333 new apartments in the Stockholm area	459	SEK
	Bonava	Building 113 apartments in Uppsala, Luthagen	297	SEK
	Stena Bygg AB	Building 62 apartments in Solna	211	SEK
	City of Västerås	Building a new school in Västerås, Ekbergaskolan	195	SEK
	Region Örebro Län	Building a new district cooling plant at the University Hospital in Örebro	180	SEK
	Familjebostäder	Building 87 apartments, Stockholm	178	SEK
Offshore	TenneT	EPCi ventilation and cooling systems for offshore wind	500	NOK
	HMC	Onshore disposal services, Oseberg Øst-platform	Not disclosed	
	Allseas	Topsides disposal	Not disclosed	

[1] *It is expected that a construction contract could have a value of approximately NOK 1 billion. The construction contract will only be included in the order backlog once the phase 2 contract is signed.*

SUSTAINABILITY STATEMENT

Contents

BOARD OF DIRECTORS' REPORT

ESRS 2 GENERAL DISCLOSURES

For the first time, AF Gruppen has prepared a sustainability statement in line with the European Corporate Sustainability Reporting Directive (CSRD).

BP-1

General basis for preparation the Sustainability Statement

GENERAL BASIS FOR PREPARATION THE SUSTAINABILITY STATEMENT

Framework

AF's sustainability statement has been prepared in line with the European Corporate Sustainability Reporting Directive (CSRD) and associated European Sustainability Reporting Standards (ESRS).

Basis of consolidation

The ESRS make reference to a financial control approach to determine parameters for sustainability reporting. The reporting boundaries in AF's sustainability statement essentially reflect the IFRS® accounting standards that have been adopted by the EU. Consolidated data in the sustainability statement includes AF Gruppen ASA (parent company) and its subsidiaries. With one exception, these are equivalent to the reporting boundaries for the consolidated financial statements. The ESRS do not directly address how information related to joint operations should be assessed. In line with IFRS 11, AF's joint operation, JV AF Ghella ANS, is recognised in the consolidated financial statements in accordance with our ownership interest (60 per cent). However, sustainability data for this company is included in the same manner as for AF Gruppen's subsidiaries (100 per cent). The approach chosen for joint operations will be consistently applied in our reporting.

In addition to information about own activities, sustainability reporting includes information about material impacts, risks and opportunities associated with our business activities through direct and indirect business relationships upstream and downstream in our value chain. Some climate and environmental standards require that we include information related to companies, assets, locations or activities over which AF has operational control. Of the material standards that AF reports on, this applies to E1 Climate change and E4 Biodiversity and ecosystems. The other material reporting standards do not have requirements for assessing operational control.

Operational control is defined in Annex II of the ESRS and is an assessment that is independent of the legal organisation of the company. In AF's case it was relevant to assess whether we have operational control over associated companies and joint ventures that are not consolidated in the consolidated financial statements. These assessments were applied consistently in the applicable standards. AF is deemed to have operational control in instances in which we are able to manage the operational activities of the business in question, and data is included in AF's reporting of own activities. In instances in which AF is not deemed to have operational control, but rather this concerns an associated company or joint venture that is part of AF's value chain, data is included in the value chain reporting in the same manner as other business relationships.

When there are disclosure requirements in which value chain reporting is based on the preparation of estimates we have included further information in relevant section of our report.

Other matters

In the event of changes in the preparation or presentation of sustainability factors, comparative figures are restated. Material errors for previous periods are corrected by these figures being restated. No figures were restated in this year's sustainability statement nor were material errors in previous periods identified. In the sustainability statement, we did not utilise the opportunity to omit material information relating to intangible assets, expertise or innovation. The exceptions in Article 19a, (3) and Article 29a, (3) of Directive 2013/34/EU are not considered relevant.

BP-2

Disclosures in relation to specific circumstances

DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

Time horizon

The reporting period for AF Gruppen's sustainability reporting is consistent with the reporting period for the consolidated financial statements and applies to the 2024 financial year. The sustainability reporting is both forward-looking and a report for the past year. Unless otherwise specifically stated in the individual reporting standards, the time intervals shown below are used for forward-looking sustainability reporting. Our medium and long-term time intervals differ from the recommendation in ESRS 1. AF has selected time horizons that are considered more appropriate based on industry and climate developments in the relevant markets in which AF operates. It is our assessment that these time horizons provide users of sustainability reporting with more relevant information about our identified risks and opportunities and increase the value of the analyses carried out and that form the basis for the reporting.

TIME HORIZON

Time Horizon	Years	Explanation
Short-term	1 year	Same reporting period as used in financial reporting.
Medium-term	2–10 years	Covers the time horizon for AF's larger projects with longer durations and sustainability-related medium-term targets set in the current strategy period.
Long-term	> 10 years	Covers the period up to 2050 and our long-term targets set in the current strategy period.

Value chain estimation

In the instances in which we do not currently have access to data from our value chains, we have estimated the upstream and downstream data to be reported by using reasonable data that can also be documented. In these instances, we have described the basis for preparation, the resulting degree of accuracy, and any planned measures to improve accuracy.

VALUE CHAIN ESTIMATION

Standard	Data point
E1 Climate change	E1-6 Scope 3, Category 1: Purchased goods and services

Use of phase-in provisions

We have used the phase-in options for the disclosure requirements listed in the overview below.

For data point E5-4 in the standard entitled E5 Resource use and circular economy, we have also used the transitional provision in ESRS 1 and have not obtained information about the value chain. See data point E5-4 for further information.

TRANSITIONAL PROVISIONS APPLIED

Standard	Data point
E1 Climate change	E1-9
E4 Biodiversity and ecosystems	E4-6
E5 Resource use and circular economy	E5-6

Sources of estimation and outcome uncertainty

When preparing the sustainability reporting, management used estimates and assumptions that impact the quantitative reporting of sustainability data. The estimates and underlying assumptions are continually assessed based on historical experience, industry practice and other factors. We have determined that there is consistency between material assessments and assumptions in our sustainability reporting and other financial reporting. See the note reference below for further information on material

BOARD OF DIRECTORS' REPORT

BP-2

Disclosures in relation to specific circumstances

assessments, estimates and assumptions related to sustainability data. There is a high level of uncertainty associated with forward-looking information.

MATERIAL ASSESSMENTS, ESTIMATES AND ASSUMPTIONS	
Standard	**Area**
E1 Climate change	E1-6 Scope 3, Category 1: Purchased goods and services

Incorporation by reference
Reporting on remuneration of senior executives: The report on remuneration of senior executives was prepared by the Board of AF Gruppen ASA in accordance with section 6-16b of the Public Limited Liability Companies Act and the Regulations on policies and reporting on remuneration to senior managers. Reference is made to this disclosure in certain sections of this standard.

Corporate governance A statement has been prepared in accordance with the Norwegian Code of Practice of 14 October 2021, cf. www.nues.no. Reference is made to this disclosure in certain sections of this standard.

References to other recognised reporting frameworks
TCFD (Task Force on Climate Related Financial Disclosures)
For several years, AF has used the TCFD framework for reporting our climate risks and opportunities. The recommended data from the TCFD is now integrated into our Sustainability Statement, see reference below.

RECOMMENDED DISCLOSURES TCFD		REFERENCE
Governance		
	a) Boards oversight b) Managements role	GOV-1 GOV-2 GOV-3 GOV-4 GOV-5
Strategy		
	a) Climate-related risks and opportunities b) Impact of climate-related risks and opportunities c) Resilience of the organisation's strategy	SBM-1 SBM-2 SBM-3 E1 SBM-3
Risk management		
	a) Processes for identification and assessing climate-related risks b) Processes for managing climate-related risks c) Integration of climated related risks into the organisation's overall risk management	E1 IRO-1 E1-3
Metrics and targets		
	a) Methods and data used to assess climate related risks and opportunities b) Greenhouse gas emissions scope 1, 2 og 3 c) Targets used to manage climate related risks and opportunities	E1-4 E1-6

BP-2

Disclosures in relation to specific circumstances

TNFD (Task Force on Nature Related Financial Disclosures)
AF conducted our first ever nature risk analysis in 2024, and this was based on the TNFD framework. The recommended data from the TNFD is integrated into our Sustainability Statement, see reference below.

RECOMMENDED DISCLOSURES TNFD		REFERENCE
Governance		
	a) Boards oversight b) Managements role	GOV-1 GOV-2 GOV-3 GOV-4 GOV-5
	c) Human rights and stakeholder dialogue	SBM-2
Strategy		
	a) Nature related dependencies, impacts, risks and opportunities b) Impacts of nature related dependencies, impacts, risks and opportunities c) Resilience of the organisation's strategy d) Priority locations	SBM-1 SBM-2 SBM-3 E4 SBM-3 E4-1
Risk management		
	a) Processes for identification and assessment of nature related dependencies, impacts, risks and opportunities b) Processes for managing nature related dependencies, impacts, risks and opportunities c) Integration of nature related risks in the overall risk management	E4 IRO-1 E4-3
Metrics and targets		
	a) Methods and data used to assess nature related risks and opportunities b) Methods and data used to assess nature related dependencies and impacts c) Targets used to manage nature related dependencies, impacts, risks and opportunities	E4-4 E4-5

ISO Certifications
AF's management system follows the principles in ISO 9001. The business units at AF that are certified account for just under 80 per cent of our total operating revenue for ISO 9001 and the equivalent applies for the environmental standard ISO 14001.

GOV-1

G1 GOV-1

The role of the administrative, management and supervisory bodies

THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Role of the Board of Directors

Composition of the Board of Directors
AF Gruppen ASA has 10 Board members, three of whom are elected by the employees. AF Gruppen meets the requirements of the Public Limited Liability Companies Act regarding gender distribution on the Board. Of the seven board members elected by the general meeting, three are men and four are women. Of the three employee-elected board members, two are men and one is a woman. The Board's "gender indicator" is therefore 1 (women/men).

None of the board members elected by the general meeting are involved in the day-to-day management of the company or have cross-relations with senior executives. Chair of the Board Morten Grongstad served as CEO until August 2020.

BOARD OF DIRECTORS' REPORT

GOV-1

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The role of the administrative, management and supervisory bodies

The Board of Directors has assessed its independence and finds that it is satisfactory. AF has implemented processes for ongoing control of what other duties the board members have. When new board members are nominated, the Nomination Committee also assesses their independence. Each individual board member has an obligation to notify of any potential conflicts of interest or issues related to their impartiality. The Board of Directors also has a collective responsibility to assess on an ongoing basis whether there are circumstances that objectively speaking are likely to weaken public confidence in the board members' impartiality or may give rise to conflicts of interest. Four of the seven board members elected by the general meeting are independent of the company's principal shareholders. The Board's "independence indicator" is thereby 57.1 per cent. This is described in more detail in the Corporate Governance section of the annual report.

BOARD OF DIRECTORS

Name	Role	Committee
Morten Grongstad	Chair of the Board	Chair of the Competence and Remuneration Committee
Marianne Gjertsen Ebbesen	Board Member	Member of the Competence and Remuneration Committee
Kristian Holth	Board Member	Chair of the Audit Committee
Hege Bømark	Board Member	Member of the Audit Committee
Saloume Djoudat	Board Member	Member of the Competence and Remuneration Committee
Hilde Kristin Herud	Board Member	Member of the Audit Committee
Eirik Tømmeraas Veiby	Board Member	Member of the Competence and Remuneration Committee
Espen Jahr	Employee Representative	Not applicable
Hilde W. Flaen	Employee Representative	Not applicable
Rene Elkjær Kristensen	Employee Representative	Not applicable

The responsibilities of the Board of Directors

The Board of Directors has the overall responsibility for managing AF Gruppen on behalf of its owners, including continuously overseeing the Group's management and operations. Management responsibility also entails ultimate responsibility for corporate social responsibility at AF. The Chair of the Board is responsible for ensuring that the work of the Board of Directors is performed in an efficient and appropriate manner in accordance with the current legislation, Articles of Association and the adopted Rules of Procedure for the Board of Directors. AF's rules of procedure for the Board stipulate rules for the Board's work and processes, and define which matters are to be considered by the Board and the tasks and duties the CEO has in relation to the Board. Separate rules of procedure have been prepared for the Board's preparatory and advisory committees. The agenda for Board meetings is prepared by the CEO and management in consultation with the Chair of the Board.

The Board is responsible for ensuring that AF Gruppen has sound internal control and appropriate systems for risk management. Good and systematic risk management is a strategic tool that improves competitiveness and increases the creation of value. Internal controls should contribute to ensuring efficient operations and responsible management of material risks. The Board conducts an annual review of the Group's risk areas and internal control systems, The Board also takes part in AF Gruppen's evaluation of sustainability-related impacts, risks and opportunities, and approves material sustainability matters. This includes how sustainability-related risks and opportunities can impact AF Gruppen's business activities and financial position in the short, medium and long term. Follow-up of the measures that have been implemented for material sustainability matters is reported to the Board in connection with other reporting.

GOV-1

G1 GOV-1

The role of the administrative, management and supervisory bodies

The Board shall participate in the development of strategies, plans, budgets and policies for operations, and shall ensure that AF has an organization that is well equipped to implement the strategy. The Board should also ensure that our business operations are run in accordance with the adopted policies and strategy. An open and solid management structure instils confidence and lays the foundation so that AF Gruppen can achieve its goals and ensure long-term value creation for investors, employees, customers and society at large.

The Board of Directors follows a four-year cycle for its strategy work. In 2024, a new strategy was developed for the 2025–2028 period. The strategy is based on the Board's and management's assessment of the company's risk profile, and continues its ambitions from the past on safety, profitability and growth. The strategy addresses most of AF's material impacts, risks and opportunities. The strategy is described in more detail from page 24 of the annual report, as well as in each of the standards for sustainability reporting.

The Board of Directors continuously assesses the need to use committees. The Board had two committees during the reporting year. The Audit Committee and the Competence and Remuneration Committee

The Audit Committee is a preparatory and advisory body for the Board of Directors in matters relating to the statutory audit and assurance, sustainability reporting and financial reporting, including the ESEF-labelled annual report and implementation of the double materiality analysis. The Audit Committee is also responsible for reviewing the Corporate management's plan and summary of risk management and internal control over financial reporting and sustainability reporting. The Committee consists of three shareholder-elected board members: Kristian Holth (chair), Hege Bømark and Hilde Kristin Herud. All members satisfy the independence requirements of the Public Limited Liability Companies Act.

The Competence and Compensation Committee is a preparatory and advisory body for the Board of Directors in matters relating to salaries and other compensation for executives as well as all share-based remuneration in AF Gruppen ASA. The Committee draws up proposals for policies for salaries and other remuneration for senior executives who motivate and contribute to long-term value creation. The Committee shall also prepare proposals for salaries and other remuneration for the CEO and oversee AF Gruppen's overall work on skills and leadership development. The Committee consists of four shareholder-elected board members: Morten Grongstad (chair), Marianne G. Ebbesen, Saloume Djoudat and Erik T. Veiby.

Read more about the Board's responsibilities under Corporate Governance.

Qualifications of the Board of Directors

The board members have varied backgrounds both in terms of education and professional experience, and the Board of Directors is composed to safeguard the interests of the community of shareholders and the company's need for expertise and capacity, including material sustainability matters. Several of the board members have extensive operational experience from similar project activities to those carried out by AF and have thereby acquired relevant expertise on material sustainability matters.

The introduction of the CSRD entails expanded formal responsibility for the Board, and management's follow-up of the directive was discussed by the Board and the Audit Committee on several occasions during the reporting year. The new European standards for sustainability reporting represent a new and complex regulatory framework that requires a new form of expertise. The Audit Committee and other board members have relevant expertise from managing sustainability projects, ISO certifications, seminars, and course activities. They also have board experience from other companies that are governed by the same directive as AF Gruppen. The Corporate management's review of key processes during the reporting year, such as the double materiality analysis, ongoing work on the preparation of reporting and nature and climate risk analysis, also contributed to increasing the Board's expertise.

The Audit Committee played a particularly important role during 2024 in preparing the Board's quality assurance of AF Gruppen's first report in line with the CSRD. Organisation and internal controls, GAP analysis, assurance process and

BOARD OF DIRECTORS' REPORT

GOV-1

G1 GOV-1

The role of the administrative, management and supervisory bodies

double materiality analysis are examples of matters that were addressed by the Audit Committee. Members of the Audit Committee attended sustainability-related courses and seminars that specifically concerned the CSRD and ESRS.

Further information on the board members can be found on pages 70 and 71.

The role of the management

The composition of the corporate management

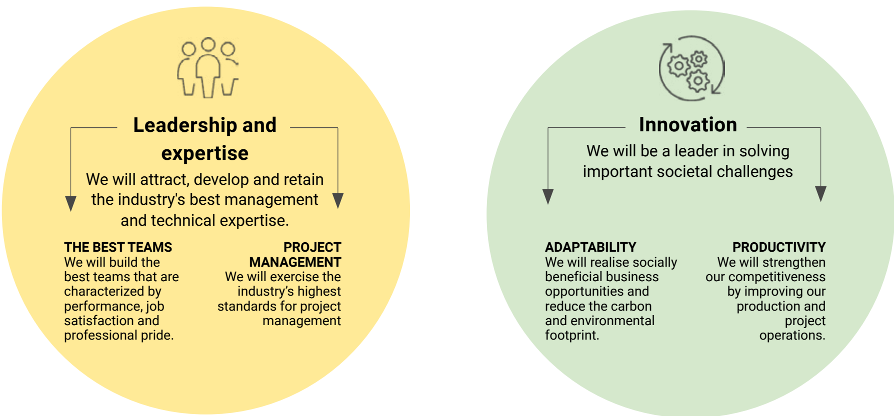
THE CORPORATE MANAGEMENT TEAM		
Name	**Title**	**Area of responsibility**
Amund Tøftum	CEO	Primary operational responsibility
Anny Øen	EVP	Finance
Bård Frydenlund	EVP	Sweden and Betonmast
Eirik Wraal	EVP	Energy and Environment and Construction
Geir Flåta	EVP	Civil Engineering and Property
Tormod Solberg	EVP	Construction
Lars Myhre Hjelmeset	EVP	Offshore

There are six men and one woman on AF Gruppen's Corporate Management Team. The gender indicator for management is therefore 0.17 (women/men).

Management's responsibilities

The Board has ultimate responsibility for corporate social responsibility at AF, however, CEO Amund Tøftum has operational responsibility, and this follows his line management, whereby each executive vice president is responsible for their respective business areas. Material sustainability-related impacts, risks and opportunities are identified and managed by the Corporate Management Team, with the Board overviewing these activities.

AF Gruppen has two strategic initiatives to strengthen our ability to achieve our goals: Leadership and expertise and Innovation. In connection with operationalisation of the strategy, individual steering groups have been established for each of our strategic initiatives, with representatives from the Corporate Management Team and relevant staff functions. The strategic documents set out expectations for how the strategic initiatives will be implemented in the business plan of each business unit. The content of the business plans must support the Group's goals and requirements pertaining to profitable growth, compliance with the business model, and strategic initiatives. There is also a requirement that business units and projects are organised with sufficient expertise within material sustainability matters.



GOV-1

G1 GOV-1

The role of the administrative, management and supervisory bodies

Management's qualifications

The Corporate Management Team has an average of 20 years of experience from AF Gruppen and has thereby acquired relevant operational experience on material sustainability matters, including management of sustainability projects, monitoring of HSE, climate and environmental requirements, as well as monitoring and operationalising the Group's strategy.

CFO Anny Øen is specifically responsible for AF's sustainability reporting. The project group that was responsible for implementing sustainability reporting in accordance with the CSRD reported to the CFO. Matters of key importance were reviewed by the Corporate Management Team when required. The project group's review of key processes such as double material analysis, ongoing work on preparing sustainability reporting and nature and climate risk analysis, also contributed to increasing the Corporate Management Team's expertise within a new specialist field.

Further information on the Corporate Management Team can be found on pages 68 and 69.

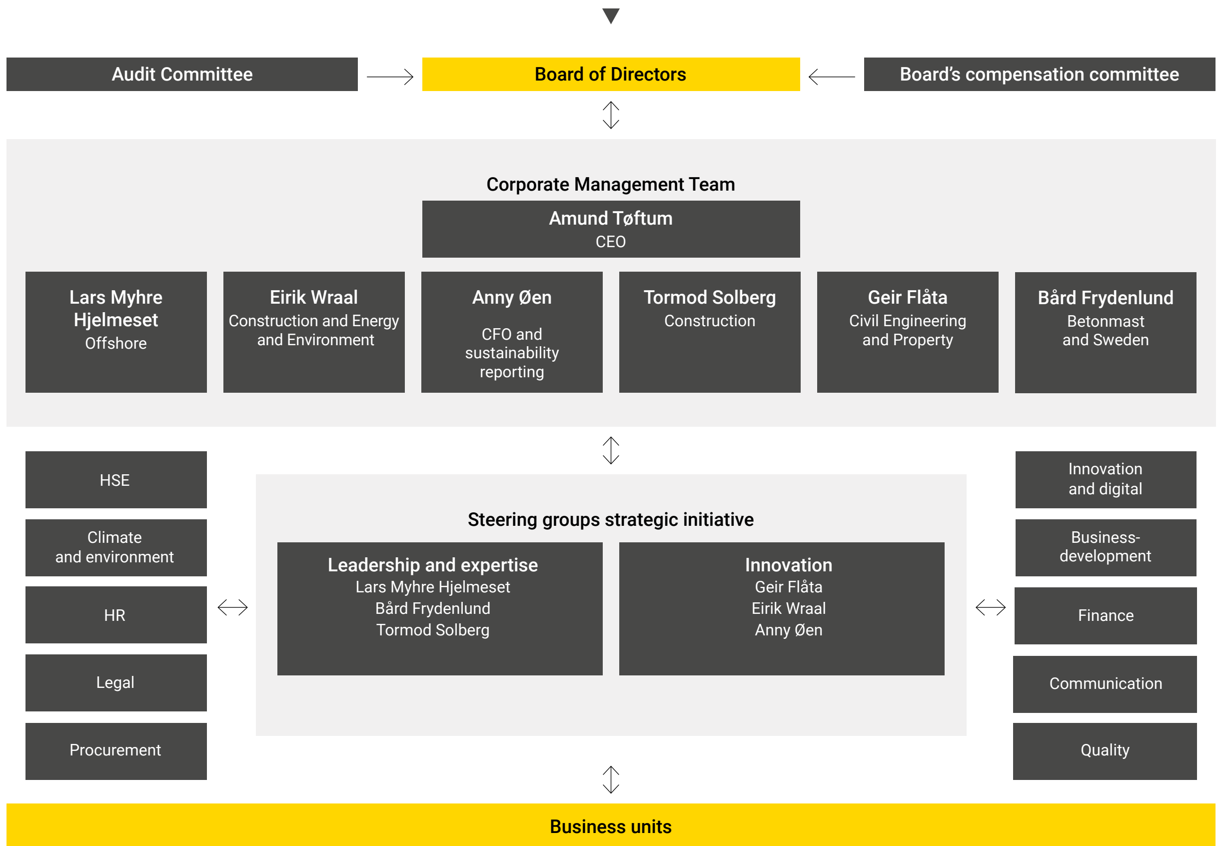
GOV-2

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Board considers sustainability-related issues when reviewing risk areas and internal controls, as well as when approving strategies, quarterly accounts, annual accounts and budget. Sustainability-related assessments are made when reviewing AF's core values, policies for ethics and social responsibility, organizational structure and corporate

ORGANISATION OF CORPORATE SOCIAL RESPONSIBILITY IN AF



BOARD OF DIRECTORS' REPORT

GOV-2

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

governance principles. The Board also considers these factors in connection with potential acquisitions of companies valued at over NOK 50 million, site investments where our share is over NOK 100 million and contract tenders with a contract sum in excess of NOK 750 million.

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

In connection with the operationalisation of AF Gruppen's strategy, issues relating to sustainability are followed up in separate steering groups that are headed by representatives from the Corporate Management Team. Key issues related to sustainability are raised in the steering groups for discussion and forwarded on to the rest of the Corporate Management Team as required. The Board reviews the goals and policies annually to determine whether they are aligned to the strategies, operationalized effectively and easy to understand for employees and other stakeholders.

The Corporate Management Team monitors the status of strategic goal achievement through quarterly reporting of key performance indicators. In connection with the risk review of tenders with a contract sum exceeding NOK 100 million, the project's risk must be described and possible measures to minimize risk must be reviewed. This includes material sustainability-related matters if relevant. This also applies to contracts with a lower contract sum if the risk situation or other circumstances so indicate. The individual AF business units are responsible for mitigating sustainability risk as part of the daily operations and implement relevant measures to help achieve the overall Group strategy.

All material sustainability-related impacts, risks and opportunities were addressed by the Corporate Management Team and Board during 2024. In 2024, AF both completed the previous strategy period and formulated a new strategy for the next four years. Evaluating targets from the previous strategy period and preparing a strategy for the next period related to material sustainability matters was therefore a key issue for both the Board and the Corporate Management Team. The table below shows how sustainability-related matters were formally addressed during the reporting period. These matters are also addressed on an ongoing basis as required and through reporting of adverse events.

MANAGEMENT OF SUSTAINABILITY-RELATED MATTERS DURING THE REPORTING PERIOD

ESRS	Board of Directors		Corporate Management Team	
	Annually	Quarterly	Annually	Quarterly
Double materiality analysis				
E1 Climate change				
E4 Biodiversity and ecosystems				
E5 Resource use and circular economy				
S1 Own workforce				
S2 Workers in the value chain				
G1 Business conduct				

GOV-3

E1 GOV-3

Integration of sustainability-related performance in incentive schemes

INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

AF Gruppen does not have direct incentive schemes related to sustainability-related targets. This also applies to climate-related targets. AF is of the opinion that existing policies for salaries and other remuneration for senior executives contribute to the realisation of our business strategy, safeguard our long-term interests and maintain and develop our financial sustainability in an appropriate manner. The reward system is described in greater detail in Note 7 – Payroll costs and Note 33 – Remuneration of executive personnel in the consolidated annual financial statements, as well as in the Report on remuneration to senior executives.

GOV-4

Statement on due diligence

STATEMENT ON DUE DILIGENCE

Due diligence is a process that is carried out in order to identify, prevent, limit and describe how to manage existing and potential negative consequences of business activities.

AF sets requirements for the entire value chain to comply with basic human rights and decent working conditions. AF Gruppen is subject to the Transparency Act and reports on due diligence and consequences for the Group in a separate publication. This is published on AF Gruppen's website. AF Gruppen follows the OECD policies for multinational companies, which is a recognised and recommended due diligence model.

In the table below, we demonstrate how and where the application of the most important due diligence aspects is reflected in our sustainability statement to provide an understanding of how this is implemented in practice. AF Gruppen has progressed the furthest with due diligence processes relating to human rights and decent working conditions, and does not currently have similar due diligence processes for factors relating to climate change and the environment.

CENTRAL ELEMENTS OF THE DUE DILIGENCE ASSESSMENT	REFERENCE
a) Embedding due diligence in governance, strategy and business model	GOV-1 GOV-2 SBM-1
b) Engaging with affected stakeholders in all key steps of the due diligence	SBM-2 S2-2 S2-3
c) Identifying and assessing adverse impacts	SBM-3 IRO-1
d) Taking actions to address those adverse impacts	S2-4
e) Tracking the effectiveness of these efforts and communicating	S2-5

GOV-5

Risk management and internal controls over sustainability reporting

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

AF has comprehensive systems in place for internal controls and risk management. The Board is responsible for ensuring that AF Gruppen has sound internal control and appropriate systems for risk management, and monitors material sustainability matters. The systems are reviewed annually by both the auditor and the Board's Audit Committee, and our external auditor certified the sustainability statement for the very first time. This also includes reviewing identified points of improvement related to AF's risk management and internal controls. In connection with preparations for reporting in accordance with CSRD, a separate project group that reported to the CFO was established The project group was led by the Director of Sustainability and included representatives from the corporate functions of climate and environment, HSE, HR, procurement and legal, communication, and finance. This group operated as a sustainability network, and ensured that AF has established clear responsibilities, processes and systems related to the preparation of reporting.

GOV-5

Risk management and internal controls over sustainability reporting

Internal control is a continuous process that is performed in all parts of the organisation. AF Gruppen's internal control is designed to provide reasonable assurance of:
– Targeted and cost-effective operations
– Reliable external accounting and sustainability reporting
– Compliance with the current laws and regulations

The Corporate Sustainability Reporting Directive and the ESRS set demands for new systems and procedures. Relevant specialist departments are responsible for data collection, and there is a dedicated unit in the group that are responsible for quality assurance and compliance with the new statutory requirements. Our reported data must be reliable and accurate, and improvements in the quality and accuracy of data related to our strategic goals will be prioritised going forward.

The new and expanded sustainability reporting requirements also increase the need to integrate sustainability data and financial data. AF's taxonomy reporting is a good example of the need for extensive interdisciplinary collaboration between those who have information about financial data and those who have knowledge of climate and environment related issues in each project.

For presented data involving a high degree of discretionary assessments, high level of complexity, or areas where assumptions and estimates are of importance to reported data, we have provided additional information in connection with each individual data point.

KEY ISSUES AND RISKS RELATING TO INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

Manual data collection

Some areas require manual data collection. As a result of this, AF Gruppen has a specific focus on processes and controls for quality assurance of this type of data.

Estimates

Challenges with access to data necessitate the preparation of estimates. This may be due to the fact that the data does not exist or that it is considered overly resource-intensive to collect the data. In these instances, reporting will be prepared as a best estimate based on secondary data and available information. Material estimates and key assumptions are prepared by the relevant specialist department and subject to quality control by a dedicated entity in a group functions.

Value chain information

Reporting under the CSRD necessitates the collection of data from our value chain. Actors in the value chain may use different methods for collecting their data, and the quality of this data may vary. We also do not necessarily have the same insight into the internal controls and internal processes of other actors in our value chain. This can make it challenging to consistently compare and consolidate information. There are a number of ongoing industry initiatives related to coordinating the work on and standardisation of data collection.

Discretionary assessments when interpreting regulations

The new statutory standards are complex, and there is little existing practice in this area. There are several areas in which there is a need to apply discretionary assessments, and without clear policies, requirements can be subject to different interpretations. It is our opinion that it will be a challenging task to compare the sustainability reporting of companies in the coming years, and users of the reports will therefore require a basic understanding of the new regulations.

SBM-1

Strategy, business model and value chain

STRATEGY, BUSINESS MODEL AND VALUE CHAIN

Description of AF Gruppen's business areas and services

AF Gruppen is a project-based contracting and industrial group with seven operational business areas: Civil Engineering, Construction, Betonmast, Property, Energy and Environment, Sweden and Offshore. As of 31 December 2024, AF Gruppen had 5,648 employees. The breakdown of employees per country is shown under S1-6 and the average number of Full-time equivalent's (FTE) per country is shown in the annual accounts (Note 7 - Payroll costs). More information about AF Gruppen's business areas can be found in the first part of the annual report and in Note 4, Segment information.

REVENUE PER BUSINESS AREA

Amounts in NOK million	Civil Engineering	Construction	Betonmast	Property	Energy and Environment	Sweden	Offshore	Other/Elim/ GAAP	Total
Total revenue	9,590	8,881	4,367	23	1,510	5,399	1,081	-213	30,638

The European Commission has not adopted the sector classification standard SEC 1 and, in connection with the proposed simplification package, it is uncertain as to whether these standards will be implemented. We therefore do not specify our revenues per sector.

Civil Engineering
AF is one of Norway's largest construction contractors, and the project portfolio includes roads, railways, bridges, port facilities, airports, tunnels, foundation work, renovation and construction of concrete structures, power and energy plants, as well as onshore facilities for oil and gas.

Construction
AF provides contracting services for residential, public and commercial buildings. Services range from engineering design to new construction and renovation of existing buildings. The Construction business area encompasses the Norwegian business except for Betonmast, and is mainly located in Eastern Norway and the Bergen region.

Betonmast
Betonmast is a construction contractor with operations in the largest markets in Norway. Its project portfolio encompasses everything from major housing projects to commercial and public buildings. Betonmast also has a property portfolio in Norway and Sweden.

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

Energy and Environment
AF offers energy-efficient solutions for buildings and industry and is a leading actor in environmental clean-up, demolition and recycling. Contaminated masses are sorted, decontaminated and recycled at AF's environmental centres Rimol, Jølsen and Nes.

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

BOARD OF DIRECTORS' REPORT

SBM-1

Strategy, business model and value chain

Offshore
AF offers a diverse range of services to the maritime industry, offshore wind, and the oil and gas sector. The services range from the removal and recycling of offshore installations to the construction of new buildings and modification of climate control systems (HVAC). AF has a state-of-the art facility for environmental clean-up at Vats.

Strategy process and goals

The 2024 strategy process had close involvement of key stakeholders in order to develop suggestions for targets in the Group strategy. Specialist resources in our companies provided input through relevant forums, priorities and input were discussed with the directors of the companies throughout the Group through several management group meetings, and proposals for formulating goals were tested in selected management groups in AF's companies. Specialist resources in the group functions were also closely involved in the preparation of analyses and supporting documents for the Corporate Management Team's strategy meetings during the autumn, and presented specific

SBM-1

Strategy, business model and value chain

recommendations regarding goals for the next strategy period. The strategy for material sustainability matters is described in each of the standards. The future will require that we are able to adapt, both for the green transition and for increased productivity. Safe and profitable execution of projects is more important than ever. We believe we are well positioned to continue to win contracts in our markets.

Description of key value chains

A double materiality analysis was carried out and was divided into what are considered to be AF Gruppen's key value chains. This enabled us to analyse relevant actors, as well as activities that are carried out and the geographical location. We particularly examined the areas we believe have the highest probability of identifying materials impacts, risks and opportunities. The key value chains were reviewed with representatives from relevant AF business units. The overview below and illustration on the following pages describe and illustrate the most important steps in the value chains, but do not provide an exhaustive overview.

DESCRIPTION OF KEY VALUE CHAINS

Value chain	Upstream		Own operations	Downstream
Civil Engineering	– Engineering and consulting – Raw materials related to purchases, directly or indirectly via deliveries from subcontractors. For example, sand, cement, gravel, bitumen, steel and crushed stone. – Purchases of materials and input factors, for example, cement, reinforcement, explosives, fuel and construction machinery. – Transport and logistics for purchased materials and input factors – Contribution of subcontractors to the execution of AF's activities		Covers AF Gruppen's portfolio in the civil engineering market, both in Norway and Sweden. See the description of the business areas Civil Engineering and Sweden.	– End-of-life treatment of sold products: Treatment depends on the type of material, regulatory requirements and contractual requirements. Concrete and asphalt can be used as fill material in the project or in other infrastructure projects, concrete can be crushed into gravel and used as aggregate in new concrete, metals from existing structures can be reused, and soil and fill materials can be used in other projects.
Construction	– Engineering and consulting – Raw materials related to purchases, directly or indirectly via deliveries from subcontractors. For example sand, cement, gravel, bitumen, steel, insulation materials and wood. – Purchases of materials and inputs, for example, concrete, reinforcement, plaster, structural timber, prefabricated bathrooms, glass and facades. – Transport and logistics for purchased materials and input factors – Contribution of subcontractors to the execution of AF's activities		Covers contracting services for residential, public and commercial buildings in Norway and Sweden. See the description of construction in the business areas Construction, Betonmast and Sweden. AF's own property business is the client for some projects. Reference is made to the descriptions of the business areas Betonmast, Property and Sweden.	– Use of buildings – End-of-life treatment of sold products: Treatment depends on the type of material, regulatory requirements and contractual requirements. Concrete and asphalt can be used as filling material on the site or in other projects. Bricks can be reused if they are in good condition and free of harmful substances, metals from old structures can be reused or melted down and used in new production, and clean wood can be reused or refined into new products.
Energy activities	– Engineering and consulting – Raw materials related to purchases, directly or indirectly via deliveries from subcontractors. For example, steel, plastic, metals, synthetic materials and electronic components. – Purchases of materials and input factors, for example, prefabricated elements, ventilation, electronics, climate control systems and HVAC equipment. – Transport and logistics for purchased materials and input factors – Contribution of subcontractors to the execution of AF's activities		Energy efficient solutions for onshore construction and industry, as well as the marine sector. See the description of energy activities in the Energy and Environment business areas, as well as energy activities in the marine sector in the Offshore business area.	– End-of-life treatment of sold products: Many components can be recycled. Steel and aluminium can be melted down and used in new products. Certain types of plastics can be recycled and form part of a new product.
Environmental centres	– Engineering and consulting – Raw materials related to our purchases, directly or indirectly via deliveries from subcontractors. For example, steel, plastic, rubber and synthetic materials – Purchases of materials and input factors, for example, fuel, service and wear parts, precipitation chemicals and machine filters. – Transport and logistics for purchased materials and input factors – Contribution of subcontractors to the execution of AF's activities		AF's environmental centres Rimol, Jølsen and Nes. See the description of the Energy and Environment business area.	– Processing and refining of sold products: Products sold such as crushed stone and gravel are primarily sold to concrete producers as aggregates for new concrete production.
Onshore demolition	– Engineering and consulting – Raw materials related to our purchases, directly or indirectly via deliveries from subcontractors. For example, metal, steel and chemicals. – Purchases of materials and input factors, for example, fuel, construction machinery and purchases related to decontamination. – Transport and logistics for purchased materials and input factors – Contribution of subcontractors to the execution of AF's activities		Land-based environmental clean-up and demolition. See the description of the Energy and Environment and Sweden business areas.	– Processing and refining of sold products: deconstructed steel is sent for remelting and the production of new steel.
Offshore demolition	– Engineering and consulting – Raw materials related to purchases, directly or indirectly via deliveries from subcontractors. For example, metal, chemicals and steel. – Purchases of materials and input factors, for example, fuel, vessels, RAT equipment, chemicals for treatment processes and lifting equipment. – Transport and logistics for purchased materials and input factors – Contribution of subcontractors to the execution of AF's activities		Removal and recycling of offshore installations. See the description of the Offshore business area.	– Processing and refining of sold products: deconstructed steel is sent for remelting and the production of new steel. – Use of sold products Offshore Decom has a dedicated research project related to the upcycling of steel structures to be used directly in new construction and civil engineering projects.
Common for the value chains	Purchases of services such as financial and banking services, pensions, courses and external legal assistance, including aircraft, motor vehicles, helicopter transport (offshore) and public transport related to business travel and commuting.		AF's staff functions provide services related to HSE, HR, Legal, Procurement, Quality, Digitization, Business Development, Communication and Finance.	– Clients: Private and public – Waste management and transport.

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SBM-1

Strategy, business model and value chain

UPSTREAM

E1 Climate change
- Climate change adaptation
- Climate change mitigation
- Energy consumption

E4 Biodiversity and ecosystems
- Land use changes
- Use of natural resources
- Harmful invasive species
- Ecosystem services

E5 Resources and circular economy
- Resource use
- Waste

S2 Workers in the value chain
- Secure employment
- Working time
- Adequate wage
- Health and safety
- Harassment
- Child labour and forced labour
- Proper living conditions, water and sanitary conditions

G1 Business conduct
- Corporate culture
- Relationships with suppliers

OWN OPERATIONS

E1 Climate change
- Climate change adaptation
- Climate change mitigation
- Energy consumption

E4 Biodiversity and ecosystems
- Land use changes
- Use of natural resources
- Harmful invasive species
- Pollution
- Land degradation and soil sealing
- Ecosystem services

E5 Resource use and circular economy
- Resource use
- Products and services
- Waste

S1 Own workforce
- Secure employment
- Working hours and work-life balance
- Dialogue and freedom of association
- Health and safety
- Diversity and equality
- Training and skills development
- Harassment

G1 Business conduct
- Corporate culture
- Protection of whistleblowers
- Relationships with suppliers
- Corruption, bribery and other financial crime
- Information security

DOWNSTREAM

E1 Climate change
- Climate change adaptation
- Climate change mitigation
- Energy consumption

E5 Resource use and circular economy
- Resource use
- Waste

S2 Workers in the value chain
- Working time
- Adequate wage
- Health and safety
- Forced labour
- Proper living conditions, water and sanitary conditions

G1 Business conduct
- Corporate culture
- Relationships with suppliers

BOARD OF DIRECTORS' REPORT

SBM-2

Interests and views of stakeholders

INTERESTS AND VIEWS OF STAKEHOLDERS

Our daily operations involve AF being in continuous dialogue with both our internal and external stakeholders. This dialogue provides us with valuable information about stakeholder expectations and requirements and is critical to achieving our targets and value creation.

AF’s most important stakeholders

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

CUSTOMERS AND SUPPLIERS
If we are to succeed, AF must be the preferred partner. We will build long-term relationships based on trust, performance and loyalty with the customers and suppliers who have the greatest potential for mutual value creation.

OWNERS
AF Gruppen’s goal is to create value for shareholders over time through a competitive return relative to comparable investment alternatives. Employee ownership is also part of the AF culture, and we search actively for businesses where the employees would like to participate on the ownership side in connection with acquisition processes.

SOCIETY AND ENVIRONMENT
AF has a special responsibility when it comes to societal challenges that can linked to our business activities. We will implement our projects in a sustainable manner by ensuring that all business operations comply with the Code of Conduct, laws and regulations, and we will also minimise our negative impacts on the climate and environment.

Value creation for our stakeholders

Employees:
- A safe workplace for our employees and subcontractors.
- A good working environment for our employees as well as opportunities for skills development and co-ownership.

Customers and suppliers:
- High quality projects prepared in collaboration with customers and suppliers.

Owners:
- Good returns for investors through dividends and share price appreciation.

Society and environment:
- Contribution to society's climate battle through the reduction of waste and greenhouse gases that arise as a result of our activities.
- Delivery of sustainable services and products required by society.

SBM-2

Interests and views of stakeholders

The overview on the following page shows AF’s dialogue with key stakeholders, how this is organised, the purpose it serves and the issues that are of particular importance our stakeholders. The views of our stakeholders are followed up and addressed through organisational adjustments, strategy processes and actions in the Group, and in the individual projects as required.

The ongoing dialogue is what essentially constitutes the basis for the double materiality analysis and the process of identifying impacts, risks and opportunities. GOV-4 makes reference to dialogue with affected stakeholders in our due diligence processes.

Intra-group network organisations create arenas for collaboration and transferring experience across units, gathering important insights from meetings our employees have with external stakeholders in each project. AF's steering groups for the strategic initiatives with representatives from the Corporate Management Team and relevant staff functions are also important functions for ensuring that the Corporate Management Team acquires an insight into the concerns of our stakeholders. Feedback from our stakeholders related to sustainability-related impacts is forwarded on to the Corporate Management Team and the Board through periodic reporting as required, and, where relevant, is included in the basis for decision-making for key decision-makers in the organisation.

In order to achieve profitable growth, AF Gruppen must select the right projects, be the preferred partner, aim to attract, develop and retain the best talent, and contribute to solving social challenges. There is a strong willingness to continuously improve at AF, and value creation for our most important stakeholders is the basis of our business model.

The feedback from stakeholders plays an important role in AF’s strategic work. Together with insights from professional reports, industry studies and publicly available information, this provided important insight into AF Gruppen's strategy towards 2028. The Group strategy will also be operationalised through the business plans of the business units, and ongoing dialogue with our key stakeholders will also be taken into account during this part of the strategy process.

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Interests and views of stakeholders

STAKEHOLDER DIALOGUE

Stakeholder group	Topics that are of particular importance	Arenas for dialogue		Regularly or as required	Annually or every second year	Purpose
Shareholders	– Business conduct – Sustainable value creation – Transparency and reporting – Long-term perspective	Interim reports, annual reports and quarterly presentations				– Facilitate the exercising of shareholder rights – Ensure that the market has a correct and complete picture of the Group's financial and commercial position, as well as whether the company's operational and strategic goals are achieved. – Attract potential new investors – Ensure everyone has equal access to information – Ensure compliance with laws and regulations
		Stock exchange announcements and press releases				
		Dialogue with rating agencies				
		Investor and analyst meetings				
		General Meeting				
Employees	– Good working environment – Safety – Management, skills and career development – Climate and environment – Networking and sharing of experiences – Entrepreneurial spirit – Diversity and equality – Competitive salary – Work-life balance – Decent working conditions – Profitability – Ownership	Management follow-up and management development programme				Contribute to a good working environment – Skills development – Create a safe workplace – Sharing of experiences between employees – Enable employees to unionise – Ensure motivated employees and robust organisation – Equal opportunities for all – Attract, develop and retain the industry's best management and technical expertise – Protect right to report unacceptable incidents
		HR forum				
		HSE forum				
		Climate and Environment Forum				
		Procurements forum				
		Employee appraisals and employee satisfaction surveys				
		Trade unions				
		Works Council and Working Environment Committee				
		Employee representatives on the Board of Directors				
		Whistleblowing committee				
		Diversity project				
		Occupational Health Service				
		Intranet				
		Exit reviews and interviews				
		Physical courses and digital courses via Motimate				
Customers and suppliers	– Specialist expertise – Trust, performance and loyalty – Solution-oriented and understanding of needs – Efficiency and innovative solutions – Climate and environment – Safety and ethics – Seriousness and fair competition – Financial strength	Individual customer and supplier meetings				– Ensure that we are a preferred partner and that we work together with customers and suppliers that share our fundamental and uncompromising attitude towards safety and ethics – Ensure productive cooperation in the early phase – Exchange of required sustainability data – Value-added cooperation for all parties
		Seminars and events				
		Tender and procurement processes				
		Customer and supplier surveys				
		Supplier day				
		Internal audits and supplier evaluation				
		Forum A-krim				
		Safety rounds on the projects				
Financial institutions	– Business conduct – Financial strength – Transparency and reporting	Seminars and meetings				Compliance with reporting requirements – Ensure good cooperation – Ensure long-term financing that provide freedom of action when implementing AF's growth strategy.
		Entering into financing agreements, including sustainability linked loan facility				
		Periodic reporting				
Industry	– Comparability and interpretation of reporting requirements – Health and safety – Seriousness in the industry – Climate and environmental issues – Basic human rights	Member organisations and external networks that:				Contribute to there being adequate expertise in the industry – Cooperation on; – the industry's impact on climate and the environment – safety work – increased innovation – diversity and equality – Meeting the challenges of the future – Contribute to an efficient, sustainable and attractive industry
		– Norwegian Green Building Council				
		Grønn Anleggssektor				
		– Construction City Cluster				
		– Contractors Association - Building and Construction (EBA), of which several of AF's subsidiaries are members				
		– Diversitas				
		– Together 2030				
		– Bygg Arena Arendal				
		– Roadmap: Construction and Civil Engineering Sector				
Society	– Transparency – Compliance with laws and rules – Socially beneficial services, buildings and infrastructure – Transition to a low-emission society – Sustainable economic growth – Safety	Experience sharing via digital channels and platforms				– Uphold reputation – Create trust – Deliver socially beneficial projects – Ensure compliance with laws and regulations – Contribute to an attractive and sustainable industry
		Conferences and seminars				
		Construction and zoning processes				
		Dialogue with central government and local authorities				
		Recruitment processes and dialogue with potential new employees				
		Presence and dialogue with educational institutions				
Climate and nature (silent stakeholder)	– Impact on climate and the environment	Climate and environmental reporting				– Enhance positive and minimise negative impacts on our surroundings – Deliver products and services that contribute to reduced consumption of energy and other scarce resources. – Ensure that AF has sufficient expertise in this area
		Project follow-up				
		Review of government white papers, specialist reports and research				
		Climate and Environment Forum				
		Conferences and seminars				

BOARD OF DIRECTORS' REPORT

IRO-1

Double materiality analysis

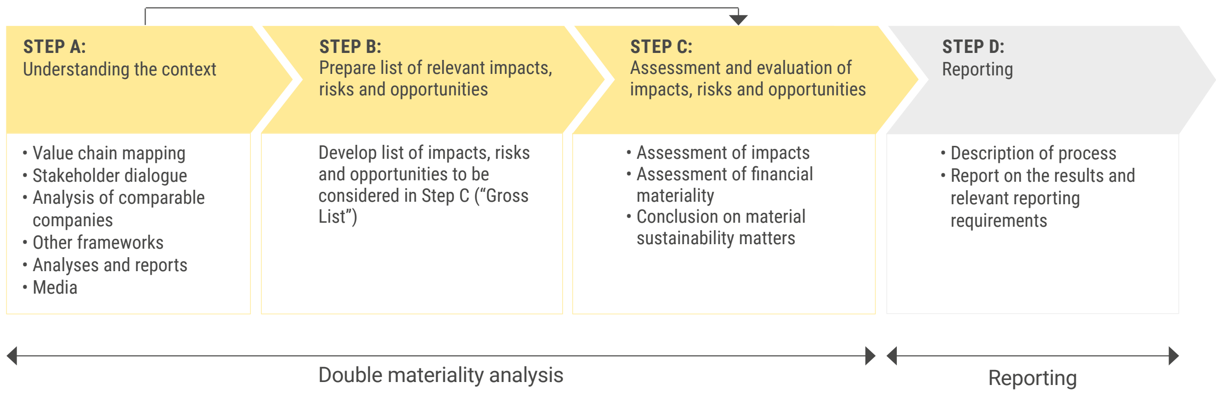
DOUBLE MATERIALITY ANALYSIS

AF Gruppen conducted a double materiality analysis to determine which sustainability matters are material. The double materiality perspective has two dimensions: impact materiality and financial materiality. A sustainability matter is considered material if it meets the criteria for one or both dimensions.

From an impact perspective, a sustainability matter is material when the undertaking has an actual or potentially positive or negative impact, and the impact is material. The impact must be assessed in relation to the undertaking's own operations and upstream and downstream value chain.

From a financial perspective, a sustainability matter is material if it triggers or may trigger material financial consequences for the undertaking. This is the case when a sustainability matter generates risks or opportunities that could have a material impact on the undertaking's development, financial position, financial performance, cash flows, access to finance or cost of capital.

The ESRS have comprehensive and detailed requirements for how a double materiality analysis should be conducted. The process was carried out in line with these requirements and EFRAG's implementation guide for conducting double materiality analyses and consisted of the following steps:



STEP A Understanding the context

A double materiality analysis was conducted to identify material impacts, risks and opportunities for our own operations, as well as upstream and downstream in our value chain. Our value chain is described under SBM-1. Based on this value chain, we analysed relevant activities carried out and geographical location. Insight from the completed due diligence process related to social conditions was also used in the assessment of the value chain. We particularly focused on the areas we believe have the highest probability of identifying material impacts, risks and opportunities.

Through our project activities, AF is in continuous dialogue with both our internal and external stakeholders, and this dialogue is used as a basis when conducting the double materiality analysis. For a more detailed description see SBM-2. In addition, certain meetings were held in connection with the implementation of the double materiality analysis to obtain input regarding impacts, risks and opportunities, as well as separate validation meetings with some selected stakeholders. The stakeholder dialogue included stakeholders that are both positively and negatively impacted by AF's operations.

IRO-1

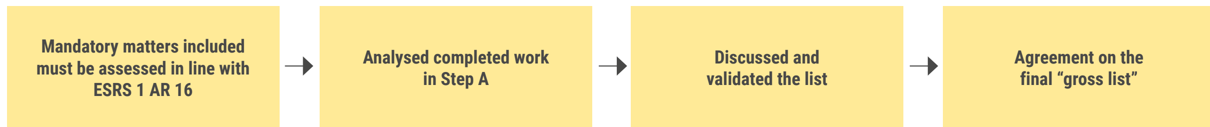
Double materiality analysis

AF Gruppen has also carried out extensive efforts to ensure that relevant impacts, risks and opportunities are identified. This work involves reviewing other recognised frameworks for reporting, analysing the reporting of selected comparable companies and relevant news. A selection of relevant reports from government authorities, professional policies, global reports and other reports from recognized centres of expertise were also reviewed. This was particularly useful in our understanding of climate and environmental-related topics in areas where we currently have limited data from our own project activities. Internal specialist expertise at AF, representatives from business units and AF's established sustainability network also made important contributions to this work.

Efforts to understand key value chains, contextual information and an understanding of the most important views of AF Gruppen influenced the continued process of identifying relevant and material impacts, risks and opportunities during Step B and assessment and evaluation during Step C.

STEP B Identification of the actual and potential impacts, risks and opportunities

The process of preparing a list of impacts, risks and opportunities for assessment was largely carried out as a "top-down approach" based on the overview of sustainability matters in ESRS 1 AR 16. We used information from Step A, each topic standard and associated disclosure requirements for more detailed information on the individual matter that was assessed. For each impact, risk and opportunity identified, we assessed whether this relates to our own operations, upstream or downstream in the value chain, as well as the relevant time horizon. In addition, we assessed the dependency between identified impacts, risks and opportunities and whether an impact could give rise to risks or opportunities.



BOARD OF DIRECTORS' REPORT

IRO-1

Double materiality analysis

STEP C Assessment of material matters

The ESRS standards do not provide specific thresholds that must be used for determining when a sustainability matter is material. AF therefore exercised discretion when assessing threshold values. Impacts, risks and opportunities that exceeded set threshold values resulted in material sustainability matters as shown below.

STANDARD	MATERIAL SUB-TOPIC	VALUE CHAIN		
		Upstream	Own operations	Downstream
E1 Climate change	Climate change adaptation			
	Climate change mitigation			
	Energy			
E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss			
	Impacts on the extent and condition of ecosystems			
	Impacts and dependencies on ecosystem services			
E5 Resource use and circular economy	Resources			
	Products and services			
	Waste			
S1 Own workforce	Working conditions			
	Equal treatment and opportunities for all			
S2 Workers in the value chain	Working conditions			
	Equal treatment and opportunities for all			
	Other work related rights			
G1 Business conduct	Corporate culture			
	Protection of whistleblowers			
	Relationships with suppliers			
	Corruption and bribery - Incidents			
	Economic crime			
	Information security			

= Material matter of climate and environment

= Material matter of social conditions

= Material matter of business conduct

When assessing impacts we distinguished between positive and negative impacts, as well as actual and potential impacts. The assessment takes into account the short, medium and long-term time horizon (see the description of time horizons in BP-2). For actual negative impacts, we assessed materiality based on severity by examining scale, scope and whether irremediable damage has been sustained. Severity and likelihood of impact are assessed when concerning potential negative impacts. In line with the ESRS-requirements, where there was a potential negative impact on human rights, more emphasis was placed on severity than likelihood. For positive impacts, materiality was assessed based on the scale and extent of the actual impact, in addition to the likelihood of potential positive impacts. The scales used for AF are based on the due diligence methodology described in the OECD principles for multinational enterprises, and these were adapted and take into account the methodology for risk management in AF's HSE work. The assessments were carried out based on relevant available data, such as historical reporting of sustainability data, climate and nature risk analysis and reporting of undesirable incidents. In the cases where we did not have access to relevant data,

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Double materiality analysis

assessments were carried out based on reports and recognised tools, such as relevant government white papers and the ENCORE-tool.

Assessment of financial materiality (risks and opportunities)

When assessing what risks and opportunities are financially material, we based the assessment on a combination of the likelihood of occurrence and the potential magnitude of the financial effects. The threshold value for materiality was the same as that used for financial materiality in the annual financial statements. The assessment of financial materiality was carried out at a higher level based on qualitative factors and possible effects. Identified climate and environmental risks and opportunities were analysed in different scenarios, see E1 IRO-1 and E4 IRO-1.

Organisation and internal controls

The Director of Sustainability was responsible for implementing the process and reported to the CFO. A multidisciplinary group composed of representatives from relevant staff functions and business units was involved in different parts of the process. Separate validation meetings were held to ensure consistent interpretation of criteria and threshold values. A separate tool was used in the practical implementation, whereby each individual impact, risk and opportunity was quantified and justified. The steps in the materiality analysis were well documented, including methodology used, data sources and decision-making processes. This ensures traceability and consistency in the assessments that were conducted.

Involvement of the Corporate Management Team and Board

The Corporate Management Team was involved in the process of identifying, assessing and managing impacts, risks and opportunities during several Corporate Management Team meetings in 2024, and presented recommended material sustainability matters for Board approval. In December 2024, the double materiality analysis was recommended for approval by the Audit Committee and adopted by the Board for the 2024 reporting year.

Integration with other risk management in the Group

AF's systematic approach to risk management in our projects also includes monitoring sustainability-related impacts, risks and opportunities. All projects at AF are subject to a risk assessment in connection with quarterly reporting, which involves each business unit undergoing an overall risk review for the entire project portfolio. A broadly composed group analyses the projects and arrives at a prioritised list of uncertainties. The risk is quantified and recognised in the financial reporting for each business unit throughout the year. Identified uncertainties related to material sustainability-related impacts, risks and opportunities may not necessarily result in the need for recognition in financial reporting, however may still form the basis for implementing the necessary risk mitigation measures for the Group as a whole, and in each individual project as required. Material impacts, risks and opportunities are also integrated into the Group's overarching strategic processes. See Note 37 in the annual financial statements for our climate and nature risk assessment.

Updating the double materiality analysis

AF Gruppen conducted our first double materiality analysis in autumn 2023. At that point in time, the policies for conducting this type of analysis were not yet established. The materiality analysis for 2024 was therefore updated with identified points of improvement, methodological development and input from best practices in the area, as well as insights from projects carried out during the reporting year. The materiality analysis will be reviewed yearly and updated when needed.

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E1 IRO-1

Climate risk analysis and process for identifying material matters

CLIMATE RISK ANALYSIS AND PROCESS FOR IDENTIFYING MATERIAL MATTERS

For several years, AF has conducted a climate risk analysis based on the TCFD framework and used this to identify physical and transition-related climate risks and opportunities. The analysis was updated for the 2024 reporting year with more comprehensive analyses of our exposure to climate-related hazards. This was supported by historical data and future climate forecasts from sources such as the World Bank Group and the European Environment Agency. The process included assessments of climate-related physical and transitional risks and opportunities in connection with own operations and in the upstream and downstream value chain. The process for identifying material impacts is described in IRO-1. This resulted in the impacts, risks and opportunities presented in SBM-3 E1. The time horizons used are presented in BP-2. There is great uncertainty about how climate risks and opportunities will impact AF in the future, and identified risks and opportunities associated with selected scenarios do not necessarily imply that these will become a reality. Moving forward, AF will continue to work on the use of scenarios in our climate-related risk and strategy work. In connection with the Group's financial period-end closing, relevant climate risks are assessed against potential accounting effects. No climate risk has been identified as having a significant impact on the consolidated financial statements for 2024. Read more in Note 37.

CATEGORY	TYPE	NAME
Physical risk	Low emissions scenario	SSP1-2.6 (CMIP6)
	High emissions scenario	SSP5-8.5 (CMIP 6)
Transition risk	Low emissions scenario	IEA Net Zero 2050 (IEA NZE)

Climate-related physical risks

The physical climate-related risks are assessed under both a low emissions (SSP1-2.6) and a high emissions scenario (SSP5-8.5). The analysis uses national and regional data, with climate projections from CMIP6 (Coupled Model Intercomparison Project Phase 6), which form the basis for IPCC reports. This data provides forecasts for temperature variations and changes in precipitation patterns. Both SSP scenarios have their limitations in that they do not necessarily capture local variations, and there is also uncertainty associated with assumptions about global cooperation and effective climate policy. There is also uncertainty associated with economic and demographic changes, as well as technological development.

SSP1-2.6 (low emissions): The scenario shows a positive development, with sustainability, economic growth and welfare combined with RCP 2.6 to limit global warming to 1.5°C in line with the Paris Agreement. The focus is on sustainable development, increased global cooperation and technological advances, with expected stabilization of global warming at 2°C by 2100, as a result of significant reductions in emissions.

SSP5-8.5 (high emissions): The scenario is characterized by rapid urbanization, high economic growth and dependence on fossil fuels. The SSP5 scenario is combined with the RCP 8.5 pathway, which represents a "business-as-usual" approach without effective reduction of greenhouse gas emissions. The scenario entails increased climate-related disturbances, extreme weather and serious consequences such as frequent natural disasters and rising sea levels, with 4-5°C global warming in 2100.

Of the climate-related hazards, temperature and water-related risks in particular were analysed and assessed in terms of AF's exposure and sensitivity to these. Consequences of more frequent and severe extreme weather will vary from the SSP1-2.6 and SSP5-8.5 scenarios. Increased rainfall and more frequent flooding entail that there is an increased risk of operational shutdowns, accidents, damage to construction projects and delays, particularly in urban areas and under the high-emissions scenario. The potential financial consequences will be lower under a low-emissions scenario, with rising temperatures that may cause moderate disruption to the completion of projects, and some regions may become less suitable for construction and civil engineering activities. The long-term chronic physical consequences will be more extreme under a high-emissions scenario and may require the implementation of costly measures. Extreme weather events may result in greater project delays and, in the long term, this can also lead to chronic disturbances in the value chain. Chronic physical risk over the long term may have a major impact on which geographical locations are suitable for construction and civil engineering projects. AF conducts and documents a mapping and analysis of HSE risk in all projects, including acute climate risk when this is considered relevant.

Transition events and transition risk

AF Gruppen has identified climate-related transition events linked to a climate scenario that is consistent with limiting global warming to 1.5°C (NZE, IEA's Net Zero Emissions Scenario).

IEA Net Zero 2050: The NZE scenario presents a comprehensive plan for achieving global net zero emissions by 2050, in line with the Paris Agreement. The plan includes comprehensive, cross-sectoral policy measures and detailed regulations within power, industry, construction and transport, as well as important regional measures related to, for example, carbon-intensive products.

The table below lists material identified transition events categorised according to the TCFD framework.

REGULATORY	MARKET	TECHNOLOGY	REPUTATION
Regulation of existing products and services Price increases associated with CO_2 emissions	Changes in customer behaviour	Substitution of existing products and services with lower emissions options	Shifts in consumer preferences
Enhanced emissions-reporting obligations Exposure to litigation	Uncertainty in market signals	Costs of transition to lower emissions technology	Stigmatisation of the sector and reduced reputation from key stakeholders

Identified transition events form the basis for our assessment of potential exposure to climate-related transition risks. National and European authorities have set ambitious targets that impact our industry, but there are currently great uncertainties and geographical variations with respect to the specific changes in requirements our project business will be subject to. Depending on our ability to adapt, the transition to a strictly regulated low-emissions society may impact us through political and regulatory changes, market developments, technological innovation and changes in reputation.

Future policy and contract terms may become unpredictable and there are likely to be stricter regulations associated with the desired reduction in greenhouse gas emissions. In the medium term, AF may encounter local demands from municipalities, increased requirements for emission-free construction sites, and reduced use of carbon-intensive materials. This will likely result in increased project costs. The implementation of carbon pricing mechanisms such as CBAM and increased CO2 taxes will result in increased prices associated with CO2 emissions.

The implementation of increasingly more stringent reporting requirements such as the CSRD and EU Taxonomy drives costs through increased administrative costs associated with external and internal reporting, as well as system requirements. The European Commission has proposed simplifications to the CSRD and other regulations. This will likely reduce our costs associated with meeting reporting requirements.

Increased demands, untested solutions and new contractual terms related to climate issues may result in new, unclear or complex responsibilities that will have a direct impact on our company's operations and services. Complex or untested innovative

E1 IRO-1

Climate risk analysis and process for identifying material matters

solutions and construction methods can incur unforeseen costs due to failing to meet client requirements. In addition, failure to meet climate and environmental requirements for our projects may result in fines from our clients if they are not met.

Increasing demand for climate and environmentally friendly solutions within construction and civil engineering requires access to input factors that may become scarce as demand increases, for example, energy-efficient technology and low-carbon materials. Fossil-free construction reduces greenhouse gas emissions, but also requires access to the right machines. There are also significant geographical variations both with respect to charging facilities and access to materials, equipment and machinery with a low impact on the climate and environment. AF's collaboration with clients, suppliers and subcontractors will therefore play a key role in the green transition.

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

Opportunities

The transition to a low-emission society will result in increased demand for services and products with lower greenhouse gas emissions and a need for energy efficiency improvements in buildings. In the NZE scenario, 85 per cent of all buildings globally are expected to meet zero emission requirements and low carbon footprint projects are required. AF has extensive experience from projects that set comprehensive environmental requirements and has an in-depth understanding of how processes, material choices and operating solutions impact the climate and environment. In addition, AF has good expertise in climate and environment-related certifications. AF's combined expertise enables us to take on the most demanding assignments, and our adaptability and drive puts us in a good position to meet the demands and expectations of the future.

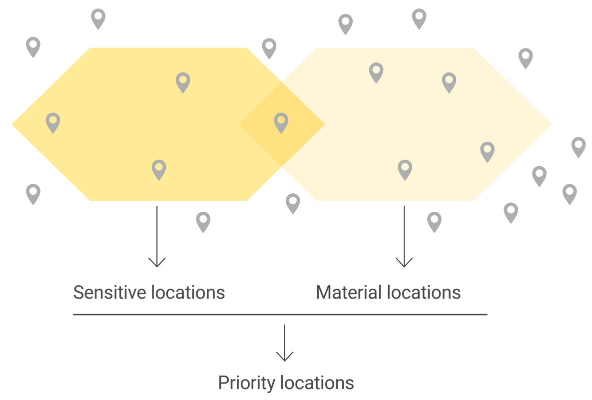
The ever-increasing demands and expectations from our stakeholders could affect demand if AF fails to adapt accordingly. AF's high level of expertise in climate and environmental matters allows us to identify opportunities and suggest other, more cost-effective solutions in projects. In conjunction with ensuring a good dialogue with our clients, this will help mitigate the risk of reduced demand. Early involvement of the contractor and close collaboration both before and during the development phases offer the greatest potential for environmentally friendly construction and civil engineering projects.

Despite there being fewer extreme weather events compared to a high-emissions scenario, Norway and Sweden will still experience damage to infrastructure in a low-emissions scenario, especially in coastal areas and areas that are prone to flooding. Therefore, due to the need for recovery and reconstruction there will be increased demand for our products and services in both a low and high emissions scenario. In a high-emissions scenario, there will be a greater need for robust, climate-adapted infrastructure and buildings designed to withstand the increased physical acute and chronic climate risks.

AF's competitiveness lies in our people, and there is competition for the best people in the markets in which we operate. If AF does not contribute to the green transition, or if we fail to adequately communicate our contributions to key stakeholders, this could negatively affect our reputation and employee value proposition. AF has identified our employee value proposition as both a risk and an opportunity to our climate efforts. While our industry has a significant climate and environmental impact, there are also great opportunities to help push the industry in the right direction and towards the green transition. AF wants to be challenged by inquisitive students and new and existing employees who will help shape our industry in the future. At the same time, we need to recruit, develop and retain the right people with the right skills. We will be the Nordic region's most inquisitive contractor and challenge the status quo. In this way, we will ensure that our employee value proposition becomes our greatest asset.

E4 IRO-1

Nature risk analysis and process for identifying material matters



NATURE RISK ANALYSIS AND PROCESS FOR IDENTIFYING MATERIAL MATTERS

AF Gruppen has chosen a risk and sample-based approach to identifying material impacts, dependencies, risks and opportunities related to biodiversity and ecosystems. The analysis was carried out for our own operations and in our upstream and downstream value chain based on the LEAP (Locate, Evaluate, Assess and Prepare) approach, which is an important part of the TNFD framework.

LEAP: This method consists of four steps whereby undertakings must:
Step 1 Locate where the interface with nature takes place
Step 2 Evaluate dependencies and impacts on nature
Step 3 Assess the risks and opportunities and management of nature risk
Step 4 Report on the nature risk

It states in E4 that the first three steps in the LEAP approach can be used to assess the materiality of biodiversity and ecosystems. This analysis was therefore of vital importance to the basis that was used for conducting the double materiality analysis. In addition to recognized frameworks for reporting natural risk such as the TNFD, the Kunming-Montreal Global Biodiversity Framework (KMGBF), Norway's Nature Risk Commission's report, the Nature Report and other relevant reports provided insight into our analysis work.

Step 1 Locate relevant locations

We have mapped our activities and value chain, and conducted a screening of selected locations where there may be a dependence and impact on nature. AF Gruppen has a limited number of fixed physical locations in our own operations, but these, together with the locations of selected projects, were of key importance to the analysis. The assessment of nature risk in our industry must take into account three parties: the developer (owns, plans and finances), the authorities (grant licences) and us as a contractor (executes the project). It is the developer and authorities that make decisions which influence the choice of location, and AF's connection to any areas with vulnerable biodiversity is therefore largely dependent on their decisions in the instances in which we have a contractor role. AF also develops residential and commercial projects in Norway through our property activities for which we have the role of developer.

AF Gruppen has several thousand ongoing projects at any given time, and complete location mapping was therefore not considered appropriate or practicable. We have therefore selected projects and locations that we believe are most likely to capture material dependencies and impacts with respect to biodiversity and ecosystems, and that are representative of the activities we carry out and services we provide. The sample is based on an overview of ongoing and completed projects, with a focus on ongoing projects in 2024. We believe the selected projects provide an adequate basis

BOARD OF DIRECTORS' REPORT

E4 IRO-1

Nature risk analysis and process for identifying material matters

for identifying AF's impacts, dependencies, risks and opportunities with regard to biodiversity and ecosystems. The result was a sample of 19 AF locations and projects.

For the selected projects and locations, assessments were made of whether these were near areas with sensitive biodiversity. The ESRS do not provide a direct definition of what "near" or "sensitive biodiversity" entail. We have defined "near" as within a one kilometre radius. "Sensitive biodiversity" is defined in TNFD as areas important for biodiversity, areas of high ecosystem integrity, areas of rapid decline in ecosystem integrity, and areas of importance for ecosystem service provision. We have used the TNFD's definition when assessing vulnerable biodiversity. Seven of the 19 selected projects and locations is near the types of areas with identified negative impacts, and were therefore selected as priority locations in the analysis work. When concerning the value chain perspective, the analysis work was primarily focussed on assessing dependencies related to the activities carried out in our projects.

Step 2 **Evaluate dependencies and potential and actual impacts**

Based on the localisation phase, we evaluated our dependence and impact on nature. Relevant dependencies and potential and actual impacts were mapped for selected projects through project reporting and other relevant data. This included, for example, information about the distance to protected nature areas, and the different types of land impacted by the project. In terms of dependencies, we examined ecosystem services related to the selected projects and locations, as well as purchases of necessary input factors. The Norwegian Nature Risk Commission's report makes reference to three key dependencies that the construction and civil engineering industry has on nature. The dependencies are linked to biotic natural resources and materials such as wood, abiotic resources such as cement and stone, and the regulation of hazards and extreme environmental events. These dependencies are in line with the analysis work we carried out for selected projects and locations. In the evaluation of our value chain, we also used the Grønn Materialguide (Green Material Guide) and the ENCORE tool.

The results of the evaluation and material impacts constituted the basis for the table presented in E4 SBM-3.

Nature risk: Risk to an undertaking that arises due to dependencies and impacts on nature, and that is often divided into physical, transition or systematic risks.
Physical risk is the result of the degradation or disruption of ecosystems that an undertaking is dependent on and is further defined as either acute or chronic. Acute risks are often driven by events, while chronic natural risks often materialize over a longer period of time.
Transition risks are related to business models and strategies not aligned with actions that are necessary for the restoration, preservation or sustainable use of nature. These may include changes in climate and environmental policies, technological developments and changes in consumer or investor preferences.
Systemic risks are related to risks that arise from the breakdown of an entire system and linked to both ecosystem stability and financial stability.
Opportunities: E4 categorizes opportunities within resource efficiency, products and services, markets, capital flow and financing, reputation capital and categories of sustainability performance.

E4 IRO-1

Nature risk analysis and process for identifying material matters

Step 3 **Assess opportunities and risks**

The identified physical risks for AF largely relate to AF's activities that involve intervention on nature, such as the development of roads and infrastructure, excavation and blasting. Transition risks primarily concern our exposure to regulatory changes related to land and resource management. Systemic risk particularly relates to our dependence on providing ecosystem services for the purchase of input factors, as well as regulating ecosystem services related to flood protection and erosion.

AF sees particularly strong opportunities related to our expertise within nature restoration, returning road sections to green areas, building rehabilitation, demolition activities and the recycling of materials.

A scenario analysis was carried out as part of the work of assessing material risks and opportunities in the short, medium and long term. This analysis provided important insight into how developments such as loss of biodiversity, climate change and degradation of ecosystems can impact AF Gruppen. Scenario analysis related to nature is a less mature field than the climate area. Our nature-related scenario analysis was therefore based on selected climate scenarios as previously described, in combination with proposals for the scenario analysis described in the TNFD. This includes the TNFD's recommended scenario for physical risk related to nature loss and resource extraction, as well as transition risk based on the targets in the Nature Agreement for 2030 and 2050. The scenarios that were selected represent extremes in future developments and were chosen to stress test potential financial effects for the three different risk categories, as well as opportunities, in the short, medium and long term. The result of our evaluation of risks and opportunities constituted the basis for the table presented in E4 SBM-3. No nature risk was identified as having a material impact on the consolidated financial statements for 2024. Read more in Note 37.

E2 IRO-1

E3 IRO-1

E5 IRO-1

G1 IRO-1

Process for identifying material matters – other standards

PROCESS FOR IDENTIFYING MATERIAL MATTERS – OTHER STANDARDS

When conducting our nature risk analysis, we also included relevant impacts, risks and opportunities related to E2 Pollution, E3 Water and marine resources and E5 Resource use and circular economy. These followed the same steps as described in E4 IRO-1. As was also the case when assessing E4 Biological diversity and ecosystems, complete location mapping was not considered appropriate or practically feasible. We therefore selected projects and locations that we consider have a high likelihood of capturing material dependencies and impacts related to the relevant climate and environmental matters. We are of the opinion that the selected projects provide an adequate basis for identifying impacts, dependencies, risks and opportunities related to these matters.

As with other sustainability matters, those relating to E2 Pollution, E3 Water and marine resources, E5 Resource use and circular economy, and G1 Business conduct were part of the different steps involved in conducting our double materiality analysis. This includes reviewing own operations, and upstream and downstream value chain. G1 specifically involves assessments of locations, activities, sectors in which we operate and transactions. See IRO-1 for a more detailed description of the process that was carried out and IRO-2 for further information on E2 Pollution which is considered closest to the threshold value for materiality.

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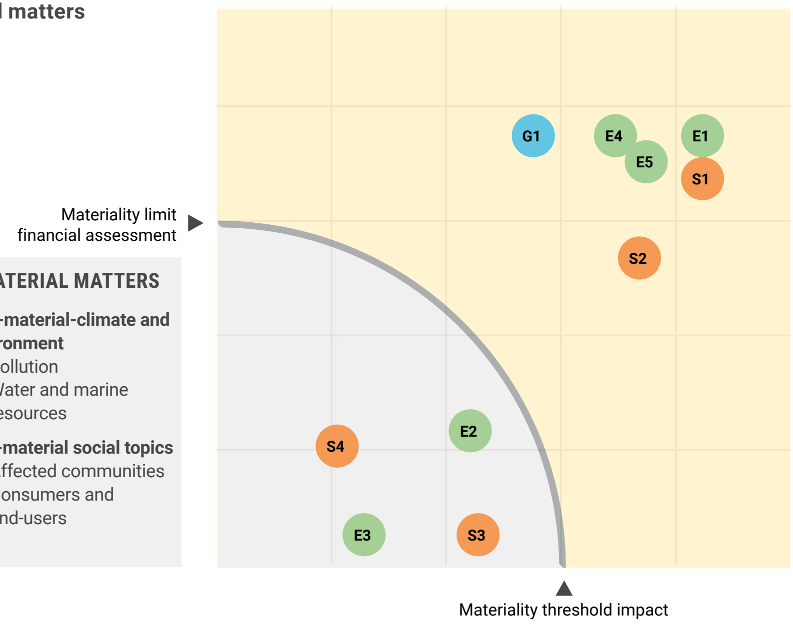
SBM-3

Material matters

MATERIAL MATTERS



NON-MATERIAL MATTERS

- **Non-material-climate and environment**
  E2 Pollution
  E3 Water and marine resources
- **Non-material social topics**
  S3 Affected communities
  S4 Consumers and end-users

MATERIAL MATTERS

- **Material climate and environment**
  E1 Climate change
  E4 Biodiversity and ecosystems
  E5 Resource use and circular economy
- **Material social topics**
  S1 Own workforce
  S2 Workers in the value chain
- **Material business conduct topics**
  G1 Business conduct

The illustration above shows material sustainability matters for AF Gruppen. Further information on material impacts, risks and opportunities, and how AF Gruppen monitors these are presented in the topical standards. AF Gruppen identified two unit-specific topics in our materiality analysis: financial crime and information security. These topics are presented in G1 Business conduct.

2024 was the first year in which the Board of AF Gruppen approved material sustainability matters. It is therefore not relevant to include a description of changes to material sustainability matters.

No risk of material sustainability-related adjustments to carrying amounts was identified during the subsequent reporting period. No investment or divestment plans have been adopted related to the management of AF's material impacts, risks and opportunities that will have a significant effect on the results for the next reporting period. See Note 37 Climate and Nature Risk.

E1 SBM-3

Material impacts, risks and opportunities

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

When conducting the double materiality analysis, negative and positive impacts, as well as risks and opportunities related to climate change, were identified. Negative impacts and risks particularly relate to AF's dependence on carbon-intensive materials, as well as the risk of increased prices associated with CO2 emissions and reduced access to necessary input factors. There is also major uncertainty associated with the future climate, regulatory changes, policy and contract terms. Positive impacts and opportunities are primarily linked to increased demand for services and products with lower greenhouse gas emissions that AF has the expertise to deliver. See E1 IRO-1 in ESRS 2 for a description of the scenario and climate risk analysis that was conducted. The time horizon is not specified in the overview of impacts, because no differences were identified in the short, medium and long term. AF Gruppen's follow-up and management of prioritised identified impacts, risks and opportunities is described in E1-3.

The resilience analysis was carried out at a high level level by assessing whether there is a need to implement measures at Group level as a result of identified risks.

E1 SBM-3

Material impacts, risks and opportunities

The analysis was therefore based on the scenario and climate risk analysis described in E1 IRO-1, as well as the strategy process for the year. AF's systematic approach to risk management in the Group's projects includes monitoring climate-related risk. Identified risks form the basis for implementing necessary risk mitigation measures for the Group as a whole, and in individual projects as required. Seizing opportunities for profitability is part of our culture, and we rely on innovative solutions to address climate risks and opportunities. We believe that we have a robust strategy and business model, and that there is no need for further adaptation as a result of material physical, restructuring and system risks that have been identified.

E4 SBM-3

Material impacts, risks and opportunities

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

When conducting the double materiality analysis, negative and positive impacts, as well as risks and opportunities related to biodiversity and ecosystems were identified. Negative impacts and risks particularly relate to AF's construction and civil engineering projects in green areas. Several of our larger civil engineering projects often involve large areas of land being appropriated, which impacts nature and related ecosystems. Construction projects take place more in urban areas where there is less destruction of untouched nature. In addition to negative impacts related to land, the construction, civil engineering and energy activities require input factors in the form of materials that have a negative impact on nature's resources. The need for materials and input factors such as wood, cement and stone is an important part of AF's dependency on nature's resources.

Positive impacts and opportunities primarily relate to increasing demand for our expertise in nature restoration, and the need for expertise related to the restoration of biodiversity and ecosystems. While physical risk and transition risk may impact access to projects and suitable land for project execution, potential increased demand for services and products for restoring nature and improving resource use represent major opportunities for AF in the years ahead.

AF Gruppen has conducted sample-based location mapping and therefore does not present a complete overview of all material locations, activities and projects. AF has some permanent locations that are considered material in terms of negative impacts and areas sensitive to biodiversity. These are AF Miljøbase Vats and Jølsen Miljøpark. Further information about these locations and selected project locations is provided in E4-5.

The double materiality analysis and nature risk analysis provided valuable insight into the work on our Group strategy towards 2028, however we have not yet set any quantitative targets. The time horizon is not specified in the overview of impacts, because no differences have been identified in the short, medium and long term. AF Gruppen's follow-up and management of prioritised identified impacts, risks and opportunities is described in E4-3.

E5 SBM-3

Material impacts, risks and opportunities

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

When conducting the double materiality analysis, negative and positive impacts, as well as risks and opportunities related to circular economy and resource use were identified. Negative impacts and risks particularly relate to AF's consumption of materials and waste, as well as the risk of increased prices and reduced access to necessary input factors. There is also major uncertainty associated with regulatory changes, policy and contract terms. Positive impacts and opportunities primarily relate to services AF provides that are based on a circular economy, such as our demolition operations and our environmental centres, as well as the potential for resource efficiency. The time horizon is not specified in the overview of impacts, because no differences were identified in the short, medium and long term. AF Gruppen's follow-up and management of prioritised identified impacts, risks and opportunities is described in E5-2.

BOARD OF DIRECTORS' REPORT

S1 SBM-3

Material impacts, risks and opportunities

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

When conducting the double materiality analysis, negative and positive impacts, as well as risks and opportunities related to own workforce were identified. Priority areas are addressed in our Group strategy towards 2028. Other than the employee characteristics listed in the overview of impacts below, we have not identified employee groups or employees with specific characteristics who are particularly exposed to negative impacts. The time horizon is not specified in the overview of impacts, because no differences were identified in the short, medium and long term. All impacts, risks and opportunities are related to AF Gruppen's own activities. AF Gruppen's follow-up and management of prioritised identified impacts, risks and opportunities is described in S1-4.

S2 SBM-3

Material impacts, risks and opportunities

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

When conducting the double materiality analysis, negative and positive impacts, as well as risks and opportunities related to workers in the value chain were identified. Priority areas are addressed in our Group strategy towards 2028. AF Gruppen's greatest inherent risk with respect to breaches of human rights and decent working conditions has been assessed as being incidents on our construction sites. AF views subcontractors and suppliers based outside Scandinavia as companies with an elevated risk. When risk assessments are conducted in connection with purchases of physical input factors for production, primarily in the form of various construction materials, we follow internationally recognised overviews of what are considered risk products and countries with an elevated risk of production that is in breach of fundamental human rights and decent working conditions, including the risk for forced labour and child labour.

AF has great opportunities to conduct inspections and exert its influence on construction sites, and we have taken a number of steps to ensure that everyone who works on our projects receives the pay and treatment to which they are entitled. The inherent risks associated with subcontractors in value chains are particularly high. Problems linked to a living wage, working hours and forced labour are difficult to detect, and on-site inspections in projects are important when it comes to being able to detect such incidents. Other than the characteristics listed in the overview of impacts below, we have not identified specific groups or workers in the value chain with specific characteristics who are particularly exposed to negative impacts and risks. The time horizon is not specified for the impacts, because no differences have been identified in the short, medium and long term. Impacts, risks and opportunities are primarily related to our upstream value chain, however there is also a risk of negative work-related conditions downstream. AF Gruppen's follow-up and management of prioritised identified impacts, risks and opportunities is described in S2-4.

G1 SBM-3

Material impacts, risks and opportunities

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

When conducting the double materiality analysis, negative impacts, as well as risks and opportunities related to our corporate governance, were identified. The time horizon is not specified in the overview of impacts below, because no differences have been identified in the short, medium and long term. All impacts, risks and opportunities are related to AF Gruppen's own activities. AF Gruppen's follow-up and management of prioritised identified impacts, risks and opportunities is described in the relevant sub-chapter in G1 Business conduct.

E1 SBM-3

Climate change

NEGATIVE ACTUAL IMPACTS	VALUE CHAIN		
	Upstream	Own operations	Down-stream
Greenhouse gas emissions associated with the production and transport of necessary input factors, our project activities, as well as the final treatment, transport, use and processing of our products.			
Energy consumption associated with lighting, heating and operating equipment in our project activities, as well as use associated with our sold products.			
Greenhouse gas emissions as a result of peat extraction and degradation of peatlands, and removal of forests and other green areas in connection with development. This prevents natural carbon storage and releases stored carbon.			

POSITIVE ACTUAL IMPACTS	VALUE CHAIN		
	Upstream	Own operations	Down-stream
AF carries out climate adaptation projects that can make society more resilient in the face of extreme weather.			
AF Gruppen has the expertise and influence to reduce the carbon footprint through projects that have more environmentally friendly methods of production, selection of materials and energy-efficient operating solutions.			

E4 SBM-3

Biodiversity and ecosystems

NEGATIVE ACTUAL IMPACTS	VALUE CHAIN		
	Upstream	Own operations	Down-stream
Land use changes resulting from the development of roads and infrastructure, as well as construction projects in green areas, impact nature and associated ecosystems, including fragmentation and destruction of natural environments and habitats, in addition to the impact of the specific area being developed this also impacts regulating ecosystem services through nature's regulating properties related to, among other things, flooding and erosion.			
Land degradation from the development of roads and infrastructure, as well as construction projects in green areas. This can result in loss of fertile soil. This also affects regulating ecosystem services through nature's regulating properties related to erosion.			
Asphalting related to construction and civil engineering activities in green areas seals the surface of the soil and reduces water infiltration. This also impacts regulating ecosystem services.			
Utilisation of natural resources impacts the extent and condition of ecosystems, and also impacts provisioning ecosystem services related to purchased materials and input factors, for example, minerals, metals, sand, gravel and wood.			

POSITIVE ACTUAL IMPACTS	VALUE CHAIN		
	Upstream	Own operations	Down-stream
AF Decom's services make important contributions to nature restoration projects for restoring biodiversity and ecosystems. Nature restoration of the mining community Svea, research projects with the intention of restoring wetland areas and land contaminated with PFAS and projects that clean up contaminated seabeds are examples of this.			

BOARD OF DIRECTORS' REPORT

E5 SBM-3

Resource use and circular economy

NEGATIVE ACTUAL IMPACTS	VALUE CHAIN		
	Upstream	Own operations	Down-stream
AF has a very high consumption of materials and input factors, and purchases a large volume of resources from actors in our value chain. High resource consumption has a negative impact on climate and the environment.			
Regulatory barriers and immature circularity solutions contribute to unnecessary resource use. Potential for improvement associated with the use of standardized products, pre-cut materials, re-use solutions and prefabricated elements contributes to increased resource use in our value chain.			
The production of materials and input factors, and our project activities generate a large volume of waste. Much of this waste is sent for incineration and landfill.			
Construction and infrastructure projects are often not adapted for reuse by way of final treatment. This means that materials are sent for recycling, or alternatively, that they are also removed from circulation by being sent for incineration and landfill.			

POSITIVE ACTUAL IMPACTS	VALUE CHAIN		
	Upstream	Own operations	Down-stream
AF's demolition activities have a positive impact through material recycling.			
By using new environmental technology, the environmental centres treat and recycle the contaminated masses that would have otherwise ended up as landfill.			
In Norway, the government requirement for source separation is a minimum of 70 per cent. AF Gruppen's results are well above the government requirements.			
Mepex has leading expertise in consultancy services related to circular economy, waste and recycling, and contributes towards achieving tangible changes by providing services such as sustainable waste management and material flow analysis.			

S1 SBM-3

Own workforce

NEGATIVE IMPACTS	ACTUAL/ POTENTIAL
Our project activities may involve work that exceeds what are considered normal working hours.	Potential
AF Gruppen's geographical area of operations means that many of our employees have to commute. We are experiencing that the younger generation of AF employees in particular is demanding increasingly more flexibility in this area.	Potential
The construction and civil engineering industry is one of the most accident-prone industries, both in terms of occupational deaths and injuries. Occupational accidents at AF's construction sites can occur and have very serious consequences.	Potential
Undesirable physical conditions and exposure to, for example, noise, dust, gases, chemicals and vibrations from our projects can result in work-related illness, which can also become long-term and have very serious consequences.	Potential
The construction and civil engineering industry is male dominated, however, there have been increasing efforts in recent years to promote female employees and managers. Figures reported for AF Gruppen and for the industry show that developments have remained virtually unchanged in recent years.	Actual
Workplace harassment and discrimination can occur and result in work-related illness.	Potential
Unconscious discrimination in employment can be an obstacle to diversity.	Potential

S1 SBM-3

Own workforce

POSITIVE IMPACTS	ACTUAL/ POTENTIAL
Part-time and temporary employment are very seldom used in AF Gruppen, and are only arranged at the request of the individual employee or if there are special requirements.	Actual
According to our employee satisfaction survey, our employees have a high level of well-being and job satisfaction.	Actual
Over the course of many years, AF has developed a strong safety culture and good systems for learning, training and reporting. AF has acquired an industry-leading role within safety work, and this contributes to AF avoiding personal injuries.	Actual
AF invests heavily in training, skills development and leadership development. AF's centres of expertise provide a good foundation for professional development and career opportunities throughout the Group.	Actual
Apprenticeship schemes provide young people with a path into the workforce, which can reduce unemployment and provide a stable career path. AF has intensified our commitment to apprentices in recent years.	Actual

S2 SBM-3

Workers in the value chain

NEGATIVE IMPACTS	ACTUAL/ POTENTIAL
Risk of negative work-related conditions in the value chain such as violations of overtime rules, requirement for payment of an adequate living wage, forced labour, and indecent living conditions and sanitary conditions.	Potential
The construction and civil engineering industry is one of the most accident-prone industries, both in terms of occupational deaths and injuries. Occupational accidents at AF's construction sites can occur and have very serious consequences.	Potential
Undesirable physical conditions and exposure to, for example, noise, dust, gases, chemicals and vibrations from our projects can result in work-related illness, which can also become long-term and have very serious consequences.	Potential
There is an increased risk of violations of human rights and decent working conditions related to direct or indirect purchases of input factors from risk countries.	Actual
Workplace harassment and discrimination can occur and result in work-related illness.	Potential

POSITIVE IMPACTS	ACTUAL/ POTENTIAL
AF works systematically to ensure there is compliance with our strict requirements in the value chain and allows only two levels of subcontractors to ensure acceptable transparency. AF proactively uses a number of recognized tools to assess possible suppliers, and also has procedures for blocking unprofessional operators.	Actual
Over the course of many years, AF has developed a strong safety culture and good systems for learning, training and reporting. AF has taken an industry-leading role within safety work and thereby has had a positive impact on other operators, which contributes to our industry avoiding personal injuries.	Actual

G1 SBM-3

Business conduct

NEGATIVE IMPACT	ACTUAL/ POTENTIAL
AF's reputation, employees, customers, suppliers and owners can be negatively impacted by individual incidents and contentious conditions.	Potential

BOARD OF DIRECTORS' REPORT

E1 SBM-3

Climate change

TYPE	DESCRIPTION	POTENTIAL FINANCIAL IMPACT		ASSESSMENT OF VALUE CHAIN			FINANCIAL IMPACT LOW EMISSIONS SCENARIO			FINANCIAL IMPACT HIGH EMISSIONS SCENARIO		
				Upstream	Own operations	Downstream	Short term (1 year)	Medium (2-10 years)	Long term (> 10 years)	Short term (1 year)	Medium (2-10 years)	Long term (> 10 years)
OPPORTUNITIES												
Resource efficiency	Resource efficiency described under E5 is also related to E1 Climate change through opportunities that reduce the need to produce new materials that have a negative impact on global greenhouse gas emissions.											
Products and services	Increased demand for services and products with lower greenhouse gas emissions, for example: – Climate and environmentally classified buildings – Renovations – Energy efficiency – Renewable energy development – Purification and reuse of materials	Increased revenue from climate and environmentally friendly products and services					Medium	High	High	Low	Low	Low
	Development of innovative solutions to reduce climate and environmental impacts.	Increased revenue from new products and services					Low	Low	Medium	Low	Low	Low
	Increased demand for our products and services as a result of the need for recovery and reconstruction following extreme weather.	Increased revenue from our products and services					Low	Medium	Medium	Low	Medium	High
	Increased demand for our products and services as a result of demand for products and services that can withstand extreme weather events and permanent climate change.	Increased revenue from our products and services					Low	Medium	Medium	Low	Medium	High
Capital flow and financing	Better loan terms from financial institutions or greater access to capital linked to good performance on climate-related KPIs or taxonomy reporting.	Reduced capital costs and increased investment capacity					Low	Medium	Medium	Low	Low	Low
	Increased attractiveness to existing and potential investors associated with climate-related performance.	Reduced capital costs and increased investment capacity					Low	Medium	Medium	Low	Low	Low
Reputation	Reference projects with low greenhouse gas emissions can increase our attractiveness and reputation, and thereby make us more attractive for new projects.	Increased revenue due to increased competitiveness and reduced project costs					Low	Medium	High	Low	Low	Low
	Employee value proposition related to climate issues and AF's adaptability.	Increased revenue due to increased competitiveness and reduced project costs					Low	Medium	High	Low	Low	Low

BOARD OF DIRECTORS' REPORT

E1 SBM-3

Climate change

	TYPE	DESCRIPTION	POTENTIAL FINANCIAL IMPACT	ASSESSMENT OF VALUE CHAIN			FINANCIAL IMPACT LOW EMISSIONS SCENARIO			FINANCIAL IMPACT HIGH EMISSIONS SCENARIO		
				Upstream	Own operations	Downstream	Short term (1 year)	Medium (2-10 years)	Long term (> 10 years)	Short term (1 year)	Medium (2-10 years)	Long term (> 10 years)
RISKS												
PHYSICAL RISK	**Acute physical risk**	Change in precipitation patterns that can result in operational challenges and increased risk of accidents.	Increased project costs and reduced revenue due to lower productivity.				Low	Low	Low	Low	Medium	High
		More frequent and more severe extreme weather can cause operational challenges and an increased risk of accidents.	Increased project costs and reduced revenue due to lower productivity.				Low	Low	Low	Low	Medium	High
		Changing precipitation patterns and more frequent and more severe weather can disrupt supply chains.	Increased project costs				Low	Low	Low	Low	Medium	High
	Chronic	Permanent temperature changes, rising sea levels and changing precipitation patterns may impact AF's production.	Increased project costs, reduced revenue associated with lower productivity and reduced access to projects.				Low	Low	Low	Low	Medium	High
TRANSITION RISK	**Regulatory**	Unpredictable policy and contract terms	Increased unforeseen project costs				Low	High	Medium	AF has not yet identified material financial transition risks associated with a high emissions scenario.		
		Price increases associated with CO_2 emissions	Increased project costs				Low	High	High			
		Risk of disputes and litigation related to unproven solutions and construction methods, or risk associated with compliance with climate and environmental requirements for our projects	Increased project costs				Low	Medium	Medium			
		Increased reporting scope on both Group and project levels.	Increased administrative costs for internal and external reporting				Low	Medium	Medium			
		Increased input costs for AF as our suppliers face ever-increasing costs related to energy consumption and climate and environmental requirements	Increased project costs and reduced revenue				Low	Medium	High			
		From 2027, AF Gruppen will be governed by the Corporate Sustainability Due Diligence Directive (CSDDD). The requirement for companies to adopt and put into effect a transition plan for climate change mitigation may have a financial impact on AF, as well as risks associated with potential liability related to the Directive[1].	Increased costs				Low	High	High			
		Less favourable loan terms from financial institutions or reduced access to capital in connection with weak performance linked to climate-related KPIs or taxonomy reporting if we are unable to transition.	Increased capital costs and lower investment capacity				Low	Medium	Medium			
		Reduced attractiveness to existing and potential investors associated with climate-related performance if we fail to transition.	Increased capital costs and lower investment capacity				Low	Medium	Medium			
	Market	Changing demand for climate and environmentally friendly products and services in our industry.	Lower revenue from products and services if we fail to meet future climate and environmental requirements				Low	Medium	High			
	Technology	Limited access to the necessary technology, materials and machinery to meet customer climate and environmental requirements.	Increased project costs				Low	High	High			
		The introduction and development of new technology does not necessarily produce expected returns, can be costly to develop and there may be uncertainty associated with changes in laws and regulations.	Increased project costs and costs related to research and development				Low	Medium	High			
	Reputation	Changed customer behaviour may result in reduced demand for products and services due to poorer reputation if we fail to adapt.	Lower revenue				Low	Medium	High			
		Employee value proposition related to climate issues and AF's adaptability.	Lower revenue due to reduced competitiveness and increased project costs				Low	Medium	High			

[1] Based on the European Commission's proposed simplification package, there is major uncertainty associated with whether this risk entails a potential financial impact for AF Gruppen.

BOARD OF DIRECTORS' REPORT

E4 SBM-3

Biodiversity and ecosystems

	TYPE	DESCRIPTION	POTENTIAL FINANCIAL IMPACT		ASSESSMENT OF VALUE CHAIN: Upstream	ASSESSMENT OF VALUE CHAIN: Own operations	ASSESSMENT OF VALUE CHAIN: Downstream	FINANCIAL IMPACT LOW EMISSIONS SCENARIO: Short term (1 year)	FINANCIAL IMPACT LOW EMISSIONS SCENARIO: Medium (2-10 years)	FINANCIAL IMPACT LOW EMISSIONS SCENARIO: Long term (> 10 years)	FINANCIAL IMPACT HIGH EMISSIONS SCENARIO: Short term (1 year)	FINANCIAL IMPACT HIGH EMISSIONS SCENARIO: Medium (2-10 years)	FINANCIAL IMPACT HIGH EMISSIONS SCENARIO: Long term (> 10 years)
OPPORTUNITIES													
OPPORTUNITIES	**Resource efficiency**	Resource efficiency described under E5 is also related to E4 through opportunities that reduce the need to extract virgin resources that have a direct impact on biodiversity and ecosystems.											
OPPORTUNITIES	**Products and services**	Increased demand for our nature-related expertise as result of increased focus on the "nature crisis" and the goals of companies to achieve land positivity or land neutrality, for example related to nature restoration and the restoration of "grey areas".	Increased revenue					Low	Medium	Medium	Low	Low	Low
OPPORTUNITIES	**Products and services**	Increasing focus on rehabilitation and circularity associated with scarcity of natural resources and changing access to land related to political regulations can increase demand for conscientious dismantling and rehabilitation projects.	Increased revenue					Low	Medium	Medium	Low	Low	Low
OPPORTUNITIES	**Capital flow and financing**	Better loan terms from financial institutions or increased access to capital linked to good performance on nature-related KPIs or taxonomy reporting.	Reduced capital costs and increased investment capacity					Low	Medium	Medium	Low	Low	Low
OPPORTUNITIES	**Capital flow and financing**	Increased attractiveness to existing and potential investors associated with nature-related performance.	Reduced capital costs and increased investment capacity					Low	Medium	Medium	Low	Low	Low
OPPORTUNITIES	**Reputation**	Employee value proposition associated with nature-related issues and AF's adaptability.	Increased revenue due to increased competitiveness and reduced project costs					Low	Medium	High	Low	Low	Low
OPPORTUNITIES	**Reputation**	Reference projects with good results related to conservation of nature can increase our attractiveness and reputation, and thereby make us more attractive for new projects.	Increased revenue due to increased competitiveness and reduced project costs					Low	Medium	High	Low	Low	Low
RISKS													
PHYSICAL RISK	**Acute physical risk**	More frequent and severe extreme weather events can increase the risk of erosion, landslides and other consequences for nature due to a weakening of the ecosystems that regulate nature. Erosion can cause unstable ground conditions which can make an area dangerous to work in.	Increased project costs associated with, for example, safety measures, and lower revenue due to lower productivity.					Low	Low	Low	Low	Medium	High
PHYSICAL RISK	**Acute physical risk**	Challenges associated with managing increased rainfall and runoff can lead to flooding in and around the construction site, which can cause damage to structures, equipment and access roads.	Increased project costs associated with, for example, clean-up measures and safety measures.					Low	Low	Low	Low	Medium	High
PHYSICAL RISK	**Acute physical risk**	If environmentally harmful substances are released into water sources due to challenges with runoff controls, this can impact biodiversity and ecosystems.	Increased project costs associated with clean-up measures, including compensation claims and potential government fines (see also Regulatory Risks)					Low	Low	Low	Low	Medium	High
PHYSICAL RISK	**Chronic**	Climate change and higher levels of rainfall can increase the risk of soil contamination and reduce soil stability, which can impact the safety of the construction site and the necessitate compensatory measures.	Increased project costs associated with, for example, safety measures, and lower revenue due to lower productivity.					Low	Low	Low	Low	Medium	High
PHYSICAL RISK	**Chronic**	Degraded condition of peatlands and natural soil runoff resulting from peat extraction over time can lead to increased soil contamination and reduce the soil's stability and ability to regulate.	Increased project costs, for example, in connection with the need for new drainage systems, and lower revenue due to lower productivity.					Low	Low	Low	Low	Medium	High
PHYSICAL RISK	**Chronic**	Land take, for example, the removal of peatlands, destroys nature's ability to capture carbon, is a direct driver of biodiversity loss, and impacts regulating ecosystem services. This can increase the risk of flooding.	Increased project costs, for example, in connection with the need for safety measures, and lower revenue due to lower productivity.					Low	Low	Low	Low	Medium	High
PHYSICAL RISK	**Chronic**	The presence and/or spread of invasive species impacts local biodiversity and may have chronic effects on soil erosion that impacts the stability of the soil. This can impact safety at construction sites.	Increased project costs and lower revenue due to lower productivity					Low	Low	Low	Low	Medium	Medium
SYSTEMIC RISK	**Operational**	Risk of ecosystem collapse associated with the construction and civil engineering industry being particularly dependent on provisioning and regulating services. This particularly relates to access to materials (provisioning services) and regulating services that help reduce erosion and flooding.	Increased project costs					Low	Low	Low	Low	Medium	High

BOARD OF DIRECTORS' REPORT

E4 SBM-3

Biodiversity and ecosystems

	TYPE	DESCRIPTION	POTENTIAL FINANCIAL IMPACT		ASSESSMENT OF VALUE CHAIN			FINANCIAL IMPACT LOW EMISSIONS SCENARIO			FINANCIAL IMPACT HIGH EMISSIONS SCENARIO		
					Upstream	Own operations	Downstream	Short term (1 year)	Medium (2-10 years)	Long term (> 10 years)	Short term (1 year)	Medium (2-10 years)	Long term (> 10 years)
RISKS													
TRANSITION RISK	Regulatory	Unpredictable policy and contract terms related to stricter regulations for protecting nature that impact access to land. These may be changes resulting from Norway's Nature Action Plan and amendments to the Planning and Building Act.	Reduced revenue as a result of reduced access to projects.					Low	High	Medium	AF has not yet identified material financial transition risks associated with a high emissions scenario.		
TRANSITION RISK	Regulatory	Risk of disputes and litigation related to unproven solutions and construction methods, interpretation of regulations, climate and environment-related incidents or risk associated with compliance with climate and environmental requirements.	Increased project costs					Low	Medium	Medium			
TRANSITION RISK	Regulatory	The EU's new Regulation on Deforestation-free Products (EUDR) enhances requirements for traceability in the value chain of the materials that are used in our projects.	Administrative costs associated with follow-up of suppliers, and certification schemes. This can also increase the costs associated with the use of timber and wood.					Low	Medium	Low			
TRANSITION RISK	Regulatory	Increased reporting scope on both Group and project levels.	Increased administrative costs for internal and external reporting					Low	Medium	Medium			
TRANSITION RISK	Regulatory	Increased input costs for AF as our suppliers face ever-increasing costs related to climate and environmental requirements.	Increased project costs					Low	Medium	High			
TRANSITION RISK	Regulatory	Less favourable loan terms from financial institutions or reduced access to capital in connection with weak performance linked to nature-related KPIs or taxonomy reporting if we are unable to transition.	Increased capital costs and lower investment capacity					Low	Medium	Medium			
TRANSITION RISK	Regulatory	Reduced attractiveness to existing and potential investors associated with nature-related performance if we fail to transition.	Increased capital costs and lower investment capacity					Low	Medium	Medium			
TRANSITION RISK	Market	Changing demand for climate and environmentally friendly products and services in our industry.	Lower revenue from products and services if we fail to meet future climate and environmental requirements					Low	Medium	High			
TRANSITION RISK	Technology	Due to increased demand, there may be limited access to the necessary technology, materials and machinery to meet customer climate and environmental requirements.	Increased project costs					Low	High	Medium			
TRANSITION RISK	Technology	The introduction and development of new technology does not necessarily produce expected returns, can be costly to develop and there may be uncertainty associated with changes in laws and regulations.	Increased project costs and costs related to research and development					Low	Medium	High			
TRANSITION RISK	Reputation	Employee value proposition associated with nature-related issues and AF's adaptability.	Lower revenue due to reduced competitiveness and increased project costs					Low	Medium	High			
TRANSITION RISK	Reputation	Changed customer behaviour and reduced demand for products and services due to poor reputation if we fail to adapt.	Lower revenue					Low	Medium	High			

BOARD OF DIRECTORS' REPORT

E5 SBM-3

Resource use and circular economy

	TYPE	DESCRIPTION		POTENTIAL FINANCIAL IMPACT	ASSESSMENT OF VALUE CHAIN: Upstream	ASSESSMENT OF VALUE CHAIN: Own operations	ASSESSMENT OF VALUE CHAIN: Downstream	FINANCIAL IMPACT LOW EMISSIONS SCENARIO: Short term (1 year)	FINANCIAL IMPACT LOW EMISSIONS SCENARIO: Medium term (2-10 years)	FINANCIAL IMPACT LOW EMISSIONS SCENARIO: Long term (> 10 years)	FINANCIAL IMPACT HIGH EMISSIONS SCENARIO: Short term (1 year)	FINANCIAL IMPACT HIGH EMISSIONS SCENARIO: Medium term (2-10 years)	FINANCIAL IMPACT HIGH EMISSIONS SCENARIO: Long term (> 10 years)
OPPORTUNITIES													
OPPORTUNITIES	Resource efficiency	Better resource utilisation, for example, solutions such as pre-cut materials, reuse options, focus on source separation rate and prefabricated elements, and return schemes with suppliers can reduce our waste and contribute to us needing to purchase fewer materials.		Reduced project costs				Low	Medium	Medium	Low	Low	Low
		Resource-efficient solutions make AF Gruppen less susceptible to increased prices for input factors as a result of carbon pricing.		Reduced project costs				Low	Medium	Medium	Low	Low	Low
		Regulations that facilitate reuse provide opportunities associated with circularity in AF Gruppen. For example, materials from our demolition activities are used as input factors in construction or civil engineering projects.		Reduced project costs				Low	Medium	Medium	Low	Low	Low
	Products and services	Increased demand for prefabricated components due to focus on circularity.		Increased revenue				Low	Medium	Medium	Low	Low	Low
		The scarcity of resources, focus on circularity and regulations related to carbon pricing, for example, CBAM[1], may result in increased demand for recycled or upcycled materials.		Increased revenue				Low	Medium	Medium	Low	Low	Low
		Increasing focus on rehabilitation associated with policy changes may increase demand for conscientious dismantling and rehabilitation projects.		Increased revenue				Low	Medium	Medium	Low	Low	Low
	Capital flow and financing	Better loan terms from financial institutions or increased access to capital linked to good performance on KPIs related to resource use and circularity or taxonomy reporting.		Reduced capital costs and increased investment capacity				Low	Medium	Medium	Low	Low	Low
		Increased attractiveness to existing and potential investors associated with performance related to circular economy.		Reduced capital costs and increased investment capacity				Low	Medium	Medium	Low	Low	Low
	Reputation	Employee value proposition associated with resources, circular economy and AF's adaptability.		Increased revenue due to increased competitiveness and reduced project costs				Low	Medium	High	Low	Low	Low
		Good performance reference projects related to reducing resource use and waste can increase our attractiveness and reputation, thereby making us more attractive for new projects.		Increased revenue due to increased competitiveness and reduced project costs				Low	Medium	High	Low	Low	Low
RISKS													
PHYSICAL RISK	Chronic risk	Reduced access to materials and raw materials can lead to high prices for raw materials and can impact AF Gruppen's access to materials, which can result in increased costs.		Increased project costs				Low	Low	Low	Low	Medium	High
TRANSITION RISK	Regulatory	Unpredictable policy and contract terms		Increased unforeseen project costs				Low	High	Medium	AF has not yet identified material financial transition risks associated with a high emissions scenario.		
		Risk of disputes and litigation related to unproven solutions and construction methods, new requirements for circularity that are difficult to comply with, interpretation of regulations or risks related to compliance with climate and environmental requirements.		Increased project costs				Low	Medium	Medium			
		Increased reporting scope on both Group and project levels.		Increased administrative costs for internal and external reporting				Low	Medium	Medium			
		Increased input costs for AF as our suppliers face ever-increasing costs related to climate and environmental requirements.		Increased project costs				Low	Medium	High			
		Reuse of materials and circularity in construction and civil engineering projects often involves time-consuming and complex regulatory assessments that can impact the profitability of projects.		Increased administrative costs				Low	Medium	Low			
		Less favourable loan terms from financial institutions or reduced access to capital in connection with weak performance linked to resource use and circularity or taxonomy reporting if we are unable to transition.		Increased capital costs and lower investment capacity				Low	Low	Medium			
		Reduced attractiveness to existing and potential investors associated with performance linked to resource use and circular economy if we fail to adapt.		Increased capital costs and lower investment capacity				Low	Low	Medium			
	Technology	Limited access to the necessary technology, materials and machinery to meet customer climate and environmental requirements.		Increased project costs				Low	High	Medium			
		The introduction and development of new technology does not necessarily produce expected returns, can be costly to develop and there may be uncertainty associated with changes in laws and regulations.		Increased project costs and costs related to research and development				Low	Medium	Low			
	Reputation	Employee value proposition associated with resources, use of circular economy and AF's adaptability		Lower revenue due to reduced competitiveness and increased project costs				Low	Medium	High			
		Changed customer behaviour and reduced demand for products and services due to poor reputation if we fail to adapt.		Lower revenue				Low	Medium	High			

[1] CBAM = Carbon Border Adjustment Mechanism is a carbon limit adjustment mechanism that imposes a new payment on imported goods based on emissions from the production of the goods. The Norwegian government is advocating for the CBAM Regulation to also be introduced in Norway.

BOARD OF DIRECTORS' REPORT

S1 SBM-3

Own workforce

TYPE	DESCRIPTION		POTENTIAL FINANCIAL IMPACT	POTENTIAL FINANCIAL EFFECT		
				Short term (1 year)	Medium term (2-10 years)	Long term (>10 years)
OPPORTUNITIES						
Operational	Innovation, development and use of digital solutions and artificial intelligence have a natural place in our project activities. Developments in this area will contribute to an industry which appeals to young people, both men and women. This will also improve the efficiency of our project activities and has the potential to reduce time-consuming and routine tasks.		Increased revenue due to greater efficiency and increased competitiveness	Low	Medium	High
	Motivated employees and a solid organization are an important foundation for creating value. Project organisations with a good composition of technical expertise and management at all levels ensure increased competitiveness.		Increased revenue due to increased competitiveness	High	High	High
	Employee development ensures we have leading expertise that helps us deliver cost-effective projects with high quality and consideration for the environment, and increases our competitiveness.		Increased revenue associated with increased productivity and competitiveness	High	High	High
	AF has reinforced its commitment to apprenticeships in recent years by encouraging more people to choose vocational subjects through an increased presence in schools and targeted communication on social media. AF's employees are what make us competitive, and our target of having over 7% apprentices will contribute towards further enhancing our competitiveness.		Increased revenue due to increased competitiveness	Low	Medium	Medium
	AF will have the leading centres of expertise in strategically important fields and offer the best leadership development in the market at all levels. AF's employees are what make us competitive, and our target of 60% skilled workers with trade certificates will contribute towards further enhancing our competitiveness.		Increased revenue due to increased competitiveness	Low	Medium	Medium
	To recruit, develop and retain the best people, we need to recruit talent from a broader and more diverse base. AF Gruppen works actively to promote gender equality and prevent discrimination. We believe that different perspectives lead to better decisions, and therefore diversity adds value and increases our competitiveness.		Increased revenue due to increased competitiveness	Low	Medium	Medium
Reputation	At AF, we create value and opportunities through project activities with an uncompromising attitude to safety and ethics. A shared set of values and an uncompromising attitude to safety and ethics give us a unique competitive advantage in solving the challenges of the future.		Increased revenue due to increased competitiveness	High	High	High
	We undertake systematic HSE work to ensure that we provide safe and health-promoting working conditions. This contributes to us having a good reputation in the industry, and thereby makes us an attractive workplace for existing and potential employees. This increases our competitiveness.		Increased revenue due to increased competitiveness.	High	High	High
	In the future, there will be increased demand for expertise required for mitigating climate and environmental challenges, and thereby a need to recruit, develop and retain employees who have expertise within this area. If we succeed with this, AF's competitiveness will increase.		Increased revenue due to increased competitiveness	High	High	High
RISKS						
Operational	Project organisations with a good composition of technical expertise and management at all levels ensure increased competitiveness. Robust organisation is a prerequisite for value creation, while a lack of robust organisation and project management pose a risk related to project performance.		Increased project costs	Medium	Medium	Medium
	The construction and civil engineering industry has traditionally been a male-dominated profession with little diversity. To recruit, develop and retain the best people, we need to recruit talent from a broader and more diverse base. Lower levels of diversity in our workforce may therefore reduce our competitiveness.		Lower revenue due to reduced competitiveness.	Low	Medium	Medium
	AF Gruppen's project activities and geographical area of operations mean that many employees have to commute. We are experiencing that younger generations are demanding increasingly more flexibility and this may result in a need for changes to established practices in parts of our business activities. This can impact productivity and progress.		Reduced revenue and increased project costs	Low	Medium	Medium
	Key personnel risk can result in operational disruptions and weakened competitiveness.		Increased project costs	Medium	Medium	Medium
Regulatory	Amendments to working environment laws may impact forms of employment and access to labour. Hiring restrictions will potentially include alternative means of covering temporary labour requirements. This can create challenges in adapting the workforce to our project activities.		Unforeseen increased project costs	Low	Medium	Medium
Reputation	Work accidents and serious personal injuries can damage our reputation.		Lower revenue due to reduced competitiveness	Medium	Medium	Medium
	In the future, there will be increased demand for expertise required to mitigate climate and environmental challenges, and thereby a need to recruit, develop and retain employees who have expertise within this area. Failure to do so may impact AF's competitiveness.		Lower revenue due to reduced competitiveness	Low	High	High

BOARD OF DIRECTORS' REPORT

S2 SBM-3

Workers in the value chain

TYPE	DESCRIPTION		POTENTIAL FINANCIAL IMPACT	POTENTIAL FINANCIAL EFFECT Short term (1 year)	Medium term (2-10 years)	Long term (>10 years)
OPPORTUNITIES						
Reputation	We take a systematic approach to HSE work to ensure that we provide safe and healthy working conditions. This contributes to us having a good reputation in the industry, and thereby makes us an attractive workplace for existing and potential employees, as well as workers in our value chain. This increases our competitiveness.		Increased revenue due to increased competitiveness	Medium	Medium	Medium
RISKS						
Regulatory	Amendments to working environment laws may impact forms of employment and access to labour. Hiring restrictions will potentially include alternative means of covering temporary labour requirements. This can create challenges in adapting the workforce to our project activities.		Unforeseen increased project costs	Low	Medium	Medium
Reputation	Work accidents and serious personal injuries can damage our reputation.		Lower revenue due to reduced competitiveness	Medium	Medium	Medium
	Violations of human rights in our value chain can damage our reputation.		Lower revenue due to reduced competitiveness	Low	Low	Low

G1 SBM-3

Business conduct

TYPE	DESCRIPTION		POTENTIAL FINANCIAL IMPACT	POTENTIAL FINANCIAL EFFECT Short term (1 year)	Medium term (2-10 years)	Long term (>10 years)
OPPORTUNITIES						
Operational	Good and systematic risk management is a strategic tool that improves our competitive-ness and increases the creation of value.		Increased revenue due to increased competitiveness	High	High	High
Reputation	At AF, we create value and opportunities through project activities with an uncompromising attitude to safety and ethics. A shared set of values and an uncompromising attitude to safety and ethics give us a unique competitive advantage.		Increased revenue due to increased competitiveness	High	High	High
	If we are to succeed, AF must be the preferred partner. We will build long-term relation-ships based on trust, performance and loyalty with the customers and suppliers who have the greatest potential for mutual value creation. A good reputation can influence our long-term relationships and competitiveness.		Increased revenue due to increased competitiveness	High	High	High
RISKS						
Operational	Information security is a priority area in AF Gruppen. Despite our information security management system being based on recognized standards, we need to be prepared for incidents that may impact the Group's assets. This may also be costly in terms of administration, and can also present operational challenges.		Increased costs	High	High	High
	A cyber attack could be both targeted at AF and be cyber criminals who randomly find and exploit a vulnerability. This can cause AF to suffer significant losses.		Increased costs	High	High	High
	In an emergency response context, AF's motto is that "it is likely that something unlikely will occur," but we do not know when or where. We therefore need to be prepared across all of AF's operations. Something unlikely may occur that causes AF to suffer major losses.		Increased costs	High	High	High
Regulatory	Corruption in the form of outright embezzlement, price fixing, inducements, bribery, and theft can result in significant financial losses depending on the severity. Corruption can also result in costs associated with handling litigation and investigations.		Increased costs	High	High	High
	AF Gruppen has zero tolerance for economic crime and strict requirements have been introduced as a barrier to embezzlement and financial irregularities. Financial crime can cause AF to suffer significant losses.		Increased costs	High	High	High
Reputation	Our reputation and competitiveness are based on trust. Breaches of the code of conduct and contentious conditions can damage our reputation and competitiveness.		Lower revenue due to reduced competitiveness	Medium	Medium	Medium
	If we are to succeed, AF must be the preferred partner. We will build long-term relation-ships based on trust, performance and loyalty with the customers and suppliers who have the greatest potential for mutual value creation. A damaged reputation can impact our long-term relationships and competitiveness.		Lower revenue due to reduced competitiveness	Low	Medium	Medium
	The operating activities should be decentralised and have a good balance between freedom and discipline. We will make room for employees who see and seize opportuni-ties. We must at the same time exercise discipline so that the creation of value is not at the expense of safety, ethics or other goals and requirements. Our reputation could be damaged if this were to occur.		Lower revenue due to reduced competitiveness	Medium	Medium	Medium

BOARD OF DIRECTORS' REPORT

ESRS 2 MDR-P

Matrix for compliance with minimum disclosure requirements

KEY DOCUMENTS FOR AF GRUPPEN

Document	About the document	Contents		Standard					
				E1	E4	E5	S1	S2	G1
Purpose, goals and values	Provides a brief outline of who we at AF are, what we stand for and what we want to achieve.	Owners							
		Employees							
		Customers							
		Suppliers							
		Health, safety and the environment							
		Climate and environment							
		Quality and improvement							
Code of Conduct	AF Gruppen's code of conduct	Notice of contentious conditions							
		Sanctions for breaching the code of conduct							
		Work environment							
		Personal conduct							
		Substance abuse and addiction							
		Personal finances							
		Competitors							
		Laws and regulations							
		Customers and suppliers							
		Anti-corruption							
		Appearance and dress code							
		Communications and reputation							
		IT security and privacy							
		Conflicts of interest							
		Duty of Confidentiality							
		Insider trading							
Business model	Requirements and expectations for compliance that need to be reflected in key documents in the companys management system.	Safety							
		Active risk management							
		Employee ownership							
		Decentralised decision-making authority							
		Value-based culture							
Supplier Declaration	Describes the requirements and expectations that has for suppliers and subcontractors.	Compliance with legislation and the UN's Global Compact							
		Human Rights and ILO Conventions							
		Working hours and wages/salaries							
		Forced labour, social dumping and child labour							
		Health and safety							
		Working environment and discrimination							
		Climate and environment							
		Combating corruption							
		Ilicit work and money laundering							
		Price cooperation							
		Conflict of interest							
		Confidentiality and dealing with the media							
		Subcontractors and partners							
		Whistleblowing							
		Auditing							
		Sanctions							

All documents are approved by the Board and are implemented through the Corporate Management Team and to our projects and employees. The documents are available on our website or described in our annual report.

By entering into an agreement with AF Gruppen, you accept the supplier declaration and all its contents, and you are obligated to forward this on in the supply chain. This includes an obligation to comply with the values and requirements as described in Purpose, Goals and Values and the Code of Conduct.

BOARD OF DIRECTORS' REPORT

IRO-2

Disclosure requirements in ESRS covered by the sustainability statement

DISCLOSURE REQUIREMENTS IN ESRS COVERED BY THE SUSTAINABILITY STATEMENT

The materiality analysis forms the basis for our sustainability reporting. Relevant information and disclosure requirements are included in the reporting when these are considered material or meet user needs for information related to decision making. When assessing this we take into account both primary users of our financial reporting and users with an interest in AF's material impacts.

The ESRS set disclosure requirements, not requirements for actions to be taken. Therefore, disclosure requirements related to measures, targets, strategies, scenario analyses and transitional plans are conditional upon whether AF has these in place. We included information about this in the relevant instances. AF Gruppen has ensured complete reporting through work with sustainability reporting standards and EFRAG's overview of reporting requirements.

The following page contains tables with information on material sustainability matters and references to the parts of annual report where information on these matters can be found. We also included references to data points from EU legislation.

Justification of matters that are not considered material

There are four topic standards that were not considered material for the 2024 reporting year. E2 Pollution was found to be closest to the threshold value for materiality. This applies to identified negative impacts associated with health or substances that are harmful to the environment, microplastics, production of input factors and materials. These are described in more detail below and AF will particularly consider the need to update our assessments of these matters in the annual review of the materiality analysis.

When concerning health or substances that are harmful to the environment, the potential negative impact associated with emissions of per- and polyfluoroalkyl substances (PFAS) into the environment around AF Miljøbase Vats was the subject of specific assessment. PFAS have been used as components in foams from fire extinguishers on the structures brought into the Environmental Base. Elevated concentrations were observed during the first half of 2023, however levels were well below the threshold values in the second half of 2023. The most recent available environmental report for the Environmental Base shows that, with the exception of PFAS, the annual long-term limits in the licence from the Norwegian Environment Agency have been complied with. PFAS are very stable chemicals known for their resistance to degradation. It is a general challenge that available technology does not adequately treat PFAS for our type of industry. There are ongoing efforts to identify and test new treatment technology.

Microplastics are solid, synthetic polymer particles smaller than 5 mm in size, with low water solubility, and that take a long time to degrade in nature[1]. Motor vehicle tires, road markings and certain other products used in vehicles and on roads contain plastic that breaks down into small pieces and is dispersed into the air, ground and water. A large proportion of these particles are extremely small, remain suspended for a long period of time and are spread over vast distances[2]. Actual negative impacts related to microplastics have been identified that are associated with heavy transport and the transport of input factors, waste and handling of masses in our projects.

Negative impacts related to pollution to air, water and soil have been identified in connection with the production of input factors and materials such as concrete and steel used in our project activities.

1 Internationally established definition of GESAMP (2015).
2 Mepex, Mapping for the Norwegian Environment Agency, 2020

IRO-2

Disclosure requirements in ESRS covered by the sustainability statement

DISCLOSURE REQUIREMENTS FOR MATERIAL TOPICS COVERED BY AF'S SUSTAINABILITY REPORTING

ESRS	Disclosure requirements	Material/ Non-material
ESRS 2 General disclosures	BP-1 – General basis for preparation of sustainability statements	Material
ESRS 2 General disclosures	BP-2 – Disclosures in relation to specific circumstances	Material
ESRS 2 General disclosures	GOV-1 – The role of the administrative, management and supervisory bodies	Material
ESRS 2 General disclosures	GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Material
ESRS 2 General disclosures	GOV-3 – Integration of sustainability-related performance in incentive schemes	Material
ESRS 2 General disclosures	GOV-4 – Statement on due diligence	Material
ESRS 2 General disclosures	GOV-5 – Risk management and internal controls over sustainability reporting	Material
ESRS 2 General disclosures	SBM-1 – Strategy, business model and value chain	Material
ESRS 2 General disclosures	SBM-2 – Interests and views of stakeholders	Material
ESRS 2 General disclosures	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Material
ESRS 2 General disclosures	IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities	Material
ESRS 2 General disclosures	IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	Material
E1 Climate change	E1 GOV-3 – Integration of sustainability-related performance in incentive schemes	Material
E1 Climate change	E1 IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities	Material
E1 Climate change	E1 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Material
E1 Climate change	E1-1 – Transition plan for climate change mitigation	Material
E1 Climate change	E1-2 – Policies related to climate change mitigation and adaptation	Material
E1 Climate change	E1-3 – Actions and resources in relation to climate change policies	Material
E1 Climate change	E1-4 – Targets related to climate change mitigation and adaptation	Material
E1 Climate change	E1-5 – Energy consumption and mix	Material
E1 Climate change	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Material
E1 Climate change	E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	Non-material
E1 Climate change	E1-8 – Internal carbon pricing	Non-material
E1 Climate change	E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in
E4 Biodiversity and ecosystems	E4 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Material
E4 Biodiversity and ecosystems	E4 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities related to biodiversity and ecosystems	Material

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Disclosure requirements in ESRS covered by the sustainability statement

DISCLOSURE REQUIREMENTS FOR MATERIAL TOPICS COVERED BY AF'S SUSTAINABILITY REPORTING

ESRS	Disclosure requirements	Material/ Non-material
E4 Biodiversity and ecosystems	E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Material
E4 Biodiversity and ecosystems	E4-2 – Policies related to biodiversity and ecosystems	Material
E4 Biodiversity and ecosystems	E4-3 – Actions and resources related to biodiversity and ecosystems	Material
E4 Biodiversity and ecosystems	E4-4 – Targets related to biodiversity and ecosystems	Material
E4 Biodiversity and ecosystems	E4-5 – Impact metrics related to biodiversity and ecosystems change	Material
E4 Biodiversity and ecosystems	E4-6 – Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Phase-in
E5 Resource use and circular economy	E5 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Material
EE5 Resource use and circular economy	E5-1 – Policies related to resource use and circular economy	Material
EE5 Resource use and circular economy	E5-2 – Actions and resources related to resource use and circular economy	Material
EE5 Resource use and circular economy	E5-3 – Targets related to resource use and circular economy	Material
E5 Resource use and circular economy	E5-4 – Resource inflows	Material
E5 Resource use and circular economy	E5-5 – Resource inflows	Material
E5 Resource use and circular economy	E5-6 – Anticipated financial effects from material resource use and circular economy-related risks and opportunities	Phase-in
S1 Own workforce	S1 SBM-2 – Interests and views of stakeholders	Material
S1 Own workforce	S1 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Material
S1 Own workforce	S1-1 – Policies related to own workforce	Material
S1 Own workforce	S1-2 – Processes for engaging with own workforce and workers' representatives about impacts	Material
S1 Own workforce	S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns	Material
S1 Own workforce	S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Material
S1 Own workforce	S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Material
S1 Own workforce	S1-6 – Characteristics of the undertaking's employees	Material
S1 Own workforce	S1-7 – Characteristics of non-employees in the undertaking's own workforce	Material
S1 Own workforce	S1-8 – Collective bargaining coverage and social dialogue	Material
S1 Own workforce	S1-9 – Diversity metrics	Material
S1 Own workforce	S1-10 – Adequate wages	Non-material
S1 Own workforce	S1-11 – Social protection	Non-material
S1 Own workforce	S1-12 – Persons with disabilities	Non-material

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Disclosure requirements in ESRS covered by the sustainability statement

DISCLOSURE REQUIREMENTS FOR MATERIAL TOPICS COVERED BY AF'S SUSTAINABILITY REPORTING

ESRS	Disclosure requirements	Material/ Non-material
S1 Own workforce	S1-13 – Training and skills development metrics	Material
S1 Own workforce	S1-14 – Health and safety metrics	Material
S1 Own workforce	S1-15 – Work-life balance metrics	Material
S1 Own workforce	S1-16 – Remuneration metrics (pay gap and total remuneration)	Material
S1 Own workforce	S1-17 – Incidents, complaints and severe human rights impacts	Material
S2 Workers in the value chain	S2 SBM-2 – Interests and views of stakeholders	Material
S2 Workers in the value chain	S2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Material
S2 Workers in the value chain	S2-1 – Policies related to value chain workers	Material
S2 Workers in the value chain	S2-2 – Processes for engaging with value chain workers about impacts	Material
S2 Workers in the value chain	S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns	Material
S2 Workers in the value chain	S2-4 – Taking Action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Material
S2 Workers in the value chain	S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Material
G1 Business conduct	ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies	Material
G1 Business conduct	ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	Material
G1 Business conduct	G1-1 – Business conduct policies and corporate culture	Material
G1 Business conduct	G1-2 – Management of relationships with suppliers	Material
G1 Business conduct	G1-3 – Prevention and detection of corruption and bribery	Material
G1 Business conduct	G1-4 – Incidents of corruption or bribery	Material
G1 Business conduct	G1-5 – Political influence and lobbying activities	Non-material
G1 Business conduct	G1-6 – Payment practices	Non-material

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Disclosure requirements in ESRS covered by the sustainability statement

LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

Disclosure Requirement and related datapoint	SFDR reference[1]		Pillar 3 reference[2])	Benchmark Regulation reference[3]	EU Climate Law reference [4]	Material/ Not Material
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1			Commission Delegated Regulation (EU) 2020/18165), Annex II		Material
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)				Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1					Material
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/24536)Table 1: Qualitative information on Envi-ronmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1			Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1			Delegated Regulation (EU) 2020/18187), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv				Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14					Regulation (EU) 2021/1119, Article 2(1)	Material
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)			Article 449a Regulation (EU) No575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Material
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1					Material
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1					Material
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1					Material
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1:Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material
ESRS E1-7 GHG removals and carbon credits paragraph 56					Regulation (EU) 2021/1119, Article 2(1)	Not Material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66				Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).			Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phase-in

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Disclosure requirements in ESRS covered by the sustainability statement

LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

Disclosure Requirement and related datapoint	SFDR reference[1]		Pillar 3 reference[2])	Benchmark Regulation reference[3]	EU Climate Law reference [4]	Material/ Not Material
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).			Article 449a Regulation (EU) No 575/2013;Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69				Delegated Regulation (EU) 2020/1818, Annex II		Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E- PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1					Phase-in
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1					Not Material
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1					Not Material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1					Not Material
ESRS E3-4 Total water recycled and reused paragraph 28 c)	Indicator number 6.2 Table #2 of Annex 1					Not Material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1					Not Material
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1					Material
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1					Material
ESRS 2- IRO 1 - E4 paragraph 16 c)	Indicator number 14 Table #2 of Annex 1					Material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1					Material
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 c)	Indicator number 12 Table #2 of Annex 1					Material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1					Material
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1					Material
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1					Material
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I					Not Material
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I					Not Material
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I					Material
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21				Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I					Not Material
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I					Material
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 c)	Indicator number 5 Table #3 of Annex I					Material

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Disclosure requirements in ESRS covered by the sustainability statement

LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

Disclosure Requirement and related datapoint	SFDR reference[1]		Pillar 3 reference[2]	Benchmark Regulation reference[3]	EU Climate Law reference [4]	Material/ Not Material
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and c)	Indicator number 2 Table #3 of Annex I			Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 e)	Indicator number 3 Table #3 of Annex I					Material
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I			Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I					Material
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I			Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I					Material
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I					Material
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1					Material
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1					Material
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD policies paragraph 19	Indicator number 10 Table #1 of Annex 1			Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19				Delegated Regulation (EU) 2020/1816, Annex II		Material
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1					Material
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1					Not Material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD policies paragraph 17	Indicator number 10 Table #1 Annex 1			Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not Material
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1					Not Material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1					Not Material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD policies paragraph 17	Indicator number 10 Table #1 of Annex 1			Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not Material
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1					Not Material
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1					Material
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1					Material
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1			Delegated Regulation (EU) 2020/1816, Annex II)		Material
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1					Material

[1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).
[2] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).
[3] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).
[4] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).
[5] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).
[6] Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324,19.12.2022, p.1.).
[7] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris- aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

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CLIMATE AND ENVIRONMENT

ENVIRONMENTAL

Contents ESG

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EU TAXONOMY

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

About the Taxonomy

THE EU'S CLIMATE AND ENVIRONMENTAL OBJECTIVES:

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

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

In the EU taxonomy for sustainable activities, an activity is considered taxonomy-eligible if it is included in the list of activities that the EU has defined as potentially sustainable. Prioritized sectors include those with high potential to reduce emissions and environmental impacts. These sectors include civil engineering, construction and property.

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

2023 was the first year AF Gruppen reported on taxonomy-aligned activities in accordance with the EU Taxonomy. Taxonomy-eligible activities have been reported since 2021. The reporting for 2024 was further developed with an increased understanding of criteria and better processes for assessing the units that are in close proximity to the projects. AF has taxonomy-aligned activities that make a substantial contribution towards the following environmental objectives:1. Climate change mitigation; 4. Transition to a circular economy; and 5. Pollution prevention and control.

ASSESSMENT OF PROJECTS IN EU TAXONOMY

Taxonomy-eligible activity + **Substantial contribution** to one of the climate objectives + **Do no significant harm (DNSH)** to the other climate objectives + Compliance with **minimum social safeguards** = **Taxonomy-aligned activity**

General

REPORTING PRINCIPLES, ASSUMPTIONS AND ASSESSMENTS

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

Some ambiguities remain in the taxonomy regulations and formulations that require interpretation and the exercise of judgement. Therefore, there is a risk that AF has a different understanding of formulations and requirements in the taxonomy to those of other actors. AF applies existing guidance and assesses reasonableness based on the EU taxonomy's purpose when criteria are ambiguous. Updates to EU regulations or relevant guidance from the Norwegian authorities may result in changes in AF's reporting on both taxonomy eligible and aligned activities in subsequent years. An example of these types of updates is the proposed simplification package from the European Commission, which has given notice of changes to this set of rules.

During the year, AF worked to acquire a better understanding of the criteria that need to be met in the EU Taxonomy and also clarified reporting responsibilities and provided training to relevant individuals. There is still room for improvement in terms of our reporting, understanding, systems and procedures. Based on the understanding we have acquired, it was discovered that comparative figures related to activity CE 3.3 Demolition and wrecking of buildings and other structures, should have been lower for taxonomy-aligned activities and correspondingly higher for taxonomy-eligible activities. This applies to NOK 409 million, which was equivalent to 1.3 per cent of operating revenue in 2023. The reason for this was that for this year we were able to capture better data relating to what happens to the waste from the activity. A substantial contribution criterion for the activity is that at least 90 per cent of the waste is prepared for reuse and recycling. This is not achieved even if the source separation rate in the projects is above 90 per cent. The primary reason for this is that there is a higher degree of backfilling where demolition mass replaces other materials at the site or nearby areas to meet the 90 per cent requirement. The backfilling does not reduce the source separation rate in accordance with how this is traditionally calculated, but rather reduces the percentage of "prepared for re-use and recycling" according to the taxonomy's substantial contribution criterion. Comparative figures were not adjusted in the revenue table.

	PORTION OF TURNOVER/ TOTAL TURNOVER		PORTION OF OPEX/ TOTAL OPEX		PORTION OF CAPEX / TOTAL CAPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation (CCM)	16.0%	69.9%	37.1%	64.2%	14.7%	64.6%
Climate change adatation (CCA)	0.0%	0.0%	0.0%	27.1%	0.0%	49.9%
Water and marine resources (WTR)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Circular economy (CE)	2.0%	54.3%	2.4%	27.7%	1.3%	17.5%
Pollution (PPC)	0.2%	0.2%	0.1%	0.1%	0.3%	0.3%
Biodiversity and ecosystems (BIO)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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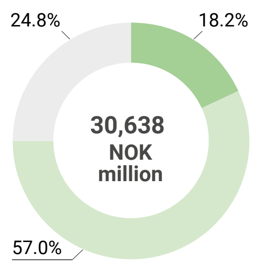
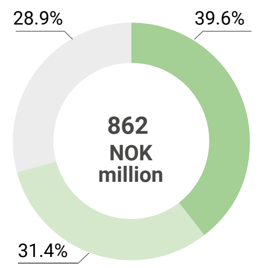
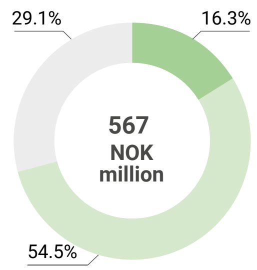
Turnover



Operating expenditure (OpEx)



Capital expenditure (CapEx)



Taxonomy-aligned | Taxonomy-eligible, not taxonomy-aligned | Taxonomy-non-eligible

KPIs

Key performance indicators (KPIs)

AF reports on the KPIs turnover, operating expenditure (OpEx) and capital expenditure (CapEx). The purpose of the operating expenditure and capital expenditure KPIs is to identify the investments that contribute to sustainable activities and transition in a company. The KPIs are presented on pages 186-191 in accordance with the templates provided in Annex V of the Environmental Delegated Act (EU 2023/2486).

Turnover

Turnover in the taxonomy corresponds to operating revenue according to IAS1.82 and can be reconciled with AF's consolidated financial statements (see "Revenue"). See Note 2 "Material accounting policies", Note 4 "Segment information" and Note 6 "Revenue" in the consolidated financial statements for further information on turnover, including the division of turnover into different types of revenue. Internal sales are eliminated when breaking down turnover from activities. In other words, turnover per activity only reflects external revenue.

Category of turnover	2024	2023	Note
Revenue from construction contracts	28,686	28,757	Note 6
Other revenue	1,952	1,773	Note 6
Total turnover	**30,638**	**30,530**	

Operating expenditure

Operating expenditure under the EU taxonomy are not linked to an IFRS definition in the same way as turnover, although they are limited to expenses related to the maintenance and repair of property, plant and equipment that are essential for performing taxonomy-eligible activities. The KPI can therefore not be reconciled with the consolidated financial statements. For AF Gruppen, these are expenses related to short-term leases that have not been activated on the balance sheet and expenses related to the repair, maintenance and cleaning of capitalised fixed assets.

Category of OpEx	2024	2023	Note
Operational lease	676	603	IA
Maintenance of machinery and equipment	187	162	IA
Total OpEx	**862**	**765**	

KPIs

Capital expenditures

Capital expenditures in AF Gruppen include investments in our own and leased buildings, production facilities, machinery and business assets under IAS 16 Property, Plant and Equipment and IFRS 16 Leases, as well as intangible assets under IAS 38. Any additions from business combinations in these categories are also included. Goodwill is not included, as it is not defined as an intangible asset under IAS 38. Additions in accordance with IAS 38 can be reconciled with Note 13 Goodwill and intangible assets in the consolidated financial statements. Additions in accordance with IAS 16 may be reconciled with Note 14 Property, plant and equipment, in the consolidated financial statements. Additions in accordance with IFRS 16 can be reconciled with Note 15 Leases, in the consolidated financial statements. Capital expenditures were reduced from the previous year. This was primarily due to large investments in machinery in 2023 in connection with a new water supply project in Oslo.

Category of CapEx	2024	2023	Note
Other intangible assets	4	3	Note 13
Owned buildings and production plants	29	99	Note 14
Owned machinery and equipment	226	502	Note 14
Leased buildings and production plants	100	58	Note 15
Leased machinery and equipment	208	390	Note 15
Total CapEx	**567**	**1,051**	

Methodology

Turnover is reported by each legal entity in a financial reporting package in an equivalent manner to other financial information. Reporting is consolidated in the Group's consolidation tool, and internal sales are eliminated such that turnover per activity that are reported are only external revenues.

Machines in AF Gruppen may be used in a number of different projects over the course of their service life. It is therefore a challenging task to accurately attribute capital expenditures and operating expenditure associated with these machines to the Taxonomy's activities. CapEx and OpEx associated with the machine fleet were allocated based on a distribution formula determined by the distribution of operating revenue at a disaggregated level. Based on the available data, we consider this to be an appropriate level for appraising CapEx and OpEx.

Taxonomy-eligible activities

PROJECTS COVERED BY THE TAXONOMY

AF's projects are classified by reviewing the definition of the taxonomy's activities, with support from the associated NACE codes as guidance. The projects are not disaggregated by being placed into activities when this may fall under two activities, but rather follow the assessments of performance obligations in accordance with IFRS 15. If, for example, a project that is a performance obligation is a combination of renovation and new build, an assessment is made of which activity the project makes the greatest contribution to. The entire project is then classified as one activity.

There were no substantial changes to AF's interpretation of taxonomy-related activities from the previous year. Of the material interpretations and assumptions AF takes account of in our assessments of taxonomy-eligible activities, the following should be mentioned:

CCM 7.1/CE 3.1 Construction of new buildings

All projects that contribute to a new building, from excavating contractor to property developer, are included in the activity unless they fit into a smaller and more specific activity. This means that even if AF only has a subcontract for a new building, the project's activity is considered to be "construction of new buildings". This interpretation entails that a larger proportion of AF's projects are covered by the "Construction of new buildings" activity than would otherwise be the case if it were assumed that, for example, only turnkey contracts should be included in the activity.

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TAXONOMY-ELIGIBLE ACTIVITIES IN AF GRUPPEN		
SECTOR: ENERGY		
CCM 4.1	Electricity generation using solar photovoltaic technology	AF carries out projects in connection with the development of solar farms.
CCM 4.3	Electricity generation from wind power	AF carries out projects in connection with groundworks and foundations for onshore wind turbines, as well as technical solutions and equipment deliveries for offshore turbines.
CCM 4.5	Electricity generation from hydropower	Projects relating to construction and renovation of hydropower plants.
CCM 4.9	Transmission and distribution of electricity	AF constructs infrastructure that enables the transmission and distribution of electricity. This includes tunnels and trenches, as well as foundations and erecting masts.
CCM 4.15	District heating/cooling distribution	AF has many projects in this category that are related to pipe systems that carry district heating and cooling to buildings.
CCM 4.16	Installation and operation of electric heat pumps	AF delivers services related to the ongoing operation of central energy plants. Installing central energy plants is assigned to activity 7.6 Installation, maintenance and repair of renewable energy technologies.
CCM 4.24	Production of heat/cool from bioenergy	Installation and sale of wood chip fired boilers and wood pellet boilers.
SECTOR: WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION		
CCM 5.1	Construction, extension and operation of water collection, treatment and supply systems	One of AF's significant activities is executing projects involving the construction and extension of water collection, treatment and supply systems. This includes sheet piling and drilling for steel core piles, concrete works for new water treatment plants, new tunnels and pipes for water supply and other works as needed.
CCM 5.2	Renewal of water collection, treatment and supply systems	AF carries out projects that involve the renewal of water collection, treatment and supply systems designed to improve the efficiency of the facility's energy consumption.
CCM 5.3	Construction, extension and operation of waste water collection and treatment	AF constructs waste water collection and treatment facilities.
CCM 5.4	Renewal of waste water collection and treatment	Renewal projects for treatment facilities that do not increase capacity are assigned to this activity.
PPC 2.4	Remediation of contaminated sites and areas	AF carries out projects related to the remediation of contaminated areas in which hazardous substances are removed from water and/or the ground, or otherwise handled in a manner designed to stop any adverse impacts on the environment.
CE 2.6	Depollution and dismantling of end-of-life products	AF Miljøbase Vats breaks up scrapped platforms and ships. Materials from these installations are decontaminated and can be resold as new products.
CE 2.7	Sorting and material recovery of non-hazardous waste	AF has three environmental centres that receive contaminated earth and rock that would otherwise end up in landfill sites and decontaminates them. The materials can then be reused. Revenue from the environmental centres are assigned to this activity.

TAXONOMY-ELIGIBLE ACTIVITIES IN AF GRUPPEN		
SECTOR: TRANSPORT		
CCM 6.5	Transport by motorbikes, passenger cars and light commercial vehicles	AF has company vehicles that are assessed in relation to the CapEx and OpEx criteria.
CCM 6.13	Infrastructure for personal mobility, cycle logistics	AF constructs infrastructure designed for pedestrians and cyclists specifically for personal mobility. A large proportion of the projects include construction of bridges for personal mobility. Where pedestrian and cycling paths form part of a larger road project, these are not included as taxonomy-eligible.
CCM 6.14	Infrastructure for rail transport	Infrastructure for rail transport includes the construction, modernisation and maintenance of stations, bridges and track for trains and metro lines.
CCM 6.15	Infrastructure enabling low-carbon road transport and public transport	AF executes projects in which we build roads specifically for public transport. Infrastructure that is constructed where public transport is operated in conjunction with other traffic is not included in this activity, nor is it included as a taxonomy-eligible activity for AF.
CCM 6.16	Infrastructure enabling low carbon water transport	AF implements adaptations to ports that enable low carbon water transport, such as installing charging stations for ferries and express boats.
CE 3.4	Maintenance of roads and motorways	AF carries out projects related to the maintenance of roads and motorways.
SECTOR: CONSTRUCTION AND REAL ESTATE ACTIVITIES		
CCM 7.1	Construction of new buildings	AF's largest activity is constructing new buildings, both residential and commercial buildings. The activities that are included are projects involving groundworks for buildings, subcontracts, main contracts and turnkey contracts in connection with new buildings, if these cannot be assigned to other, more specific, activities.
CCM 7.2	Renovation of existing buildings	Renovation of existing buildings is AF's second largest activity. This includes renovating both residential and commercial buildings. Projects considered to be maintenance and not renovation has not been included.
CCM 7.3	Installation, maintenance and repair of energy efficiency equipment	AF carries out projects involving the installation of energy efficiency equipment in buildings. This includes putting in new energy efficient windows and doors and installing energy efficient ventilation and HVAC equipment.
CCM 7.6	Installation, maintenance and repair of renewable energy technologies	AF's projects assigned to this activity involve the installation of solar panels for buildings, as well as the construction of central energy plants that provide heating and cooling in buildings using renewable energy sources. We also carry out maintenance and repair projects at wind farms.
CCM 7.7	Acquisition and ownership of buildings	AF has a number of office premises and production facilities it is relevant to assess in relation to the CapEx and OpEx criteria.
CE 3.3	Demolition and wrecking of buildings and other structures	AF demolishes buildings and other structures, for example where buildings need to be demolished when new buildings are going to be constructed.
CE 3.5	Use of concrete in civil engineering	AF carries out concrete work in a number of construction projects related to the construction of new bridges and tunnels. The use of concrete in residential projects is classified under CCM 7.1 Construction of new buildings.
SECTOR: PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES		
CCM 9.3	Professional services related to energy performance of buildings	AF provides professional services that involve reviewing a building's energy performance and suggesting improvements. These can be in the form of engineering for energy saving projects or as EPC contracts.

BOARD OF DIRECTORS' REPORT

Taxonomy-eligible activities

CCM 7.2/CE 3.2 Renovation of existing buildings
AF is of the opinion that the description of this activity requires a clear distinction between renovation and maintenance. AF has therefore used discretionary assessments for these projects with respect to what is renovation and what is maintenance. AF Gruppen does not include projects it has assessed as being maintenance in this activity. This interpretation means fewer AF projects in renovation, remodelling, and extension are covered by 'Renovation of existing buildings' than if maintenance projects were included.

CCM 6.15 Infrastructure enabling low-carbon road transport and public transport
Our interpretation is that CCM 6.15 only applies to road construction that is specifically for low carbon transport. Many of AF's road development projects are therefore not included in this activity because they are not exclusively dedicated to low carbon transport. This interpretation entails that AFs road development projects are largely not covered by the taxonomy.

As a result of these interpretations, just over 20 per cent of AF's revenue was assessed as not being taxonomy-eligible in 2024. This was revenue related to road projects, as well as maintenance and service agreements and other minor maintenance projects that we have not classified as renovation of existing buildings. Projects classified as construction of new buildings make up the largest proportion of our taxonomy-eligible activities.

The fact that an activity is not currently considered taxonomy-eligible does not necessarily mean that the activity is harmful to the environment or that it is not sustainable. The taxonomy will develop in the years to come, and several new activities and stricter requirements for existing activities are expected to be introduced. One example of projects in AF that contribute to the green transition but which nonetheless are not taxonomy-eligible is the cathodic protection of buildings and other structures. This prolongs the service life of existing infrastructure and buildings. The projects help to avoid new builds with their associated high greenhouse gas emissions.

Taxonomy-aligned activities

PROJECTS THAT ALIGN WITH THE TAXONOMY

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

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

Below we have reviewed the most important criteria related to projects that are considered taxonomy–aligned. The focus here is on activities that make up more than 1 per cent of turnover.

CCM 4.3 Electricity generation from wind power
The substantial contribution criterion is that wind power is generated by the activity. The projects found to meet the taxonomy requirements relate to groundwork for wind turbine parks, and are deemed to satisfy the criterion.

The Do No Significant Harm (DNSH) criterion for climate objective 4 is that durable and recyclable materials and components must be used. This has been checked and confirmed by the construction client.

The activity also has DNSH requirements relating to Appendix A and D. See the assessment under Standard DNSH criteria below.

Taxonomy-aligned activities

CCM 4.9 Transmission and distribution of electricity
The substantial contribution criterion is met by the fact that the electrical distribution system being constructed is part of the transmission and distribution infrastructure of the interconnected European system.

The DNSH criterion for climate objective 4 is that a waste management platform has been prepared that ensures maximum reuse or recycling once the system has reached the end of its lifecycle. This has been clarified with the developer, who is a public operator, and their routines for managing future waste.

The DNSH criterion for climate objective 5 is linked to policies and regulations for potential impacts on personnel who are at the construction site. These have been complied with and implemented in accordance with AF's HSE procedures.

The activity also has DNSH requirements relating to Appendix A and D. See the assessment under Standard DNSH criteria below.

CCM 4.15 District heating and cooling
It is a criterion for this activity that the district heating and cooling system is "efficient", i.e. more than 50 per cent renewable energy is used. This has been achieved for several of AF's projects which involve us building the energy supply system.

The DNSH criterion for climate objective 5 is that fans, compressors, pumps and other equipment covered by the Ecodesign Directive meet the top class requirement for the energy label. For the projects that have been set as taxonomy-aligned, this is assessed as fulfilled and documented with data sheets.

The activity also has DNSH requirements relating to Appendix A, B and D. See the assessment under Standard DNSH criteria below.

CCM 5.1 Construction, extension and operation of water collection, treatment and supply systems
AF has two projects that have been assessed as meeting taxonomy requirements within CCM 5.1. A substantial contribution criterion related to the activity is that the leakage level in the water supply system is below 1.5. Another substantial contribution criterion is that water treatment plants under construction have net average energy consumption lower than 0.5 kWh per cubic meter of produced water supply.

The activity also has DNSH requirements related to Appendix A, B and D. See the assessment under Standard DNSH criteria below.

CCM 5.3 Construction, extension and operation of waste water collection and treatment
AF has one project that has been assessed as meeting the taxonomy requirements within CCM 5.3. The substantial contribution requirement that needs to be met is that the net energy consumption of the wastewater treatment plant must be equal to or lower than 20 kWh per population equivalent (p.e.) per year for treatment plants with a capacity exceeding 100,000 p.e. This requirement is deemed to have been met because the plant that is under construction is planned to be energy-neutral.

The DNSH criterion for climate objective 5 relates to requirements implemented in the Pollution Regulations, environmental provisions relating to sludge from treatment plants in agriculture, and actions to avoid and mitigate excessive surface water overflows. The project meets the statutory requirements that have been set and plans have been formulated for surface water management.

The activity also has DNSH requirements relating to Appendix A, B and D. See the assessment under Standard DNSH criteria below.

CCM 7.1 Construction of new buildings
The projects designated as taxonomy-aligned in this activity are yet to be completed. This applies to projects that have been commissioned as taxonomy-aligned by the construction client, and AF is working towards fulfilling the requirements. The building under construction must have a primary energy requirement that is at least 10 per cent lower than the NZEB requirements in Norway, and tests will be carried out for thermal

BOARD OF DIRECTORS' REPORT

Taxonomy-aligned activities ▶

integrity and density of air, and the life cycle emissions of the building will be calculated and made available upon request.

The DNSH criterion for climate objective 4 is that at least 70 per cent of non-hazardous construction waste is prepared for reuse, recycling or other material recovery, including backfilling operations. The buildings must also be designed to support circularity and make disassembly easier. This is what is planned for the projects in question.

The DNSH criterion for climate objective 5, in addition to Appendix C, is linked to potentially contaminated soil having to be adequately treated, and that actions must be initiated to reduce noise, dust and pollution during construction.

The DNSH criterion for climate objective 5 is linked to policies and regulations for potential impacts on personnel who are at the construction site. These have been complied with and implemented in accordance with AF's HSE procedures.

The DNSH criterion for climate objective 6, in addition to Appendix D, is that the building that is to be constructed as taxonomy-eligible cannot be constructed on arable land, areas defined as forests or land with a high degree of biodiversity. The buildings constructed by AF in this category are not constructed on any of these types of areas.

In addition, the activity does not have DNSH requirements related to Appendix A, B, C, D and E. See the assessment under Standard DNSH criteria below.

CE 3.3 Demolition and wrecking of buildings and other structures

It is a requirement that at least 90 per cent of the non-hazardous waste generated from demolition activities is prepared for reuse and material recovery, not including backfilling. This criterion is met for AF's offshore demolition activities, which involve offshore installations being removed and transported to an appropriate base for recycling. There is also a substantial contribution requirement related to how the waste is managed. Offshore demolition projects are carefully planned and a waste plan is set up.

The DNSH criterion for climate objective 1 relates to the safe treatment of materials in the installation being demolished that contain hazardous substances, such as fluorinated greenhouse gases. These types of materials are identified in the project's environmental mapping prior to demolition and are treated in accordance with laws and waste plans that are based on safe recycling. The recycling or disposal of this are registered in the project's waste accounts.

The DNSH criterion for climate objective 5 is linked to actions being implemented to reduce noise, dust and polluting emissions during the demolition operations. These are included as preventive measures in operations and monitored through periodic measurements.

The activity also has DNSH requirements relating to Appendix A, B and D. See the assessment under Standard DNSH criteria below.

Standard Do No Significant Harm (DNSH) criteria ▶

Appendix A: Classification of climate-related hazards

To meet the criteria in Appendix A for all activities, AF has conducted a climate risk assessment of physical climate risks on identified objects in AF's activities. The objects that have been identified are, for example, fixed physical locations where AF has activities, its own workforce, key supply chains as well as property, plant and equipment used in operations. The identified objects are subject to assessment of their level of exposure to climate risk in the short, medium and long term (see definitions in E1 IRO-1) for a high-emissions scenario and a low-emissions scenario. It has been assessed as to how substantial, identified potential climate risks are for the activity in question, and an action plan has been identified. No climate risks were identified that require immediate action for any of the activities.

Appendix B Generic DNSH criteria related to sustainable use and protection of water and marine resources

To meet the criteria in Appendix B, an assessment has been conducted of whether AF's projects have a negative impact on water or marine waters. The assessment relates to whether AF has complied with the requirements and procedures imposed on the company through the Water Regulations in Norway and the Water Administration Regulations (Vattenförvaltningsförordningen) in Sweden, as well as whether impact assessments have been carried out for projects for which this is mandatory. Many AF projects have the potential to negatively impact water through, for example, the release of contaminated water from construction activities, and it is important to have procedures and barriers in place to prevent adverse outcomes. AF's projects have introduced these types of processes to prevent negative impacts, and carry out spot checks that include submitting samples to relevant authorities and conduct audits of processes. AF's projects have been assessed as following routines related to the safe management of water deposits.

Standard Do No Significant Harm (DNSH) criteria ▶

Appendix C: Generic DNSH criteria for preventing and controlling pollution from the use and presence of chemicals

The requirement is threefold and shall ensure that the building, soil and air are free of pollutants. The requirement for buildings is that all construction products used in the building and that are covered by the Construction Products Regulation must be free of environmental pollutants defined in Appendix C. In addition, all products that may come into contact with tenants/residents must comply with stipulated emissions requirements. As a general rule, the contractor is responsible for ensuring that relevant products have valid documentation that demonstrates compliance with the requirement. AF Gruppen has a corporate agreement with CoBuilder, the tool that is most recognized and used for monitoring products in the industry. This is used in AF Gruppen's construction projects to ensure compliance with the requirements in Appendix C.

When constructing new buildings, there are requirements for investigating contaminated soil using, for example, ISO 18400. It is a requirement under Norwegian law (TEK 17, Section 9-3) that an investigation is conducted into whether there is contaminated soil, and soil conditions need to be mapped before a framework permit is issued. AF therefore interprets this requirement as being covered by Norwegian law.

The final part of the DNSH criterion for pollution pertains to limiting dust, noise and polluting emissions during construction or maintenance work. Threshold values for noise from construction and civil engineering activities are specified in guideline T-1442/2021, which pertains to noise in connection with land planning in Norway. Emission limits requirements are also regulated in the Pollution Regulations. AF's building units have developed their own procedures for following up and ensuring compliance with pollution requirements in connection with projects.

Appendix D: Generic DNSH criteria for the protection and restoration of biodiversity and ecosystems

The requirement is that an environmental analysis or impact assessment needs to be carried out when this is a mandatory requirement pursuant to EU Directive 2011/92/EU. These requirements have been implemented in the Regulations relating to Impact Assessments in Norway and Regulations (1998:905) on Impact Assessments and the Environmental Code (1998:808) in Sweden. Impact assessments are conducted for the projects for which this is mandatory, and actions for protecting ecosystems and biodiversity are implemented in accordance with these laws. Some projects are located near areas with a high degree of biodiversity, and necessary analyses and actions are then carried out to ensure that the project does not have material negative impacts in this area. AF has concluded that the criteria are satisfied.

Appendix E: Technical specifications for water appliances

Appendix E sets specific requirements related to water use in installed water appliances that must be below specific threshold values in order for the activity to be designated as taxonomy-aligned. AF has concluded that the criteria are satisfied.

BOARD OF DIRECTORS' REPORT

Minimum requirements for social and governance conditions ▶

ASSESSMENT OF MINIMUM REQUIREMENTS FOR SOCIAL AND GOVERNANCE CONDITIONS

To comply with taxonomy criteria, an activity must also meet minimum requirements for social and governance conditions. AF's assessments of minimum requirements for social and governance conditions are based on the policies presented in the "Final Report on Minimum Safeguards" published by the Platform on Sustainable Finance. Based on the OECD Policies for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), the eight ILO Conventions on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights, this report defines four main categories to document that a company complies with the minimum requirements. These are human rights, corruption, taxation and fair competition. Within each main category, there are two criteria that need to be assessed in order to comply with the minimum requirements. AF Gruppen's summarized assessment is shown below. There were no incidents during the reporting year that impacted the assessment criteria, and AF's activities meet minimum requirements for social and governance conditions.

Human rights

The assessment criteria overlap with other existing legislation, such as the Transparency Act, and AF's approach to human rights, the working environment and other relevant conditions as embodied in the Code of Conduct and in Purpose, Goals, and Values. See further information in S1 Own workforce, S2 Workers in the value chain and G1 Business conduct.

Corruption

AF has developed and implemented appropriate training, internal controls, policies and actions to prevent or detect corruption. See further information in G1 Business conduct.

Taxation

Requirements for compliance with laws and regulations are laid down in AF's Code of Conduct. Laws and regulations are framework conditions that AF Gruppen must comply with in accordance with the statutory requirements stipulated in the respective countries. AF shall manage tax and duties in a responsible manner in accordance with applicable laws and regulations. This entails that AF shall be a responsible taxpayer that complies with tax rules and practices in all countries where we operate. Risks related to tax matters are mitigated through, among other things, dialogue and informal discussions with tax authorities, external auditors and other external professionals. AF also has internal resources with specific tax-related expertise.

Fair competition

AF has zero tolerance for price collusion. Our Code of Conduct forbids the Company's employees to discuss, propose or enter into agreements with competitors that may affect the competitive situation. Cooperation with competitors must be legally assessed and approved by the AF Corporate Management Team.

Reporting of nuclear and gas activities ▶

AF does not have projects related to natural gas and nuclear energy (activities 4.26-4.31), and the reporting that uses the dedicated templates introduced in connection with these activities therefore states "no".

TEMPLATE 1 NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES	
NUCLEAR ENERGY RELATED ACTIVITIES	
1. The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2. The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electicity of process heat, including for the purposes of district heating or industrial processes such as hydrogen production as well as their safety upgrades, using best available technologies.	No
3. The undertaking carries out, funds or has exposures to safe operation of existing nuclear insatallations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
FOSSIL GAS RELATED ACTIVITIES	
4. The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5. The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
5. The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

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Turnover

TURNOVER	2024			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ('DO NO SIGNIFICANT HARM')									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, 2023 (18)	Enabling activity (19)	Transitional activity (20)
		NOK million	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally Sustainable activities (Taxonomy-aligned)																			
Electricity generation from wind power	CCM 4.3	501	1.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.4%		
Transmission and distribution of electricity	CCM 4.9	354	1.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
District heating/cooling distribution	CCM 4.15	458	1.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.2%		
Installation and operation of electric heat pumps	CCM 4.16	21	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	2,700	8.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.5%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	397	1.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.8%		
Construction of new buildings	CCM 7.1/CE 3.1	388	1.3%	Y	N/EL	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3%		
Renovation of existing buildings	CCM 7.2/CE 3.2	4	0.0%	Y	N/EL	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	74	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.4%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%	E	
Professional services related to energy performance of buildings	CCM 9.3	3	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%	E	
Depollution and dismantling of end-of-life products	CE 2.6	156	0.5%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	0.7%		
Sorting and material recovery of non-hazardous waste	CE 2.7	106	0.3%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3%		
Demolition and wrecking of buildings and other structures	CE 3.3	338	1.1%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	2.8%		
Remediation of contaminated sites and areas	PPC 2.4	66	0.2%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.4%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**5,564**	**18.2%**	**16.0%**	**0.0%**	**0.0%**	**0.2%**	**2.0%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**13.5%**		
Of which Enabling		430	1.4%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0.7%	E	
Of Which Transitional		4	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0.3%		T
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Electricity generation using solar photovoltaic technology	CCM 4.1	9	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Electricity generation from wind power	CCM 4.5	91	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Electricity generation from hydropower	CCM 4.5	81	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transmission and distribution of electricity	CCM 4.9	192	0.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5%		
District heating/cooling distribution	CCM 4.15	224	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Installation and operation of electric heat pumps	CCM 4.16	89	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Production of heat/cool from bioenergy	CCM 4.24	68	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	76	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6%		
Renewal of water collection, treatment and supply systems	CCM 5.2	77	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	203	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6%		
Renewal of waste water collection and treatment	CCM 5.4	93	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Retrofitting of sea and coastal freight and passenger water transport	CCM 6.12	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13	19	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Infrastructure for rail transport	CCM 6.14	88	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	26	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Construction of new buildings	CCM 7.1/CE 3.1	12,290	40.1%	EL	N/EL	N/EL	N/EL	EL	N/EL								54.5%		
Renovation of existing buildings	CCM 7.2/CE 3.2	2,791	9.1%	EL	N/EL	N/EL	N/EL	EL	N/EL								8.9%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	92	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	15	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Demolition and wrecking of buildings and other structures	CE 3.3	477	1.6%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.1%		
Maintenance of roads and motorways	CE 3.4	54	0.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0%		
Use of concrete in civil engineering	CE 3.5	419	1.4%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1.4%		
Turnover of Taxonomy-eligible but not Taxonomy-aligned activities (A.2)		**17,471**	**57.0%**	**53.9%**	**0.0%**	**0.0%**	**0.0%**	**52.3%**	**0.0%**								**69.0%**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**23,036**	**75.2%**	**69.9%**	**0.0%**	**0.0%**	**0.2%**	**54.3%**	**0.0%**								**82.5%**		
Turnover of Taxonomy-non-eligible activities		7,602	24.8%														17.5%		
Total		**30,638**	**100.0%**														**100.0%**		

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

BOARD OF DIRECTORS' REPORT

OpEx

OpEx	2024			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ('DO NO SIGNIFICANT HARM')									
Economic activities (1)	Code (2)	OpEx (3)	Proportion of OpEx 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, 2023 (18)	Enabling activity (19)	Transitional activity (20)
		NOK million	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally Sustainable activities (Taxonomy-aligned)																			
Electricity generation from wind power	CCM 4.3/CCA 4.3	14	1.6%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%		
Transmission and distribution of electricity	CCM 4.9/CCA 4.9	41	4.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
District heating/cooling distribution	CCM 4.15/CCA 4.15	2	0.3%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.8%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1/CCA 5.1	254	29.4%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	10.7%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3/CCA 5.3	2	0.2%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.1%		
Construction of new buildings	CCM 7.1/CCA 7.1/CE 3.1	7	0.8%	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 /CCA 7.3	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3%		
Depollution and dismantling of end-of-life products	CE 2.6	7	0.8%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	1.6%		
Demolition and wrecking of buildings and other structures	CE 3.3	14	1.6%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	3.9%		
Remediation of contaminated sites and areas	PPC 2.4	1	0.1%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**342**	**39.6%**	**37.1%**	**0.0%**	**0.0%**	**0.1%**	**2.4%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**21.9%**		
Of which Enabling		41	4.8%	4.8%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of Which Transitional		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from hydropower	CCM 4.5/CCA 4.5	8	0.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transmission and distribution of electricity	CCM 4.9/CCA 4.9	3	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.1%		
District heating/cooling distribution	CCM 4.15/CCA 4.15	23	2.7%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1/CCA 5.1	4	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Renewal of water collection, treatment and supply systems	CCM 5.2/CCA 5.2	2	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3/CCA 5.3	1	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.8%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13/CCA 6.13	2	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Infrastructure for rail transport	CCM 6.14/CCA 6.14	6	0.7%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.6%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15/CCA 6.15	2	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.7%		
Construction of new buildings	CCM 7.1/CCA 7.1/CE 3.1	158	18.3%	EL	EL	N/EL	N/EL	EL	N/EL								51.4%		
Renovation of existing buildings	CCM 7.2/CCA 7.2/CE 3.2	23	2.7%	EL	EL	N/EL	N/EL	EL	N/EL								3.1%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3/CCA 7.3	1	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Demolition and wrecking of buildings and other structures	CE 3.3	7	0.8%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0%		
Maintenance of roads and motorways	CE 3.4	7	0.8%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0%		
Use of concrete in civil engineering	CE 3.5	23	2.7%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.3%		
OpEx of Taxonomy-eligible but not Taxonomy-aligned activities (A.2)		**271**	**31.4%**	**27.1%**	**27.1%**	**0.0%**	**0.0%**	**25.3%**	**0.0%**								**61.1%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**613**	**71.1%**	**64.2%**	**27.1%**	**0.0%**	**0.1%**	**27.7%**	**0.0%**								**83.1%**		
OpEx of Taxonomy-non-eligible activities		250	28.9%																
Total		**862**	**100.0%**																

BOARD OF DIRECTORS' REPORT

CapEx

CapEx	2024			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ("DO NO SIGNIFICANT HARM')									
Economic activities (1)	Code (2)	CapEx (3)	Proportion of CapEx 2024 (4)	Climate Change Mitigation (5)	Climate Change Adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, 2023 (18)	Enabling activity (19)	Transitional activity (20)
		NOK million	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally Sustainable activities (Taxonomy-aligned)																			
Electricity generation from wind power	CCM 4.3/CCA 4.3	5	0.9%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.5%		
Transmission and distribution of electricity	CCM 4.9/CCA 4.9	5	1.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
District heating/cooling distribution	CCM 4.15/CCA 4.15	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.1%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1/CCA 5.1	73	12.8%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	31.5%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3/CCA 5.3	0	0.0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.8%		
Depollution and dismantling of end-of-life products	CE 2.6	1	0.2%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%		
Sorting and material recovery of non-hazardous waste	CE 2.7	3	0.6%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	1.3%		
Demolition and wrecking of buildings and other structures	CE 3.3	3	0.5%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	3.4%		
Remediation of contaminated sites and areas	PPC 2.4	2	0.3%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.5%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**93**	**16.3%**	**14.7%**	**0.0%**	**0.0%**	**0.3%**	**1.3%**	**0.0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**39.2%**		
Of which Enabling		5	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of Which Transitional		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from hydropower	CCM 4.5/CCA 4.5	5	0.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transmission and distribution of electricity	CCM 4.9/CCA 4.9	3	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.5%		
District heating/cooling distribution	CCM 4.15/CCA 4.15	3	0.6%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Production of heat/cool from bioenergy	CCM 4.24/CCA 4.24	5	0.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1/CCA 5.1	1	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Renewal of water collection, treatment and supply systems	CCM 5.2/CCA 5.2	2	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3/CCA 5.3	2	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Renewal of waste water collection and treatment	CCM 5.4/CCA 5.4	1	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5/CCA 6.5	84	14.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								8.8%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13/CCA 6.13	1	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Infrastructure for rail transport	CCM 6.14/CCA 6.14	1	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.8%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15/CCA 6.15	1	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Construction of new buildings	CCM 7.1/CCA 7.1/CE 3.1	60	10.6%	EL	EL	N/EL	N/EL	EL	N/EL								22.0%		
Renovation of existing buildings	CCM 7.2/CCA 7.2/CE 3.2	5	0.9%	EL	EL	N/EL	N/EL	EL	N/EL								2.0%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3/CCA 7.3	1	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Acquisition and ownership of buildings	CCM 7.7/CCA 7.7	107	18.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								7.9%		
Sorting and material recovery of non-hazardous waste	CE 2.7	0	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								3.3%		
Demolition and wrecking of buildings and other structures	CE 3.3	12	2.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0%		
Maintenance of roads and motorways	CE 3.4	2	0.4%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0%		
Use of concrete in civil engineering	CE 3.5	11	2.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1.6%		
CapEx of Taxonomy-eligible but not Taxonomy-aligned activities (A.2)		**309**	**54.5%**	**49.9%**	**49.9%**	**0.0%**	**0.0%**	**16.1%**	**0.0%**								**47.7%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**402**	**70.9%**	**64.6%**	**49.9%**	**0.0%**	**0.3%**	**17.5%**	**0.0%**								**86.9%**		
CapEx of Taxonomy-non-eligble activities		165	29.1%																
Total		**567**	**100.0%**																

BOARD OF DIRECTORS' REPORT

E1 CLIMATE CHANGE

AF will be an ambassador for profitable climate and environmental savings and will actively look for business opportunities and develop services beneficial to society.

Climate change and environmental impact are among the greatest societal challenges of our time. Temperatures are rising, extreme weather and natural disasters will become more common, and the future will undoubtedly require a transition to take place. 36 per cent of global greenhouse gas emissions can be linked to our activities and value chain, and our industry can therefore significantly influence and contribute to solutions to transition society and the way in which we work.

MATERIAL TOPIC
Climate change adaptation
Climate change mitigation
Energy

E1-1

Transition plan

TRANSITION PLAN

AF will reduce its carbon and environmental footprint

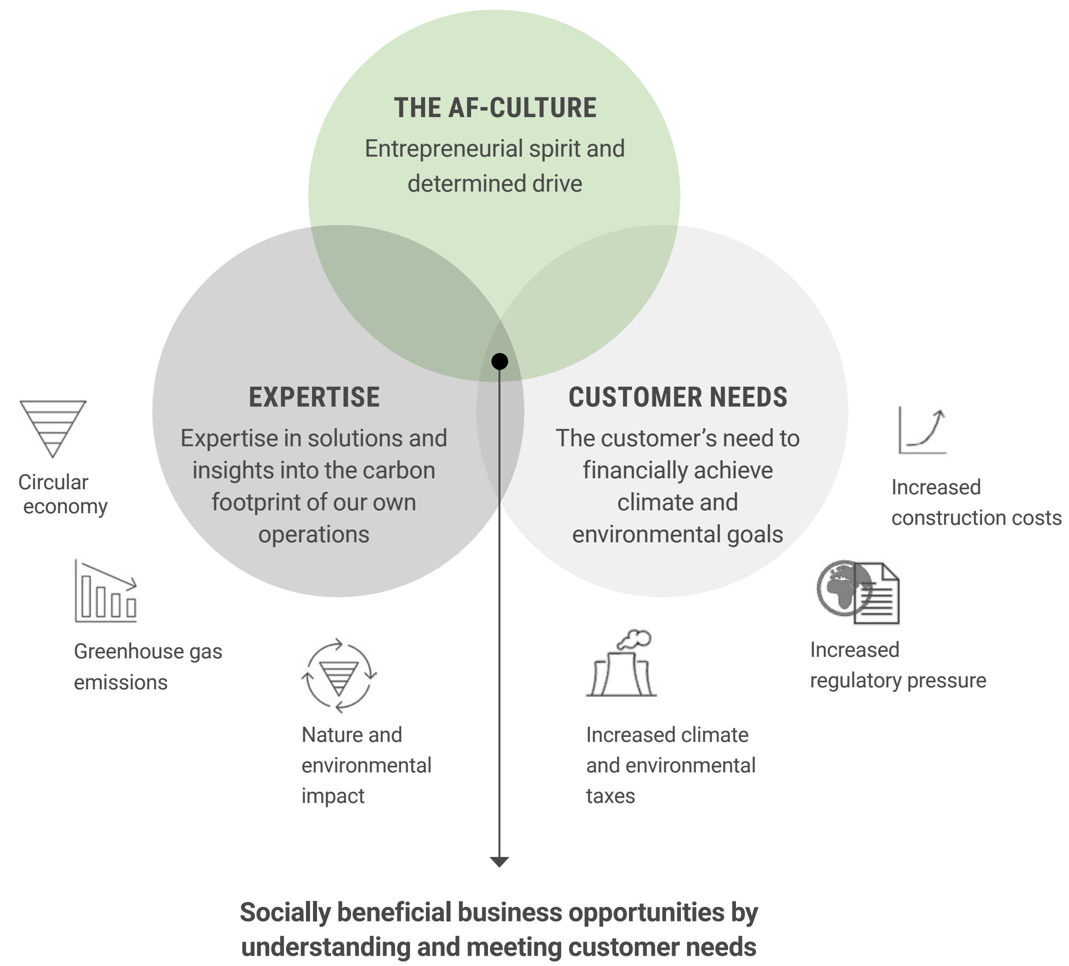
AF used the previous strategy period to establish a basis for our ability to adapt to the future. We have organised ourselves with dedicated resources that further develop climate and environmental work in our projects, in the individual business units and in the corporate functions. Reporting on an ever increasing number of environmental parameters has provided valuable insight into AF's environmental performance. During the same period, our customers have professionalised their climate and environmental work and contributed to mutual competence enhancement through the need for new, sustainable solutions for compliance with increasingly more stringent climate and environmental requirements. We will build on our ongoing efforts during the upcoming strategy period, integrating climate and environmental considerations more deeply into AF's culture.

This is the reason why we have now formulated a new main objective for AF in line with profitability and safety: AF will halve its climate and environmental footprint by 50 per cent. We will halve our total greenhouse gas emissions relative to revenue towards 2030, while at the same time halving our absolute Scope 1 and 2 greenhouse gas emissions towards 2028. We will also work towards achieving climate neutrality in 2050.

Further building upon a sustainable AF culture requires assurance that climate and environmental work is integrated into commercial activities under the ownership of the line management. AF's reduction targets commit us to understanding both our own and the value chain's impacts and contributions. AF works systematically to be the preferred partner for meeting the needs of our customers. The greatest potential can be found in early involvement and influence. By focusing on the expertise and solutions that reduce greenhouse gas emissions of both customers and the other operators in the value chain, the climate and environmental work will become an integral part of our project activities and our competitiveness.

Moving forward, we will work to define what actions will be necessary to implement in our project activities in order to achieve the objectives, while also considering the customers' need for solutions that are financially feasible.

AF SHALL TAKE SOCIAL RESPONSIBILITY THROUGH SUSTAINABLE ENTREPRENEURSHIP



E1-1

Transition plan

AF shall be the preferred operator in addressing the complex societal challenges that our markets will face in the future. There is no doubt that our project activities have negative impacts, for example, the use of natural resources such as wood, carbon-intensive materials such as concrete, waste incineration, and long-distance transportation. At the same time, our activities contribute to realising projects that are beneficial to society, such as roads, hospitals, schools, residential homes, tunnels and environmental remediation, demolition and recycling, to name a few. We have substantial potential to influence our own emissions, but we often rely on our customers' climate and environmental ambitions to implement effective solutions that address emissions across the entire value chain. AF is therefore reliant on good cooperation with both customers and suppliers in order for us to achieve our objectives.

AF's Group strategy towards 2028 highlights the green transition and technological development as one of four external forces that will impact our operations in the coming years. AF will work systematically to increase our expertise in finding and offering the best solutions, while at the same time be willing to prioritise investments relating to the green transition. Resource efficiency is considered to be a competitive advantage in the future, and commercialisation of our climate work through sustainable entrepreneurship should be a service that our customers want to pay for.

E1-1

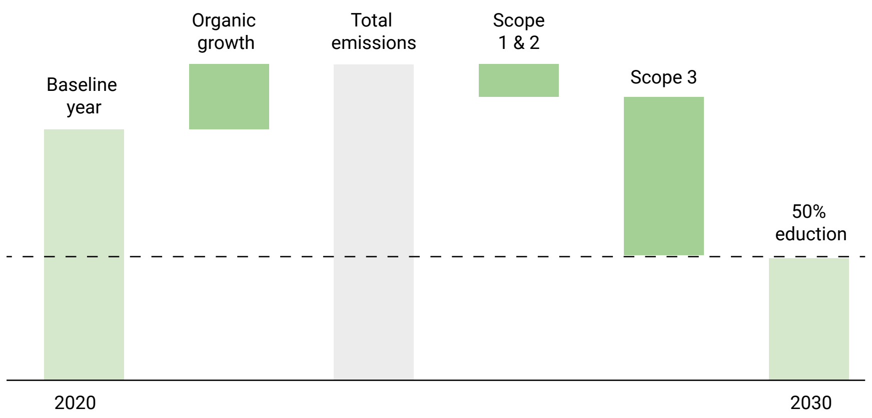
Transition plan

Active risk management and socially beneficial commercial opportunities
One of the key elements of the AF culture is our ability to drive good and active risk management. AF drives risk management at many levels of the organisation, and the methodology includes many specialist fields and functions. Requirements and assumptions relating to climate change are becoming increasingly more important for us to risk assess in a commercial context, both from an overall Group perspective and all the way through to the individual project. Our approach to risk management is described in more detail on pages 22 and 23.

AF Gruppen has conducted a comprehensive climate risk analysis with scenario analyses to assess our exposure to both climate change and the transition to a low-emissions society. This analysis is described in E1 IRO-1. AF will continue to work on scenario analyses to assess how our risk exposure may change in the future.

Our ability to pursue socially beneficial commercial opportunities will be crucial for future value creation. AF needs to identify commercial opportunities inherent in unresolved customer needs both now and in the future, and assist in achieving our customers objectives relating to time, costs, carbon and environmental footprint and quality. We will continue to engage in activities that contribute to other stakeholders in society being able to avoid emissions, and endeavour to find new business opportunities that make a positive contribution to the carbon footprint. This currently takes place through several businesses in the Group, and there is major potential for profit and opportunities in the development of these types of services.

Adaptability by decarbonizing our business activities and value chain



Transitioning our project activities and target attainment require cost-efficient actions that have a significant impact on total greenhouse gas emissions. There are many examples of such actions in our projects, with significant contributions from our customers and partners helping us to realize them. This involves actions such as the use of low carbon concrete recipes, electric construction machinery, reusable load bearing systems, locally-sourced materials, and circular material and waste solutions. In the time ahead, our units will develop their own business plans, where each business unit will describe how they will work in a targeted manner with prioritised measures to ensure that strategic objectives are followed up and achieved. This will provide important insight into AF Gruppen's continued work in creating credible action plans for halving the carbon and environmental footprint and efforts in achieving climate neutrality.

An important premise for being able to deliver credible and feasible solutions is improving the quality of figures and information about own performance. AF will therefore work systematically to obtain better and more accurate data in the future to ensure that our customers are better equipped to make choices that reduce greenhouse gas emissions and impacts. The goal is for this to also provide more accurate information about potential financial effects associated with each individual action.

E1-1

Transition plan

Several examples of how our business units work to reduce greenhouse gas emissions are described in E1-3.

Transitioning for the future will require a combination of expertise and entrepreneurial spirit
AF Gruppen has not yet developed a transition plan that meets the ESRS requirements, but will prioritize efforts to quantify emission reduction measures in the future. The combination of expertise in financially feasible solutions and insight into our carbon and environmental footprint will be critical to ensuring the resilience and credibility of our transition plan. In addition to quantifying emission reduction measures, important milestones for strengthening the transition plan going forward will be approval by AF Gruppen's Corporate Management Team and Board of Directors, assessing formal verification that our climate targets are science-based, and quantifying and describing our locked-in-GHG emissions. We are also following developments in regulatory amendments and the European Commission's proposed simplification package, and this may, for example, have an impact on how we can increase our share of taxonomy-aligned activities.

AF acknowledges that we have a serious and demanding task ahead of us. Adapting for the green transition will be prerequisite for maintaining our position as an important player in the business sector. We will utilise the breadth of expertise across AF's business activities by strengthening networks and arenas for internal experience sharing and creating more fact-based insight into our own performance. Active work on acquiring and attracting relevant technological climate and environmental expertise will be vital to us achieving our objectives. We will also use the expertise and data of our suppliers and partners to optimize deliveries through our projects.

The process of preparing new business plans in our companies in spring 2025 will be the next step in the continued work of creating a credible transition plan for AF Gruppen.

E1-2
E4-2
E5-1

Policies

POLICIES
This section contains AF Gruppen's reporting of Policies for the E1, E4 and E5 reporting standards. Our climate and environment Policies are described in the document entitled Purpose, Goals and Values. At AF, we shall, through competence and clear processes, contribute to projects that ensure the lowest possible greenhouse gas emissions, resource use and environmental impact. In addition, we shall look for opportunities to create positive climate and environmental impacts in our production and in the lifetime of our products and services. Ownership of the projects' climate and environmental work must be with the line organisation, and there is an expectation that the business model is adhered to and reflected in key documents in the companies' respective management systems. AF's strategy sets out expectations for how the Group strategy will be implemented in the business plan of each business unit.

Our suppliers and subcontractors commit to comply with our Policies by signing our Supplier Declaration. A separate section for the environment explicitly states that our suppliers must actively work to minimise the quantity of waste at our construction sites and organise work and services in such a manner as to avoid greenhouse gas emissions resulting from unnecessary energy consumption.

Beyond this, AF Gruppen has not prepared Policies or key documents that address the separate topic standards individually. AF continually assesses the need for updating key documents, however, AF is of the opinion that existing documents appropriately cover material sustainability topics relating to the climate and the environment. ESRS 2 provides an overview of key documents and compliance with the minimum disclosure requirements.

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E1-4 Targets

TARGETS

TARGET - REDUCTION OF GREENHOUSE GAS EMISSIONS

Scope	Unit	Absolute or intensity-based	2024	Target 2028	Target 2030	Base year	Value base year	Progress
Own direct and indirect greenhouse gas emissions (Scope 1 and 2)								
Total Scope 1 and 2 greenhouse gas emissions (location based)	Tonnes of CO_2e	Absolute	42,954	22,510	IA	2020	45,019	-4.6%
Total Scope 1 and 2 greenhouse gas emissions (location based)	Tonnes of CO_2e/ NOK million	Intensity	1.4	IA	0.8	2020	1.6	-14.4%
Indirect greenhouse gas emissions in the value chain (Scope 3)								
Total Scope 3 greenhouse gas emissions	Tonnes of CO_2e/ NOK million	Intensity	19.8	IA	9.9	2024	19.8	IA

During the strategy process in 2024, new targets were developed for reducing greenhouse gas emissions. Since 2020, AF has set a goal of halving our relative greenhouse gas emissions by 2030 for Scope 1 and 2 emissions compared to the baseline year of 2020. In the Group strategy towards 2028, we have also set an absolute target of halving emissions by the end of the strategy period. From 2024, the targets also include Scope 3 greenhouse gas emissions relative to revenue, with the baseline year of 2024 for Scope 3.

In addition to the quantitative indicators, the strategy also outlines qualitative indicators for our work on reducing greenhouse gas emissions. In the next strategy period, AF will:

- Quantitatively measure and reduce greenhouse gas emissions in our own operations and value chain
- Increase knowledge of greenhouse gas emissions in our value chain
- Influence our partners to reduce greenhouse gas emissions in the value chain to create competitiveness
- Contribute to the use and development of products with good environmental performance (EPD/LCA)
- Increase the proportion of activity-based data by collecting information directly from our suppliers
- Work towards achieving climate neutrality in 2050
- Increase activity and create new business that contribute to other societal stakeholders being able to avoid emissions.

The defined targets cover reporting thresholds similar to the ones we use as our carbon accounts. The exceptions are targets for Scope 1 and 2, which cover parent companies and subsidiaries and not other companies over which AF has operational control. AF Gruppen has not quantified decarbonisation measures and expected emission reductions in relation to our targets. AF's targets for the reduction of greenhouse gas emissions have not been verified as science-based. The Cross-sector (ACA) reductions pathway, which is consistent with limiting global warming to 1.5°C, entails a 42 per cent reduction until the target year of 2030 and a 90 per cent reduction in 2050. AF Gruppen's objectives towards 2028 and 2030 are in line with the cross-sector reductions pathway. The targets align with AF's climate and environmental policies, which mandate that we leverage our expertise, utilize data effectively, and implement clear processes to contribute to projects that minimize greenhouse gas emissions.

Baseline year

A baseline year for emissions is a reference year used as the basis for measuring and comparing greenhouse gas emissions over time. AF Gruppen has set the baseline year

E1-4 Targets

for Scope 1, 2 and 3. Several alternatives were considered when establishing the baseline year for Scope 1 and 2. The selection of the baseline year was made using the guidance in the GHG Protocol relating to representativeness, reliability and chronology, and is in line with the relevant provisions in the ESRS. Selecting 2020 as the baseline year for Scope 1 and 2 ensures that the data is representative and reliable.

2024 is the first year AF Gruppen reported complete carbon accounts and AF Gruppen's baseline year for Scope 3 greenhouse gas emissions has therefore been set to 2024. The selection of the baseline year was made using the guidance in the GHG Protocol that was also used for Scope 1 and 2, and the recommendation to use the first reporting year as the baseline year.

AF Gruppen will assess the need for recalculating the baseline years in accordance with the GHG Protocol if there are significant changes in methodology and/or data quality.

Strategy process

The 2024 strategy process had close involvement of key stakeholders in order to develop proposals for objectives in the Group strategy. Specialist resources in our companies provided input through the Climate and Environment Forum, priorities and input were discussed with the directors of the companies throughout the Group through several management group meetings, and proposals for formulating targets were tested in selected management groups in AF's companies. Specialist resources in climate and environmental corporate functions were actively involved in preparing analyses and supporting documents for the Corporate Management Team's strategy meetings in the autumn, presenting specific recommendations for goals in the next strategy period. This also includes recommendations based on the climate risk analysis that was carried out.

E1-3 Actions

ACTIONS

AF Gruppen has set ambitious reduction targets for our greenhouse gas emissions that consider both own direct emissions and indirect emissions from our value chain (Scope 1, 2 and 3). Close collaboration with our customers and suppliers is important for AF being able to achieve our climate-related objectives in line with the Paris Agreement. In order to offer the best alternative solutions, we need to have better fact-based insights about our carbon and environmental footprint. Increased insight involves more proactive work with stakeholders in the value chain and collaboration on good solutions for exchanging data.

AF Gruppen's strategy is operationalised in each business unit, and in the following sections we provide examples of how our business units are working to reduce greenhouse gas emissions.

Reduction related to own activities (Scope 1 and 2):

Scope 1 and 2 greenhouse gas emissions are often referred to as "own emissions", and systematic work on reporting and project follow-up has enabled us to acquire good experience for how we can cut these emissions.

For Scope 1, direct emissions from combustion in machinery and equipment, we see good examples of emission reductions in construction projects where AF can contribute during the engineering phase and be involved at an early stage. Early phase interaction can enable the major emissions items to be highlighted and more climate-friendly solutions for production, rigging and operations to be assessed. For example, in several projects we have been able to influence the planning of roadways and rigging area in order to reduce mass extraction, and thereby emissions from machine operations and the need for transporting mass.

Other effective actions for cutting emissions from fuel consumption are to select machines that use hydrogen, renewable diesel and biodiesel. These emission carriers have lower emissions per litre consumed. The machines used by AF Gruppen have been

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Actions

monitored over a long period of time to gather data on driving patterns, and there is a continual increase in the number of installed auto-stop mechanisms to prevent idle running.

Electrification of machinery and equipment is also an action that is beneficial for these emissions, and several AF companies are replacing obsolete fossil fuel-powered machines with electrical versions. An increasing number of developers, particularly those in central areas, are demanding emission-free construction sites. The demand for emission-free construction machinery in areas with little infrastructure is also increasing. AF Gruppen has therefore constructed mobile charging stations to enable electric machines to be used.

Scope 2 includes emissions that originate from AF's purchase of energy in the form of electricity, district heating, steam and cooling. This relates to energy consumption in connection with heating or cooling of barrack rigs and offices, production of buildings, infrastructure and rehabilitation. A significant part of energy consumption at construction sites is used for drying. This includes, for example, cast-in-place concrete and paint, as well as heating for the project. Good planning, and choice of energy source by, for example, using district heating wherever possible, help reduce energy consumption.

Several of our companies also reduce our customers' energy consumption, but these emissions cuts are not reflected in our greenhouse gas accounts:

- AF Energi delivers energy-efficient solutions, local energy production and maintenance of energy solutions through monitoring, operational optimisation and service contracts. The measures are beneficial both for the environment and the clients' bottom line. The solutions will utilize local energy, such as surplus heat, which would otherwise be lost. Increased energy efficiency can, in most cases, lead to an energy saving of 20-50 per cent and, with the current electricity prices, this investment can be paid off in only a few years.
- Aeron contributes to reducing greenhouse gas emissions through electrification and improving energy efficiency in the marine sector. The company is a market leader in its field, and delivers several different types of ventilation and cooling systems for energy optimisation of operations on board ferries, cruise ships and other types of commercial vessels. These deliveries are supplied to shipyards worldwide and include capacities for remote monitoring and management of the system from Norway. The company also works on offshore wind projects.
- Kanonaden in Sweden has been developing wind farms in Sweden for several years, which contribute to the supply of green energy. Kanonaden constructs access roads and power grids in close collaboration with the turbine and grid suppliers.

Reduction in our value chain (Scope 3):

For AF Gruppen, total Scope 3 greenhouse gas emissions account for over 90 per cent of the total emissions. As with other comparable companies, most of the emissions are related to our value chain. This is therefore where we see the greatest potential for making the largest emission reductions. The GHG Protocol divides Scope 3 into two types of emissions: upstream and downstream. Upstream emissions are indirect emissions related to purchased goods and services, for example, the purchase of construction materials for projects, business travel and the transport of goods and services. Downstream emissions cover indirect emissions related to goods and services sold, such as the operation of completed buildings, further processing of sold products and investments.

Upstream

The largest category for AF Gruppen in Scope 3 is Category 1, Purchased goods and services, and this is the category that we will prioritise when working to achieve our reduction target by 2030. For 2024, this category accounted for over 70 per cent of our total greenhouse gas emissions. Thus, there is major potential for reducing emissions. The largest part of the calculation of emissions in the value chain is based on estimates and cost-based data. The objective over time will be to obtain a larger proportion of

E1-3 ▶
Actions

activity-based data. Improved data quality will ensure that there is a better basis for prioritisation and decision-making. There are ongoing efforts, both internally and through industry collaboration, related to streamlining and automating the collection of data.

Examples of actions that contribute towards reducing greenhouse gas emissions in our upstream supply chain:

- Increasing our early involvement and influence through collaborative contracts. As the contractor, we can contribute our expertise in energy-efficient operations and logistics to the planning process. Additionally, we can implement actions that optimize the use of materials and the utilization of area. An example of this is the E6 Storhove-Øyer project. In this project, arrangements were made during the interaction phase to use smaller quantities of concrete in the bridge structure.
- Drawing up a carbon budget at an early stage, and actively using this during the planning and procurement processes. This will facilitate the reduction of greenhouse gas emissions and provide insight into where there is the greatest potential for emissions cuts.
- Reusing building components and products to reduce the need for production and transportation of new materials and products.
- Identifying suppliers that offer products with low greenhouse gas emissions which are financially feasible, for example, low carbon concrete and recycled steel.
- Selecting suppliers that offer climate-friendly transport.
- Utilising supplier expertise and data to optimize deliveries.

Downstream

AF Gruppen is also working in a targeted manner to reduce greenhouse gas emissions in our downstream value chain. Examples of actions:

- Development of energy-efficient projects that contribute to lower energy use during the operational phase by implementing solutions that reduce the need for heating, cooling and general energy use. This includes the use of smart energy management systems and sustainable design principles.
- Where possible, select robust materials with a long lifespan that will reduce the need for replacement and maintenance over the lifespan of the building. An example of a concept that extends the lifespan of products is Consolvo's use of cathodic protection of concrete. Salt from the sea and road salting weaken concrete structures by causing the reinforcing steel to rust, and cathodic protection helps extend the lifespan of these structures.
- Facilitate sustainable solutions in the transport sector, such as electrification of vehicles and green transport infrastructure. This applies both during construction and in completed infrastructure projects, where we assist in promoting the transition to low-emission and zero-emission transport solutions.

Documented sustainability

There are several voluntary environmental certification schemes for construction and infrastructure projects that classify how climate and environment friendly a project is. Sustainability certification of a project ensures there is systematic and comprehensive work on climate and environmental actions, and documents the sustainable qualities. Certified buildings have been shown to have low greenhouse gas emissions, low energy consumption in their operation, and achieve high scores for indoor environment and well-being. It is therefore part of the strategy of several AF companies that all new construction projects must attain sustainability certifications.

Within the business area Construction and Betonmast, we have extensive experience and are highly proficient in the use of the environmental certification tool BREEAM-NOR. BREEAM-NOR is the Norwegian version of BREEAM International, which is developed and administered by BRE (Building Research Establishment) in the United Kingdom. In our Swedish construction business, the sustainability certification

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Actions

Miljöbyggnad is more widely used. The system is owned and developed by Sweden's largest organisation for sustainable community development, Sweden Green Building Council. AF Anlegg has expertise in BREEAM Infrastructure (formerly CEEQUAL), a tool used to promote sustainability and quality in several types of infrastructure projects, for example, roads, tunnels, railways, ports, bridges and wind farms.

This year's taxonomy reporting shows AF Gruppen's taxonomy-eligible activities and what proportion of our operating income within these activities can be defined as sustainable according to the EU Taxonomy. We expect that the demand for taxonomy-aligned and sustainable projects will increase. There are very strict criteria for meeting the Taxonomy criteria, and the work is resource-intensive in terms of time, financial, and human capital resources. We succeed when our projects are profitable for all stakeholders: for our customers, the climate, society, owners and our employees. We are therefore satisfied with the profitability potential of the project portfolio which is defined as sustainable according to the EU Taxonomy. See our taxonomy reporting for more information.

Compliance with reporting requirements

AF Gruppen does not have a complete overview of decarbonisation actions and reductions in emissions achieved or expected in connection with each of the actions. No significant investments have been approved in the Group relating to the execution of actions, including investments in technology. AF reports on the KPIs of operating revenue, operating expenses (OpEx) and capital expenditure (CapEx) in our taxonomy reporting.

E1-5

Energy consumption

ENERGY CONSUMPTION

ENERGY CONSUMPTION

Total energy consumption (MWh)	2024	2023
Total energy consumption associated with own operations	**239,733**	**205,836**
Total energy consumption from fossil energy sources	**170,385**	**138,741**
Fuel consumption from crude oil and petroleum products	134,595	91,807
Fuel consumption from natural gas	50	94
Fuel consumption from other fossil sources	17,753	30,823
Consumption of purchased or procured electricity, heating, steam or cooling from fossil energy sources	17,987	16,017
Proportion of fossil energy sources in total energy consumption	71.1%	67.4%
Total energy consumption from nuclear energy sources	**1,132**	**324**
Proportion of energy consumption from nuclear energy sources in total energy consumption	0.5%	0.2%
Total energy consumption from renewable energy sources	**68,216**	**66,771**
Fuel consumption from renewable energy sources	16,714	21,807
Consumption of purchased or procured electricity, heating, steam and cooling from renewable energy sources	51,351	44,955
Consumption of self-generated renewable energy that is not fuel	151	10
Proportion of renewable energy sources in total energy consumption	28.5%	32.4%
Operating revenue in NOK million (income statement)	30,638	30,530
Energy intensity (Total energy consumption/Operating revenue - NOK million)	7.8	6.7

AF Gruppen uses the same reporting boundaries as for reporting greenhouse gas emissions within Scope 1 and 2 for the data presented in the table above. See E1-6 for further information. As a result of AF Gruppen having mostly activities in sectors with a high climate impact, AF's total operating revenue and total energy consumption are used as a basis for calculating energy intensity.

E1-5

Energy consumption

High climate impact sectors: ssectors that contribute significantly to global greenhouse gas emissions. A transition in these sectors is crucial to achieving a low-emission society. The sectors considered to have a high climate impact are those listed in Sections A–H and L of NACE (as defined in Commission Delegated Regulation (EU) 2022/1288). The AF Gruppen mainly has activities within D, E and F, with a predominance in F.

- D – Electricity, gas, steam and air conditioning
- E – Water supply; sewage, waste management and remediation activities
- F – Construction

E1-6

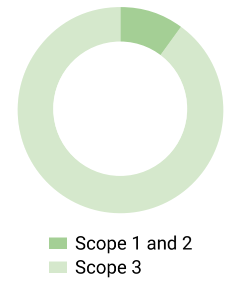
Gross Scopes 1, 2, 3 and total GHG emissions

GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

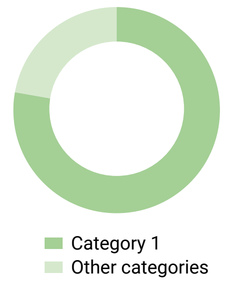
AF's reporting of greenhouse gas emissions is in accordance with the GHG Protocol Corporate Standard. The carbon accounts include the greenhouse gases CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3. The purpose of the carbon accounts is to obtain a representative picture of emissions resulting from AF's activities, and include own direct and indirect emissions (Scope 1 and 2), as well as relevant other indirect emissions from the value chain (Scope 3) presented in tonnes of CO_2 equivalents. Measuring and reporting greenhouse gas emissions and increasing our knowledge of how emissions occur gives us a good basis for cutting emissions going forward. The carbon accounts apply to the same reporting period as the financial reporting period, i.e. the 2024 calendar year. The carbon accounts are based on operational control. For further information on reporting parameters, see BP-1.

AF's carbon accounts do not include emissions related to land use changes (FLAG). Biogenic emissions from incineration are included for some categories.

Carbon accounts 2024
Scope 1, 2 and 3



Carbon accounts 2024
Categories scope 3



Changes from the previous year

Only selected categories of indirect emissions from the value chain (Scope 3) were reported in 2023. These included waste generated in operations, employee commuting and business travel (categories 5, 6 and 7). 2024 is the first time that AF has reported complete Scope 3 accounts with all relevant indirect emissions. This means that 10 new categories from Scope 3 were included in the carbon accounts. Of the Scope 3 categories, only Upstream leased assets and Franchises (categories 8 and 14) were not considered applicable. Category 8 is not relevant because similar emissions were included in Scope 1 and 2. Category 14 is not relevant because AF Gruppen does not have franchise activities.

AF Gruppen has not previously included greenhouse gas emissions for joint ventures and associated companies over which we have operational control. Emissions from these companies, as well as the joint operation JV AF Ghella ANS were given separate lines for Scope 1 and 2 for 2024.

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Gross Scopes 1, 2, 3 and total GHG emissions

Development of the carbon accounts going forward

In recent years, AF Gruppen has worked systematically on developing the reporting for Scope 1 and 2, and the maturity of these figures is therefore considered good. More than 90 per cent of AF's greenhouse gas emissions are in Scope 3, and further development will be prioritised within the categories considered the most immature and which make up the largest share of our total greenhouse gas emissions. The maturity assessment is based on the use of estimates in the category and the size of the category for AF Gruppen as a whole. Categories 1 (Purchased goods and services), 4 (Upstream transportation and distribution), 11 (Use of sold products), and 12 (End-of-life treatment of sold products) are considered the most immature. Category 1, Purchased goods and services, makes up a very large proportion of AF's total greenhouse gas emissions, and is therefore assigned the highest priority. In the following section, we have presented information about the reason for selecting the method, material assumptions, limitations associated with the selected method, as well as the resulting degree of accuracy and planned actions for improving the accuracy of this category in the future. Material information on methodology and emission factors for other relevant categories is presented in the table that follows the presentation of our carbon accounts.

Category 1 Purchased goods and services

Over 70 per cent of AF's greenhouse gas emissions in 2024 are linked to Category 1 Purchased goods and services. This category includes, for example, purchased materials such as concrete, wood and glass, as well as work performed by subcontractors.

A cost-based approach was selected for calculating emissions from category 1, a method that requires a large degree of estimation. Activity-based data would have given a higher degree of accuracy, but would have been disproportionately resource-intensive to collect. AF concluded that this would not be practically feasible in our first year of reporting for this category. The recommendations in the GHG protocol are to prioritize the collection of lower quality data rather than refrain from reporting, and to improve the accuracy of the data over time. A cost-based approach provides a representative picture of the material sources of emissions, and AF's methodology provides relevant information about emissions from our value chain.

The system provider selected to obtain emission figures based on costs retrieves data from invoices received in the Group's accounting systems. This takes place via API, integration or manual uploading. Cost data is also linked to an emission factor using a set of rules that is based on the chart of accounts and/or supplier. The greenhouse gas module is based on Exiobase, a global database of cost-based emission factors.

One limitation of the methodology is that the choice of account is linked to compliance with requirements in relevant financial legislation, and not to the preparation of carbon accounts. Therefore, in some cases, the chosen categorization of an account will not necessarily reflect all underlying purchases of goods and services.

Another limitation is that the product categories in the greenhouse gas module are generic and include many different types of products or services in each category. For example, there is one category covering everything from concrete, lime-based products and plaster. There is however a significant difference between emissions linked to a tonne of plaster compared to a tonne of concrete, and there are also major differences in emissions within the concrete category. Low carbon concrete is used in many of AF's projects, and this is not accurately reflected in our reported emissions.

Better quality data will provide AF Gruppen with better insight into and more information about where there is the greatest potential for reducing emissions, and provide us with important information about whether our efforts are being correctly prioritized. One of AF Gruppen's process goals for the next strategy period will be to improve the accuracy and maturity for this category. Relevant industry initiatives are underway that will increase the quality of our carbon accounts, for example, regarding to the exchange of sustainability data on invoices.

E1-6

Gross Scopes 1, 2, 3 and total GHG emissions

CARBON ACCOUNTS

Category	Unit	2024	2023	Base year	Value base year	Milestone and target year [1]	Change in relation to base year
Scope 1 greenhouse gas emissions							
Gross Scope 1 greenhouse gas emissions	Tonnes of CO_2e	41,042	33,660	2020	42,699	2028/2030	-4%
Gross Scope 1 greenhouse gas emissions for companies over which AF has operational control that are not fully financially consolidated.	Tonnes of CO_2e	302	Not reported	IA			
Scope 2 greenhouse gas emissions							
Gross location-based Scope 2 greenhouse gas emissions	Tonnes of CO_2e	1,912	1,506	2020	2,320	2028/2030	-18%
Gross location based Scope 2 greenhouse gas emissions for companies over which AF has operational control that are not fully financially consolidated.	Tonnes of CO_2e	579	Not reported	IA			
Gross market-based Scope 2 greenhouse gas emissions	Tonnes of CO_2e	23,472	15,827				
Gross market-based Scope 2 greenhouse gas emissions for companies over which AF has operational control that are not fully financially consolidated.	Tonnes of CO_2e	7,119	Not reported				
Percentage of market-based Scope 2 greenhouse gas emissions linked to restricted contractual instruments[2]	%	7.3	18.1				
Scope 3 greenhouse gas emissions							
Category 1: Purchased goods and services	Tonnes of CO_2e	470,959	Not reported	2024	470,959	2030	-
Category 2: Capital goods	Tonnes of CO_2e	12,422	Not reported	2024	12,422	2030	-
Category 3: Fuel and energy-related activities	Tonnes of CO_2e	11,863	Not reported	2024	11,863	2030	-
Category 4: Upstream transportation and distribution	Tonnes of CO_2e	18,711	Not reported	2024	18,711	2030	-
Category 5: Waste generated in operations	Tonnes of CO_2e	5,711	Not reported	2024	5,711	2030	-
Category 6: Business travel	Tonnes of CO_2e	1,408	10,843	2024	1,408	2030	-
Category 7: Employee commuting	Tonnes of CO_2e	2,965	1,408	2024	2,965	2030	-
Category 9: Downstream transportation and distribution	Tonnes of CO_2e	19,429	1,945	2024	19,429	2030	-
Category 10: Processing of sold products	Tonnes of CO_2e	8,203	Not reported	2024	8,203	2030	-
Category 11: Use of sold products	Tonnes of CO_2e	54,632	Not reported	2024	54,632	2030	-
Category 12: End-of-life treatment of sold products	Tonnes of CO_2e	28	Not reported	2024	28	2030	-
Category 13: Downstream leased assets	Tonnes of CO_2e	83	Not reported	2024	83	2030	-
Category 15: Investments	Tonnes of CO_2e	453	Not reported	2024	453	2030	-
Total indirect gross Scope 3 greenhouse gas emissions	**Tonnes of CO_2e**	606,867	14,196	2024	606,867	2030	**-**
Total location-based greenhouse gas emissions	**Tonnes of CO_2e**	**649,822**	**49,362**				
Total market-based greenhouse gas emissions	**Tonnes of CO_2e**	**671,382**	**63,683**				

[1] See E1-4 for summary of target attainment and value in target year.
[2] Guarantees of origin for renewable electricity and nuclear power.

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CATEGORY	DESCRIPTION OF CATEGORIES	BASED ON ACTIVITY (A) OR COST (K)	DATA MATURITY		BASIS FOR CALCULATED EMISSIONS	EMISSIONS FACTOR
Scope 1						
Direct emissions	Emissions from consumption of self-purchased fuel and gas.	A			• Quantity in litres and kg, as well as type of energy carrier • Data from AF's reporting solution, primarily through integration with supplier data • Manual collection of data for companies that are not subsidiaries, but over which AF has operational control • Biogenic emissions: based on reported activity data	• Factor source: DEFRA • Emissions factors include fuel combustion (TTW) • Biogenic emissions: emissions factors from DEFRA for bio-CO_2 per type and share of biofuel
Scope 2						
Energy consumption	Emissions from consumption of self-purchased electricity and district heating.	A			• Quantity in kWh and type of energy carrier • Data from AF's reporting solution, primarily through integration with supplier data • Manual collection of data for companies that are not subsidiaries, but over which AF has operational control. • Biogenic emissions: based on reported activity data.	• Factor source: IEA • Emissions factor includes fuel combustion (TTW) • Biogenic emissions: estimated % biofuel in the energy mix, combined with the estimated emissions factor from DEFRA for bio-CO_2 for a generic biofuel
Scope 3						
1. Purchased goods and services	Emissions from the extraction and production of purchased goods, for example, concrete, steel, wood and glass, including purchased services.	K			• Invoices received for purchased goods and services • Data collected via API, integration or manual extraction from ERP systems • Biogenic emissions: Not included	• Factor source: Exiobase • Generic emissions factors across suppliers in the same product group. • The emissions factor includes transport in the production line
2. Capital goods	Emissions from the production of tangible fixed assets such as machinery, vehicles, property, factories, etc., which were acquired by AF in the reporting year.	K			• Additions in the reporting year related to owned and leased property, plant and equipment • Data from AF Gruppen's consolidated financial statements • Biogenic emissions: Not included	• Factor source: EPA • The emissions factor includes emissions from the extraction of raw materials until departure from factory
3. Fuel and energy-related activities	Emissions from the production of fuel, electricity and district heating.	A			• Quantity in litres and kWh, as well as type of energy carrier • Data from AF's reporting solution, primarily through integration with supplier data • Biogenic emissions: Not included	• Factor source: DEFRA (fuel) and IEA (electricity) • The emissions factor includes the production and incineration of the energy sources (WTT)
4. Upstream transportation and distribution	Emissions from the transport of goods purchased by AF Gruppen. Applies to transportation services and port-to-project distribution.	K			• Invoices received for purchased goods • 3% of the cost of goods from each supplier is considered to be related to transport • Data collected via API, integration or manual extraction from ERP systems • Biogenic emissions: Not included	• Factor source: EPA • The emissions factor includes transport from port to project
5. Waste generated in operations	Emissions related to the transport of waste generated from operations.	A			• Quantity in tonnes per waste fraction. • AF Gruppen does not include waste from our demolition operations in this category • Data from AF's reporting solution, primarily through integration with supplier data • Biogenic emissions: based on reported activity data	• Factor source: DEFRA and ECOInvent 3.9 • Energy and material recovery: Emissions factor currently only includes transport to waste treatment facilities. • % biofuel determined based on emissions factors used, combined with generic emissions factors for bio-CO_2 for wood
6. Business travel	Emissions from transportation of employees for business-related activities in vehicles not owned by AF Gruppen, for example, airline, taxi, railway, etc.	A			• Measured in passenger kilometres (pkm) or direct greenhouse gas emissions from travel agency • Data from AF's reporting solution when integrated with ERP system or supplier data, including some manual registration. • Biogenic emissions: Not included	• Factor source: DEFRA and SAS calculation methodology for emissions from air travel • Emissions factor includes fuel combustion (TTW)
7. Employee commuting	Emissions from transportation of employees between their home and workplace in vehicles not owned by AF Gruppen, for example, the employees' own motor vehicles.	A			• Measured in passenger kilometres (pkm) or direct greenhouse gas emissions from travel agency • Data from AF's reporting solution when integrated with ERP system or supplier data, including some manual registration. • Biogenic emissions: Not included	• Factor source: DEFRA and SAS calculation methodology for emissions from air travel • Emissions factor includes fuel combustion (TTW)
8. Leased additions	Not relevant for AF Gruppen					
9. Downstream transportation and distribution	Emissions from the transport of products sold, covered by the customer. For example, transportation of crushed stone and gravel sold from the environmental centres.	A			• Quantity measured in tonnes of sold crushed stone, gravel and steel transported by the customer, including information relating to means of transport • Data collected manually • Biogenic emissions: Not included	• Factor source: The Norwegian Environment Agency (motor vehicle) and DEFRA (boat)
10. Processing of sold products	Emissions related to the manufacture of a new product where an intermediate product sold by AF Gruppen is included in the finished product. This applies to, for example, the sale of crushed stone and gravel from the environmental centres.	A			• Quantity measured in tonnes of crushed stone and gravel sold from the environmental centres, as well as information from the production these are included in further • Data collected manually • Biogenic emissions: Not included	• Factor source: Low carbon concrete class B, B30 in the Norwegian Concrete Association's publication no. 37 Low Carbon Concrete (NB37). • The largest proportion of crushed stone and gravel is used for Low Carbon B, B30 and emissions values for this type of concrete are used in the calculation.
11. Use of sold products	Emissions during the operational phase for buildings completed by AF Gruppen.	A			• Number of square meters of buildings completed • Module B6 (kWh/²) used and expected lifespan of 50 years in line with TEK 17 and the EU Taxonomy. A percentage distribution per energy source was used for calculating emissions. • We chose not to include emissions for maintenance work. • Data is collected manually for completed buildings exceeding NOK 10 million/ SEK 10 million in value. We have grossed up the value of reported emissions to estimate data for the business units that have not reported data. • Biogenic emissions: based on reported activity data	• Factor source: IEA (electricity) For district heating: Fjernkontrollen (NO) + Lokale miljöverden (SE) • The emissions factor includes the production and incineration of the energy sources used in the production of electricity, district heating and district cooling, as well as greenhouse gases from transmission and distribution. • Biogenic emissions: estimated % biofuel in the energy mix, combined with the estimated emissions factor from DEFRA for bio-CO2 for a generic biofuel.
12. End-of-life treatment of sold products	Emissions related to waste treatment of products sold by AF Gruppen, after the end of their lifecycle.	K			• Invoices received for purchased goods • Based on the most emission-intensive product groups and EPDs assessed representative of the respective product groups • Data collected via API, integration or manual extraction from ERP systems • Biogenic emissions: Not included	• Factor source: Representative EPD from EPD Norway for relevant product group.
13. Downstream leased assets	Emissions from assets the AF Gruppen leases to others, for example, office premises and barrack rigs.	A			• Estimate of the number of operating hours/fuel measured in litres, related to external operation of machinery leased from AF's machinery department. • Emissions related to the lease of barrack rigs are estimated based on energy consumption (kWh) per m2 and type of energy during the lease period • Data collected manually • Biogenic emissions: based on reported activity data	• Factor source: DEFRA (fuel) and IEA (electricity). • Emissions factor includes production and incineration of fuel (tank to wheel) • Biogenic emissions: estimated % biofuel in the energy mix, combined with the estimated emissions factor from DEFRA for bio-CO2 for a generic biofuel.
14. Franchises	Not relevant for AF Gruppen					
15. Investments	Emissions from associated companies or joint ventures over which AF has no operational control	A			• Consumption of energy carriers (fuel, gas, electricity and district heating) by associated companies and joint ventures is reported in accordance with the ownership fraction • Data collected manually • Biogenic emissions: based on reported activity data	• Factor source: DEFRA (fuel) and IEA (electricity) • The emissions factor includes the production and incineration of the energy sources used in the production of fuel, electricity, district heating and district cooling, as well as greenhouse gases from transmission and distribution. • Biogenic emissions: estimated % biofuel in the energy mix, combined with the estimated emissions factor from DEFRA for bio-CO2 for a generic biofuel.

BOARD OF DIRECTORS' REPORT

E1-6

Gross Scopes 1, 2, 3 and total GHG emissions

CARBON FOOTPRINT	UNIT	2024	2023
Operating revenue (income statement)	NOK millions	30,638	30,530
Total location-based greenhouse gas emissions	Tonnes of CO_2e	649,822	49,362
Carbon footprint based on location-based emissions	**Tonnes of CO_2e/ NOK million**	**21.2**	**1.6**
Total market-based greenhouse gas emissions	Tonnes of CO_2e	671,382	63,683
Carbon footprint based on market-based emissions	**Tonnes of CO_2e/ NOK million**	**21.9**	**2.1**

BIOGENIC EMISSIONS	UNIT	2024	2023
Biogenic CO_2emissions from incineration or biodegradation of biomass not included in Scope 1 GHG emissions	Tonnes of CO_2e	4,293	8,253
Biogenic CO_2 from incineration or biodegradation of biomass not included in Scope 2 GHG emissions	Tonnes of CO_2e	9,412	Not calculated
Biogenic CO_2 from incineration or biodegradation of biomass not included in Scope 3 GHG emissions	Tonnes of CO_2e	10,374	Not calculated

PRIMARY DATA SCOPE 3	UNIT	2024	2023
Percentage within Scope 3 calculated using primary data	%	17.3%	Not calculated

E4 BIODIVERSITY AND ECOSYSTEMS

Moving forward, we will continue to take an active role in highlighting the consequences of negative impacts on nature and the environment associated with our activities, and contribute with actions to reduce or avoid these impacts.

Nature loss and climate change mutually reinforce each other, generating effects that have serious consequences, and there is therefore an increasing focus on addressing nature loss and preserving biodiversity. This is particularly emphasized by the Kunming-Montreal Global Biodiversity Framework, also referred to as the Nature Agreement, which was adopted in 2022 and which Norway has committed to through the Nature Report. Construction and civil engineering activities are dependent on and impact nature in the form of land use changes due to the need for suitable areas to build on. Our company also relies on the use of natural resources and input factors such as steel, concrete, asphalt and wood. Our industry can therefore influence and contribute to solutions for limiting climate and environmental challenges relating to loss of nature and biodiversity.

AF has good knowledge of the impact on nature and the environment through the concept of external environment in the HSE work. However, this is also a rapidly developing specialist field, and we have a great deal to learn about how our performance should be measured as we increase our expertise on nature. In order to better understand how AF impacts and depends on nature, and whether loss of nature or changes to framework conditions pose a risk to our business activities, in 2024 we conducted a nature risk analysis for the first time. The analysis is the basis for our reporting in this area, including the identification of material impacts, risks and opportunities as presented in ESRS 2. The analysis also provided important insights into the Group strategy towards 2028, which involved the preparation of prioritised measures relating to nature.

SBM-3

Material matter

MATERIAL MATTER	
Sub-topic	**Sub-sub-topics**
Direct impact drivers of biodiversity loss	Land use changes
	Direct use
	Harmful invasive species
	Pollution
Impacts on the extent and condition of ecosystems	Land degradation
	Soil sealing
Impacts and dependencies on ecosystem services	

E4-1

Biodiversity and ecosystems in strategy and business model

BIODIVERSITY AND ECOSYSTEMS IN STRATEGY AND BUSINESS MODEL

The Planning and Building Act regulates around 80 per cent of Norway's land area, and is therefore an important basis for AF's project activities. The purpose of the system for impact assessments is to ensure that consideration of the environment and society is taken into account during the preparation of plans and actions, and when a decision is made as to whether and under what conditions plans or actions can be carried out. Existing legislation, new regulatory requirements and customer needs are important drivers of AF's efforts to counteract the negative impact that our project activities have on nature. Through early involvement, AF has the greatest potential to implement measures that can reduce the negative impact associated with development. The Norwegian Action Plan for Biodiversity, which was presented in 2024, and the actions

E4-1

Biodiversity and ecosystems in strategy and business model

and measures described within the plan also provide important insights into our work on how we can contribute to sustainable use and conservation of nature in the future.

Our resilience analysis was carried out at a high level by assessing whether there is a need to implement measures at Group level as a result of identified risks. The analysis is therefore based on the scenario and nature risk analysis described in IRO-1 E4, as well as analysis work carried out through the strategy process for the year. We believe that we have a robust strategy and business model, and that our strategy and operationalization of this are aligned with identified material physical risks, transition risks and system risks.

The transition plan for nature has thus far not been prioritized in our Group strategy towards 2028. We recognise that nature is a relatively immature topic, both for us and other partners, and we will monitor developments in this area going forward.

E4-2

Policies

GUIDELINES

Policies are described in E1 Climate change.

E4-4

Targets

TARGETS

AF Gruppen has not set quantifiable, result-oriented targets related to biodiversity and ecosystems, however, moving forward, we will continue to take an active role in highlighting the consequences of negative impacts on nature and the environment associated with our activities, and contribute with actions to reduce or avoid these.

Moving forward, the material impacts, risks and opportunities that we have identified shall be addressed through increased knowledge about our impact. Our goal is to provide expertise and solutions that have a positive impact on biodiversity and ecosystems, and institute mitigation measures where appropriate in accordance with the mitigation hierarchy. In the future, AF particularly aims to take a stronger position within services related to the restoration of nature. We will actively work to guide our customers and suppliers to prioritise and select alternatives that are profitable from both a nature and cost perspective, while also being practically feasible.

Strategy process

The 2024 strategy process had close involvement of key stakeholders in order to develop proposals for objectives in the Group strategy. A large number of specialist resources from various business units provided input through the Climate and Environment Forum. The Group's climate and environment team was also closely involved in the preparation of analyses and supporting documents for the Corporate Management Team's strategy meetings during the autumn, and presented specific recommendations regarding targets for the next strategy period. Input, recommendations and target formulation were tested and discussed at several Corporate Management Team meetings before being finally approved at the end of 2024. Objectives relating to nature were proposed and assessed in several phases of the process, however, it is considered more appropriate to describe the impact AF can potentially have by providing expertise and solutions within biodiversity and ecosystems, rather than setting specific targets.

E4-3

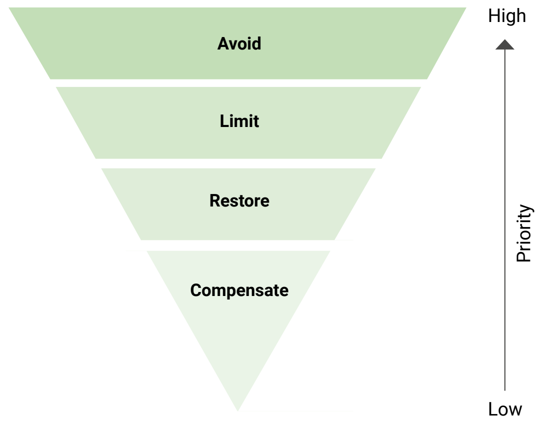
Actions

ACTIONS

Many of our projects involve working with specific actions that address material impacts, risks and opportunities. In the following sections, examples of such actions are provided based on the mitigation hierarchy. The mitigation hierarchy consists of four types of actions in order of priority that are intended to reduce the negative impact development has on nature: avoid, limit, restore and compensate.

E4-3

Actions



No quantified metrics have been established for material matters related to nature and we do not have data that enables us to provide an overview of the effect associated with the individual actions. In future, we will prioritise the development of reporting in this area and take an active role in highlighting the impact on nature and the environment associated with our business activities.

Avoid

The highest priority action in the mitigation hierarchy is to avoid material adverse effects through the choice of project location, project design or through planning or adapting ecosystem functions. It is the authorities and developers who set the conditions when concerning the choice of project location. However, within the specified project area, early involvement can enable AF to influence the project design and thereby contribute to reducing the negative impact on nature. For example, early involvement in construction projects will enable us to provide input that influences the choice of road sections. This allows us to find solutions that prevent loss of important and vulnerable nature. This is especially important for certain types of nature such as peatlands and carbon-rich forests, which will help preserve both carbon stores and biodiversity.

AF Gruppen also helps to avoid negative impacts through planning and adapting to ecosystem functions. Examples include projects that can impact waterways or where development occurs during breeding season. In such instances, AF will be able to arrange for the project to be executed outside of spawning periods for fish and nesting season for birds. This ensures that we do not interfere with important reproductive processes or ecosystem functions that impact water quality. There are also strict requirements related to our projects when there are protected and Red-listed species.

A specific example of AF contributing towards avoiding significant harm to land and nature is an ongoing road and tunnel project in which large parts of the infrastructure are underground.

Limit

One means by which AF helps limit negative impacts is to establish buffer zones around our projects to protect nearby ecosystems. An example of this could be vegetation corridors. We also limit our impact by providing input on how to reuse parts of roads in our infrastructure projects rather than rebuilding these.

There are several actions in our projects that can help limit and reduce material adverse effects related to nature. Examples of this include strict control of emissions to soil, air and water, restricting the construction or infrastructure area, building on hard surfaces rather than green areas, and building outside protected nature and nature reserves. In addition, the plan is that implementation of the projects will limit negative impacts on nature, for example, by taking into account the breeding season and migration routes for animals.

Rehabilitation of buildings reduces the need for new buildings, and careful

E4-3

Actions

dismantling of buildings and materials and reuse of resources and materials contribute to reducing the need to extract virgin resources. Awareness of material use in construction and civil engineering projects and actions described in E5-2 also contribute to limiting negative impacts associated with exploiting natural resources.

Restore

There are certain instances in which harm is caused to nature. When harm has occurred, the next step is to restore the affected area. For AF, this will involve restoring nature that has been disturbed by our project activities by restoring ecosystems to their natural function to the greatest extent possible.

An example of restorative actions being carried out is one in AF's road projects. The project is located near a nature reserve and may have potential negative impacts on natural resources, bird life, groundwater balance and forest areas. Based on this, actions have been taken to restore the original nature by removing the existing road, cultivating green areas and collecting and sorting waste. 4.5 kilometres of the previous two-lane road will be removed and returned to nature in the form of agriculture and forestry.

In another of AF's infrastructure projects, a trial project has been carried out involving the rehabilitation of peatland. It was necessary to use peatland areas to carry out the project, however, attempts have been made to relocate this peatland with the goal of creating a functioning peatland ecosystem in a new area. This was achieved by first blasting out a new area, then drilling around the existing peatland area to enable the peatland mass and peat layer to be carefully excavated and transported to the new area. Before the project started, both the density of the rock and the groundwater were tested for material composition. Regular visual inspections and irrigation of the peatland are carried out to ensure there will be a functioning ecosystem following relocation.

Compensate

Negative impacts on nature can also be compensated for by improving other nature areas and restoring nature areas to the same condition as the areas that have been appropriated. An example of this is returning previous road sections to nature when we build new roads as part of infrastructure projects, as well as road sections also being built underground.

Specific actions in construction projects are so-called "green roofs", where green areas are established on top of buildings. This contributes to increased biodiversity in urban areas. These roofs create new habitats for plants and insects, while improving the climate in the surrounding area and can assist with surface water management. In one of AF's construction projects, green roofs are being established that make a positive contribution to the ecosystem by regulating the temperature in the urban atmosphere. The project could potentially have a negative impact on biodiversity and ecosystem in the form of pollution and emissions from the construction process. However, establishing a green area on the roofs of the buildings contributes to compensating for part of the area of the ground surface that the buildings have appropriated.

Actions related to the use of natural resources

The utilisation of natural resources through the procurement of materials and input factors has a negative impact on nature and biodiversity, and also impacts provisioning ecosystem services. Actions associated with reducing greenhouse gas emissions and improving resource efficiency will also have an effect on our negative impact in connection with the utilisation of natural resources. Reference is therefore made to the reporting in E1 and E5 for a description of how we actively work to reduce our negative impact related to the use of natural resources.

Services that have a material positive impact

AF also provides a number of services that are considered to have a material positive impact on nature. The projects and services provided in recent years that have contributed towards rehabilitating and restoring nature were part of our nature risk analysis, and provide important insight into our continued work on further developing these services. We have also assessed whether efforts to construct road sections underground and in tunnels, while returning old road sections to nature, can be considered a significant positive impact. However, our assessment is that the extent of the negative impact associated with land use changes is currently too extensive to be presented as a material positive impact. Below are examples of services that are considered to have a positive impact on nature.

Project Sveagruva

In the project at Sveagruva (Svea mine) in Svalbard, AF Gruppen has worked systematically to return the area to wilderness following the shutdown of the mining operations. With an area the size of Oslo, this is the largest nature restoration project that has ever been carried out in Norway. An important action was to remove infrastructure and mining waste in a manner that protects the vulnerable Arctic ecosystem. Restoring vegetation and creating conditions for wildlife have been an important part of the project. AF removed materials in the area that include wood, residual waste, steel and concrete. Everything was sent for material and energy recovery. These efforts have has contributed towards preserving wilderness nature and reducing the human footprint in the Arctic environment.

Project Renere Havn Bergen

Indutrial projects have been polluting Store Lungegårdsvannet Bay for over 100 years. In the Renere Havn Bergen project, AF Gruppen initiated extensive measures to remove heavy metals and organic environmental pollutants from the seabed. Among other things, sand was laid in three layers that act as a lid over the contaminated masses. This work has had a positive impact on the marine ecosystem, and the pollution will no longer pose a health risk to humans. AF Decom carried out the assignment on behalf of the City of Bergen's Agency for Urban Environment.

AF's environmental centres

Each year, three million tonnes of contaminated mass is disposed of as landfill in Norway. This is equivalent to filling up an area the size of the Frogner Park in Oslo at a height of three metres every year. AF Gruppen's environmental centres receive contaminated mass and treat this in an environmentally responsible manner. Among other things, recycled mass is used for new spreading sand, topsoil or certified aggregates for new asphalt and concrete. The service therefore helps to avoid the use of virgin mass. Gravel and stone are a non-renewable resource, and treating and reusing the gravel avoids further encroachment on nature. This mass would otherwise end up in traditional landfills, and the environmental centres therefore help preserve and secure the resource for future generations.

E4-5

Quantitative reporting – Nature

QUANTITATIVE REPORTING – NATURE

Our quantitative reporting for the 2024 reporting year is based on data collected by the nature risk analysis. AF Gruppen has several thousand ongoing projects at any given time, and our impact will vary depending on location and service type. Therefore, data collected in the nature risk analysis cannot be used to make estimates for AF Gruppen as a whole. However, we believe that the data presented provides good information about how our projects impact biodiversity and ecosystems.

Increased reporting requirements and the need for better insight and expertise within nature require better data related to our dependence and impact on nature. In the coming years, we will further develop our understanding of the current situation

E4-5 ▶

Quantitative reporting – Nature

by improving tools to measure and document how our projects impact nature. A standardized system for nature accounting has not yet been established, however we will examine how we can use already existing reporting solutions for our largest projects.

The risk-based sample in the nature risk analysis resulted in seven prioritized locations. The assessment was based on the locations being close to vulnerable biodiversity areas which are negatively impacted, potentially impacted or actually impacted. These locations were identified based on their importance to biodiversity and ecosystems.

The process of identifying these locations involved the use of digital tools such as nature base maps (naturbasekart) from the Norwegian Environment Agency, the Norwegian Biodiversity Information Centre, Artfakta and ENCORE. The assessment was based on criteria for being located near biodiversity sensitive areas. The criteria for being located near a biodiversity sensitive area was set at a distance of one kilometre or less. Among other things, sensitivity was assessed based on the status of biodiversity in the area and protected species, the type of land on which the projects are carried out, and other relevant factors. The locations were primarily selected based on their proximity to protected areas and nature reserves, where our project activities are found to potentially create disruptions in the nearby ecosystem.

The priority locations are presented in the overview below. The remediation project for the Svea mine in Svalbard is located near a sensitive area, however, it was excluded from the overview below because we considered that this project had a positive impact. This project was described in the previous chapter.

PRIORITY LOCATIONS

Project	Location	Distance to sensitive area
New airport	Fagerlia, Mo i Rana	<1 km
FREVAR treatment plant	Øra, Fredrikstad	<1 km
New E6	Storhove-Øyer, Lillehammer	<1 km
E4 Förbifart Stockholm	Lovö, Stockholm	<1 km
AF Miljøbase Vats	Vats, Rogaland	<5 km[1]
Jølsen Miljøpark	Jølsen, Lillestrøm	<1 km
Bruzaholm Wind Farm	Exjö, Sweden	<1 km

[1] *AF Miljøbase Vats was selected using criteria for sensitivity other than distance.*

The type of land that is impacted is primarily peatland and forest, as well as some pastures and cultivated land. Below is an overview of the types of land impacted that have a connection to the selected locations. These projects accounted for 14 per cent of AF Gruppen's operating revenue in 2024.

	Peatland	Forest	Other dwelling	Cultivated land	Grassland and inland pastures	Total area
Area in hectares	49	626	17	6	2	699

Data pertaining to endangered species was also collected in connection with the nature risk analysis. The data collected in this area was used in our double materiality analysis, however was excluded from our reporting because it was not considered a material topic.

E5 CIRCULAR ECONOMY AND RESOURCE USE

AF shall be an active driving force behind the transition to a circular economy in which resources will be better utilized and waste converted into new products.

Today our society is largely structured around a linear economy, where resources are extracted, consumed and then disposed of as waste. This results in over-consumption of limited resources, growing volumes of waste and places a heavy strain on the climate, nature and environment. This is not sustainable over time. The transition to a circular economy involves retaining the value of resources for as long as possible by eliminating waste and increasing the degree of reuse and material recovery. In an industry that consumes vast amounts of materials and resources, AF plays a key role. In the transition to a circular economy, there is enormous potential for finding innovative, sustainable and socially beneficial solutions.

SBM-3 ▶

Material topics

MATERIAL TOPICS
Resources
Products and services
Waste generated in operations

E5-2 ▶

Policies

POLICIES

Policies are described in E1 Climate change.

E5-3 ▶

Targets

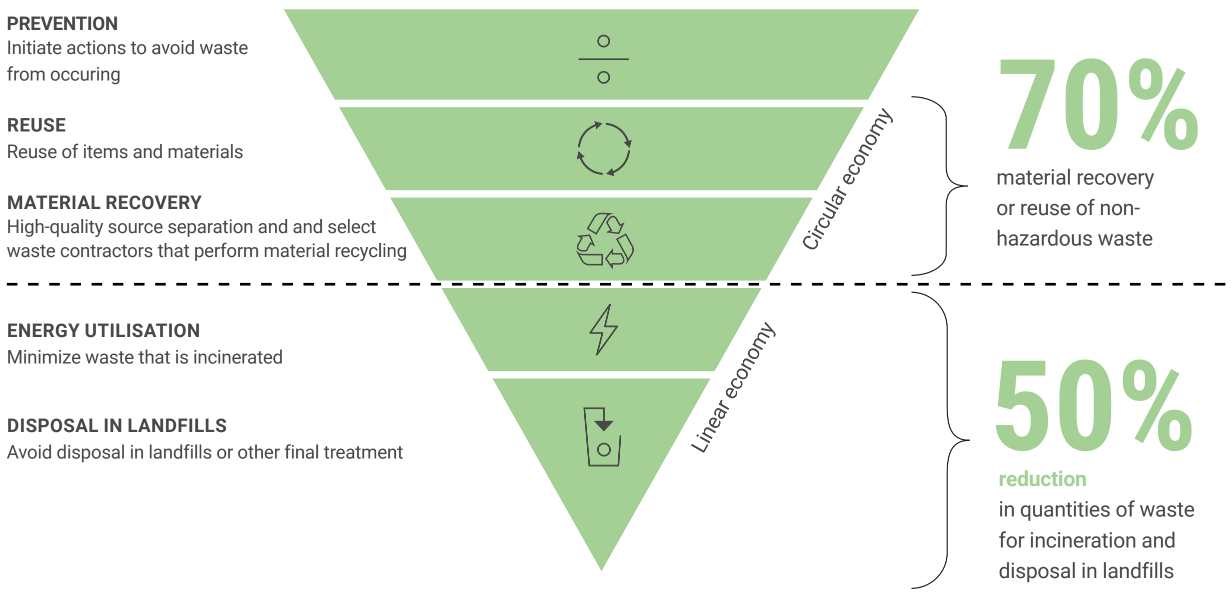
TARGETS

Targets related to	Waste hierarchy level	Unit	Absolute or intensity-based	2024	Target 2028	Target 2030	Base year	Value base year	Develop-ment
Halve the quantity of waste sent for energy utilisation or landfill	Energy utilisa-tion and landfill	Tonnes/ NOK million operating revenue	Intensity	3.5	IA	1.9	2023	3.8	-6.3%
70% of non-hazardous waste shall be prepared for reuse or material recovery.	Reuse and material recovery	%	Absolute	62%	70%	IA	2023	64%	Not achieved
Source separation rate > 80%	All levels in the waste hierarchy	%	Absolute	94%	Annually	Annually	IA	IA	Achieved

None of the targets in the table above are statutory requirements, however, the regulatory requirement for the source separation rate is 70 per cent.

BOARD OF DIRECTORS' REPORT

THE WASTE HIERARCHY



E5-3

Targets

New objectives for circular economy were developed during the strategy process in 2024. AF has set a target to reduce the quantity of waste sent for energy utilisation and landfill relative to revenue by at least 50 per cent by 2030. AF has also set the target of achieving a minimum of 70 per cent non-hazardous waste for material recovery or reuse by 2028. In order to support the two aforementioned targets, AF also has a target source separation rate of over 80 per cent, which is well above the current regulatory requirement of 70 per cent. The new strategy also describes qualitative objectives for how we will work towards achieving greater circularity. In the next strategy period, AF will:

- Further develop solutions and actions that contribute to:
  - reduced quantities of waste
  - increased reuse and material recovery
  - reduced quantities of waste for incineration and disposal in landfills
  - minimized consumption of non-renewable resources
- Increase knowledge of our waste production and actively contribute to better resource efficiency by influencing suppliers and waste recipients
- Utilise and develop circular products that enhance competitiveness
- Improve the quality of our source separation processes.

The targets that have been set cover equivalent reporting parameters to our waste reporting presented in E5-5. The targets apply to AF's own activities, however, the Supplier Declaration commits our suppliers to work towards minimising the quantities of waste at our construction sites. The targets that have been set are linked to AF's policies for climate and the environment, which entail that, through expertise and clear processes, we will contribute to projects that ensure the lowest possible use of resources. The targets have not been verified as science-based.

E5-3

Targets

Base year

In order to establish a base year, extensive work was carried out to document and analyze relevant waste streams, waste recipients and their treatment of our waste. The selection of the base year was made in line with policies in the GHG protocol, because no equivalent, recognized protocol for waste reporting has been established. The GHG protocol is in accordance with the relevant provisions in the ESRS. The base year will serve as the basis for our assessment of goal achievement and has been set to the reporting year 2023.

Strategy process

The 2024 strategy process had close involvement of key stakeholders in order to develop proposals for objectives in the Group strategy. A large number of specialist resources from various business units provided input through the Climate and Environment Forum. The Group's climate and environment team was also closely involved in the preparation of analyses and supporting documents for the Corporate Management Team's strategy meetings during the autumn, and presented specific recommendations regarding targets for the next strategy period. Input, recommendations and target formulation were tested and discussed at several Corporate Management Team meetings before being finally approved at the end of 2024.

E5-2

Actions

ACTIONS

Our prioritized actions address material impacts, risks and opportunities related to waste and targets in the Group strategy towards 2028. No targets have been established for other material topics related to resource use, and in this section, waste-related actions are therefore presented. AF Gruppen does not have a complete overview of expected target attainment linked to the individual actions. In line with the prioritized order in the waste hierarchy, AF starts working with specific actions for preventing waste. When waste occurs, we want this to be managed as close to the top of the hierarchy as possible. In the following sections, examples of such actions are provided based on the waste hierarchy.

Actions to prevent waste from occurring

Waste prevention is a high priority at AF. Projects are planned to generate as little waste as possible. This requires early and effective planning. The use of standardized products, prefabricated elements, pre-cut materials and less use of customisation are actions that contribute towards preventing unnecessary waste. We also work actively to utilise resources and materials in the projects where possible, and enter into agreements for return schemes with suppliers.

Actions for increasing the degree of reuse and material recovery

If waste is generated, we want this to be reused or recovered to the greatest possible extent. AF has entered into a Group agreement with Ombygg, which operates Norway's largest location for reuse at Økern in Oslo. Several of AF's business units and projects deliver surplus materials and products to this location for resale. If requested, this location can also be used for storage for the next project. We also have various projects that have a strong focus on the reuse of large, heavy material groups, for example, bricks.

Material recovery is a good option if reuse is not feasible. AF is actively working to increase the degree of material recovery with specific actions in the planning and project phase, both in the project and in collaboration with the downstream value chain. To facilitate material recovery by properly sorting the waste, we have a requirement for an 80 per cent source separation rate in all business units. To support this target, AF has developed its own system with separate waste signs for containers. The signs have a standardized design that is in accordance with LOOP, a national waste labelling scheme and have QR codes for easy access to information about which types of waste are to be used in the different containers. The signs contribute to increase knowledge and make it easier to sort the waste correctly.

BOARD OF DIRECTORS' REPORT

E5-2

Actions

AF has also worked actively with waste recipients to collect data and information about the types of waste treatments used. This provides insight into and knowledge about what happens to the waste that we send away. This information can be used to actively select waste recipients that recover materials, as opposed to those who incinerate the waste or dispose of it as landfill.

Actions to reduce the quantities of waste sent for incineration and landfill.
To avoid waste being sent for incineration and landfill, each business unit has developed specific action plans that address relevant fractions.

Wood and plastic are common waste fractions in the construction industry. Many waste recipients currently choose to send wood for incineration because this generates greater financial returns than material recovery. This may vary with electricity prices or other market-related conditions.

Concrete is AF's largest waste fraction. Much of this waste currently ends up as landfill. At AF, we are actively working with different operators to find alternative means of using this concrete. This can be utilized in the form of backfilling in an area that has been excavated, or the concrete can be recovered, and crushed concrete can be used as a secondary raw material in the production of new concrete.

Plaster is also a fraction that often ends up as landfill. We are actively working on actions to prevent plaster waste. Source separation and correct storage are important actions for ensuring that plaster waste can be material recovered.

E5-4-E5-5

Methodology for reported data

METHODOLOGY FOR REPORTED DATA

DATA POINT	DESCRIPTION	DATA MATURITY	UNIT	BASIS FOR REPORTED DATA
E5-4	Material consumption		Not reported	
E5-5	Waste reporting		Tonnes	Direct reporting as of 31/12
	Treatment type		Tonnes	Estimate based on data on treatment type from our largest waste suppliers
	Circularity in our project activities		Qualitative assessment	

E5-4

Resource inflows

RESOURCE INFLOWS

Resource use was identified as a material topic and AF Gruppen specifically considered two options for how quantitative data on resource use could be obtained:

1. **Collecting information from parties in our value chain:** This option was considered too resource-intensive, both for AF Gruppen and for the parties that would have received a reporting request from us.
2. **Prepare estimate:** It was found that this option would not provide reliable information.

Based on the assessment of the two options above, we made the decision to not include data related to this reporting point in the sustainability statement for this year. The challenge relating to data quality is applicable for many in the industry, however, there are several industry initiatives underway that will hopefully streamline the exchange of this type of information in the future. Moving forward, AF Gruppen will work to facilitate a system that makes it possible to report this information.

E5-5

Resource outflows

RESOURCE OUTFLOWS

AF Gruppen consists of many business units that offer a wide range of services and products. AF's business activities can be roughly divided into construction, civil engineering and demolition. Our qualitative assessment of circularity in the projects will be based on AF's activities within construction and our environmental centres. Our demolition business is not a service type that generates a product in the same way as construction and civil engineering.

Construction

Typical products are residential buildings and commercial buildings, and the lifespan of a residential building is often set at 50 years by the construction client, despite this theoretically having a much longer lifespan. The materials used in these projects include concrete, steel, brick, plaster, wood, glass, aluminium and insulation materials.

Generally speaking, the various components in the products from AF's construction projects have significant potential for being included in a circular material stream. For example, large material groups such as concrete and steel are possible to reuse or recover under certain conditions. A prerequisite for reuse is that the design enables and is suitable for this, and that the components are disassembled in a careful and correct manner. A prerequisite for material recovery is that the components are source separated and that there are existing downstream solutions for material recovery. This will vary depending on location and material, but downstream solutions largely exist in the case of, for example, steel, which has very strong potential for material recovery.

Early involvement in projects and a future-oriented design provide the option of facilitating future reuse of a building. An example of this is HasleTre, a project being managed by AF Eiendom. HasleTre is a building made out of prefabricated elements from solid wood. The building has been designed in such a way that it can be dismantled, and the materials can therefore be easily disassembled and reused in the future.

Civil Engineering

Typical products are roads and tunnels of various kinds, and the lifespan of these products is often determined by the construction client. The materials used in these projects include concrete, steel, asphalt, gravel and crushed stone.

Generally speaking, the various components in the products from AF's civil engineering projects have significant potential for being included in a circular material stream. Asphalt can be recovered and used in new road projects, and concrete can be reused or recovered through correct disassembly and handling. Stone, soil and loose mass from AF's civil engineering projects are used as much as possible, and we strive to achieve a mass balance to prevent unnecessary transport and disposal of mass.

Environmental centres

To avoid resources from becoming landfill is an important circular economic principle. An undesirable result of both construction and civil engineering activities is large amounts of contaminates mass, which traditionally has been set to landfill. AF has its own environmental centres that receive contaminated mass and treat this to enable it to be reused in the form of, for example, gritting sand or aggregate in concrete or asphalt. This is an example of how AF turns waste into resources. See the section on CO_2 savings to read more about the benefits to the climate and environment provided by our environmental centres.

Waste streams at AF

The following section reports the details concerning waste generated by AF's activities and how this is treated downstream.

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Resource outflows

WASTE STREAM	DESCRIPTION
Non-hazardous waste	
Concrete, brick and similar	By far the largest waste stream in AF Gruppen. Primarily consists of concrete with and without reinforcement, contaminated concrete, brick and roof tiles and other contaminated mass. The Swedish waste fraction "mineral masses", which is a collective fraction for concrete, brick and roof tiles, ceramics, clinker and similar materials is also included here.
Other mass and inorganic materials	Includes other mass, such as mineral wool, pure insulation, ceramics, porcelain, asphalt, roofing felt and tar paper, sludge and mixed inorganic material.
Iron and other metals	Total waste stream for all iron and metal fractions. Includes pure iron, complex iron, pure magnetic and nonmagnetic metal, aluminium, mixed metals and other metals.
Wood and other biowaste	Total waste stream for wood, food waste and other biological waste. Includes household-type food waste, organic sludge, park and garden waste, clean and treated wood, as well as mixed processed wood.
Plaster	Includes clean plaster and other plaster fractions.
Other waste	Waste stream with a high number of fractions. Primarily consists of mixed commercial waste, household-like waste such as plastics and plastic materials, EE waste (electrical and electronic waste), glass and cardboard, paper etc.
Hazardous waste	
Radioactive waste	Includes all waste classified under waste series 3000 Radioactive waste in NS 9431.
Other hazardous waste	The largest waste stream in terms of number of fractions. Consists of various hazardous waste, including waste oil, slag, dust, bottom ash and fly ash, paint, glue and varnish, batteries, impregnated wood, spray cans, gas containers, asbestos, etc.

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Resource outflows

WASTE GENERATED FROM OWN ACTIVITIES

Data point	Unit	2024	2023	Baseline year	Value Baseline year
Source separation rate					
Source separation rate – Demolition	%	95	96%		
Source separation rate – Rehabilitation	%	86	86	IA	
Source separation rate – Construction	%	88	84		
Waste data					
Concrete, brick and similar	Tonnes	184 011	204,593	2023	204,593
Iron and other metals	Tonnes	32,332	42,850	2023	42,850
Wood and other biowaste	Tonnes	12,938	14,476	2023	14,476
Other masses and inorganic materials	Tonnes	6,830	7,819	2023	7,819
Plaster	Tonnes	4,430	5,496	2023	5,496
Other waste	Tonnes	19,689	24,280	2023	24,280
Total quantity of non-hazardous waste	**Tonnes**	**260,230**	**299,514**	**2023**	**299,514**
Radioactive waste	Tonnes	3,113	1,604	2023	1,604
Other hazardous waste	Tonnes	5,311	6,518	2023	6,518
Total quantity of hazardous waste	**Tonnes**	**8,424**	**8,123**	**2023**	**8,123**
Total quantity of waste generated from own activities	**Tonnes**	**268,654**	**307,636**	**2023**	**307,636**
Treatment type					
Preparation for reuse	Tonnes	935	15	2023	15
Material recovery	Tonnes	159,125	192,112	2023	192,112
Non-hazardous waste	**Tonnes**	**160,059**	**192,127**	**2023**	**192,127**
Material recovery	Tonnes	485	522	2023	522
Hazardous waste	**Tonnes**	**485**	**522**	**2023**	**522**
Waste sent for reuse or material recovery	**Tonnes**	**160,544**	**192,649**	**2023**	**192,649**
Energy utilisation	Tonnes	28,280	32,764	2023	32,764
Landfills	Tonnes	71,889	74,624	2023	74,624
Non-hazardous waste	**Tonnes**	**100,169**	**107,388**	**2023**	**107,388**
Energy utilisation	Tonnes	2,548	3,765	2023	3,765
Landfills	Tonnes	5,392	3,835	2023	3,835
Hazardous waste	**Tonnes**	**7,940**	**7,600**	**2023**	**7,600**
Waste sent for incineration or landfill	**Tonnes**	**108,109**	**114,988**	**2023**	**114,988**
Non-recycled waste	Tonnes	108,109	114,988	2023	114,988
Non-recycled waste	%	40	37	2023	37

Methodology for waste reporting

Reported waste is primarily classified based on the Norwegian standard NS9431 Classification of Waste. Waste is reported via two data sources: 1) manually reported data from the business units, and 2) automatic data flow from selected suppliers. To ensure complete reporting, spot checks are carried out every quarter at Group level, in addition to overarching analyses for other manually reported data. The greenhouse gas emissions associated with the waste are included in our carbon accounting for Scope 3, category 5 (Waste generated in operations).

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Resource outflows

To provide information about the method used for treating the waste that AF produces, we use a allocation key that was created internally at AF. This is based on information from a large number of our largest waste suppliers, both in Norway and Sweden. The allocation key provides information on how the different fractions are treated by the different suppliers. For suppliers that lack information, we assume that the type of treatment is equivalent as an industry average based on information from other similar suppliers. For a large proportion of our waste, we have high-quality and accurate information regarding the type of treatment used. A somewhat lower level of accuracy was identified with regards to the final treatment of fraction types in Sweden. This is because the waste is not classified according to NS9431 in the same manner as for the Norwegian waste. AF's allocation key does not take into account regional differences or where the waste was produced. This may influence the type of treatment used.

Moving forward, we will work to improve and ensure high quality data by closely monitoring our waste suppliers and having clear requirements and expectations for the services they provide. If required, we will also update the allocation key and the methods of calculation, including requesting allocation keys from waste suppliers that we have not previously received information from. We will make reporting more efficient though increased use of automatic data flow from suppliers. The waste reporting methodology provides us with good insight into how our waste is treated downstream. This insight also provides us with a good basis to initiate concrete efforts that help achieve our goals related to waste and resource efficiency.

CO_2 savings

AF Gruppen contributes towards generating significant CO2 savings every year and has identified positive impacts related to this, see E5 SBM-3. These savings are highlighted here.

AF's environmental centres

AF's Environmental Centres at Rimol, Jølsen and Nes treat contaminated mass that would otherwise have been sent to landfill and enable this to be reused. 302,769 (288,511) tonnes of mass was recycling in 2024. The environmental centres have a total material recovery rate of just under 80 per cent. The European Commission's goal is that exactly 80 per cent of all materials should be recycled and remain in circulation by 2030. The total Co2 savings generated by AF Decom's environmental centres consist of:

1. Avoided contaminated mass being sent for landfill and which was instead sent for material recovery.
2. Avoided production of crushed stone products from virgin natural resources through reuse and material recovery of existing products.
3. Material recovery of metals separated during the treatment process.

Methodology and factors for CO2 savings for the first two subprocesses are based on assumptions related to organic content in the mass, guidance from the Norwegian Environment Agency[1] and relevant EPD information. The methodology used for the third subprocess was equivalent to that used for AF's offshore demolition activities. Total CO2 savings from the AF Decom environmental centres will be the aggregate total of the three aforementioned subprocesses.

AF's demolition activities – AF Offshore Decom and AF Decom.

AF Offshore Decom is a leading supplier of material recovery services for ships, and offshore installations. These services take place at AF Miljøbase Vats. which is a purpose-built base for handling offshore installations and other marine structures. 19,402 (26,523) tonnes of metal were demolished and sorted there in 2024.

AF Decom is one of the Nordic region's largest demolition contractors. During 2024,

[1] *Climate action - Waste & Landfill - miljodirektoratet.no*

E5-5

Resource outflows

8,210 (11,200) tonnes of metal were sorted from AF Decom's demolition activities.

By using recovered metal in new metal production, we contribute to both reducing emissions and the extraction of virgin resources. The methodology for reported CO2-savings is based on further processing and refinement of metals associated with AF's demolition activities.

1. Most of the metals from AF Offshore Decom are sent for material recovery with an operator that has 85 per cent less CO2 emissions than ordinary ore-based production. This process is therefore equivalent to a reduction in emissions of 1.9 tonnes of CO2 for every tonne of metal recovered[2].
2. Most of the metals from AF Decom are sent for material recovery with an operator that normally has 55 per cent less CO2 emissions than ordinary ore-based production. This process is therefore equivalent to a reduction in emissions of 1.2 tonnes of CO2 for every tonne of metal recovered[3].

Tonnes of CO_2 saved in connection with demolition, sorting and material recovery	2024	2023
Tonnes of CO_2 saved at AF's environmental centres compared with landfill and conventional aggregate production	92,344	87,996
Tonnes of CO_2 saved at AF Decom (demolition business and Environmental Centres) compared to conventional metal extraction	9,852	13,440
Tonnes of CO_2 saved at AF Offshore Decom when compared with conventional metal extraction	36,107	49,359
Total emissions saved measured according to tonnes of CO_2 per year	**138,304**	**150,795**

[2] *https://celsa-steelservice.no/, https://www.environdec.com/library/epd306*
[3] *The calculations were made by the European Steel Association.*

BOARD OF DIRECTORS' REPORT

SOCIAL

SOCIAL

Content ESG

BOARD OF DIRECTORS' REPORT

S1 OWN WORKFORCE

It is the people we have at AF who enable us to take on the most demanding projects. With expertise, entrepreneurial spirit and drive, we deliver solutions that will meet current and future needs.

SBM-3

Material topics

Own Workforce (S1): Own employees and non-employees

Own employees: all individuals who have an employment contract with AF (permanent employees, temporary employees and apprentices)

Non-employees: self-employed and workers hired via staffing agencies

Workers in the value chain (S2): suppliers and subcontractors

MATERIAL TOPICS

Own workforce includes AF Gruppen's employees and non-employees. Own employees are all individuals who have an employment contract with AF Gruppen:
- Permanent employees: Salaried employees and skilled workers who are employed full-time or part-time with a contract of employment.
- Temporary employees: Individuals employed on a temporary basis.
- Apprentices: Individuals employed among skilled workers at AF. These employees are undergoing training, while at the same time have an employment contract.

AF Gruppen has defined that non-employees who are part of our own workforce are self-employed persons and workers hired through staffing agencies. Non-employees make up approximately 3 per cent of AF's total own workforce. Reporting in S1 will primarily cover AF's own employees, however, we have provided information on the number of non-employees in S1-7. Non-employees in our own workforce are covered by the same policies as workers in our value chain described in S2. Subcontractors are considered workers in our value chain but are included in the LTI-1 and LTI–2 rates as presented in this standard. Additional reporting to this is included in S2, together with reporting for other workers in the value chain.

MATERIAL TOPICS

Sub-topic	Sub-sub-topics
Working conditions	Secure employment
	Working hours
	Social dialogue
	Freedom of association, works councils and employees' right to information, consultation and participation
	Collective bargaining, including the proportion of employees covered by collective agreements
	Work-life balance
	Health and safety
Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value
	Training and skills development
	Measures against violence and harassment in the workplace
	Diversity

S1-1

Policies

POLICIES

Material sustainability topics that are relevant to our employees largely relate to areas that are strongly regulated by law. Relevant laws and regulations are not reproduced in their entirety in key documents related to these disciplines, however all business operations at AF must follow ethical policies, laws and regulations. AF's procedures and policies are in compliance with national and international laws and based on the UN principles for business conduct and human rights. The policies are intended to ensure prevention and effective follow-up of actual and potential negative impacts as identified in our double materiality analysis.

Policies for own employees can be found in Purpose, Goals and Values. This document addresses topics related to health, safety and the environment, as well as topics such as recruitment, employee development, diversity, gender equality, discrimination and skills development. AF's Code of Conduct applies to our own employees, including employees in working partnerships and joint ventures, as well as anyone who represents AF. The Code of Conduct includes topics such as working environment, personal conduct, and the right to unionise. The document also includes information about processes related to whistleblowing and censurable conditions.

At AF, we promote a clear culture where violations have consequences. Employees who breach the Code of Conduct may be subject to sanctions and disciplinary measures. Disciplinary measures may include everything from a verbal warning to dismissal.

AF's business model sets additional requirements and expectations for our employees. In addition, the Personnel Handbook for employees provides important information about the employment arrangement. It contains laws and agreements that apply to private businesses, as well as rules and policies that apply across all of AF Gruppen. For example, the Handbook covers topics such as employment terms, discrimination, working hours, employee development, leave and working environment.

ESRS 2 provides an overview of key documents and compliance with minimum requirements for reporting policies.

Health and safety

AF's HSE policies are included in Purpose, Goals and Values. Health and safety work is part of the HSE work, and is integrated into management responsibility at all levels of the organisation. AF Gruppen's HSE model consists of the basic elements of risk management and emergency preparedness, as well as learning and improvement. The model contributes to a common understanding of requirements and expectations related to HSE. All companies in the Group shall be organised with sufficient expertise and have a customised management system that meets AF Gruppen's requirements for HSE work.

Human rights

Our work on human rights is embodied in our Code of Conduct. AF has also committed to complying with the human rights principles of the UN Global Compact, and we have comprehensive systems in place to prevent work-related crime and violations of workers' rights in our projects. The work related to human rights for workers in the value chain is described in more detail in S2 Workers in the value chain.

Diversity and gender equality

The Code of Conduct is in compliance with the Equality and Discrimination Act and includes policies which have the objective of ensuring that recruitment, employment, training, remuneration, promotion, punishments and other working conditions shall be handled without regard to ethnicity, skin colour, religion, nationality, gender, sexual orientation, age or disability.

Training and skills development

We shall develop our employees and managers through training in the line organisation, relevant skills development programmes and experience sharing across AF. AF develops its own skills development programmes to ensure we have a robust organisation and good management capacity. Internal recruitment and career development and mobility are also of vital importance to ensuring we have a good composition of specialist expertise and management at all levels.

Working hours and work-life balance

AF Gruppen complies with applicable national laws and regulations in the countries where we operate when concerning working hours and leave arrangements. The general rule is that work tasks must be carried out during normal working hours as regulated in the Working Environment Act, however some business units and projects have agreements for shift or rotation arrangements.

S1-1

Policies

Violence and harassment in the workplace
Conduct and activities that do not promote a good working environment must not occur at AF. This applies, for example, to threats and violent behaviour. Our employees shall have a safe and good working environment in which harassment is not tolerated. This is set out in the Code of Conduct.

S1-2

Dialogue with our employees

DIALOGUE WITH OUR EMPLOYEES

The Board of Directors and Corporate Management Team place major emphasis on employee involvement to ensure that our employees have the opportunity to influence their employment conditions, including significant actual and potential impacts. Based on results from the employee satisfaction survey (ESS) and dialogue with our employees, we believe that we have appropriate arenas for dialogue. Key arenas for dialogue are listed below; see also the overview of employee involvement in SBM-2.

Employee representation and unionisation
AF has an employee representative and safety representative arrangement which ensures that employees have an opportunity to influence their working conditions, and the Group has two full-time Group employee representatives. AF also has employee representation on the Board of Directors. We also have a dedicated Works Council and Working Environment Committee with representatives from the Corporate Management Team, the employees and senior employee representatives. The committee shall work to ensure a safe working environment and participate in the planning of the HSE work, as well as monitor developments in issues concerning the safety, health and welfare of employees. The committee meets four times a year. In line with the policies in the UN's Global Compact, AF also facilitates the conditions for technical staff and production workers to join a union.

Employee surveys and appraisal interviews
To ensure open dialogue and effective feedback, AF conducts an ESS every two years. The most recent survey was conducted in 2023. The survey is conducted by an independent third party and is distributed in nine languages to reach as many people as possible. The survey measures employee well-being, their perception of development opportunities, the working environment and the organisation's compliance with AF Gruppen's values. It also contains questions about possible discrimination, as well as diversity and inclusion. The survey is also used to map any incidents involving contentious conditions and how the employees perceived that these incidents were handled. Our whistleblowing systems and routines are also a topic in the survey.

AF actively works to understand and follow up on the results, and the survey helps to shed light on the risk of discrimination and other contentious conditions at a detailed level. Based on the results from each business unit, an action plan is formulated and followed up in subsequent quarterly reviews. In addition, corporate functions follow up on individual surveys, actions and effects on the unit when necessary.

In addition to the day-to-day contact between the employee and their immediate superior, a minimum of one annual employee development interview must be conducted to ensure that the employee's development and training requirements have been reviewed. This is also an important channel through which employees can draw attention to other matters.

Networks and arenas for exchanging experiences
Established networks and arenas for exchanging experiences headed by AF's corporate functions are an arena that contributes towards ensuring that important input from the organisation is communicated to the Corporate Management Team to enable measures to be implemented when necessary. The HR and HSE networks that have been established across AF Gruppen's units are examples of these networks.

S1-3

Processes to remediate negative impacts and channels for own workforce to raise concerns

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS

Everyone who works for AF shall have a safe and secure workplace. We want a good, equal working environment and will safeguard the rights of our employees in accordance with applicable legislation and international human rights. In addition to the day-to-day contact between the employee and their immediate superior, a number of reporting mechanisms have been established to ensure that contentious conditions and negative impacts are appropriately followed up. Central channels are listed below.

All employees in AF Gruppen have a right to report on misconduct and negative impact. Our whistleblowing policies follow an established process in which whistleblowers are protected from retaliation as a result of their whistleblowing actions. Whistleblowing is described in more detail in G1 Business conduct.

All companies in AF Gruppen work purposefully and systematically to avoid work-related health issues and serious incidents. All undesired incidents and circumstances are registered and dealt with in the non-conformance system Synergi Life or similar systems in order to find the underlying causes and measures for improvement. Serious incidents are followed up in detail through investigation processes involving all levels of the organisation. The purpose of our investigations is to identify opportunities for improvement and measures to prevent similar situations from occurring again and we actively use these experiences in our systematic risk management.

Emergency preparedness work is also a very high priority at AF. Each project must compile a list of defined risk and accident situations that form the basis for the project's emergency preparedness plan. The list will vary from project to project, however, the most relevant incidents will be serious work accidents. The procedure describes how an accident must be handled and includes among other things, the selection of an accident site leader, contact with the authorities, communication with the construction client or customer, and mobilization of crisis staff. Further information relating to emergency preparedness is provided in G1 Business conduct.

S1-5

Targets

TARGETS

Target attainment

TOPIC	TARGET	2024	2023
Safety	LTI-1 = 0	0.5	0.8
Safety	LTI-2 < 5	6.9	7.9
Job satisfaction	ESS > 5	ESS not carried out	5.2
Job satisfaction	100% have one annual employee development interview	Data not collected	67%
Apprentices	Proportion > 7%	6.0%	5.5%
Specialist expertise	Proportion with trade certificates > 60%	48.0%	45.0%
Gender equality	20% of total	10.7%	9.8%
Gender equality	40% administrative staffs	21.0%	19.5%

The Group strategy towards 2028 has goals within the areas of preferred employer, robust organisation and good management capacity, strong culture and high job satisfaction, and targeted skills development. These areas are brought together in the strategic initiative Management and Disciplines. AF has also established targets related to safety. The Group strategy sets requirements and expectations for how each individual business unit needs to work on operationalising the topics in order to achieve the targets.

The 2024 strategy process had close involvement of key stakeholders and own employees in order to develop proposals for objectives in the Group strategy. Specialist resources in our companies provided input and priorities, which were discussed with the directors of the companies throughout the Group through several management group

BOARD OF DIRECTORS' REPORT

S1-5

Targets

meetings, and proposals for formulating goals were tested in selected management groups in AF's companies. Specialist resources in the corporate functions were also closely involved in the preparation of analyses and supporting documents for the Corporate Management Team's strategy meetings during the autumn, and presented specific recommendations regarding goals for the next strategy period.

Our targets are linked to AF Gruppen's policies described in S1-1. Among other things, our employees have the opportunity to monitor target attainment through established forums and our external reporting. It is not considered relevant to establish the baseline year from which progress is measured.

Preferred employer

▶ **AF shall be the industry's most attractive employer among women and men at prioritised target schools and study programmes. The target schools and study programmes are defined in the Group strategy.**

In the strategy for the next period, we have refined the goal of being an attractive employer to apply to prioritised schools and study programmes, and not across all Universum survey respondents. However, the Universum survey will continue to serve as the basis for the measurements.

In addition to the quantitative objective of being a preferred employer, the Group strategy describes the following qualitative objectives for AF:

- Ensure we are the preferred choice for our employees over time.
- Strengthen our partnerships with prioritised educational institutions to improve access to the best people.
- Ensure visibility to recruit the best people and build pride in the team.
- Recruit employees who contribute to value creation and position us as an attractive choice for prioritised target groups.
- Work to ensure that AF Gruppen and the construction and civil engineering industry are an attractive career choice for both women and men.

Robust organisation and good management capacity

▶ **AF will offer the best leadership development in the market for managers at all levels and has the goal of developing managers through internal training.**

The Group strategy towards 2028 describes the following qualitative objectives for AF:

- Work systematically on building a robust organisation with sufficient managerial capacity through leadership development and internal recruitment.
- Ensure good career planning and training within the organisation through goal-oriented and supportive leadership.
- Systematically conduct succession planning and evaluation of managers and management teams.
- Ensure compliance with the core principles of our project operations and practice leadership that strengthens our ability to take risks.

Strong culture and high level of work satisfaction

▶ **AF's goal is that all employees shall have a minimum of one annual employee development interview.**

In 2023, 67 per cent of employees had at least one employee development interview. We use the ESS as a channel for measuring the number of interviews conducted.

▶ **AF's goal is for the ESS score to be higher than 5 on a scale from 1 to 6.**

The ESS conducted in 2023 shows that our employees are very satisfied with their jobs and with AF as their employer. The ESS is conducted every two years. The result for 2023 was 5.2, which was the same result from the previous survey in 2021. The results showed no significant differences between women and men, seniority or across age groups.

S1-5

Targets

▶ **AF has a long-term strategic goal of increasing the proportion of women among salaried employees to 40 per cent and the overall proportion of women to 20 per cent. Our goals include ensuring that the distribution of new hires by gender reflects the entire recruitment pool and that men and women receive an equal proportion of promotions relative to their ratios.**

In 2024, the proportion of female employees at AF was 10.7 per cent (9.8 per cent) in total and 21.0 per cent (19.5 per cent) among salaried employees. At the end of 2024, AF had one woman and six men in the Corporate Management Team.

In addition to the quantitative objectives relating to employee development interviews, high level of job satisfaction and percentage of female employees, the Group strategy describes the following qualitative objectives for AF:

- Uphold a set of shared core values which contribute to creating a distinct corporate culture.
- Have an inclusive, safe and good working environment that ensures motivation, job satisfaction and equal opportunities for all employees.
- Build the best teams that are characterised by performance, professional pride and job satisfaction.
- Our differences and diversity in skills, expertise, perspectives and experiences will be used as a foundation for development, innovation and competitiveness.

Targeted skills development

▶ **Each unit at AF shall have established and implemented a training programme for basic skills in project management.**

Through the strategy process in 2024, AF management formulated a new objective for skills development. The objective was formulated considering a decentralised organisational structure and stipulates that all companies must establish and adopt the use of training programmes in their respective units. The programme must be based on basic project management skills and shall ensure compliance with the basic principles of our project activities.

▶ **More than 7 per cent of AF's skilled workers shall consist of apprentices.**

As of the fourth quarter of 2024, the proportion of apprentices among skilled workers was 6 per cent.

▶ **The proportion of skilled workers at AF with a trade certificate shall exceed 60 per cent.**

As of the third quarter of 2024, the proportion of skilled workers with a trade certificate was 48 per cent.

In addition to the quantitative objectives relating to skills development, apprenticeships and specialist expertise, the Group strategy describes the following qualitative objectives for AF:

- Offer the market's best leadership development for managers at all levels.
- Develop the foremost specialist groups in strategically important disciplines.
- Systematically develop managerial and professional roles through training within the organisation, relevant skills development programmes, and arenas for knowledge sharing.
- Develop expertise through the AF Academy that complements training within the organisation.
- Strengthen basic project management skills through systematic training in each unit.

Health and safety

▶ **AF's primary objective in the Group strategy is to have zero serious injuries and zero lost time injuries, i.e. an LTI-1 rate of zero. In addition, our LIT–2 rate shall be less than five.**

AF shall avoid all types of injuries, illness and complaints resulting from the work, and we focus in particular on avoiding occupational accidents that lead to serious injuries and health exposure that may result in long-term or permanent disability.

S1-5

Targets

The injury rate has shown a positive trend throughout the years, from an LTI-1 rate of around 20 for the Norwegian operations in the early 1990s, to an LTI-1 rate of 0.5 (0.8) in 2024. This is the lowest LTI–1 rate ever measured in AF Gruppen.

The LTI-2 rate also trended in a positive direction, from a rate of around 10 at four to ten years ago, to 6.9 in 2024. This is the lowest LTI–2 rate ever measured in AF Gruppen.

AF has a goal of zero work-related absenteeism.
AF works systematically and long-term to achieve a "healthy" sick leave situation and to prevent absence caused by conditions at work. A "healthy" sick leave absence situation at AF Gruppen is when absence due to illness is less than 3 per cent. Absence due to illness in 2024 was 4.1 per cent (4.1 per cent). This is lower than the average for the construction and civil engineering industry, for which the average in 2023 was 5.9 per cent (according to data from Contractors Association - Building and Construction EBA).

S1-4

Actions and resources

ACTIONS AND RESOURCES

AF Gruppen actively works with actions that are designed to take care of our employees and avoid negative impacts. Our priority actions address material impacts, risks and opportunities. Presented actions are structured in line with our strategic priorities. For additional information regarding the effect and measurement of actions to what is described below, reference is made to AF's target attainment in the previous chapter. The presented actions do not provide an exhaustive overview of how we work on these matters, however, do provide a representative overview of priority actions and AF's work in these areas.

Preferred employer

At AF, we will recruit and develop employees who contribute to value creation, and we have a long tradition of attracting, developing and retaining talented people. Internal recruitment and career development and mobility are vital to ensuring we have a good composition of specialist expertise and management at all levels.

AF will strengthen our partnerships with prioritised educational institutions to improve access to the best people. The "Take My Job" student concept was introduced in 2023, and provides engineering students with the opportunity to explore and test out the jobs of actual AF employees. The concept provides students with valuable insights into the positions and what their working day looks like by solving various challenges in a job simulator visualised in a digital AF world. The purpose of the concept is to provide engineering students with better professional insight into the construction and civil engineering industry, as well enabling them to become better acquainted with AF as a construction company and our carrier opportunities.

Universum surveys on ideal employers for students and employed people also provide insights into which company attributes women and men find most important in their choice of employer, and allow us to compare how AF Gruppen is perceived as an employer in relation to these attributes. We use this information to prioritise relevant actions to ensure that we consistently appear as an attractive employer for both women and men.

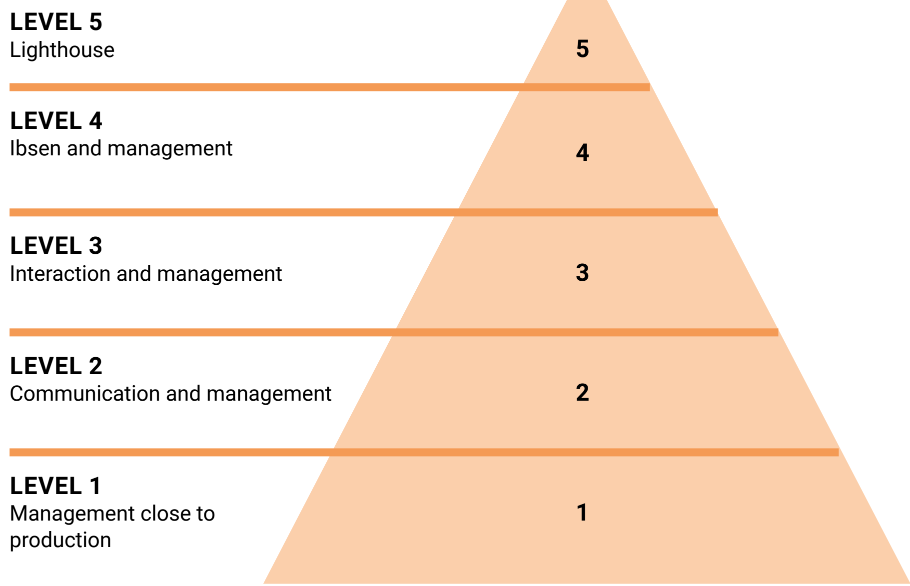
Robust organisation and good management capacity

AF's goal is to develop managers through internal training, and AF's many capable employees are given an opportunity to assume managerial positions at an early stage. We will offer the best leadership development in the market, and currently offer a five-level management training programme which is also an arena for networking across the Group and for exchanging experiences. Ensuring there is good and adequate management capacity in an ever-growing AF is one of our strategic priorities. A good succession overview and systematic succession planning ensure we have a robust organisation and minimise operational risk, while strengthening career opportunities for our employees. AF's Corporate Management Team conducts an annual review and follow-up of the succession plans of the different units.

S1-4

Actions and resources

MANAGEMENT COURSE LEVELS



Level 1 Management close to production

The course is adapted to the various units in AF and its purpose is to provide managers with processes and tools for managing production.

Level 2 Communication and management

The purpose of the course is to raise awareness of and improve the manager's communication skills and provide an understanding of the processes that a manager often encounters. Participants work on developing an understanding of themselves and their strengths, as well as gaining a good understanding of AF Gruppen's values and business model.

Level 3 Interaction and management

The purpose of the course is to provide participants with professional training and management tools to enable them to better perform their roles and support their own leadership development. The management course is targeted at experienced employees who have significant financial, personnel or specialist responsibilities. Key elements include management and development of others, team building, risk management and finance.

Level 4 Ibsen and management

The purpose of the course is to provide participants with the opportunity to reflect on their own leadership. Discussions in groups and in plenary are based on the famous Henrik Ibsen play "Peer Gynt" and how leadership through action builds character. Based on reflections about Ibsen's "Peer Gynt", participants are inspired to set goals for their leadership and the type of leader they wish to be.

Level 5 Lighthouse

The course is designed for experienced and highly performing managers and its purpose is to assist participants in taking a further step in their leadership development. Time is allocated for networking together with the Corporate Management Team and managers from all parts of AF Gruppen. The course consists of three gatherings that are divided between Paris and Oslo, and which include lecturers from international universities and colleges such as ESSEC, EDHEC Business School and Sciences Pro. Participants are offered additional training throughout the period, with ongoing dialogue about goals and development.

BOARD OF DIRECTORS' REPORT

S1-4

Actions and resources

Strong corporate and high level of work satisfaction

We shall have an inclusive, safe and positive work environment that ensures motivation, job satisfaction and equal opportunities for all employees.

For both skilled workers and administrative staff, we see that the employee development interview has an important impact on work satisfaction and the overall perception of management. In 2024, we carried out the "Have a chat" campaign with the goal of drawing attention to the employee development interview process to increase the completion rate. We will be able to measure the effect of this campaign next year when we conduct a new ESS.

During the course of a career, one goes through different life phases with different needs in terms of adaptation. Each employee and manager has the opportunity to adapt the work situation as required. Among other things, we make arrangements for employees who have young children. We facilitate parental leave and ensure that taking leave will not impact further career development at AF. This is achieved by having good routines before, during and after the leave period. Digital guides and courses are used before the leave period to ensure good dialogue around the individual's expectations for the leave and the subsequent period.

Diversity and equality at AF Gruppen is a line responsibility and a topic that is closely linked to corporate culture and job satisfaction. To be able to recruit, develop and retain the best talent, we need to recruit talent from a broader and more diverse base. AF believes that different perspectives lead to better decisions, and therefore diversity adds value and increases our competitiveness. These interventions are constantly evolving in line with identified risks and needs, and already cover the areas of recruitment, employee development, the working environment and awareness initiatives. Since 2019, AF has worked in a structured and systematic manner with diversity and inclusion through a Group initiative that brings together representatives from a broad range of AF's activities, including representatives from the Corporate Management Team and operations. The initiative will contribute towards making AF a better workplace for all employees. AF Gruppen's toolbox for diversity and inclusion includes having comprehensive knowledge about the Group's own business, and is based on close dialogue with external stakeholders such as the industry network for equality and prevention of discrimination, Diversitas, #EqualityCheck and the CORE research group. During the year, several measures were implemented in the areas of recruitment, job facilitation and awareness campaigns such as "Here everyone is of equal worth".

For many years, AF Gruppen has monitored and ensured that gender is not a factor that affects employees' annual pay rises for the same job levels or groups as part of the annual salary adjustment process, in order to uncover any discrepancies and implement follow-up actions. Comprehensive analyses are carried out each year which are reviewed by the Corporate Management Team and presented to the Board. Each of AF Gruppen's subsidiaries carries out and reports on the employment equity status in accordance with national legislation.

Unconscious discrimination in connection with recruitment can also be an obstacle to gender equality, and we work actively on measures to attract a larger group of people who represent broader diversity for the industry and to strengthen the understanding of diversity and inclusion in our recruitment processes. These measures include:

- Having a structured recruitment process in place involving the use of aptitude tests and having both genders in interview panels.
- Training managers to increase awareness of unconscious discrimination.
- Using pictures of employees of both genders in job advertisements, recruitment campaigns and other promotional materials.
- Quarterly measurements of appointments by gender and level.
- Review of job requirements in our applications to ensure fair and non-discriminatory recruitment processes.
- Ensuring clear communication related to diversity and inclusion in our college/ university tours, as well as in our apprenticeship initiative.

S1-4

Actions and resources

Targeted skills development

Developing the knowledge and skills of our employees is the most profitable investment we can make. Practical training in the projects is the most important tool for promoting professional development and AF's decentralised decision-making structure provides early opportunities for talented employees to assume responsibility. The breadth of AF's expertise environments provides a good foundation for professional development and career opportunities throughout the Group.

All of the Group's courses, training and management programmes are combined under the AF Academy. The Academy develops the capacity and skills of our employees to enable us to take on the most demanding assignments. We give all employees the opportunity for development in both professional and management areas, and we have a combination of physical and digital courses. Motimate, which is AF Gruppen's digital course portal, provides easy access to courses, the exchange of experiences and guidance. AF Gruppen has also established networks and arenas for internal sharing of experiences that derive benefit from the breadth of expertise across business activities.

In recent years, AF has intensified its focus on apprenticeships with the goal of inspiring more young people to select vocational study programmes and ensuring we have the right skills. To succeed in this, we have worked actively with having a presence in schools and with targeted communication on social media. We have worked closely with schools and career advisers to combat prejudices and promote positive attitudes to the construction and civil engineering sector. One example of this is our participation in Bygg Arena Arendal, an initiative designed to bring together construction, civil engineering and property participants in Arendal Week. We also actively participate in the "Attractive Sector" working group, organised by the Construction City cluster, with the aim of increasing the attractiveness of the sector.

Health and safety

Health and safety work has a high priority at AF Gruppen and is an integral part of the management at all levels of the organisation. AF employees receive extensive training in both the fundamentals and systems related to HSE through the AF Academy. The courses that are offered include a 40-hour basic course in which participants receive fundamental training in systematic HSE work, including introduction to applicable laws and regulations, AF's internal requirements and methods and health and safety work in practice. Furthermore, full-day courses are also offered in the field of risk management HSE and accident investigation.

There is a strong willingness to continuously improve, and reporting and following up undesirable incidents is of vital importance to this work. In 2024, 51,069 (55,089) undesirable incidents (RUI) were reported. This is equivalent to an RUI frequency of 4.5 (4.4)[1] . Reporting of undesirable incidents is described in more detail in S1-3.

The work to prevent injuries is systematic and continually ongoing, and AF Gruppen works purposefully through several specific measures:

- The online tool Clara is used for managing HSE risk associated with the activities in a project. In this system, we share experiences from previous incidents and strengthen communication and follow-up of barriers.
- Safetalk is a simple conversational tool used to detect and influence risk, as well as to strengthen safety awareness among skilled workers. The tool facilitates safety conversations between skilled workers prior to or during work situations. The use of Safetalk is increasing.
- Campaigns aimed at increasing the use of gloves to reduce the number of cut injuries to hands and fingers. This has led to a decrease in the number of cut injuries in recent years.
- Introduced the use of industrial climbing helmets with chin straps in all our projects. It appears that this may have had some effect. The number of head injuries resulting in LTI-1 and LTI-2 injuries has halved since 2021.

[1] RUI frequency = (number of RUI x 1,730 hours)/total number of hours worked

BOARD OF DIRECTORS' REPORT

S1-4

Actions and resources

Health-related work is a natural and prioritised part of our HSE efforts in the same way as safety work. The goal is to have a working environment that promotes health and well-being and that no one gets sick from working at AF. We are aware that some of the absence due to illness is work-related and therefore work systematically and with a long-term perspective to achieve the goal of a "healthy" sick leave absence situation without any work-related absence due to illnesses. AF Gruppen also makes preventive efforts to prevent long-term absence. We offer courses and tools to empower managers to help employees who are facing various challenges. In 2024, we also marked World Mental Health Day with fundraising collections, courses, talks, and information packages that were shared with the projects.

In accordance with statutory requirements, all of AF's companies are affiliated with a government approved occupational health service. Each business unit is responsible for the choice of occupational health service, however, AF has an internal occupational health service which is a strong, professional and positive advisor that assists in preventive health work. The occupational health service shall assist the employer, employees, working environment committee (AMU) and safety service in preventing work-related problems and illnesses, and create healthy and health-promoting working conditions. The occupational health service monitors employee health through regular occupational health check-ups, and assists the sick leave assessment committees that have been established in the business units to ensure that everyone with absence due to illness is followed up well. Based on the working environment model, we also work systematically to identify and improve conditions in the working environment that can contribute to musculoskeletal problems.

AF has defined the 15 most applicable forms of exposure that employees may encounter at work. These forms of exposure are communicated digitally and physically to employees via so-called 'health cards', to ensure knowledge transfer. These cards are available in several languages. Health risks can also be reviewed and analysed in Clara.

S1-6-S1-17

Methodology for reported data

METHODOLOGY FOR REPORTED DATA

S1-6	Employees		Number	Direct reporting as of 31/12
	Gender distribution		Number	Direct reporting as of 31/12
	Geographical distribution		Number	Direct reporting as of 31/12
	Type of contract		Number	Direct reporting as of 31/12
	Turnover		Defined in S1-6.	Direct reporting as of 31/12
S1-7	Non-employees		FTEs	Estimate based on reporting as of 30/09.
S1-8	Collective pay agreements		Number	Estimate based on reporting as of 30/09.
S1-9	Gender distribution Management		Number	Direct reporting as of 31/12
	Age distribution		Number	Estimate based on reporting as of 30/09.
S1-13	The AF Academy		Number	Course portal data for 2024
	E-learning		Number	Course portal data for 2024
	Management courses		Number	Registered course participants in 2024
	HSE courses		Number	Course portal data for 2024
S1-14	Accidents and injuries		Defined in S1-14	Direct reporting for 2024
	LTI-1 rate		Defined in S1-14	Direct reporting for 2024
	LTI-2 rate		Defined in S1-14	Direct reporting for 2024
	Absence due to illness		Defined in S1-14	Direct reporting for 2024
S1-15	Parental leave		Number	Estimate based on reporting as of 30/09.
S1-16	Salary mapping		Defined in S1-16	Estimate based on reporting as of 30/09.
S1-17	Incidents		Number	Reporting via whistleblowing channel for 2024

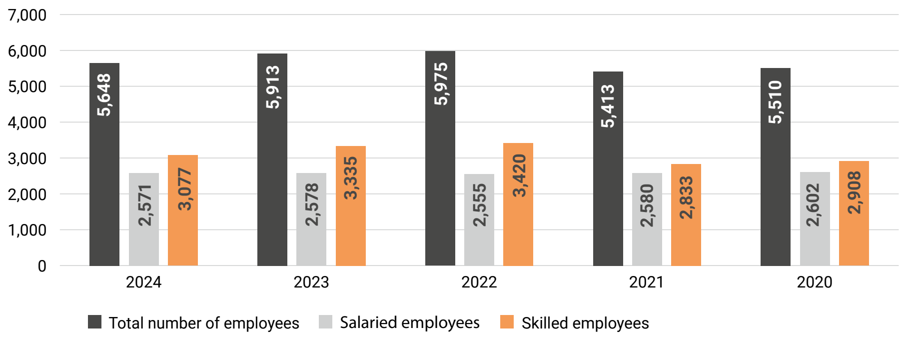
BOARD OF DIRECTORS' REPORT

S1-6

Characteristics about the company's employees

CHARACTERISTICS ABOUT THE COMPANY'S EMPLOYEES

EMPLOYEES AT AF GRUPPEN



EMPLOYEE CHARACTERISTICS		
EMPLOYEES	**2024**	**2023**
Total number of employees	5,648	5,913
Number of salaried employees	2,571	2,578
Number of skilled employees	3,077	3,335
Gender		
Men	5,042	5,334
Women	606	579
Proportion of women as a %	10.7%	9.8%
Country		
Norway	4,688	4,842
Sweden	894	1,020
Lithuania	27	21
Germany	25	25
Denmark	8	-
United Kingdom	6	5
Turnover		
Number	980	1,251
Proportion	17.0%	21.0%
Proportion of voluntary departures	13.1%	16.8%
Permanent and temporary employees		
Permanent employees	5,394	
Men	4,832	
Women	562	
Temporary employees	254	
Men	210	
Women	44	
Full-time and part-time employees		
Full-time employees	5,537	
Men	4,963	
Women	574	
Part-time employees	111	
Men	72	
Women	39	

S1-6

Characteristics about the company's employees

$$\text{Turnover} = \frac{\text{Voluntary departures, termination and retirement}}{\text{(Number of employees previous year + number of employees current year)/2}}$$

Turnover includes voluntary departures, termination or retirement. Only five cases of involuntary part-time work were reported. See Note 7 Payroll costs, for information on the average number of FTEs in the Group.

S1-7

Non-employees

NON-EMPLOYEES

NON-EMPLOYEES	2024
Gender	**FTEs**
Total	183
Self-employed	82
Staffing agency	101

S1-8

Collective bargaining coverage and social dialogue

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

COLLECTIVE AGREEMENTS	
Coverage	**Country**
0–19%	Other countries
20–39%	IA
40–59%	Norway
80–100%	Sweden

AF facilitates the ability of technical staff and production employees to unionise. A larger proportion of employees in Sweden are unionised than in Norway and this is due to Sweden having a larger proportion of administrative employees who are part of a union.

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

The number of employee-elected board members on the Group Board shall be three, of whom one member is elected among employees with a collective bargaining agreement with the "Joint Agreement for building trades" and the "Agreement for private construction", and one member is elected by other employees. This entails that, in addition to the shareholder-elected representatives, there are three employee representatives on the Board of AF Gruppen ASA. Employee representatives are tasked with helping to ensure there is corporate democracy at the company on behalf of the employees. AF Gruppen's other subsidiaries have employee — representatives in accordance with relevant legislation. The Group also has two full-time Group employee representatives.

BOARD OF DIRECTORS' REPORT

S1-9

Diversity and equality

DIVERSITY AND EQUALITY

GENDER DISTRIBUTION CORPORATE MANAGEMENT TEAM

	2024		2023	
Gender	Number	Proportion	Number	Proportion
Women	1	14%	1	14%
Men	6	86%	6	86%

Senior management at AF Gruppen is defined as the Corporate Management Team. AF Gruppen also has a management team of 47 people that consists of directors of business units and key staff functions (in addition to the Corporate Management Team). This management team consists of 42 men and 5 women.

AGE DISTRIBUTION

	2024	
Gender	Number	Proportion
Total number of employees	5,648	100%
Employees under 30 years of age	1,145	20%
Employees aged between 30 and 50 years	2,883	51%
Employees over 50 years of age	1,620	29%

S1-13

Training and skills development

TRAINING AND SKILLS DEVELOPMENT

Performance and career development assessments are systematised through our employee development interviews. We use the ESS to measure the number of employee development interviews that have been completed. Based on the ESS conducted in 2023, 67 per cent of employees had a minimum of one employee development interview in 2023. Of those who had at least one annual employee appraisal interview, 10.1 per cent were women and 89.9 per cent were men.

AF invests a great deal of time and resources into employee development through training in various production roles and through development in the AF Academy. We do not have the average number of course hours for each employee per gender, and what we present is available data for the Group's courses and skills development programmes. In 2025, we will work with developing the reporting in this area.

MANAGEMENT COURSE

Level:	Number of employees that completed courses in 2024
Level 1:	Conducted under the direction of the individual business unit and not through the AF Academy
Level 2:	134
Level 3:	40
Level 4:	32
Level 5:	21

A total of 1,833 employees completed courses through the AF Academy in 2024, of whom 707 employees attended HSE-related courses. AF Gruppen's digital course offerings are accessed by both AF employees and employees of AF Gruppen's partners and subcontractors. In 2024, more than 80,000 courses were completed in AF Gruppen's e-learning system. Course completions apply to internal employees and external partners. In addition, each business unit at AF Gruppen also conducts its own courses that supplement digital courses and the AF Academy.

S1-14

Health and safety

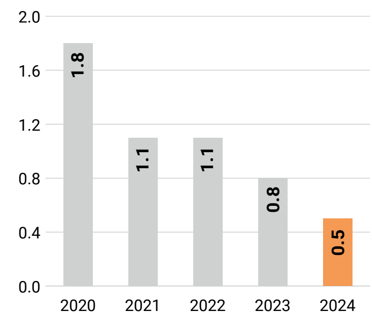
HEALTH AND SAFETY

HEALTH AND SAFETY

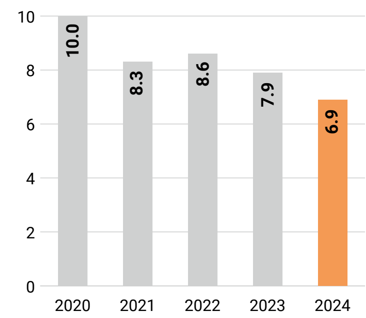
	2024		2023	
	Own employees	Subcon-tractors	Own employees	Subcon-tractors
Deaths resulting from work-related injury	0	0	0	0
Work-related accidents	79	56	107	63
Accident rate	8.2	5.7	10.7	5.4
Days lost due to work-related injuries	507	217	907	627

	2024	2023
LTI-1 rate (includes both own employees and subcontractors)	0.5	0.8
LTI-2 rate (includes both own employees and subcontractors)	6.9	7.9
Absence due to illness (own employees)	4.1	4.1

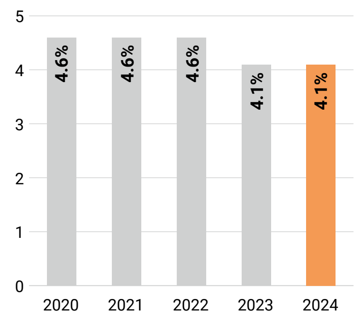
LTI-1 RATE



LTI-2 RATE



ABSENCE DUE TO ILLNESS



LTI-1 rate: The number of lost time injuries and serious personal injuries per million man-hours. AF Gruppen includes all subcontractors when calculating the LTI-1 rate.

LTI-2 rate: Number of lost time injuries and serious personal injuries + number of injuries requiring medical treatment + number of injuries resulting in alternative work per million man-hours. AF Gruppen includes all subcontractors when calculating the LTI-2 rate.

Accident rate (as defined in the ESRS): number of work-related accidents per one million working hours (equivalent to LTI-2 rate).

All employees at AF Gruppen are covered by our HSE system. AF Gruppen does not have quantitative data pertaining to work-related ill health resulting from exposure in the workplace.

BOARD OF DIRECTORS' REPORT

S1-15

Work-life balance

WORK-LIFE BALANCE

All AF Gruppen employees are entitled to parental leave. There are different rules for parental leave in the countries in which AF Gruppen operates. Norway and Sweden have the most beneficial leave schemes, both in terms of the length of time and the proportion of paid leave. A total of 7.1 per cent of all employees at AF took family-related leave in 2024. 58 women (9.6 per cent of the total number of women) and 345 men (6.8 per cent of the total number of men) took family-related leave in 2024.

S1-16

Remuneration metrics (pay gap and total

REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

WAGE DISPARITIES

	2024	
	Basic pay	Total compensation
Administrative staff	21.8%	25.1%
Skilled workers	26.0%	21.0%
Total	**23.4%**	**20.6%**

Remuneration ratio	2024
Total remuneration ratio	11.8

Pay gap between genders: the difference in average pay level between female and male employees.

Total remuneration ratio: the ratio between total remuneration for the highest paid employees in AF Gruppen and the median for all employees (excluding the highest paid person).

No systematic wage disparities between the genders have been revealed. Salaries primarily reflect expertise, responsibility and experience, and gender equality verifications have been implemented in internal processes related to pay adjustments to ensure that gender does not impact salary increases. Our analyses show that the challenge lies in the number of women in certain types of positions rather than systematic wage disparities.

When concerning AF Gruppen Norge AS, which is the largest operating company in AF Gruppen, women have a higher average basic wage than men. Based on an assessment carried out in 2023, this was primarily due to the fact that skilled workers, 98.3 per cent of whom were men in 2023, have a lower basic wage than administrative employees. If we limit the comparison to administrative employees, men have a higher average basic wage than women, which is attributed to longer average work experience among men and the fact that men are overrepresented in managerial and line management positions. Men also have a higher total salary than women. This is because it is more often the case that men have positions with responsibility for performance, and are therefore more likely to have performance-based bonuses.

S1-17

Incidents, complaints and severe human rights

INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

In 2024, AF Gruppen received and assessed five whistleblowing cases that can be classified under the whistleblowing category of discrimination. The conclusion following the assessments that were carried out was that there had been no discrimination in any of these cases. No fines, penalties or compensation claims relating to discrimination cases were imposed on or brought against AF Gruppen in 2024. AF Gruppen's whistleblowing committees received four notices of concern from our own workforce in 2024. None of these notices of concern were found to violate AF Gruppen's Code of Conduct, the Working Environment Act or other laws.

During the 2024 reporting year, AF Gruppen was not involved in serious human rights issues or incidents concerning its own workforce, nor in relation to the UN Guiding Principles on Business and Human Rights or the OECD Policies for Multinational Enterprises. AF Gruppen has not been subject to fines, penalties or compensation for serious human rights problems and incidents related to its own workforce. There were no cases in which the Group was involved in ensuring aggravated damages were paid to anyone impacted by serious human rights abuses.

BOARD OF DIRECTORS' REPORT

S2 WORKERS IN THE VALUE CHAIN

AF sets requirements for those we work with and shall have partners who do not compromise on safety and ethics.

SBM-3

Material impacts, risks and opportunities

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

Workers in the value chain include AF Gruppen's subcontractors and other suppliers in the value chain. Subcontractors are considered workers in our value chain, but are included in our safety reporting of LTI-1 and LTI-2 rates in S1 Own workforce.

MATERIAL TOPICS

Sub-topic	Sub-sub-topics
Working conditions	Secure employment
	Working hours
	Adequate wages
	Health and safety
Equal treatment and opportunities for all	Actions to prevent workplace harassment
Other work-related rights	Child labour
	Forced labour
	Decent housing conditions
	Water and sanitation

S2-1

Policies

POLICIES

AF Gruppen shall only partner with suppliers and subcontractors who are committed to complying with the conduct values and requirements outlined in our Purpose, Goals and Values and our Code of Conduct. By entering into an agreement with AF Gruppen, one accepts this declaration with its entire contents, and undertakes to forward this on in the supplier chain. Suppliers must comply with all relevant laws and regulations, as well as fully comply with the UN Global Compact, the UN Universal Declaration of Human Rights and relevant ILO conventions. The Suppliers Statement specifically addresses topics such as:

– Working hours and pay
– Forced labour, social dumping and child labour
– Health and safety
– Working environment and discrimination
– Climate and environment
– Combating corruption
– Undeclared work, money laundering etc.
– Price cooperation
– Impartiality
– Confidentiality and dealing with the media
– Whistleblowing
– Auditing

The Supplier Declaration stipulates that work cannot be set aside without written clarification with AF Gruppen, and that work shall not be set aside for more than one underlying contractual relationship. AF Gruppen can sanction violations of the Supplier Declaration by refusing entry to people, reducing payments or cancelling contracts.

Safety work at AF includes everyone at our construction sites, and the policies described in S1 therefore apply to both our own employees, as well as subcontractors and suppliers in all our projects. Among other things, this applies to HSE procedures,

S2-1

Policies

training, investigation and AF's emergency preparedness plan. A separate HSE document has been prepared as a mandatory appendix to contracts entered into with our suppliers. The purpose of the appendix is to clarify the obligations and conditions that relate to HSE on our projects at an early stage.

S2-2

Dialogue with workers in the value chain

DIALOGUE WITH WORKERS IN THE VALUE CHAIN

AF Gruppen's greatest inherent risk with respect to violations of human rights and decent working conditions has been assessed as being incidents on our construction sites. The corporate staff at AF Gruppen have the overall responsibility for a comprehensive process concerning follow-up at our construction sites, however, the day-to-day follow-up and dialogue are organised in the line and our projects. We also conduct dialogue through, among other things, individual supplier meetings, procurement processes, internal audits and supplier evaluations and surveys. See SBM-2 for more information on AF's dialogue with workers in the value-chain, how this is organised and frequency. AF shall be a preferred partner for strategically important suppliers, and input is forwarded on through established forums and communicated to relevant decision-makers if circumstances are identified that require measures to be initiated.

AF Gruppen is governed by the Transparency Act and follows the OECD policies for multinational enterprises, which is a recognised and recommended due diligence model. The Transparency Act has influenced our efforts to identify and report potential risks related to procurement, as well as the follow-up of suppliers and subcontractors throughout the entire Group. During this year, AF's procurement director has conducted talks with selected suppliers in various fields of expertise (for example, wholesalers, steel suppliers, concrete producers, subcontractor glass/façade and subcontractor parquet), with the purpose of understanding how these suppliers monitor basic human rights and decent working conditions with their suppliers. There is significant variation in terms of maturity and how our suppliers work with due diligence. Our selected suppliers appear to have an appropriate understanding of and approach to risk of violations of the provisions in our Supplier Declaration. The follow-up appears to be adapted to the identified risk level, with several specific measures. For example, several of the wholesalers have full or virtually full control over the country of origin and that, through their network, they have a programme for making visits to the relevant factories in countries where workers may be more exposed to violations of the provisions in our Supplier Declaration. The talks have not altered AF's perception that there are incidents at our construction sites that pose the greatest risk of human rights violations and decent working conditions.

Actual and inherent risks are identified through periodic due diligence assessments conducted by the business units in connection with periodic reporting. The Group procurement director conducts an annual assessment of the Group's total purchases of risk products and/or from countries with a high risk of human rights violations or decent working conditions. Any findings are followed up by the Director of Procurement and Legal, who also follows up on whether actions that have been implemented have been effective by obtaining feedback from internal and external sources, consulting stakeholders and following up on the dialogue with any affected parties.

When purchasing physical input factors for production, which primarily consist of various construction materials, we comply with internationally recognised overviews of what are considered risk products and countries with an elevated risk of having production conditions that are in breach of fundamental human rights and decent working conditions. AF Gruppen has internal requirements to report purchases from what are defined as risk countries by the International Trade Union Confederation (ITUC) and that score a 4 or 5 on its scale. The list of risk products is dynamic and reviewed and updated based on volume and risk. Risk products that have been identified as particularly relevant for AF's construction and civil engineering activities include:

• Cement
• Bricks

BOARD OF DIRECTORS' REPORT

S2-2

Dialogue with workers in the value chain

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

AF's complete reporting on the due diligence process and consequences for the Group in accordance with the Transparency Act are covered in a separate publication. All of AF Gruppen's subsidiaries are covered by this reporting and our due diligence procedures. See the overview in GOV-4 which shows how the disclosure requirements in the ESRS related to due diligence conducted are covered in our sustainability statement.

S2-3

Processes for remediation and to raise concerns

PROCESSES FOR REMEDIATION AND TO RAISE CONCERNS

AF Gruppen encourages workers in the value chain to raise concerns about any contentious conditions. Information on AF's whistleblowing channels is made available on our website and in our projects. See G1 Business conduct, for more information.

Requests for information about AF Gruppen's work on the Transparency Act and due diligence can be sent to apenhetsloven@afgruppen.no.

S2-5

Targets

TARGETS

AF Gruppen has set relevant targets for workers in the value chain that relate to our safety work in the Group strategy towards 2028. The most important measurement parameter for AF's safety work is the LTI–1 rate and the metric of zero serious injuries and zero lost time injuries, i.e. an LTI-1 rate of zero. In addition, our LIT–2 rate shall be less than five. The LTI-1 and LTI-2 rates also include subcontractors who are injured on our projects. See S1-14 for the reporting of LTI–1 and LTI-2 rates, and S1-5 for target attainment.

The 2024 strategy process had close involvement of key stakeholders in order to develop proposed objectives in the Group strategy. Specialist resources in our companies provided input which was discussed with the directors of the companies throughout the Group through several management group meetings, and proposals for formulating goals were tested in selected management groups in AF's companies. In addition to the aforementioned objectives, quantified metrics have not been established with respect to the follow-up of identified impacts, risks or opportunities.

S2-4

Actions

ACTIONS

AF Gruppen has implemented actions to help protect the health, safety and fundamental rights of our own employees. These actions also apply to AF's subcontractors and suppliers in all our projects and address material impacts that have been identified.

AF expects its subcontractors to comply with the same HSE standards that AF adheres to. HSE work is highly prioritised by AF, and actions for preventing injury are systematic and continual. Actions related to AF's safety work are described in S1 Own workforce. Employees of subcontractors are included in our safety statistics and we can therefore measure the effect of actions and initiatives related to our safety work.

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

AF works both proactively and reactively to ensure compliance with our strict requirements. Prequalification and evaluation of suppliers prior to contracts being entered into is a key part of our proactive work to ensure that AF uses reputable suppliers and thereby prevents work-related crime and human rights violations. More information concerning this, as well as tools such as StartBANK, are described in more detail in G1 Business conduct. When subcontractors are approved and given access to a project, they are followed up through spot checks and inspections to verify that their activities comply with the regulations and applicable policies. The most important verifications we carry out are:

- Checks of salary payments and working conditions among suppliers, subcontractors and employment agencies, both by the projects themselves and with the assistance of AF Gruppen's work-related crime adviser (in accordance with the regulations relating to the obligation to disclose information, the obligation to ensure compliance, and the obligation to inspect (påseplikten).
- Access control in projects.
- Internal audits conducted at all levels of the organisation and on-site inspections carried out on the construction site.
- Safety rounds are conducted weekly for all projects to ensure compliance with the regulations for the working environment.
- Requirement to use HMSREG in a steadily increasing number of projects. This is an information system designed to counteract work-related crime and social dumping.

Inspection procedures have been established in order to detect undeclared work, money laundering and corruption. The inspection procedures include ongoing internal reporting and following up purchases of products from risk countries, purchases of risk products and any purchases from blacklisted suppliers, as well as annual monitoring and surveys. Several companies in AF use HMSREG, a system that is used to compile data from other systems. The increased use of HMSREG to digitally follow up documents and information will simplify inspections on construction sites.

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

Corrective actions in the event of significant findings will involve stopping, preventing or mitigating adverse impacts or harm. The specific actions will depend on the specific case and AF's ability to influence the incident in question. AF wants potential issues to be reported internally in order to raise awareness of this type of risk. We have improved our internal training to help ensure that this becomes a stronger element of our culture. A mandatory introductory online course on the Transparency Act was introduced in 2023, and AF will continue to raise awareness about human rights and unacceptable working conditions. No significant findings were identified related to our periodic due diligence conducted by the business units in connection with periodic reporting.

AF has no desire to cooperate with companies that have been or are involved in work-related crime, and we conduct an assessment of the severity of suspicious conditions. At the end of 2024, AF had opted not to use 60 Norwegian actors with whom we do not wish to work based on risk assessments based on the histories of the companies and key personnel. Swedish actors have not yet been excluded, but our Swedish business activities are covered by the same procedure.

In 2025, AF Gruppen will work according to an action plan which will ensure that efforts to counteract work-related crime maintain an equally high standard in our Swedish business activities as they do in Norway. We will use common procedures and methodologies across national borders, but with necessary adaptations to Swedish regulatory requirements and industry-specific initiatives, for example, the "Banking Initiative Sustainable Construction Industry" (Bankinitiativet Hållbar Byggbransch). We consider the risk of WORK-related crime in the Swedish construction and civil engineering industry to be as serious as it is in Norway, and our aim is to ensure that all of our projects, irrespective of country, are carried out with an uncompromising attitude towards ethics and that ensure our partners are not engaging in work-related crime.

BUSINESS CONDUCT

GOVERNANCE

Content ESG

BOARD OF DIRECTORS' REPORT

G1 BUSINESS CONDUCT

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

MATERIAL TOPICS

MATERIAL TOPICS	
Sub-topic	**Sub-sub-topics**
Corporate culture	
Protection of whistleblowers	
Relationships with suppliers	
Corruption and bribery	Incidents
Financial crime	
Information security	

AF Gruppen identified two material entity-specific topics in our materiality analysis: financial crime and information security. Financial crime is a collective term for unlawful acts motivated by profit that are often committed within or that originate from a financial activity that is pretending to be operating legally. AF has defined eight categories of financial crime. Seven of these correspond to the Norwegian police's definition of financial crime, and AF has also defined financial impropriety as a relevant category:

- Bankruptcy crime
- Fraud
- Money laundering
- Securities crime
- Corruption
- Accounting crime
- Tax crime
- Financial impropriety

Financial crime also covers corruption and bribery, and disclosure requirements related to these topics are therefore presented together. Information security is reported in a separate section at the end of this chapter.

G1-1

Business conduct polices and corporate culture

BUSINESS CONDUCT POLICES AND CORPORATE CULTURE

Corporate culture and good business conduct

AF Gruppen is a value-based company and our core values date back to the establishment of AF Gruppen in 1985. The core values are the bedrock of our business activities and characterise everything we do and do not do. Our corporate culture has been built up over time by motivated and capable employees. On-site management, proximity and interaction between the various business units are essential to our continual work on developing a uniform corporate culture. Our employees must be able to identify with and live up to the values of:

– Reliability
– Thoroughness and hard work
– Persistence in achieving profitable growth
– Management through presence and involvement
– Freedom to exercise entrepreneurship and discipline in accordance with goals and requirements.

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Business conduct polices and corporate culture

The documents entitled 'The Code of Conduct' and 'Purpose, Goals and Values' encompass AF's norms for action and interaction and establish the foundation for the AF culture. Compliance with AF's Code of Conduct and Purpose, Goals, and Values are embedded in the Board of Directors, and are put into practice by the Corporate Management Team, in our units and companies, our projects and by our employees. AF's requirements and policies are reflected in these documents.

'Purpose, Goals and Values' provides a brief overview of who we at AF are, what we stand for and what we want to achieve. All of our employees must be aware of our goals and identify with and uphold our core values. A shared set of values and an uncompromising attitude to safety and ethics give us a unique competitive advantage in solving the challenges of the future.

The Code of Conduct contains the rules that AF Gruppen lives by and must be understood and observed by all employees. When assessing candidates for acquisition, decisive importance is placed on whether the company's corporate culture and core values are in accordance with those of AF.

The business model is a description of areas that are of particular importance to AF and are based on the culture created over time. AF Gruppen's business units manage their operations in accordance with independent business plans that support AF Gruppen's business model and Group strategy and are headed by a director or managing director. Read more about AF's business model on pages 20 and 21.

The business model sets requirements and expectations for compliance that need to be reflected in key documents in the companies' management system. The objective of AF's management system is to manage processes and activities to meet AF's goals and visions. Each business unit shall have a management system that is tailored to the organisation's activities and approved by an executive vice president. Internal audits are conducted in all companies through an established audit programme to ensure compliance with both Group requirements and the business units' management systems.

AF Gruppen must be transparent and trustworthy. Laws and regulations are conditions that AF has to comply with and are the cornerstone of the requirements that each individual company at AF needs to meet.

AF Gruppen's suppliers and subcontractors pledge to comply with the conduct values and requirements outlined in our Purpose, Goals and Values, Code of Conduct and Supplier Declaration. When signing agreements with AF Gruppen, one accepts this declaration and all its contents. AF Gruppen has zero tolerance for behaviour that violates the provisions in the Supplier Declaration. This entails that if AF becomes aware of a breach of the Supplier Declaration in a contractual relationship, this may be sanctioned by expelling individuals, reducing payment or terminating the contract.

Corruption, bribery and other financial crime

AF Gruppen has zero tolerance for corruption and other financial crime. This means that employees shall not give or receive gifts and other benefits that might be designed to create doubt about the integrity of AF Gruppen and compliance with current regulations. No-one, by virtue of their position, has the right to use information in order to obtain financial benefits for themselves or others. Our Code of Conduct also forbids the

BOARD OF DIRECTORS' REPORT

G1-1

Business conduct polices and corporate culture

company's employees to discuss, propose or enter into agreements with competitors that may affect the competitive situation.

If an employee has information that could have an impact on the company's share price, then such information shall be treated as confidential information. AF Gruppen has policies related to price-sensitive information and maintains ongoing control of transactions with shares in AF carried out by the Company's employees and their related parties. Abuse of price-sensitive information will result in police charges and dismissal.

The risk of corruption and bribery has been assessed as low. This is primarily the result of AF having two principal markets, Norway and Sweden. The site manager, project manager and managing director of the subsidiary or director of the business unit are the functions that carry the greatest risk due to their involvement when entering into contracts and following up contracts in each project. Policies related to corruption and bribery are based on the identified level of risk that is considered appropriate.

Training

AF employees are able to participate in an induction course where they are provided with an introduction to our Code of Conduct and core values. This ensures that all employees understand what is required, and what is expected of them, and it is an important means of building a corporate culture with high ethical standards. AF also provides management training which covers topics such as procurement, HSE and HR management. These courses include dilemma training and other attitude-forming tasks to ensure that AF's policies are practised uniformly. AF has also developed and delivers a course on the prevention of work-related crime. Furthermore, all subcontractors must complete a mandatory HSE course before starting an AF project.

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

- HSE Forum for questions related to HSE legislation
- HR Forum for safeguarding employee rights
- A-krim Forum for work to counteract work-related crime
- Procurement Forum for questions related to business ethics
- Climate and environmental forum for sharing experiences relating to AF's climate and environmental work
- Quality forum for sharing best practices for management systems and standards
- Cooperation with Fairplay Oslo on preventing work-related crime
- Responsibility forum, an open forum with external and internal participants

Emergency preparedness

AF must be prepared to manage emergency situations at all levels of the organisation. The overall emergency preparedness plan sets out the framework for the organisation of emergency preparedness and plans for companies throughout the AF Gruppen. The emergency preparedness plan describes the framework for how AF establishes and manages all operational, organisational and technical measures that contribute to reducing consequences before, during and after an accident or other serious incident has occurred. The emergency preparedness plan applies to all projects in all units, including subcontractors, hired workers, visitors and others who may be impacted in an emergency situation. Construction clients and our customers may have their own emergency preparedness plans that will provide policies for the projects' emergency preparedness plans.

We need to be prepared for a wide range of challenging situations, such as serious accidents at work, pandemics, cyberattacks and financial crime. In the event of challenging emergency situations, a central crisis team will be mobilised that will manage the overall emergency response efforts and support the management of the project and the affected unit. Incidents will subsequently be analysed in order to establish preventive barriers for the future.

Emergency preparedness exercises provide us with assurance, confidence and the opportunity to identify areas of improvement. Emergency preparedness work at AF

G1-1

Business conduct polices and corporate culture

will always be influenced by the prevailing risk picture. The most probable emergency preparedness situation at AF would be a serious work accident, and the entire AF organisation conducts exercises relating to this on a regular basis. In addition, the emergency preparedness work in 2024 focused on the areas of cyberattacks and financial crime. During the year, emergency management increased interaction with other key specialist resources in the corporate staff through the establishment of an emergency preparedness council for the Group.

Reporting and protection of whistleblowers

Reporting (whistleblowing) involves speaking up about misconduct in the company, including breaches of the law and key policies. According to the Working Environment Act, all employees and hired workers have the right to report and AF also encourages suppliers, partners and others to report misconduct. Examples of misconduct include the following:

- Corruption, embezzlement or other forms of financial crime such as misreporting or manipulating financial reporting.
- Harassment, discrimination or substance abuse in the workplace
- Danger to life and health
- Risk of harm to climate or the environment

THE AF WHISTLE-BLOWING COMMITTEE CONSISTS OF:

- Håkon Stenseth, Director Procurement and Legal (Committee Chair)
- Thomas Gyran, Company Medic
- Sif Løvdal, HR Manager
- Ellen Hammer, Senior HR Adviser
- Christian Berg, Chief Employee Representative/Chief Safety Representative
- Tinis Wensing, HR Manager (Sweden)

AF's whistleblowing channel has been established in accordance with the Working Environment Act and is subject to statutory requirements pertaining to the protection of whistleblowers. Procedures for whistleblowing and managing misconduct shall ensure there is a predictable and prudent approach under which the whistleblower is protected against retaliation. Reports can be submitted either openly or anonymously and both the report and identity of the whistleblower must be treated as confidential information. Reports can be submitted to the line manager, to a more senior manager, via email to the whistleblowing committee (varsling@afgruppen.no) or anonymised by using the reporting form available at www.afgruppen.com/notification. Several business units have also established their own whistleblowing channels. AF Gruppen's central whistleblowing channel is operated by AF's whistleblowing committee, but it is also possible to submit reports anonymously to ensure this is handled by an external third party.

The whistleblowing committee conducts a preliminary investigation of all written and documented reports that are received and investigates the facts if necessary. If a case permits it, the whistleblower will be informed of how AF is handling the matter and its outcome. Whistleblowing is handled in accordance with the whistleblowing procedure and an ongoing overview of whistleblowing cases is maintained with information provided to the Corporate Management Team on an annual basis. Who is the processing officer will depend on where and what the report applies to, and the processing officer must be competent. The whistleblowing committee reviews and advises who should consider the whistleblowing case.

Our whistleblowing e-learning training provides employees and our partners with good knowledge of why it is important to report censurable conditions and how to do so. More information is also provided here on how AF Gruppen has organised its whistleblowing committee and the process for whistleblowing. Information about whistleblowing is also provided on our website and is made available in our projects.

G1-2

Management of relationships with suppliers

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

AF shall select the supplier or subcontractor that submits the best offer based on an assessment of price, as well as compliance with statutory requirements, requirements in collective pay agreements and AF's internal requirements. AF's corporate staff have overarching responsibility for ensuring there is a good and comprehensive procurement process through the use of procedures and tools, however, procurements are organised

G1-2

Management of relationships with suppliers

and effectuated in the line. An important part of our procurement work is to ensure that our suppliers implement the same requirements for ethics, quality, safety and the external environment as AF Gruppen. Suppliers and subcontractors in our projects must comply with our values and requirements relating to conduct, as well as applicable legislation and policies from the UN Global Compact by consenting to AF Gruppen's Supplier Declaration. The Supplier Declaration, which must be included in all of our agreements and is available on our website, specifies social and environmental criteria. The Supplier Declaration was updated in 2024 and it was assessed that the criteria address identified material risks and impacts in an appropriate manner.

AF works to ensure compliance with our strict requirements and allows only two levels of subcontractors to ensure acceptable transparency. AF requires our entire value chain to comply with fundamental human rights and decent working conditions. Among other things, we use StartBANK and their risk filter as a prequalification tool. StartBANK is a common supplier register and industry network that is designed to assist suppliers in competing on equal terms. The tool is an open documentation database where all suppliers that meet objective criteria can be registered. The purpose of prequalification in StartBANK is to ensure that all parties who perform work in our projects meet important minimum criteria for cooperation with AF Gruppen. AF also has a dedicated resource in the corporate staff who works preventively on work-related crime in our projects. Further information about workers in our value chain is provided in S2 Workers in the value chain.

Best practice in the Group is that all suppliers who have provided goods or services of material importance must be evaluated. Suppliers with a Group agreement must always be evaluated after having completed their delivery to the project.

We measure customer and supplier satisfaction on a scale from 1-6, with the goal of being above 5 on both of these criteria. The purpose of this is to use learning points from the surveys to further refine our cooperation and communication skills. In 2023, a customer survey and supplier survey were conducted for selected units in AF Gruppen. An analysis of these surveys revealed the following results:

- Customer satisfaction 2023: 5.0
- Supplier satisfaction 2023: 5.0

G1-3

Prevention and detection of corruption, bribery and other financial crime

PREVENTION AND DETECTION OF CORRUPTION, BRIBERY AND OTHER FINANCIAL CRIME

Corruption, bribery and other financial crime are addressed in the introduction course for new employees at AF as a preventive measure and to communicate AF's position on these topics. This course also covers topics such as price fixing, embezzlement, manipulation of financial reporting and insider trading. No additional specific training was conducted for the Corporate Management Team, the Board of Directors or particularly risk-exposed functions. Training, courses and available guidance are reflects the identified level of risk at AF.

AF Gruppen has implemented a number of processes and procedures aimed at preventing financial crime. Strict requirements for invoice processing have been introduced as a barrier to embezzlement and financial irregularities. Incoming invoices are processed electronically, and they must be approved and authorised in accordance with the authority matrix. Payments must also be approved by two people, and double signatures are required on contracts. Through AF's work on responsibility, we prevent contracts from being entered into with actors that have a history of, among other things, financial crime. Regular assessments are carried out of actors we partner with and are considering partnering with, and we receive information from, among others, Fair Play Bygg about industry actors.

Corruption, bribery and other financial crime are considered contentious conditions and are covered by AF's whistleblowing procedures, see the separate section concerning this.

Control routines such as regular financial reviews have also been established to detect financial crime. Internal reporting is carried out on an ongoing basis, in addition to periodic reporting. Suspicions of incidents must be immediately reported to Director of

G1-3

Prevention and detection of corruption, bribery and other financial crime

Procurement and Legal. In the event of incidents related to financial crime, corruption and bribery, AF's Corporate Management Team will be involved. In instances such as this, AF's crisis staff will assist the Corporate Management Team with key decision-making support. The emergency preparedness manager at AF will be responsible for ensuring that all crisis staff functions are established and that relevant resource personnel adapted to the relevant incident are involved. Competence is assessed in the same manner as when following up whistleblowing reports.

G1-4

Corruption, bribery and other financial crime – incidents

CORRUPTION, BRIBERY AND OTHER FINANCIAL CRIME – INCIDENTS

There were no convictions or fines related to corruption, bribery or other financial crime during the reporting year.

G1-AF1

Information security

INFORMATION SECURITY

Employees, customers, suppliers, authorities and other stakeholders must be able to rely on AF to process all electronic data in a safe and secure manner.

In order to ensure information security in AF Gruppen, the Corporate Management Team made the decision to introduce an information security management system that is based on recognised standards. This includes policies, procedures and routines, as well as important processes designed to ensure that AF Gruppen has an acceptable level of risk in the area of security.

It is the responsibility of all AF Gruppen employees to familiarize themselves with the information security requirements that are set for them, and new employees sign an IT instructions document and a confidentiality statement. Training and awareness relating to information security and privacy have been developed and provided to employees. This shall constitute the basis for ensuring that all employees have an adequate understanding of this specialist field, and that they thereby contribute to the day-to-day security work.

The IT department at AF has its own procedures and policies that are followed in the event of attacks against AF's network, and measurement indicators have been established to monitor and measure information security. Emergency preparedness exercises are conducted to ensure appropriate follow-up of relevant scenarios. Assessments of the current threat landscape facing AF and our defensive capabilities, including requirements for expertise, are reviewed with the Corporate Management Team.

We will only use suppliers that satisfy our information security requirements. All suppliers must meet minimum requirements for how information security is to be safeguarded when purchasing and using services that involve AF Gruppen's data being processed or stored, including cloud services.

There were no significant incidents related to information security during the reporting year.

Oslo, 3. april 2025

Morten Grongstad *Board Chair*	**Hilde Kristin Herud**	**Saloume Djoudat**	**Kristian Holth**	**Hege Bømark**	**Erik Tømmeraas Veiby**
Amund Tøftum *CEO*	**Marianne Gjertsen Ebbesen**	**Espen Jahr**	**René Elkjær Kristensen**	**Hilde Wikesland Flaen**	

The document has been approved electronically and therefore does not include handwritten signatures.

BOARD OF DIRECTORS' REPORT

FINANCIAL STATEMENTS

A BOOST FOR THE ENVIRONMENT

The new wastewater treatment plant for Fredrikstad and Hvaler will contribute to a cleaner Oslofjord. The plant will remove organic material, phosphorus, particles, and nitrogen from the wastewater. Nitrogen removal is considered by the Norwegian Environment Agency as one of the most important measures to improve the condition of the Oslofjord. FREVAR KF is the developer.

FINANCIAL STATEMENT

Wastewater is lifted into the treatment plant using large screws mounted in concrete troughs. The screws have the ability to transport a lot of solids without obstructing the water flow. AF Bygg Østfold is constructing the treatment plant and is also responsible for the complex casting work for the concrete troughs.

FINANCIAL STATEMENT

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

		For the financial year		
Amounts in NOK million	**Note**	**2024**	**2023**	**2022**
Revenue from contracts with customers	6	30 222	30 156	30 970
Other revenue	6	416	374	235
Total revenue		**30 638**	**30 530**	**31 205**
Subcontractors		-14 819	-15 774	-16 554
Cost of materials		-5 514	-5 131	-5 346
Payroll costs	7, 33	-6 150	-5 851	-5 487
Depreciation and impairment of PPE and right of use assets	14, 15	-698	-555	-526
Amortisation and impairment of intangible assets	13	-3	-22	-2
Other operating expenses	8	-2 417	-2 483	-2 072
Total operating expenses		**-29 600**	**-29 815**	**-29 986**
Net gains/(losses)	9	78	65	56
Profit from associated companies and joint ventures	27, 28	33	-31	134
Earnings before interest and tax (EBIT)		**1 149**	**749**	**1 409**
Net financial items	19	-64	-49	-10
Earnings before tax (EBT)		**1 085**	**700**	**1 400**
Income tax expense	25, 26	-251	-185	-248
Profit for the year		**834**	**515**	**1 151**
Attributable to:				
Shareholders of the Parent Company		708	402	958
Non-controlling interests		126	112	193
Profit for the year		**834**	**515**	**1 151**
Earnings per share (NOK)	21	6,52	3,73	8,96
Diluted earnings per share (NOK)	21	6,52	3,73	8,96
Dividend per share (NOK) [1]	21	5,00	3,50	6,50

[1] *Dividend for 2024 has been proposed*

TOTAL COMPREHENSIVE INCOME

Amounts in NOK million	**Note**	**2024**	**2023**	**2022**
Profit for the year		834	515	1 151
Change in actuarial gains or losses on pensions (gross)	18	-1	-1	2
Change in actuarial gains or losses on pensions (tax)	26	-	-	-
Translation differences for non-controlling interests		1	7	-6
Other comprehensive income that will not be reclassified to the income statement		**1**	**6**	**-5**
Change in cash flow hedging (gross)	23	-54	-7	5
Change in cash flow hedging (tax)	23, 26	12	2	-1
Translation differences for majority interests		16	83	-35
Other comprehensive income that may be reclassified to the income statement		**-26**	**77**	**-31**
Total other comprehensive income (OCI)		**-25**	**83**	**-36**
Total comprehensive income for the year		**809**	**598**	**1 116**
Attributable to:				
- Shareholders of the Parent Company		681	479	929
- Non-controlling interests		128	119	187
Total comprehensive income for the year		**809**	**598**	**1 116**

FINANCIAL STATEMENT

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

Amounts in NOK million	Note	2024	2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14, 35	1 685	1 797
Right-of-use assets	15	936	979
Goodwill	13	4 609	4 531
Intangible assets	13	9	8
Associated companies and joint ventures	27, 28	636	565
Deferred tax assets	26	197	167
Interest-bearing receivables	20, 22, 24	341	317
Pension plan and other financial assets	18, 23, 24	39	43
Total non-current assets		**8 451**	**8 407**
CURRENT ASSETS			
Inventories	11	548	439
Projects for own account	12	213	194
Trade and other non-interest-bearing receivables	10, 24	3 276	3 518
Contract assets	10, 24	1 445	1 710
Interest-bearing receivables	20, 24	37	32
Derivatives	22, 23, 24	-	2
Cash and cash equivalents	20, 24	1 033	347
Total current assets		**6 552**	**6 241**
Total assets		**15 003**	**14 647**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

Amounts in NOK million	Note	2024	2023
EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY			
Equity attributable to Parent Company shareholders		2 606	2 323
Non-controlling interests	30	882	880
Total equity		**3 488**	**3 203**
NON-CURRENT LIABILITIES			
Interest-bearing loans and credit facilities	20, 22, 24	96	93
Non-current lease liability	15, 20, 22, 24	712	666
Pension liabilities	18	7	8
Provisions for liabilities	16	100	120
Deferred tax	26	600	441
Derivatives	22, 23, 24	22	11
Total non-current liabilities		**1 537**	**1 338**
CURRENT LIABILITIES			
Interest-bearing loans and credit facilities	20, 22, 24	188	233
Current lease liability	15, 20, 22, 24	315	345
Trade payables and current non-interest-bearing liabilities	17, 24	6 743	7 067
Contract liabilities	17, 24	1 698	1 389
Derivatives	22, 23, 24	36	15
Provisions for liabilities	16	904	810
Current tax payable	25	93	247
Total current liabilities		**9 978**	**10 106**
Total liabilities		**11 515**	**11 444**
Total equity and liabilities		**15 003**	**14 647**

OSLO, 3 APRIL 2025

Morten Grongstad
Board Chairman

Hilde Kristin Herud

Saloume Djoudat

Kristian Holth

Hege Bømark

Erik Tømmeraas Veiby

Amund Tøftum
CEO

Marianne Gjertsen Ebbesen

Espen Jahr

René Elkjær Kristensen

Hilde Wikesland Flaen

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

FINANCIAL STATEMENT

STATEMENT OF CHANGES IN EQUITY

Amount in NOK million									Non-control. interests	Total equity
		Equity attributable to Parent Company shareholders								
	Note	Share capital	Other paid-in equity	Translation differences	Actuarial pension gains/ (losses)	Cash flow hedging	Retained earnings	Total		
2022										
Equity as at 1 January 2022		5	501	16	-20	-22	2 175	2 654	918	3 572
Profit for the year		-	-	-	-	-	958	958	193	1 151
Other comprehensive income for the year		-	-	-35	2	4	-	-29	-6	-36
Total comprehensive income for the year		**-**	**-**	**-35**	**2**	**4**	**958**	**929**	**187**	**1 116**
Share capital increases	32	-	125	-	-	-	-	125	-	125
Purchase of treasury shares	32	-	-	-	-	-	-66	-66	-	-66
Sale of treasury shares	32	-	-	-	-	-	57	57	-	57
Dividend adopted and paid		-	-	-	-	-	-1 125	-1 125	-240	-1 365
Share value-based remuneration	7	-	51	-	-	-	-	51	4	55
Non-controlling interests put options	16	-	-	-	-	-	41	41	-5	36
Addition from acquisition	5	-	-	-	-	-	-	-	14	14
Transactions with non-contr. interests		-	-	-	-	-	-89	-89	39	-50
Equity as at 31 December 2022		**5**	**677**	**-19**	**-19**	**-18**	**1 950**	**2 575**	**918**	**3 494**
2023										
Profit for the year		-	-	-	-	-	402	402	112	515
Other comprehensive income for the year		-	-	83	-1	-5	-	77	7	83
Total comprehensive income for the year		**-**	**-**	**83**	**-1**	**-5**	**402**	**479**	**119**	**598**
Share capital increases	32	-	81	-	-	-	-	81	2	83
Purchase of treasury shares	32	-	-	-	-	-	-34	-34	-	-34
Sale of treasury shares	32	-	-	-	-	-	32	32	-	32
Dividend adopted and paid		-	-	-	-	-	-700	-700	-142	-842
Share value-based remuneration	7	-	52	-	-	-	-	52	4	56
Non-controlling interests put options	16	-	-	-	-	-	-6	-6	-3	-9
Addition from acquisition	5	-	-	-	-	-	-	-	10	10
Transactions with non-contr. interests		-	-	-	-	-	-157	-157	-27	-184
Equity as at 31 December 2023		**5**	**810**	**64**	**-20**	**-23**	**1 487**	**2 323**	**880**	**3 203**
2024										
Profit for the year		-	-	-	-	-	708	708	126	834
Other comprehensive income for the year		-	-	16	-1	-42	-	-27	1	-25
Total comprehensive income for the year		**-**	**-**	**16**	**-1**	**-42**	**708**	**681**	**128**	**809**
Share capital increases	32	-	72	-	-	-	-	72	-	72
Purchase of treasury shares	32	-	-	-	-	-	-36	-36	-	-36
Sale of treasury shares	32	-	-	-	-	-	35	35	-	35
Dividend adopted and paid		-	-	-	-	-	-380	-380	-123	-503
Share value-based remuneration	7	-	59	-	-	-	-	59	5	64
Non-controlling interests put options	16	-	-	-	-	-	16	16	-16	-
Addition from acquisition	5	-	-	-	-	-	-	-	8	8
Transactions with non-contr. interests		-	-	-	-	-	-164	-164	1	-163
Equity as at 31 December 2024		**5**	**941**	**80**	**-20**	**-65**	**1 665**	**2 606**	**882**	**3 488**

CASH FLOW STATEMENT

Amounts in NOK million	Note	2024	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES				
Earnings before tax		1 085	700	1 400
Depreciation, amortisation and impairment	13, 14, 15	701	576	528
Share-based remuneration recognised in equity		64	56	55
Net financial expenses/(income)	19	64	49	10
Net (gains)/losses	9	-78	-65	-56
Profit attributable to associated companies and joint ventures	27, 28	-33	31	-134
Change in operating capital (excluding acquisitions and foreign currency)				
Change in inventories and projects for own account	11, 12	-119	-164	-169
Change in trade and other non-interest-bearing receivables	10	585	375	-886
Change in trade payables and other non-interest-bearing liabilities	17	247	464	1 013
Income tax paid		-298	-470	-299
Net cash flow from operating activities		**2 217**	**1 552**	**1 460**
CASH FLOW FROM INVESTMENT ACTIVITIES				
Acquisition of business	5	-43	-32	-70
Investments in property companies		-144	-106	-70
Purchase of property, plant and equipment and intangible assets	13, 14	-255	-535	-291
Proceeds from the sale of property companies		25	4	11
Proceeds from sale of property, plant and equipment		125	85	118
Payments for derivatives		2	1	1
Dividends and capital received from associated companies and joint ventures		63	37	329
Payments due to change in interest-bearing receivables		-52	-111	-16
Proceeds due to change in interest-bearing receivables		20	21	32
Interest and other financial income received	19	34	24	23
Net cash flow from investment activities		**-226**	**-613**	**67**
Net cash flow before financing activities		**1 991**	**939**	**1 527**
CASH FLOW FROM FINANCING ACTIVITIES				
Issuance of shares		72	81	85
Dividends paid to shareholders in the Parent Company		-380	-700	-1 125
Dividends paid to non-controlling interests		-123	-142	-240
Transactions with non-controlling interests		-316	-23	-135
Proceeds from new interest-bearing debt	20	14	1	381
Repayment of interest-bearing debt	20	-447	-516	-352
Net (purchase)/sale of treasury shares	32	-8	-2	-9
Interest and other financial expenses paid	19, 20	-111	-99	-41
Net cash flow from financing activities		**-1 298**	**-1 401**	**-1 437**
Net change in cash and cash equivalents		**693**	**-462**	**90**
Cash and cash equivalents as at 1 December	20	347	765	680
Foreign exchange effect on cash and cash equivalents		-7	44	-4
Cash and cash equivalents as at 31 December	**20**	**1 033**	**347**	**765**

FINANCIAL STATEMENT

NOTE 1 GENERAL INFORMATION

AF Gruppen ASA is a public limited company registered in Norway and listed on the Oslo Stock Exchange. The Company's head office is located at Innspurten 15, 0603 Oslo, Norway.

The annual financial statements were adopted by the Board of Directors on 3 April 2025 and are expected to be approved by the Annual General Meeting on 15 May 2025.

AF Gruppen is one of Norway's leading contracting and industrial groups with operations in the areas of Civil Engineering, Construction, Property, Energy, Environment and Offshore, primarily in Norway and Sweden. The Group's activities are described in greater detail in Note 4 – Segment information.

In the preparation of the annual financial statements, the management has determined what constitutes material information. Information is considered material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users make based on the annual financial statements. Whether information is considered material depends on the magnitude and nature of information that is omitted or misstated, considering the specific circumstances.

As a result of rounding off, the numbers or percentages in the consolidated financial statements will not always add up to the total.

NOTE 2 MATERIAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements of AF Gruppen have been prepared in accordance with IFRS ® Accounting Standards as adopted by the EU, as well as Norwegian disclosure requirements that follow from the Norwegian Accounting Act.

The consolidated accounts have been prepared on the basis of uniform accounting principles for equivalent transactions and events under otherwise equivalent circumstances. The accounting policies applied in the consolidated financial statements are consistent with the policies applied in the previous accounting periods, with exceptions of any new and amended accounting standards.

Areas with a high degree of discretionary assessments or a high level of complexity, or areas where assumptions and estimates are essential to the accounts, are described in Note 3 - Significant accounting assessments, estimates and assumptions.

NEW AND AMENDED ACCOUNTING STANDARDS

New standards, amendments and interpretations that have been implemented by the Group

In 2024, the Group has not implemented new or amended accounting standards or interpretations that have a significant impact on the Group's financial standing or results.

Global Supplementary Tax – Pillar 2

In March 2022, the OECD issued technical guidance and an overview of the impacts Pillar 2 has on financial statements in accordance with IAS 12 Income Taxes. Pillar 2 introduces a global minimum tax rate of 15 per cent and tax legislation for the allocation of taxing rights. The group's ultimate parent is in Norway, which has enacted new tax legislation to implement the global minimum top-up tax.

The tax legislation came into effect on January 1, 2024, and the group is subject to the global minimum top-up tax under the Pillar 2 legislation for the financial year 2024. As of 31 December 2024, there are no indications that the supplementary tax will have a material impact on the group.

New future standards, amendments, and interpretations

The IASB has issued new standards, amendments to existing standards and interpretations that have not yet taken effect at the end of 2024.

IFRS 18 Presentation and Disclosures in Financial Statements replaces IAS 1 Presentation of Financial Statements and comes into effect for accounting periods from January 1, 2027. The new standard builds on the foundation laid by IAS 1 and retains many sections with minor changes. The standard introduces new requirements for presentation within the income statement and disclosure of management-defined performance measures. AF Gruppen is working to assess the impact of IFRS 18 and the path towards implementation.

Beyond this, the amended standards and interpretations are not expected to have any material impact on the consolidated financial statements of AF Gruppen.

CONSOLIDATION POLICIES

Subsidiaries

The consolidated financial statements include the financial statements of AF Gruppen ASA (the parent company) and the associated subsidiaries.

Business combinations

Business combinations are recognised in accordance with the acquisition method of accounting. The consideration provided is measured at the fair value of the assets transferred, liabilities assumed and equity instruments issued. Any contingent consideration elements are included in the consideration at fair value on the acquisition date. Contingent consideration that is not settled in equity instruments is a liability that is measured at fair value with value changes through profit or loss.

For the acquisition of a business, the identifiable assets and liabilities, including the identified excess values, are recognised on the balance sheet at fair value on the acquisition date. If the sum of the consideration exceeds the fair value of the net identified assets and liabilities in the acquired company on the acquisition date, the difference will be recognised on the balance sheet as goodwill. Goodwill is allocated to the cash-generating units or groups of cash-generating units. In most cases, a cash-generating unit in AF will be a legal entity.

Business combinations by step-by-step acquisitions

For step-by-step acquisitions, the earlier equity interest in the acquired company should be remeasured at fair value on the acquisition date when AF Gruppen acquired a controlling influence over the company. Any gains or losses are recognised in the income statement.

Change in ownership interests with loss of control

When the Group no longer has a controlling influence, any remaining equity interest is measured at fair value with the recognition of gains/losses through profit or loss.

Non-controlling ownership interests and change in ownership interests without a change of control

Non-controlling ownership interests include the non-controlling owners' share of the carrying amount of subsidiaries, including the share of identified excess value on the acquisition date. The minority interest may be negative if the share of assets and liabilities is negative.

NOTE 2 MATERIAL ACCOUNTING POLICIES CONT.

Transactions with non-controlling ownership interests in subsidiaries are treated as equity capital transactions. For the purchase of shares from non-controlling ownership interests, the difference between any consideration paid and the shares' proportionate share of the carrying amount of the net assets in the subsidiary is recognised in the equity of the parent company's owners.

Joint arrangements and associated companies

Joint ventures and associated companies are particularly relevant for AF in connection with property development. Joint ventures and associated companies are recognised at the acquisition cost on the acquisition date. Afterwards, the units are recognised in accordance with the equity method of accounting. The carrying amounts include any excess value and goodwill identified on the acquisition date, less subsequent depreciation, amortisation and impairment losses.

The Group's share of the profit or loss in joint ventures and associated companies is recognised in the income statement and added to the carrying amount of the investments. This applies from the date significant influence is achieved until such influence ceases. When the Group's share of losses exceeds the investment in a joint venture or associated company, the Group's book value is reduced to zero. Further losses are not recognised unless the Group is obligated to cover the loss.

Unrealised income and profit related to transactions with associated companies and jointly controlled business are eliminated according to the Group's share of the company/business.

AF Gruppen has a joint operation in the business area Civil Engineering. A joint operation is a collaboration between two or more participants, where the risk of profit and loss as well as the right to assets and obligation to liabilities are shared. The business is controlled by the participants jointly and requires unanimity in significant decisions. An overall assessment of the legal form of the arrangement, contractual terms, and other facts is made to define whether the collaboration is a joint operation. The result, assets, and liabilities in a joint operation are consolidated according to AF's ownership share.

Foreign currency translation

Functional currency and presentation currencies

The consolidated financial statements are presented in Norwegian kroner (NOK), which is both the Parent Company's functional currency and the Group's presentation currency.

Group companies

The income statement and balance sheet for group companies with a functional currency different than the presentation currency are translated as follows:

- Balance sheet items are translated at the rate prevailing on the balance sheet date.
- Income statement items are translated at the transaction exchange rate. The average monthly rates are used as an approximation of the transaction date exchange rates.
- Translation differences are recognised under other comprehensive income.

In the event of loss of control, significant influence or joint control, the part of accumulated translation differences associated with the investment attributable to the controlling ownership interests is recognised in the result. In the case of partial disposal of subsidiaries (not loss of control), the proportional share of accumulated translation differences is reallocated to non-controlling interests.

Goodwill and excess value from the acquisition of a foreign unit will be treated as assets and liabilities in the acquired unit and translated at the exchange rate on the balance sheet date.

REVENUE RECOGNITION PRINCIPLES

Revenue is recognised based on a pattern that reflects the transfer of goods or services to customers. Sales revenue is presented excluding value-added tax and discounts.

Bid expenses and other costs related to acquiring projects are recognised as expenses in the income statement when they occur.

Production contracts

A significant portion of AF Gruppen's business activities consists of construction and civil engineering projects. The projects are carried out on behalf of public and private clients based on contracts. The characteristic feature of such contracts is that they are client financed. Production contracts consist primarily of contracts with a single performance obligation. Combinations of contracts may exist, for which an assessment has been made that they represent a single performance obligation.

Performance obligation in production contracts is transferred to the customer over time, and project revenues are recognised in line with the degree of completion and the estimated transaction price for the performance obligation.

The progression of the performance obligation, the percentage of completion, is calculated as the production carried out in relation to the production agreed on. Assessments of the percentage of completion based on both input and output methods are used, depending on what is appropriate for the individual contracts. The method for calculating the degree of completion is consistently used for the same type of contracts. An input-based calculation of the degree of completion is calculated on the basis of incurred costs on the balance sheet date in proportion to the estimated total costs in the performance obligation. An output-based calculation is based on completed production, that is, delivery carried out on the balance sheet date AF Gruppen has the right to payment for, in relation to agreed production in the performance obligation. Regardless of the method for calculation of the completion rate, an overall assessment is made of the reasonableness of the completion rate against known factors to ensure that this would not be significantly different had another method been used. The methods that are used are considered to provide the best estimate for completion of the projects based on the observable factors that are available to the project at the reporting date.

The transaction price used for the performance obligations is calculated using a best estimate based on the contractual conditions and judgement. The transaction price includes both fixed and variable elements. Variable compensation is included in the expected transaction price using a best estimate, when it is highly probable that this will not entail a significant reversal of recognised cumulative operating revenue. It is considered highly probable that cumulative operating revenue will not be reversed when the revenue is regarded as being legally enforceable. Variable compensation also includes non-cash compensation. If financing elements are identified in the contracts, these will be taken into account in the expected transaction price.

FINANCIAL STATEMENT

NOTE 2 MATERIAL ACCOUNTING POLICIES CONT.

In the early stages of a project, a smaller than the proportionate share of the expected profit is recognised, since the remaining risk in the project is assessed as high. In the final stages of the project, a larger share of the expected profit is recognised, since the project results can be estimated with a greater degree of certainty at this point in time and there is a narrower range of outcomes in the projects. Such risk adjustment of the expected contribution ratio is particularly relevant in civil engineering projects and other large projects that take place over several years. Risk adjustment can arise as a result of a downward adjustment of the percentage of completion (costs incurred divided by the total costs will be lower due to the fact that the total costs include future potential costs that may arise due to risk), or as a downward adjustment of the estimated transaction price due to a reduction in the variable compensation estimates. Which method is used depends on whether the future risk lies on the revenue or cost side. When the outcome of the project cannot be estimated reliably, only revenue equivalent to the incurred project costs will be recognised.

The recognition of revenue from disputed claims, claims for additional work, change orders, incentive bonuses, etc., starts when it has been recognised that AF Gruppen's rights to the consideration are legally enforceable. In most cases, additional work and change orders are not separate performance obligations. Thus, they are generally recognised with a cumulative catch-up effect. Changes that are regarded as a separate performance obligation are recognised in accordance with the prospective method.

Provisions are made for identified and expected warranty work. Warranty work in AF Gruppen's production contracts is not a separate performance obligation.

Tender costs are included in the completion rate for the performance obligations if it has been assessed that the work that has been performed will contribute to fulfilling the performance obligation. Inefficiency costs, i.e. costs that were not taken into account in the pricing of the performance obligation, are recognised when they arise and are not included in the completion rate for the performance obligation. Materials are not included in the project's percentage of completion until the materials have been installed and regarded as having been handed over to the customer.

Projects for own account
Projects for own account largely involve the development and construction of apartment buildings for sale. An apartment building consists of many units, and the majority of the units are sold before a project starts. Each apartment is regarded as a separate performance obligation.

Apartments are sold to individual customers, and the revenue is recognised when the apartment is handed over. The expenses in projects for own account are capitalised on an ongoing basis in the balance sheet as projects for own account under current assets until they are recognised in the income statement. The associated prepayments from customers are recognised as current liabilities.

Provisions are made for identified and expected warranty work. Warranty work in AF Gruppen's projects for own account is not a separate performance obligation.

Demolition work
Demolition work encompasses the demolition of buildings, oil platforms and other installations. Demolition work is often defined as a performance obligation for each contract. The expected compensation is recognised over time, since the customer receives and consumes the benefits of the enterprise's services gradually as the performance obligation is fulfilled. Progress in contracts of this type are measured based on an input-based method. This is considered a good estimate of the transfer of the service to the customer, since the input factors in the projects are measurable, and accrue evenly in relation to the handover of the performance obligation.

The transaction price is assessed in the same manner as for production contracts. Demolition contracts often include non-cash compensation in the form of AF assuming ownership and responsibility for the processing of the demolished structures. The value of non-cash compensation is assessed using a best estimate, and it is included in the expected transaction price.

Order backlog
The remaining transaction price for uncompleted performance obligations is defined as the order backlog. Information on the order backlog is stated in the segment note, broken down by the order backlog for the following year and the order backlog for subsequent years.

OTHER ACCOUNTING POLICIES

Classification of receivables and liabilities
A contractual receivable represents AF Gruppen's unconditional right to compensation from a customer. Compensation is unconditional if payment is only dependent on time before it takes place. A contractual receivable will be the sum of the trade receivables (invoiced amount) and the "unearned, invoiced" amount that reduces the trade receivables. This amount represents AF's assessment of our unconditional right to compensation for goods and services that have been performed on behalf of the customer.

A contract asset represents AF Gruppen's conditional right to compensation from a customer. Contract assets will consist of "earned, not yet invoiced" and "credit balances". "Earned revenue, not yet invoiced" represents the estimated production carried out on behalf of a customer beyond what has been invoiced or paid and will become an unconditional right to payment (a contractual receivable) upon the fulfilment of milestones in accordance with the agreed payment plan. The "credit balances" in accordance with Norwegian Standard contracts represent security for the client during the construction period, and they are a percentage of the ongoing invoices that is retained until the project has been handed over and the final invoice issued.

A contract obligation is an obligation to transfer goods or services to a customer when the compensation has already been received. "Prepayments from customers" represent such compensation received.

Projects for own account (including land for development) are recognised as current assets.

Provisions for warranties on projects are classified as current liabilities, even if a large portion of the provisions are expected to mature in more than one year.

NOTE 2 MATERIAL ACCOUNTING POLICIES CONT.

Property, plant and equipment
Each significant component of fixed assets is depreciated over the estimated useful life and by using the linear method, with the exception of the tunnel boring machine in the joint operation which is depreciated in line with production.

Leased plant and equipment that are not expected to be acquired at the end of the term of the lease will be depreciated over the shorter of the lease period or the useful life. Leased plant and equipment that are expected to be acquired at the end of the term of the lease will be depreciated over the expected life.

The depreciation period and deprecation method are evaluated annually, and the disposal value is estimated at the year end. Changes are recognised as a change of estimate.

Intangible assets
Goodwill
Goodwill is recognised on the balance sheet at the acquisition cost less write-downs. Goodwill is not amortised but is tested at least once a year for impairment. Any write-down of goodwill will not be reversed even if the grounds for the impairment no longer exist.

Patents and licences
Amounts paid for patents and licences are recognised on the balance sheet and amortised on a straight-line basis over their expected useful life, normally 5 years.

Software
Expenses related to the purchase of new software are recognised on the balance sheet as intangible assets if these expenses are not part of the acquisition cost for hardware. Software is normally amortised on a straight-line basis over 3 years.

Leasing
In order to determine whether an agreement is a lease agreement or contains a lease element, the substance of the agreement is assessed. If the fulfillment of the agreement requires the use of a specific asset or group of underlying assets and transfers the right to control the use of the underlying asset for a period in exchange for a consideration, the agreement is treated as a lease under IFRS 16. AF Gruppen has significant rent of construction machinery and a number of office space, but also rent related to production facilities and car rental.

Each individual rental component in the contract is recognised as a lease separately from non-lease components in the contract. At the time of commencement of a lease, a lease liability and a corresponding right-of-use asset are recognised for all leases. AF Gruppen does not capitalise leases with a duration of less than 12 months. For these leases, the lease payments are recognised as other operating expenses when they occur. This applies, among other things, to terminable short-term leases, such as the rental of barracks and scaffolding. Service items in lease contracts that are defined as "non-lease components" are separated and recognised in profit or loss as operating costs separately from the leased component.

The effects of leases are presented in a separate note.

Lease liabilities
The lease obligation is classified as an interest-bearing liability in the consolidated financial statements. Lease liabilities at the time of commencement are calculated as the present value of future lease payments, and, if applicable, residual values at the end of a lease contract. The lease period is the non-terminable term of the lease, in addition to periods covered by an option, either to extend or terminate the lease if it is reasonably certain that the Group will exercise this option. In case of a purchase option, the lease obligation will include an exercise price for a purchase option. For most leases in AF Gruppen, there is no purchase option after the end of the lease. No material uncertainty exists related to assessments regarding optional periods and the carrying amount of lease contracts recognised in the financial statement.

The measurement of the lease obligation in subsequent periods takes into account the interest on the lease obligation, lease payments made, and any reassessments, changes, and adjustments to the lease.

The liability has been calculated with a discount rate corresponding to the marginal borrowing rate for the relevant company, for each class of underlying asset, and adjusted for the agreement's remaining lease term.

Right-of-use assets
Right-of-use assets are measured at historical cost, less accumulated depreciation on a straight-line basis during the term of the lease, and impairment losses, adjusted for any new measurements of the lease liability.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to recognise any identified impairment losses.

Financial instruments
Derivatives
Financial derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. All derivatives are measured at fair value, normally with changes in value through profit or loss. The fair value change of forward foreign exchange contracts and commodity derivatives is recognised in the operating profit.

AF uses hedge accounting for selected revenues and costs in foreign currency, net investment in foreign currency, and the commodity price of steel. The change in value of derivatives that are designated as hedging instruments and satisfy the documentation requirements in IFRS 9 are recognised in accordance with the principles of hedge accounting. For cash flow hedging, changes in the fair value of derivatives are recognised in other comprehensive income (OCI). The entries are reversed and recognised as income or an expense during the period the hedged transaction is recognised in the income statement. Hedging of net investment in foreign currency is recognised in a similar manner as cash flow hedging.

Currency and commodity forward contracts that mature within 12 months are presented as short-term derivatives, and contracts that mature in more than 12 months are classified as long-term derivatives in the financial position.

Receivables
Short-term and long-term receivables are assessed at their amortised cost by means of the effective interest rate method. Due to the short term to maturity for trade receivables and other receivables, the receivables will in practice be recognised at their nominal value less expected losses.

Inventories
Inventories are recognised on the balance sheet at cost or net selling price, whichever is the lower. Inventories mainly consist of spare parts,

FINANCIAL STATEMENT

NOTE 2 MATERIAL ACCOUNTING POLICIES CONT.

equipment, and materials for use in production. Cost is recognised using the FIFO method and includes expenses incurred in acquiring the goods and the cost of bringing them to their present state and location.

Employee benefits
Share-based remuneration
Once a year, AF Gruppen offers its employees the opportunity to purchase discounted shares in AF Gruppen ASA with a one-year lock-in period. This is done either from the sale of treasury shares or by a private offering. The sale of shares is recognised in accordance with the requirements for share-based remuneration.

Discounts on the sale of treasury shares to employees are recognised as expenses at fair value on the allotment date. When valuing the discount, the lock-in period is not considered.

AF Gruppen also offers share options to employees through a three-year option program. Each option gives the right to buy a share at a predetermined future date at a set price. Options are measured at fair value at the time of allotment. The calculated value of the estimated share of the options that are expected to be redeemed is recognised in the income statement as a payroll cost, and the counter entry is made under other paid-in equity. The cost is distributed over the period until the employee acquires an unconditional right to redeem the options. The estimate for the number of options expected to be redeemed is reassessed on each balance sheet date. Any changes reduce the cost cumulatively with a corresponding adjustment of equity.

The employer's tax for the salary benefit associated with outstanding options is recognised in the income statement based on the best estimate of the obligation.

Provisions
A provision for guarantees is recognised in line with the revenue recognition in the project. The provision is based on historical information on guarantees and the probability that the guarantee cost will occur.

Provisions for loss-making contracts are recognised when the Group's expected revenue from a contract is less than the unavoidable costs incurred in order to fulfil the obligations under the contract.

In connection with completed business combinations, there may be agreed sales options on all or parts of the sellers' remaining interests in the acquired company. The sale price of the shares at the time of the redemption of the options is in such cases dependent on the acquired company's future performance. The estimated fair value of issued sales options is discounted and recognised as a liability at the time of the business combination with a counter entry in the equity of the majority interests. Subsequent changes in the fair value of liability are recognised through profit or loss. Changes in the liability that follow from the options not being redeemed are recognised directly in equity.

Borrowing costs
Borrowing costs are capitalised to the extent that they can be directly attributed to the production of an asset that takes a significant amount of time to prepare for use or sale. AF Gruppen recognises borrowing costs that accrue during the production of projects for own account (residential units) in the financial position. The same is done for operating assets that are produced for use in the Group's own business. The capitalisation of borrowing costs ceases when the assets are completed.

Cash and cash equivalents
Cash and cash equivalents are the Group's bank balances, they include liquid and restricted funds. Bank overdrafts are included in loans under current liabilities in the financial position.

NOTE 3 SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

In the preparation of the annual financial statements, the management has used estimates and assumptions that have affected the valuation of assets and liabilities, recognition of revenues and expenses, and information on potential liabilities for accounting purposes. The estimates and underlying assumptions are assessed continuously based on historical experience and other factors, including expectations of future events that are assessed to be reasonable under the current circumstances. The estimates used in the accounts are based on uniform policies.

Changes in accounting estimates are recognised in the period in which they occur. If the changes also apply to future periods, the effect of the changes will be distributed between the present and future periods.

PRODUCTION CONTRACTS RECOGNISED OVER TIME
AF Gruppen's activities consist primarily of carrying out projects with revenue recognition over time. Revenue recognition over time is based on estimates and assessments made based on the management's best estimate. For detailed information on the revenue recognition principles, see Note 2 Significant accounting policies under the section on revenue recognition principles.

The estimates with the greatest impact on revenue recognition are linked to an assessment of the final prognosis, progress, variable compensation, and any disputes or disagreements with clients, etc. The scope and complexity of the assessments entail that the actual contribution margins at the end of projects may deviate from the assessments made at year end. Revenue is recognised to the extent that the management assesses that it is highly unlikely that a reversal of the accumulated revenue will take place.

The contribution ratio of the projects is assessed for each accounting period in accordance with a conservative best estimate based on the management's judgement and experience. The Group's policy is to take a lower share of the expected profit early in the project when the level of uncertainty is the highest, and a correspondingly greater share of the expected profit towards the end of the project. The purpose of this is to avoid the reversal of profit recognised earlier. The assessment of the contribution ratio will affect the recognition of revenue for the period.

The progress is assessed based on the input or output method, depending on the contracts. The progress is an estimate, and it will affect the accrual of revenue for projects that are recognised over time.

Variable compensation is an estimate that is included in the expected transaction price, and it is common in production contracts. The Group's policy is to recognise variable compensation in the transaction price in accordance with a conservative best estimate when it is reasonably certain that it will not be reversed. The assessment of the variable compensation affects the assessment of the progress in cases where there is an output-based progress measurement and estimated contribution ratio in the projects.

Disputes and disagreements with the other contracting party are recognised in accordance with a conservative best estimate in the consolidated financial statements.

The estimates and assumptions related to recognition will affect identified contractual receivables in the projects, i.e. the amount to which the Group believes that it has an unconditional right due to the goods or services delivered. Contractual receivables are calculated as invoiced trade receivables less provisions for losses and invoiced revenue not yet considered to be earned. The assessment of progress and the assessment of the outcome of disputes and disagreements will be of the greatest importance to the contractual receivables.

As a consequence of the estimates concerning revenue recognition, the projects will have, in addition to a possible contractual receivable, outstanding contractual assets or liabilities with the customer, depending on whether performance of the service or payment has taken place first. The estimates that will have the greatest consequences for the size of the asset or liability will be the assessment of the progress and contribution ratio for the projects.

Lines in the accounts with significant estimates related to projects	Note reference	Recognised value of project-related items (NOK million)		
			2024	2023
Revenue from contracts with customers	6		28 686	28 757
Current receivables and current liabilities	10, 17	Contractual asset:	1 445	1 710
		Contractual receivable:	2 799	3 227
		Contractual obligation:	1 698	1 389
Provisions	16	Warranty work	565	592
		Other provisions	383	289

GOODWILL
Goodwill is not amortised, but is tested at least once a year for impairment. In the impairment test the carrying amount of goodwill and net working capital is measured against the recoverable amount from the cash-generating unit to which the asset is allocated. The recoverable amount from cash-generating units is determined by calculating the value in use. The calculation of value in use requires management to exercise judgment when estimating future cash flow and in the calculation of the discount rate. For a description of tests performed and key assumptions, including sensitivity analysis, reference is made to Note 13 – Intangible assets.

Lines in the accounts with significant estimates related to goodwill	Note reference	Recognised value of goodwill (NOK million)	
		2024	2023
Goodwill	5, 13	4 609	4 531

FINANCIAL STATEMENT

NOTE 4 SEGMENT INFORMATION

The operating segments as they are presented in the annual report correspond to the operational structure and the division the Corporate Management Team manages when they evaluate performance and profitability at a strategic level. The segment results used for management by the Corporate Management Team are the earnings before interest and tax (EBIT) and earnings before tax (EBT). AF Gruppen is operationally divided partly by business and partly by geography. Hereafter and otherwise in the annual report the operating segments are referred to as business areas.

BUSINESS AREAS

AF Gruppen is a project-based contracting and industrial group. The Corporate Management Team managed the business operations in 2024 on the basis of the Civil Engineering, Construction, Betonmast, Property, Energy and Environment, Sweden and Offshore business areas.

Civil Engineering carries out large complex civil engineering projects and niche projects in the following areas: roads and railways, bridge, port facilities, airports, tunnels, foundation work and power and energy, rehabilitation and construction of concrete structures, as well as onshore facilities for oil and gas. The business area is a turnkey supplier of civil engineering services in Norway and has also one project in Sweden. The business area consists of the following business units: AF Anlegg, Målselv Maskin & Transport, Eiqon, VSP and Stenseth & RS.

The Construction business area performs traditional construction activities in the Norwegian market with a solid local base. The business includes the development, engineering and construction of commercial, residential and public buildings, as well as rehabilitation projects. Construction has a strong market position in the central Eastern Norway and Bergen regions. The business area consists of the following business units: AF Bygg Oslo, AF Byggfornyelse, AF Bygg Østfold, Strøm Gundersen, Strøm Gundersen Vestfold, Haga & Berg, AF Håndverk, LAB Entreprenør, Åsane Byggmester-forretning, Fundamentering (FAS) and Helgesen Tekniske Bygg (HTB).

Betonmast is one of Norway's largest building contractors. The company's project portfolio includes everything from large residential property projects to commercial and public buildings. Betonmast has special expertise in project development and collaborative contracts. Betonmast is also engaged in property development in Norway. The business area consists of the following business units: Betonmast Boligbygg, Betonmast Oslo, Betonmast Trøndelag, Betonmast Romerike, Betonmast Røsand, Betonmast Østfold, Betonmast Innlandet, Betonmast Buskerud-Vestfold, Betonmast Asker og Bærum and Betonmast Eiendom.

Property develops residential units and commercial buildings in Norway. The activities take place in geographic areas where AF has its own production capacity. AF cooperates closely with other players in the industry, and the development projects are mainly organised as part-owned companies that are recognised in accordance with the equity method of accounting. The profit that is recognised in Property corresponds to the earnings after tax multiplied by the ownership interest. The business area consists of the business units AF Eiendom and LAB Eiendom.

Energy and Environment offers smart and energy-efficient solutions for buildings and industry and is a leading player in environmental clean-up, demolition and recycling. Contaminated materials are sorted, decontaminated and recycled at AF's environmental centres and, right below 80 per cent of the masses can be reused. Energy services for onshore activities are performed in the business unit AF Energi. The environmental operations are carried out in the business unit AF Decom, including the environmental parks Rimol, Jølsen, and Nes.

The Sweden business area encompasses activities related to construction, civil engineering, property and environmental activities in Sweden. The business area consists of the following business units: Kanonaden Entreprenad, AF Prefab i Mälardalen, AF Bygg Syd, AF Projektutveckling, AF Härnösand Byggreturer, HMB, AF Bygg Väst and AF Bygg Öst. The geographical area includes Stockholm, Mälardalen, Southern Sweden and Gothenburg.

Offshore encompasses AF's services connected to the removal, demolition and recycling of offshore installations. Offshore also includes construction, modification and maintenance work related to HVAC, as well as the electrification of marine vessels. The business area consists of the business units: Aeron and AF Offshore Decom. Offshore also has activities at AF Miljøbase Vats.

Activities that are not allocated to the business areas are presented as Other and primarily involve activities in the Parent Company as well as staff and common services. AF Gruppen's corporate cash pooling system is included in Other. Transactions between segments in the Group are based on market terms and in accordance with the arm's length principle. Transactions and balances between the various segments, in addition to elements of internal profit, are presented in the eliminations column in the segment note.

CONTRACT TYPES

AF Gruppen's revenues are primarily from production contracts of varying sizes and durations. The client, who may be from the public or private sector, is responsible for the financing. AF Gruppen also provides a small percentage of services that are billed by the hour, cf. note 6 - Revenue. In addition, the Property business area is engaged in projects for own account related to the development and construction of residential units and commercial property for sale. These projects are self-financed and are usually organised in associated companies and joint ventures.

ACCOUNTING POLICIES

The segment information is presented in accordance with the Group's accounting policies based on IFRS, with the exception of the principles for revenue recognition for the sale of residential property. This policy exception applies to the business areas Construction, Property and Sweden. Revenue from projects for own account in these segments are recognised as the product of the degree of completion, the percentage sold and the expected contribution margin. This means, for example, that a project that is 50 per cent complete, 50 per cent of which is sold, will be recognised with a contribution margin of 25 per cent of the total expected contribution margin. Projects for own account are recognised in the consolidated financial statements in accordance with the principles in IFRS 15 Revenue from Contracts with Customers. In accordance with IFRS 15, all of the revenue and the associated costs are recognised at a single point in time, normally on delivery. The effect of the deviant application of principles on the consolidated accounts is shown in a separate table in the segment information (GAAP-adjustment).

MAJOR CUSTOMERS

The public sector in Norway, including 100 per cent publicly owned corporations such as Nye Veier AS, constitutes 30.7 per cent (21.4 per cent) of AF Gruppen's total revenue from contracts with customers. In 2024, NOK 9,287 million (6,439 million) was recognised as revenue related to contracts entered into with the public sector in Norway. The Water and Sewage Department in Oslo municipality accounted for 8.9 per cent (3.5 per cent), corresponding to a revenue of NOK 2,700 million (1,056 million). The public sector in Sweden constitutes 10.5 per cent (8.2 per cent) of total revenue from contracts with customers in the AF Gruppen. In 2024, NOK 3,164 million (2,484 million) was recognised as revenue related to contracts entered into with the public sector in Sweden. Trafikverket in Sweden accounted for 7.4 per cent (6.0 per cent), corresponding to a revenue of NOK 2,232 million (1,816 million).

IMPAIRMENT LOSSES

In 2024, financial assets at fair value through profit or loss were written down with NOK 2 million in business area Betonmast and NOK 2 million in Other segment. In 2023, goodwill of NOK 19 million was written down related to business in Sweden and NOK 21 million was written down in the development portfolio for Property, primarily related to commercial buildings. There have been no write-downs in 2022.

NOTE 4 SEGMENT INFORMATION CONT.

Amounts in NOK million	Civil Engine-ering	Constr-uction	Beton-mast	Pro-perty	Energy & Envi-ronment	Swe-den	Off-shore	Other	Elim.	GAAP adj.	Total
2024											
INCOME STATEMENT											
External revenue	9 418	8 874	4 359	23	1 421	5 234	1 077	175	-241	299	30 638
Internal revenue	172	6	8	-	89	165	4	55	-501	-	-
Total revenue	9 590	8 881	4 367	23	1 510	5 399	1 081	229	-741	299	30 638
Earnings before interest, tax, depreciation and amortisation (EBITDA)	992	428	135	-39	162	157	-164	89	-2	92	1 850
Earnings before interest and tax (EBIT)	655	337	120	-39	93	79	-201	15	-2	92	1 149
Earnings before tax (EBT)	723	351	163	-25	90	65	-236	-135	-2	92	1 085
KEY FIGURES AND FINANCIAL STATEMENT											
EBITDA margin	10,3 %	4,8 %	3,1 %	-	10,8 %	2,9 %	-15,1%	-	-	-	6,0 %
Operating margin	6,8 %	3,8 %	2,8 %	-	6,2 %	1,5 %	-18,6%	-	-	-	3,8 %
Profit margin	7,5 %	4,0 %	3,7 %	-	5,9 %	1,2 %	-21,8%	-	-	-	3,5 %
Assets as at 31 December	4 778	5 433	3 366	859	1 022	2 790	1 422	2 256	-6 919	-3	15 003
Capital employed as at 31 December	1 743	1 920	1 502	846	383	1 735	928	1 002	-5 257	-3	4 800
Number of employees as at 31 December	1 792	1 612	525	17	370	830	287	215	-	-	5 648
REMAINING PERFORMANCE OBLIGATIONS (ORDER BACKLOG)											
Order backlog 2025	7 676	6 353	3 478	-	904	3 305	1 062	-	-151	311	22 937
Order backlog, subsequent years	8 758	4 778	1 354	-	291	1 551	691	-	-9	-	17 414
Total order backlog as at 31 December	16 433	11 132	4 831	-	1 194	4 856	1 753	-	-160	311	40 351
DISTRIBUTION OF REVENUE BY REVENUE STREAMS											
Revenue from civil engineering contracts	9 590	376	-	-	-	2 779	-	-	-362	-	12 384
Revenue from construction contracts	-	8 494	4 365	-	-	2 529	-	-	-143	299	15 545
Revenue from on- and offshore demolition activities	-	-	-	-	629	84	513	-	-93	-	1 132
Revenue from other types of contracts	-	10	2	23	881	7	568	229	-144	-	1 576
Total revenue	9 590	8 881	4 367	23	1 510	5 399	1 081	229	-741	299	30 638
DISTRIBUTION OF REVENUE BY GEOGRAPHY											
Revenue in Norway	7 262	8 881	4 367	23	1 507	-	1 081	229	-434	244	23 161
Revenue in Sweden	2 231	-	-	-	-	5 399	-	-	-308	55	7 377
Revenue in other countries	98	-	-	-	3	-	-	-	-	-	101
Total revenue	9 590	8 881	4 367	23	1 510	5 399	1 081	229	-741	299	30 638
CASH FLOW											
Net cash flow from operating activities	1 281	481	352	-38	149	61	-200	130	-	-	2 217
Net cash flow from investing activities	-70	-3	-	-32	-42	-40	-17	-22	-	-	-226
Net cash flow before financing activities	1 212	478	352	-70	108	21	-217	108	-	-	1 991

NOTE 4 SEGMENT INFORMATION CONT.

Amounts in NOK million	Civil Engine-ering	Constr-uction	Beton-mast	Pro-perty	Energy & Envi-ronment	Swe-den	Off-shore	Other	Elim.	GAAP adj.	Total
2023											
INCOME STATEMENT											
External revenue	6 458	10 124	4 551	27	1 341	7 423	1 081	110	-350	-235	30 530
Internal revenue	318	58	3	-	76	78	1	61	-595	-	-
Total revenue	6 776	10 182	4 553	27	1 417	7 501	1 082	171	-945	-235	30 530
Earnings before interest, tax, depreciation and amortisation (EBITDA)	754	483	55	-20	156	-60	-95	104	-32	-20	1 325
Earnings before interest and tax (EBIT)	550	396	34	-20	90	-152	-124	27	-32	-20	749
Earnings before tax (EBT)	572	378	58	-8	96	-160	-139	-45	-32	-20	700
KEY FIGURES AND FINANCIAL STATEMENT											
EBITDA margin	11,1 %	4,7 %	1,2 %	-	11,0 %	-0,8%	-8,7%	-	-	-	4,3 %
Operating margin	8,1 %	3,9 %	0,7 %	-	6,3 %	-2,0%	-11,5%	-	-	-	2,5 %
Profit margin	8,4 %	3,7 %	1,3 %	-	6,8 %	-2,1%	-12,9%	-	-	-	2,3 %
Assets as at 31 December	4 007	5 109	3 191	842	923	2 816	1 098	1 995	-5 239	-94	14 647
Capital employed as at 31 December	1 464	1 897	1 424	818	419	1 412	581	1 203	-4 584	-95	4 540
Number of employees as at 31 December	1 878	1 618	618	21	383	951	247	197	-	-	5 913
REMAINING PERFORMANCE OBLIGATIONS (ORDER BACKLOG)											
Order backlog 2024	6 969	6 133	3 600	-	1 221	4 217	866	-	-144	610	23 472
Order backlog, subsequent years	11 172	3 331	2 602	-	28	911	543	-	-69	-	18 519
Total order backlog as at 31 December	18 140	9 464	6 203	-	1 249	5 128	1 410	-	-213	610	41 991
DISTRIBUTION OF REVENUE BY REVENUE STREAMS											
Revenue from civil engineering contracts	6 776	506	-	-	-	2 868	-	-	-387	-	9 763
Revenue from construction contracts	-	9 668	4 549	-	-	4 509	-	-	-342	-235	18 148
Revenue from on- and offshore demolition activities	-	-	-	-	677	119	666	-	-70	-	1 392
Revenue from other types of contracts	-	9	4	27	740	5	416	171	-147	-	1 227
Total revenue	6 776	10 182	4 553	27	1 417	7 501	1 082	171	-945	-235	30 530
DISTRIBUTION OF REVENUE BY GEOGRAPHY											
Revenue in Norway	4 899	10 182	4 553	27	1 417	-	1 082	171	-939	-198	21 196
Revenue in Sweden	1 794	-	-	-	-	7 501	-	-	-7	-38	9 250
Revenue in other countries	84	-	-	-	-	-	-	-	-	-	84
Total revenue	6 776	10 182	4 553	27	1 417	7 501	1 082	171	-945	-235	30 530
CASH FLOW											
Net cash flow from operating activities	1 275	276	29	-80	179	-106	-138	118	-	-	1 552
Net cash flow from investing activities	-323	-43	66	-148	-29	-32	4	-109	-	-	-613
Net cash flow before financing activities	952	233	95	-228	150	-138	-134	9	-	-	939

NOTE 4 SEGMENT INFORMATION CONT.

Amounts in NOK million	Civil Engine-ering	Constr-uction	Beton-mast	Pro-perty	Energy & Envi-ronment	Swe-den	Off-shore	Other	Elim.	GAAP adj.	Total
2022											
INCOME STATEMENT											
External revenue	5 370	10 992	5 142	30	988	7 438	1 236	59	152	-203	31 205
Internal revenue	549	98	2	-	74	7	1	48	-779	-	-
Total revenue	5 919	11 090	5 145	30	1 062	7 445	1 238	107	-627	-203	31 205
Earnings before interest, tax, depreciation and amortisation (EBITDA)	636	410	190	75	150	193	194	40	33	15	1 937
Earnings before interest and tax (EBIT)	445	322	166	75	84	130	164	-24	33	15	1 409
Earnings before tax (EBT)	440	318	174	82	82	127	160	-31	33	15	1 400
KEY FIGURES AND FINANCIAL STATEMENT											
EBITDA margin	10,7 %	3,7 %	3,7 %	-	14,2 %	2,6 %	15,7 %	-	-	-	6,2 %
Operating margin	7,5 %	2,9 %	3,2 %	-	7,9 %	1,7 %	13,2 %	-	-	-	4,5 %
Profit margin	7,4 %	2,9 %	3,4 %	-	7,7 %	1,7 %	12,9 %	-	-	-	4,5 %
Assets as at 31 December	3 546	4 887	3 257	660	733	2 712	1 003	2 175	-4 448	-67	14 457
Capital employed as at 31 December	1 228	1 770	1 417	654	358	1 142	460	1 564	-3 619	-73	4 900
Number of employees as at 31 December	1 812	1 720	635	24	309	1 058	236	181	-	-	5 975
REMAINING PERFORMANCE OBLIGATIONS (ORDER BACKLOG)											
Order backlog 2023	4 856	6 903	3 261	-	610	5 448	1 053	-	-241	-49	21 840
Order backlog, subsequent years	10 512	3 142	1 155	-	30	2 189	641	-	-169	424	17 925
Total order backlog as at 31 December	15 368	10 045	4 415	-	640	7 638	1 694	-	-410	375	39 765
DISTRIBUTION OF REVENUE BY REVENUE STREAMS											
Revenue from civil engineering contracts	5 919	570	-	-	-	2 861	-	-	-558	-	8 792
Revenue from construction contracts	-	10 510	5 137	-	-	4 461	-	-	81	-203	19 985
Revenue from on- and offshore demolition activities	-	-	-	-	620	116	869	-	-71	-	1 534
Revenue from other types of contracts	-	9	8	30	442	7	369	107	-78	-	894
Total revenue	5 919	11 090	5 145	30	1 062	7 445	1 238	107	-627	-203	31 205
DISTRIBUTION OF REVENUE BY GEOGRAPHY											
Revenue in Norway	4 571	11 090	5 145	30	1 062	-	1 238	107	-627	-251	22 365
Revenue in Sweden	1 315	-	-	-	-	7 445	-	-	-	48	8 807
Revenue in other countries	33	-	-	-	-	-	-	-	-	-	33
Total revenue	5 919	11 090	5 145	30	1 062	7 445	1 238	107	-627	-203	31 205
CASH FLOW											
Net cash flow from operating activities	1 040	253	-134	-9	112	67	157	-27	-	-	1 460
Net cash flow from investing activities	-101	-21	631	184	-16	95	-23	-681	-	-	67
Net cash flow before financing activities	939	231	497	175	96	162	134	-708	-	-	1 527

FINANCIAL STATEMENT

NOTE 5 ACQUISITION AND SALE OF BUSINESSES

ACQUISITION AND SALE OF BUSINESSES 2024

In May 2024, AF Gruppen acquired 70 per cent of the shares in ETA Norge AS. ETA Norge AS was established in 2013 and is located in Fiskum in Øvre Eiker. The company has 13 employees. The company provides heating systems within bioenergy (chips, pellets, wood, and solar), and assists with design, installation, and service. ETA Norge is part of the Energy and Environment business area.

Amounts in NOK million	ETA Norge AS
Cash consideration	47
Present value of the expected contingent consideration	19
Consideration for 70% of the shares in ETA Norge AS	**67**
Non-controlling interests in ETA Norge AS (30% of the assets and liabilities)	5
Gross consideration for ETA Norge AS	**72**
Property, plant and equipment	16
Cash and cash equivalents	9
Current non-interest-bearing receivables	31
Inventories	5
Deferred and payable tax	-5
Non-current interest-bearing liabilities	-1
Non-current lease liabilities	-13
Current non-interest-bearing liabilities	-25
Net identifiable assets and liabilities	**18**
Goodwill	**54**
Cash consideration for 70% of the shares in ETA Norge AS	47
– Cash and cash equivalents in ETA Norge AS (100%)	-9
Net consideration to cash flow statement	**38**

AF Gruppen also completed some minor business transactions in 2024.

RECONCILIATION OF ADDITIONS FROM ACQUISITION OF BUSINESSES IN 2024

Amounts in NOK million	Note	ETA	Other	Total
Non-controlling interests		**5**	**3**	**8**
Goodwill		54	9	63
Other intangible assets		1	-	1
Intangible assets	**13**	**55**	**9**	**64**
Machinery, fixtures and fittings	14	2	-	2
Leased machines and operating equipment	15	14	-	14
Property, plant and equipment and right-of-use assets		**16**	**-**	**16**
Non-current interest-bearing debt		1	-	1
Interest-bearing debt	**20**	**1**	**-**	**1**

ACQUISITION AND SALE OF BUSINESSES 2023

In 2023, AF Gruppen carried out some minor business transactions. In January 2023, AF Gruppen purchased 60 per cent of the shares in Mepex Consult AS. Mepex is a consulting company with expertise in waste and recycling. Mepex is part of the Energy and Environment business area. In May 2023, AF Gruppen purchased 56 per cent of the shares in Betong & Tre AS. The company is part of the Construction business area.

In February 2023, AF sold 21 per cent of the shares in its subsidiary Fishfarming AS. The company is now an associated company in AF in the Betonmast business area.

NOTE 6 REVENUE

Amounts in NOK million	Note	2024	2023	2022
Revenue from construction contracts		28 686	28 757	29 708
Revenue from projects for own account		3	1	8
Revenue from sale of services		1 312	1 220	1 023
Revenue from sale of goods		221	177	231
Total revenue from contracts with customers		**30 222**	**30 156**	**30 970**
Rental income		54	86	68
Other income		362	288	167
Total other revenue		**416**	**374**	**235**
Total revenue	4	**30 638**	**30 530**	**31 205**

The remaining revenue on loss projects amounts to NOK 289 million (1,152 million). The expected loss on the remaining production of loss projects has been recognised in the results.

DISTRIBUTION OF REVENUE FROM CONTRACTS WITH CUSTOMERS IN ACCORDANCE WITH THE REVENUE RECOGNITION PRINCIPLE

Amounts in NOK million	2024	2023	2022
Share of revenue from contracts with customers that is recognised over time	29 998	29 977	30 731
Share of revenue from contracts with customers that is recognised at a point in time	224	179	239
Total revenue from contracts with customers	**30 222**	**30 156**	**30 970**

DISTRIBUTION OF REVENUE FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER TYPE

Share of revenue from contracts with customers from public customers[1)]	12 591	8 923	9 121
Share of revenue from contracts with customers from private customers	17 631	21 233	21 849
Total revenue from contracts with customers	**30 222**	**30 156**	**30 970**

[1)] Public customers are defined as the state and municipal administration as well as 100 per cent publicly owned limited companies.

Disaggregated revenue distributed by business area (market) and geography is presented in Note 4 – Segment information.
Information on the transaction price for fully or partially unsatisfied performance obligations is included in Note 4 – Segment information under information on the order backlog.

Information on the contract receivables and contract assets is presented in Note 10 – Trade and contract assets. Information on contract obligations is presented in Note 17 – Trade payables and non-interest-bearing liabilities.

RECOGNISED AS REVENUE UNDER PROJECTS IN PROGRESS

Amounts in NOK million	2024	2023	2022
Amount that was included in the opening balance of contract obligations	1 389	1 546	959
Amount that relates to perf. obligations which were fully or partially satisfied in prev. periods	163	93	167

NOTE 7 PAYROLL COSTS

Amounts in NOK million	Note	2024	2023	2022
Fixed pay		-4 715	-4 404	-4 224
Payroll tax		-820	-837	-727
Retirement benefit costs	18	-264	-227	-225
Share value-based remuneration		-69	-55	-62
Other benefits		-282	-328	-250
Total payroll costs		**-6 150**	**-5 851**	**-5 487**

RECONCILIATION OF SHARE VALUE-BASED REMUNERATION

Share-value based remuneration – recognised	69	55	62
– of which share programme discount for shares from own holdings	-6	-4	-7
Deposit option premium for new option programme	-	5	-
Share-value based remuneration through equity	**64**	**56**	**55**

AVERAGE NUMBER OF FULL-TIME EQUIVALENTS

Norway	4 764	4 938	4 722
Sweden	950	1 107	1 068
Lithuania	27	22	15
Germany	25	22	15
Great Britain	6	4	1
Total	**5 771**	**6 093**	**5 821**

SALE OF SHARES TO EMPLOYEES

AF Gruppen has a share programme that gives all employees the opportunity to buy shares at a 20 per cent discount. The discount is calculated in relation to the average market price during the subscription period. The lock-in period for the shares is one year.

NUMBER OF SHARES / PRICE	2024	2023	2022
Number of shares sold from own holdings	242 200	170 000	305 626
Number of shares from new issues	757 800	830 000	694 374
Market price during subscription period (NOK)	119,28	121,72	152,28
Selling price (NOK)	95,40	97,40	121,80
Accounting impact of sale of shares to employees:			
Payroll costs (discount on sale of shares including payroll tax)	-25	-26	-30

OPTION PROGRAMME 2020-2023

The General Meeting adopted an option programme for all the employees of AF Gruppen in May 2020. The maximum number of options that could be allocated was 4,000,000 over three years, and the programme entailed annual allotments for the years 2020-22 and exercise of the options in March 2023. The subscription price for the shares was based on the average market price during the last week before the three respective subscription periods, no lower, however, than the price from the first subscription period. The subscription price was reduced by the portion of the dividend paid that exceeded 50 per cent of the earnings per share for the previous year. The option premium was NOK 1.00 per option. Option holders had to be employed by AF Gruppen, or one of its subsidiaries as at 1 March 2023 in order to exercise the options. AF Gruppen issued 3,850,000 options to 1,584 employees in 2020, 150,000 options to 184 employees in 2021 and 151,669 options to 142 employees in 2022. The total number of outstanding options adjusted for employees who had left the company was 3,505,712 as at 31 December 2022. As at 1 March 2023, the number of outstanding options was 3,502,810. Market price for the AF share was less than the strike prices at the time of exercise 1 March 2023. 1,361 options were exercised. Remaining options lapsed. Outstanding options linked to this programme after the exercise were 0. Recognised option costs for 2023 were NOK 28 million (32 million).

OPTION PROGRAMME 2023-2026

The General Meeting adopted a new option programme for all the employees of AF Gruppen in May 2023. The maximum number of options that can be allocated is 5,000,000 over three years, and the programme entails annual allotments for the years 2023-25 and exercise of the options in March 2026. The subscription price for the shares will be based on the average market price during the last week before the three respective subscription periods, no lower, however, than the price from the first subscription period. The subscription price will be reduced by the portion of the dividend paid that exceeds 50 per cent of the earnings per share for the previous year. The option premium is NOK 1.00 per option. Option holders must be employed by AF Gruppen, or one of its subsidiaries as at 1 March 2026 in order to exercise the options. AF Gruppen issued 4,850,000 options to 1,364 employees in 2023 and 220,553 options to 123 employees in 2024. In total 70,553 options lapsed in 2023 and 217,994 options lapsed in 2024 because of employees leaving the company. The total number of outstanding options adjusted for employees who have left the company was 4,782,006 as at 31 December 2024. Recognised option costs for 2024 were NOK 41 million (28 million).

NOTE 7 PAYROLL COSTS CONT.

OPTIONS	Exercise deadline	Exercise price as at 31/12/24 (NOK per share)	Number of options
Number of options as at 1 January 2022	**1.3.2023**		**3 730 619**
Options subscribed for in 2022	1.3.2023		151 669
Correction for employees who have left in 2022			-376 576
Number of options as at 31 December 2022	**1.3.2023**		**3 505 712**
Correction for employees who have left before exercise date			**-2 902**
Number of options as at 1 March 2023	**1.3.2023**		**3 502 810**
Options not exercised			-3 501 449
Options exercised			-1 361
Options subscribed for in 2023	1.3.2026	137,77	4 850 000
Correction for employees who have left in 2023			-70 553
Number of options as at 31 December 2023	**1.3.2026**		**4 779 447**
Options subscribed for in 2024	1.3.2026	139,40	220 553
Correction for employees who have left in 2024			-217 994
Number of options as at 31 December 2024	**1.3.2026**		**4 782 006**

AF Gruppen has used the Black-Scholes options pricing model to value the options. The following assumptions were used in the model:

	2024	2023	2022
Expected dividend yield [1]	2,7 %	2,6 %	2,6 %
Historical volatility	25,1 %	29,0 %	25,2 %
Risk-free interest rate	4,5 %	3,7 %	2,1 %
Expected duration of option (years)	1,8	2,8	0,8
Strike price per share at the time of subscription (NOK) [1]	139,40	139,40	169,82

[1] *The yield calculation excludes dividends beyond 50% of the previous year's earnings per share. This is because dividends beyond this level will reduce the strike price.*

NOTE 8 OTHER OPERATING EXPENSES

Amounts in NOK million	Note	2024	2023	2022
OTHER OPERATING EXPENSES				
Rent - short-term contracts		-98	-94	-79
Other rental expenses - short-term contracts		-708	-638	-567
Insurance		-87	-81	-71
Contracted manpower		-151	-202	-311
Audit fees		-21	-17	-14
Other fees		-231	-203	-155
Bad debts	10	-12	-27	-27
Disposal and landfill fees		-104	-92	-110
Marketing and advertising		-31	-32	-29
IT expenses		-211	-173	-170
Maintenance of operating assets		-110	-90	-21
Sundry other operating expenses		-652	-833	-516
Total other operating expenses		**-2 417**	**-2 483**	**-2 072**

Amounts in NOK 1000	2024	2023	2022
REMUNERATION OF THE GROUP'S ELECTED AUDITOR			
Statutory auditing	-10 758	-10 412	-7 741
Other assurance engagements[1]	-2 304	-200	-202
Tax consulting	-	-	-283
Other non-audit services	-143	-18	-29
Total	**-13 204**	**-10 630**	**-8 253**

[1] Other assurance engagements for 2024 include the attestation of AF Gruppen's sustainability report

REMUNERATION OF OTHER AUDITORS			
Statutory auditing	-7 243	-5 723	-5 297
Other services	-771	-849	-864
Total	**-8 014**	**-6 572**	**-6 161**
Total auditor's fees	**-21 218**	**-17 202**	**-14 414**

Remuneration of the auditor is exclusive of value-added tax.

NOTE 9 NET GAINS (LOSSES)

Amounts in NOK million	2024	2023	2022
Gains (losses) on the sale of shares in property companies[1]	18	20	11
Fair value changes in derivatives	3	1	3
Net gains (losses) on financial assets at fair value through profit or loss	-4	-	-1
Net (gains) losses on sale of property, plant and equipment	65	53	50
Net foreign exchange gains (losses) related to operations	-4	-9	-7
Total net gains/(losses)	**78**	**65**	**56**

[1] Gains (losses) on the sale of shares in property companies include both the sale of shares in associated companies and joint ventures, and the sale of shares in subsidiaries that engage in property activities.

NOTE 10 TRADE RECEIVABLES AND CONTRACT ASSETS

CONTRACT RECEIVABLES AND OTHER NON-INTEREST BEARING RECEIVABLES

Amounts in NOK million	Note	2024	2023
Invoiced trade receivables		4 631	5 085
Unearned revenue, invoiced on projects in progress		-1 809	-1 834
Provision for losses		-22	-24
Contract receivables	6	**2 799**	**3 227**
Tax paid in advance		48	24
Value-added tax and other public charges paid in advance		41	67
Prepaid expenses		286	169
Other current non-interest-bearing receivables		102	33
Other non-interest-bearing receivables		**477**	**291**
Trade and other non-interest-bearing receivables	24	**3 276**	**3 518**

MAXIMUM EXPOSURE TO CREDIT RISK

Invoiced trade receivables	Not yet due	1-30	31-60	61-90	91-120	>120	Sum
Age distribution 2024	2 732	302	89	84	144	1 279	4 631
Age distribution 2023	3 117	792	96	70	324	685	5 085

The table above shows maximum exposure to credit risk in respect of trade receivables on the balance sheet date according to age distribution per day: A relatively large proportion of trade receivables are more than 120 days overdue. This is attributed to the complexity of the final settlement for the projects. The final settlement will normally encompass work related to items that are not specified in the contract, and the parties must agree on the price and quantity of this work. The final settlement negotiations normally take several months and, in the case of complex contracts, can take a year or more. Estimate changes in the final settlement are recognised as a correction of project revenues.

Provisions for losses on accounts receivable are related to the customers' ability to pay and are accounted for under other operating expenses. Other risks related to trade receivables and contract assets are considered in the assessment of the projects. Revenue for trade receivables and contract assets from projects is only recognised if the management has assessed that it is highly probable that there will be no reversal of the accumulated revenue. There have been no significant actual losses on recognised receivables or contract assets in recent years, see Note 8 - Other operating expenses.

CONTRACT ASSETS

Amounts in NOK million	Note	2024	2023
Earned revenue, not invoiced on projects in progress		743	780
Credit balances with clients [1]		702	929
Contract assets	6	**1 445**	**1 710**

[1] As security for AF Gruppen's contractual obligations during the contract's performance period, including liability for delayed completion, up to 10 per cent of the contract sum is retained. The retained amount is referred to as "credit balances with clients" and is regulated in contract standards such as NS 8405. When the final settlement is paid, the credit balance is released.

NOTE 11 INVENTORIES

Amounts in NOK million	2024	2023
Spare parts and project inventories	438	319
Raw materials	38	63
Finished products	72	58
Total inventories	**548**	**439**

Inventories mainly consist of spare parts and equipment for use in production. Inventories were not subject to impairment in 2024.

NOK 9 (10) million of the inventories has been pledged as security for liabilities, cf. Note 35 – Pledged assets and guarantees.

NOTE 12 PROJECTS FOR OWN ACCOUNT

Development projects in AF Gruppen are generally organised through setting up joint development companies with partners. Most of these companies are organised as associated companies or joint ventures, cf. Note 27 – Associated companies and Note 28 – Joint ventures. What is presented on the balance sheet as projects for own account, which are specified in the table below, are only the projects that are developed in subsidiaries.

Amounts in NOK million	2024	2023
Housing projects in progress	81	77
Completed residential units for sale	12	1
Land for development	120	116
Total projects for own account	**213**	**194**

LAND FOR DEVELOPMENT

Land for development is defined as sites and development rights for which no decision on development has yet been taken. Combined with the sites and development rights in associated companies, they can be used to build 3 098 (3 233) residential units and 126 401 m^2 (88 364 m^2) of commercial area. AF's share is 1 483 (1 532) residential units and 63 346 m^2 (36 478 m^2) of commercial area.

COMPLETED RESIDENTIAL UNITS FOR SALE	2024	2023
Number of completed residential units for sale in subsidiaries	-	13
AF's share of completed residential units for sale in associated companies [1)]	163	132

[1)] Of the completed residential units for sale, 115 apartments are built for rental (rental rights). These are sold together by transferring shares in the development company.

NOTE 13 GOODWILL AND INTANGIBLE ASSETS

Amounts in NOK million	Note	Goodwill	Other intangible assets	Total
ACQUISITION COST				
1 January 2023		4 549	56	4 604
Ordinary additions		-	3	3
Additions from the acquisition of business	5	33	-	33
Translation difference		63	1	63
31 December 2023		**4 645**	**60**	**4 704**
Ordinary additions		-	3	3
Additions from the acquisition of business	5	63	1	64
Translation difference		15	-	15
31 December 2024		**4 722**	**63**	**4 786**
DEPRECIATION AND WRITE-DOWNS				
1 January 2023		-93	-50	-143
Depreciation for the year		-	-2	-2
Write-downs for the year		-20	-	-20
31 December 2023		**-113**	**-52**	**-165**
Depreciation for the year		-	-3	-3
31 December 2024		**-113**	**-55**	**-168**
CARRYING AMOUNT				
Acquisition cost		4 645	60	4 704
Depreciation and write-downs		-113	-52	-165
31 December 2023		**4 531**	**8**	**4 539**
Acquisition cost		4 722	63	4 786
Depreciation and write-downs		-113	-55	-168
31 December 2024		**4 609**	**9**	**4 618**

	Other intangible assets
Economic life	2-5 years
Depreciation schedule	Straight-line

FINANCIAL STATEMENT

NOTE 13 GOODWILL AND INTANGIBLE ASSETS CONT.

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

Goodwill is allocated to the Group's cash-generating units that are expected to draw synergies from business combinations. Goodwill is mainly allocated to business units. The allocation is shown in the summary below:

Amounts in NOK million	2024	2023
VSP	166	166
Stenseth & RS	154	154
Målselv Maskin & Transport	64	64
AF Anlegg	37	37
Total Civil Engineering	**420**	**420**
Strøm Gundersen	457	457
LAB Entreprenør	432	432
Haga & Berg	147	147
Åsane Byggmesterforretning	123	123
Helgesen Tekniske Bygg (HTB)	102	102
AF Håndverk	118	118
Fundamentering (FAS)	94	94
AF Bygg Østfold	47	47
Total Construction	**1 520**	**1 520**
Betonmast Romerike	462	462
Betonmast Oslo	348	348
Betonmast Buskerud-Vestfold	165	165
Betonmast Boligbygg	184	184
Betonmast Østfold	98	98
Betonmast Røsand	94	94
Betonmast Trøndelag	90	90
Total Betonmast	**1 440**	**1 440**
Aeron	136	127
Total Offshore	**136**	**127**
AF Energi	109	54
AF Decom	37	37
Mepex	11	11
Total Energy and Environment	**157**	**103**
HMB	373	367
AF Bygg Väst	269	264
Kanonaden Entreprenad	143	140
AF Bygg Öst	99	97
AF Bygg Syd	39	39
AF Härnösand Byggreturer	14	14
Total Sweden	**936**	**921**
Book value as at 31 December	**4 609**	**4 531**

NOTE 13 GOODWILL AND INTANGIBLE ASSETS CONT.

IMPAIRMENT TESTS FOR GOODWILL

The Group performs annual tests to assess whether the value of goodwill and intangible assets has been impaired. In the impairment test the book value is measured against the recoverable amount from the cash-generating unit to which the asset is allocated. The recoverable amount from cash-generating units is determined by calculation of the value in use. The value in use is calculated on the basis of discounting the anticipated future cash flows before tax with a relevant discount rate (WACC) before tax that takes the term and risk into account. Different discount rates have been used for Norwegian and Swedish operations as a result of the main differences in the risk-free interest rates. A different required rate of return has also been used for Offshore segment to reflect the differences in market risk. The principal assumptions used in the calculation of the recoverable amounts:

NORWAY	2024	2023
Growth rate [1]	2,0 %	2,0 %
WACC before tax for offshore	11,0 %	10,6 %
WACC before tax for other	8,6 %	8,5 %

SWEDEN	2024	2023
Growth rate [1]	1,5 %	1,5 %
WACC before tax	7,1 %	7,1 %

[1] *The growth rate is nominal and assumed to be perpetual.*

IMPAIRMENT TEST OF GOODWILL IN 2024

Anticipated cash flows for 2025 in the calculation of the recoverable amount are based on the budget for 2025 approved by the management. If next year's budget is not representative and there are available budgets approved by the management for several years, the budgets for up to three years will be used. Budgets and business plans are based on assumptions regarding, for example, the demand, cost of materials, payroll costs and the competitive situation in the markets in which AF Gruppen operates. The assumptions made are based on management's experience as well as external sources. Wage inflation of 5.0 per cent is anticipated for all the business units for the Norwegian companies and 3.5 per cent for the Swedish companies in 2025. The calculated value of the cash-generating units exceeds the recognised value of the assets tested with a relatively good margin at the end of 2024 for all of the units in the test.

SENSITIVITY ANALYSIS FOR KEY ASSUMPTIONS

Sensitivity analyses have been carried out for all the goodwill items related to the discount rate (WACC) and cash flows. The sensitivity analyses for the business units with the largest goodwill items are presented in the section below. Based on the current information, the management of AF Gruppen is of the opinion that reasonable changes in key assumptions which form the basis for calculation of the recoverable amount will not entail no additional need for a write-down in any of the units. The amount of goodwill not shown in the tables below related to sensitivity analysis is NOK 2,269 million (2,209 million).

NOTE 13 GOODWILL AND INTANGIBLE ASSETS CONT.

A) SENSITIVITY ANALYSIS OF DISCOUNT RATE (WACC)

The table below shows the relationship between the estimated recoverable amount and the recognised value of the assets in the impairment test of AF Gruppen's largest goodwill items. The recognised value of the assets in the impairment test is expressed as an index of 100. The indexed recoverable amount (recoverable amount/recognised value of the assets) x 100 represents how much the recoverable amount exceeds the recognised value. In addition, it shows how the recoverable amount changes if the discount rate (WACC) changes by respectively 0.5, 1.0 and 3.0 percentage points. All other factors are held constant in the calculation. The higher the index for the recoverable amount, the more robust the unit is with respect to a possible write-down. Betonmast Oslo, for example, has an estimated value that is 2.65 times higher than the assets to be justified in the test. 2.65 is then calculated as an index of 265 divided by an index of 100. With an increase in the WACC by 3.0 percentage points, Betonmast Oslo will have an estimated value that is 1.85 times higher than what is necessary to justify the assets. If the index for the recoverable amount is less than 100, the recoverable amount is lower than the recognised amount of the assets in the impairment test, making a write-down of goodwill necessary. For example, the table shows that a 1.0 percentage point increase in the WACC will approach the level where it becomes necessary to recognise an impairment loss for the goodwill allocated to AF Bygg Väst.

2024			Values indexed against book value of assets in test		
			Recoverable amount if WACC is increased by:		
BUSINESS UNIT	Recoverable amount in test	Index value of assets in test	0.5 pp	1.0 pp	3.0 pp
Strøm Gundersen	183	100	170	159	126
Betonmast Romerike	154	100	142	132	103
LAB Entreprenør	146	100	136	127	100
HMB	143	100	131	121	93
Betonmast Oslo	265	100	249	233	185
AF Bygg Väst	114	100	106	99	67

2023			Values indexed against book value of assets in test		
			Recoverable amount if WACC is increased by:		
BUSINESS UNIT	Recoverable amount in test	Index value of assets in test	0.5 pp	1.0 pp	3.0 pp
Strøm Gundersen	149	100	138	129	102
Betonmast Romerike	107	100	92	85	65
LAB Entreprenør	133	100	123	115	91
HMB	150	100	138	127	98
Betonmast Oslo	171	100	152	141	109
AF Bygg Väst	116	100	106	98	63

NOTE 13 GOODWILL AND INTANGIBLE ASSETS CONT.

B) SENSITIVITY ANALYSIS OF CASH FLOWS

As in the sensitivity analysis under A, the table shows the ratio between the estimated recoverable amount and the recognised value of the assets in the impairment test for AF Gruppen's largest goodwill items. The recognised value of the assets in the impairment test is expressed as index 100. Indexed recoverable amount (recoverable amount / recognised value of the assets) * 100 represents how much the recoverable amount exceeds the recognised value. In addition, it is shown how the recoverable amount changes when the cash flow in the test is reduced by 10 per cent, 30 per cent and 50 per cent, respectively. The higher the index for estimated recoverable amount, the more robust the unit is against any write-down. Betonmast Oslo for example, has a calculated value that is 2.65 times higher than the assets to be defended in the test. 2.65 is then calculated as index 265 divided by index 100. With a reduction in cash flow of 30 per cent, Betonmast Oslo will have a calculated cash flow that is 1.85 times higher than what is necessary to defend the assets. If the index for recoverable amount is less than 100, the recoverable amount is lower than the book value of the assets in the impairment test, so that impairment of goodwill is necessary. The table shows, for example, that in the event of a reduction in estimated cash flow by 30 per cent, there is a need for impairment of goodwill allocated to AF Bygg Väst.

2024			Values indexed against book value of assets in test		
			Recoverable amount if cash flow in test is reduced by:		
BUSINESS UNIT	Recoverable amount in test	Index value of assets in test	10%	30%	50%
Strøm Gundersen	183	100	165	128	91
Betonmast Romerike	154	100	138	108	77
LAB Entreprenør	146	100	131	102	73
HMB	143	100	128	100	71
Betonmast Oslo	265	100	238	185	132
AF Bygg Väst	114	100	103	80	57

2023			Values indexed against book value of assets in test		
			Recoverable amount if cash flow in test is reduced by:		
BUSINESS UNIT	Recoverable amount in test	Index value of assets in test	10%	30%	50%
Strøm Gundersen	149	100	134	104	74
Betonmast Romerike	107	100	97	75	54
LAB Entreprenør	133	100	119	93	66
HMB	150	100	135	105	75
Betonmast Oslo	171	100	154	120	85
AF Bygg Väst	116	100	104	81	58

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK million		Buildings and production plants	Machinery and equipment	Total
ACQUISITION COST				
1 January 2023		1 013	1 569	2 582
Ordinary additions		76	495	571
Additions from the acquisition of business	5	23	7	30
Disposals		-32	-91	-123
Translation differences		9	13	21
31 December 2023		**1 089**	**1 992**	**3 080**
Ordinary additions		29	224	252
Additions from the acquisition of business	5	-	2	2
Reclassification between groups		-31	31	-
Disposals		-13	-125	-138
Translation differences		2	4	5
31 December 2024		**1 075**	**2 127**	**3 202**
DEPRECIATION AND WRITE-DOWNS				
1 January 2023		-123	-996	-1 119
Depreciation for the year		-22	-198	-219
Accumulated depreciation on disposals for the year		5	59	65
Translation differences		-1	-8	-9
31 December 2023		**-141**	**-1 143**	**-1 284**
Depreciation for the year		-17	-288	-305
Write-downs for the year		-4	-	-4
Accumulated depreciation on disposals for the year		-	79	79
Translation differences		-	-3	-3
31 December 2024		**-163**	**-1 354**	**-1 517**
CARRYING AMOUNT				
Acquisition cost		1 089	1 992	3 080
Depreciation and write-downs		-141	-1 143	-1 284
31 December 2023		**947**	**849**	**1 797**
Acquisition cost		1 075	2 127	3 202
Depreciation and write-downs		-163	-1 354	-1 517
31 December 2024		**912**	**773**	**1 685**

DEPRECIATION RATES

Every material component of non-current assets is depreciated over the expected economic life of the asset using a linear method, except for the tunnel boring machine used in AFs joint operation which is depreciated in line with production. Property is not depreciated.

	Years
Machinery and equipment	3-10
Buildings and production facilities	20-50

PLEDGED ASSETS

Information on collateralised property, plant and equipment is given in Note 35– Pledged assets and guarantees.

NOTE 15 LEASES

GROUP AS LESSEE

AF Gruppen chooses to lease certain capital assets instead of purchasing them, since this provides flexibility and ensures that the company has the best possible utilisation of capital assets. Some of the assets that are rented are sublet. For a group as a tenant, the amount presented is gross before deductions for rental income.

The term of the lease is the agreed term for each lease. Certain agreements have a clause allowing termination for a fee. For lease agreements in the Group, it has been assessed with reasonable certainty that the leases will not be terminated before they expire, but this is assessed for each individual lease agreement. There are no purchase options in most of the lease agreements, but this may be relevant with respect to certain agreements. AF Gruppen assesses whether to return or purchase each underlying asset at the end of the term of the lease when relevant.

The terms of the leases vary, the longest agreements are entered into for a period of 10-15 years, while most of them have a term of 3-5 years. In exceptional cases, agreements are entered into without any time limit, but with a notice period of three months.

AF Gruppen has entered into group-wide agreements with several leasing companies, in which construction machinery, lifts, scaffolding, huts and vehicles, as well as other equipment, are leased. The leases are generally entered into for a term of 3-5 years. Barracks are the exception here and may be leased for a term of up to 8 years. Leases of barracks is not included in the lease liability if they can be terminable in the short term.

Information on accounting policies for leases is available in Note 2 - Material accounting policies.

RIGHT-OF-USE ASSETS

Amounts in NOK million	2024	2023
Leased buildings and production plants	250	246
Leased machinery and equipment	686	733
Total	**936**	**979**

Additions to leased assets in 2024 are 309 million (448 million).

DEPRECIATION AND WRITE-DOWNS OF RIGHT-OF-USE ASSETS

Amounts in NOK million	2024	2023
Depreciation of leased buildings and production plants	-96	-93
Depreciation of leased machinery and equipment	-294	-243
Total	**-390**	**-336**

LEASE LIABILITIES

Undiscounted lease liability and maturity of outgoing cash flows. AF Gruppen is not bound by other lease agreements that have commenced. The leases do not contain restrictions regarding the Group's dividend policy or financing options.

LEASED OBLIGATIONS		Leased buildings and production plants		Leased machinery and equipment		Total Lease liability	
Amounts in NOK million	Note	2024	2023	2024	2023	2024	2023
Rent due within 1 year		73	95	273	282	346	377
Rent due within 1–5 years		167	150	509	487	675	638
Rent due after 5 years		73	54	15	24	87	78
Undiscounted lease obligation		313	300	796	793	1 109	1 093
- Of which interest payments		-31	-22	-51	-59	-82	-82
Net present value lease obligation	20	282	278	745	733	1 027	1 011

The right-of-use asset at AF's head office Helsfyr Atrium is NOK 56 million and the lease obligation is NOK 49 million as of 2024. AF Gruppen has entered into a 10-year lease agreement for a new head office at Construction City, with estimated completion in 2025. The agreement also includes two options to extend the lease with 5 years per option. The lease obligation for the new head office is recogniseded in the accounts at the time the office space is made available to the tenant.

NOTE 15 LEASES CONT.

SUMMARY OF OTHER LEASE INCOME AND COSTS IN THE INCOME STATEMENT

Amounts in NOK million	Note	2024	2023
Total income from the sublease of right of use assets		3	3
Operating costs related to short-term leases and variable lease payments	8	-806	-732
Total		**-803**	**-729**

GROUP AS LESSOR

In 2024, income of NOK 54 million (86 million) has been recognised in the Group's consolidated income statement for operating leases. The lease income consists of the rental of offices and short-term rental of capital equipment, in which the rental of offices is related to the subleasing of office leases at Helsfyr Atrium. Minimum sublease income in related to Helsfyr Atrium is presented the table below.

Amounts in NOK million	2024	2023	2022
Sublease rent due within 1 year	1	3	5
Sublease rent due within 1–5 years	-	2	5
Sublease rent due after 5 years	-	-	-
Total	**1**	**5**	**10**

PLEDGED ASSETS

Information on collateralised property, plant and equipment is given in Note 35 – Pledged assets and guarantees.

NOTE 16 PROVISIONS FOR LIABILITIES

Amounts in NOK million	Warranty work [1]	Contingent consideration [2]	Non-controlling interests' put options [3]	Other provisions	Total provisions
1 January 2023	384	16	92	210	702
Reversal of earlier provisions	-19	-	-2	-16	-37
Provisions set aside during the year	326	-	-	124	450
Total included in profit for the year	**308**	**-**	**-2**	**108**	**413**
Translation differences	3	-	5	-4	4
Total included in other comprehensive income	**3**	**-**	**5**	**-4**	**4**
Additions during the year	-	-	11	-	11
Additions from purchase of business	-	-	-	1	1
Used during the year	-102	-	-73	-27	-201
Total other changes	**-102**	**-**	**-62**	**-26**	**-190**
31 December 2023	**592**	**16**	**32**	**289**	**930**
Reversal of earlier provisions	-86	-	-	-44	-131
Provisions set aside during the year	147	1	1	168	317
Total included in profit for the year	**61**	**1**	**1**	**124**	**187**
Translation differences	1	-	-	2	3
Total included in other comprehensive income	**1**	**-**	**-**	**2**	**3**
Additions during the year	-	23	-	-	23
Used during the year	-90	-	-17	-32	-138
Total other changes	**-90**	**23**	**-17**	**-32**	**-115**
31 December 2024	**565**	**40**	**16**	**383**	**1 004**

[1] Provisions for warranty work represent the management's best estimate of the warranty liability for ordinary construction and civil engineering projects and warranty liability under the Housing Construction Act. The warranty period is normally 3–5 years.

[2] The most significant amounts of contingent consideration are NOK 16 million related to the purchase of Stenseth & RS with settlement in 2025 and NOK 19 million related to the purchase of ETA Norge with settlement in 2027.

[3] As at 31 December 2024, AF Gruppen has an estimated obligation related to agreements that entitle non-controlling owners to sell shares in subsidiaries to AF Gruppen at given times (put options) of NOK 16 million. The value is not predetermined but is calculated on the redemption date as the enterprise value adjusted for liabilities. The enterprise value is calculated as the average operating profit for the previous three years multiplied by an agreed multiple. The calculated equity value has been discounted by a risk-free interest rate. Valuations are based on the management's best estimates of future earnings and net interest-bearing liabilities, as well as the time of the redemption. The value that is calculated is considered equivalent to the fair value and is at level 2 in the valuation hierarchy in accordance with IFRS 13. The contra entry for the liability is the equity of the majority interests, cf. Statement of Changes in Equity. The estimated liability is classified as long-term with settlement in 2026 and 2027.

CLASSIFICATION ON THE BALANCE SHEET	**2024**	**2023**
Non-current liabilities	100	120
Current liabilities	904	810
Total provisions	**1 004**	**930**

FINANCIAL STATEMENT

NOTE 17 TRADE PAYABLES AND NON-INTEREST-BEARING LIABILITIES

Amounts in NOK million	2024	2023
Trade payables	3 735	4 182
Public liabilities	549	723
Accrued holiday pay, including payroll tax	566	547
Other accrued expenses and other current liabilities	1 893	1 615
Total trade payables and non-interest-bearing liabilities	**6 743**	**7 067**

Amounts in NOK million	2024	2023
Prepayments from customers	1 698	1 389
Total contract obligations	**1 698**	**1 389**

NOTE 18 RETIREMENT BENEFITS

The Norwegian companies in the Group are obligated to have an occupational pension plan in accordance with the Act relating to Mandatory Occupational Pensions. The Group's pension plans satisfy the statutory requirements.

DEFINED CONTRIBUTION PENSION PLAN NORWAY

A defined contribution pension plan for all employees born in or after 1952, or employed in or after 2003, has been established for the Group's employees in Norway. From 1 January 2022, the contributions have been 5 per cent of pay up to 7.1 G and 13.5 per cent of pay > 7.1 G < 12 G. Employees contribute a co-payment of 2 per cent of their salary basis, up to a maximum of half of the contribution. Contributions to defined contribution plans are recognised in the income statement the year they are made.

DEFINED BENEFIT PENSION PLAN NORWAY

The Group has had a collective pension plan for employees in Norway born in or before 1951. The plan only covered retirement pensions. The plan aimed to pay benefits of 60 per cent of the pay level up to 12G at the time of retirement. This benefit level required a 30-year qualification period. The retirement age was 67, and there was a 15-year payment period. Parts of the retirement benefit payments were covered by the Norwegian National Insurance Scheme and the payments expected from this scheme. The rest was funded through accumulated reserves in insurance companies. At the end of 2020, the secured pension plan was abandoned. There are 3 (5) pensioners covered by an unsecured pension plan.

PENSION PLANS SWEDEN

Employees in the Swedish group companies have collective pension schemes. The premiums are paid continuously throughout the year. Skilled workers have Avtalspension SAF-LO. Officials are covered by Tjänstepensionsavtalet ITP. Employees born in 1979 and later have ITP 1. This is a contribution scheme. The contribution is calculated as a percentage of the employees' salaries. Employees born in 1978 and earlier have ITP 2, which is a benefit-based scheme. The schemes include retirement pension, sickness pension, group life insurance and in some cases family pension. All the Swedish schemes are classified as contribution-based schemes, as there is no reliable measurement or allocation of obligations and funds.

CONTRACTUAL EARLY RETIREMENT (AFP)

The Group has a defined-benefit multi-company plan for contractual early retirement (AFP), a tariff-based pension scheme for employees in the private sector. At present there is no reliable measurement or allocation of the liabilities and funds in the plan. For accounting purposes, this plan is therefore treated as a defined contribution pension plan in which the premium payments are recognised as costs on an ongoing basis, and no provisions are set aside in the accounts. The premium for AFP is paid based on a percentage of the total payments to employees between 1 and 7.1 G. The Group pays a premium for employees until the year they reach 61 years. The premium rate is currently 2.6 per cent.

RETIREMENT BENEFIT COSTS

Amounts in NOK million	2024	2023	2022
Defined contribution retirement benefits, Norway	-140	-102	-119
Contributions to retirement benefit schemes, abroad	-70	-77	-61
Other retirement benefit expenses	-55	-48	-45
Retirement benefit costs for the year, excluding payroll tax	**-264**	**-227**	**-225**
Payroll tax	-36	-33	-32
Retirement benefit costs for the year, including payroll tax	**-301**	**-260**	**-257**

RETIREMENT BENEFIT LIABILITIES AND PLAN ASSETS

The defined secured benefit pension plan was abandoned in 2020. The Group had gross retirement benefit liabilities of NOK 7 million (8 million) as at 31. desember 2024, and all of it is unfunded. Recognised plan assets in the Group amount to NOK 2 million (5 million). Actuarial losses in the assets amount to NOK 1 million (1 million).

NOTE 19 NET FINANCIAL ITEMS

Amounts in NOK million	Note	2024	2023	2022
FINANCIAL INCOME				
Interest income from cash and cash equivalents	20	20	18	6
Interest income from associated companies	20	28	20	13
Other interest income	20	10	4	1
Other financial income		2	-	2
Total financial income		**59**	**42**	**23**
FINANCIAL EXPENSES				
Interest expenses on loans and overdraft facilities	20	-49	-53	-13
Interest expenses on leased liabilities	20	-47	-36	-22
Other interest expenses	20	-16	-10	-8
Other financial expenses		-1	-	-3
Total financial expenses		**-113**	**-100**	**-46**
FINANCIAL GAINS (LOSSES) ON CHANGES IN VALUE				
Net foreign exchange gains (losses) related to financing		-10	9	14
Total financial gains (losses) on changes in value		**-10**	**9**	**14**
Net financial items		**-64**	**-49**	**-10**

FINANCIAL STATEMENT

NOTE 20 NET INTEREST-BEARING DEBT (RECEIVABLES)

NET INTEREST-BEARING DEBT (RECEIVABLES)

Amounts in NOK million	Note	2024	2023
Interest-bearing loans and credit facilities – non-current	24	96	93
Lease liability – non-current	24	712	666
Interest-bearing loans and credit facilities – current	24	188	233
Lease liability – current	24	315	345
- Interest-bearing receivables – non-current	24	-341	-317
- Interest-bearing receivables – current	24	-37	-32
- Cash and cash equivalents	24	-1 033	-347
Net interest-bearing debt (receivables)	22	-99	641

CASH AND CASH EQUIVALENTS

Amounts in NOK million	Note	2024	2023
Bank deposits		1 033	347
Cash and cash equivalents	24	1 033	347
Of which restricted funds		12	19

Restricted funds consist primarily of deposits related to the settlement of withholding tax.

DRAWING RIGHTS

AF Gruppen has a revolving one-year multi-currency cash pooling system with DNB with a credit limit of NOK 2,000 million. At the end of 2024, the Group had an unused bank overdraft facility linked to the cash pooling system of NOK 1,831 million (1,774 million). In addition, the Group has a revolving credit facility with Handelsbanken of NOK 1,500 million. This was established in 2023 and has a term of 3+1+1 years. Available liquidity at 31 December 2024, including overdraft facilities with Handelsbanken and DNB, is NOK 4,363 million.

CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES 2024

Amounts in NOK million	Note	Interest-bearing loans and credit	Lease liability	2024
1 January 2024		326	1 011	1 337
Cash flows				
Cash flows - proceeds of interest-bearing debt		14	-	14
Cash flows - repayment interest-bearing debt		-64	-383	-447
Cash flows - paid interest		-64	-47	-111
Other changes				
Additions of lease liabilities		-	415	415
Disposals of lease liabilities		-	-32	-32
Addition from acquisition of business	5	1	13	14
Increased liability as a result of effective interest		64	47	111
Other net changes		8	3	11
31 December 2024		284	1 027	1 312

NOTE 20 NET INTEREST-BEARING DEBT (RECEIVABLES) CONT.

CHANGE IN LIABILITIES FROM FINANCING ACTIVITIES 2023

Amounts in NOK million	Note	Interest-bearing loans and credit	Lease liability	2023
1 January 2023		508	898	1 406
Cash flows				
Cash flows - proceeds of interest-bearing debt		1	-	1
Cash flows - repayment interest-bearing debt		-201	-315	-516
Cash flows - interest		-62	-36	-99
Other changes				
Additions of lease liabilities		-	448	448
Disposals of lease liabilities		-	-19	-19
Addition from acquisition of business	5	19	-	19
Increased liability as a result of effective interest		62	36	99
Other net changes		-	-1	-1
31 December 2023		326	1 011	1 337

INTEREST-BEARING LOANS AND CREDIT FACILITIES

Amounts in NOK million	Note	Effective interest rate	2024	2023
Overdraft facilities inside of the corporate cash pooling system		5,4 %	169	222
Mortgage loans		6,8 %	17	18
Lease liabilities	15	3,8 %	1 027	1 011
Other loans		7,2 %	98	86
Total interest-bearing loans and credit facilities	22		1 312	1 337
Classification on the balance sheet				
Long-term liabilities			808	759
Current liabilities			504	578
Total interest-bearing loans and credit facilities	22		1 312	1 337
Maturity structure:				
Liabilities maturing within 1 year			538	609
Liabilities maturing in between 1 and 5 years			807	761
Liabilities maturing in more than 5 years			87	79
Total future payment			1 432	1 449
- Of which interest payments			-121	-112
Total interest-bearing loans and credit facilities	22		1 312	1 337

Interest-bearing loans and credit facilities are measured on an ongoing basis at amortised cost. Fair value is calculated by discounting future cash flows and is classified at level 2 in the fair value hierarchy, cf. Note 24 – Financial instruments category table. Fair value coincides essentially with the book value.

FINANCIAL STATEMENT

NOTE 21 EARNINGS AND DIVIDEND PER SHARE

CAPITAL MANAGEMENT

The aim of the Group's capital management is to ensure a predictable financial framework for the operations and give the shareholders a return that is better than that of comparable companies. The capital structure is managed on a running basis based on key figures and assessments of the economic conditions under which the business is conducted, as well as the short and medium-term outlook. AF Gruppen's goal is to have an equity ratio of at least 20 per cent exclusive the effect of IFRS 16 Leases, and at all times have sufficient liquidity to meet the group's needs. There have been no changes to the Group's capital management guidelines in 2024. AF Gruppen's dividend policy is to pay a dividend up to twice a year and that the dividend shall represent 50 per cent or more of the profit for the year attributable to the majority interests. In its dividend proposal the Board of Directors will assess the Group's financial position and capital structure and also take into account future financial and strategic dispositions.

EARNINGS PER SHARE

Amounts in NOK million	**2024**	**2023**	**2022**
Profit for the year attributable to Parent Company shareholders	708	402	958
NUMBER OF SHARES AT AT 31 DECEMBER			
Time-weighted average number of externally owned shares[1]	108 589 960	107 775 062	106 906 990
Dilutive effect of share value-based remuneration[2]	-	-	-
Time-weighted average number of externally owned shares after dilution	108 589 960	107 775 062	106 906 990
Earnings per share (NOK)	6,52	3,73	8,96
Diluted earnings per share (NOK)	6,52	3,73	8,96

[1] *Time-weighted average number of shares issued minus treasury shares.*
[2] *AF Gruppen's share value-based remuneration scheme (options), cf. Note 7 – Payroll costs, entails that externally owned shares may be diluted as a result of the redemption of options. To take into account the future increase in the number of externally owned shares, the diluted earnings per share is calculated in addition to the earnings per share.*

DIVIDEND PER SHARE

A dividend of NOK 3.50 per share for the 2023 financial year was paid on 27 May 2024. A total of NOK 380 million was distributed to shareholders in 2024. For the 2024 financial year, the Board of Directors proposes a dividend of NOK 5.00 per share. It is expected that the dividend will be paid to the shareholders on 21 May 2025. The dividend must be approved by the General Meeting, and there is no provision for the liability on the balance sheet. No dividend is paid for shares owned by AF Gruppen ASA. The total estimated dividend for the 2024 financial year is NOK 546 million. The Board of Directors will request authorisation by the General Meeting for the distribution of a dividend in November 2025 as well.

Amounts in NOK	**Dividend for the first half of 2025**
Total number of shares as at 31 December 2024	109 289 800
Share issue, options	-
Estimated number of treasury shares	-60 700
Estimated number of shares entitled to a dividend	109 229 100
Proposed dividend per share	5,00
Total estimated dividend	546 145 500

NOTE 22 FINANCIAL RISK MANAGEMENT

The Group is exposed to various types of financial risk, credit risk, market risk and liquidity risk through its activities.

The overall goal of risk management in the Group is to minimise any risk that AF Gruppen cannot influence. Unpredictable changes in the capital markets are an example of this.

The Board has overall responsibility for establishing and supervising the Group's risk management framework. Risk management principles have been established in order to identify and analyse the risk to which the Group is exposed, set limits for acceptable risk and relevant controls, monitor risk, and comply with the limits. Risk management principles and systems are reviewed regularly to reflect changes in activities and the market conditions. Through training, standards and procedures for risk management, the Group aims to develop a disciplined and constructive environment of control, in which every employee understands his or her roles and duties.

A) CREDIT RISK

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument does not manage to fulfil his contractual obligations. Credit risk is usually a consequence of the Group's trade receivables. There is also credit risk related to cash and cash equivalents and financial derivatives. The management has established guidelines to ensure that the granting of credit and exposure to credit risk are monitored continuously.

Trade receivables, contract assets and other receivables
The Group's exposure to credit risk related to trade receivables, contract assets and other receivables is principally affected by individual circumstances relating to a particular customer. Other circumstances, such as the demographics, geographical factors, etc. have little effect on the credit risk.

Trade and other receivables on the balance sheet are presented net of provisions for anticipated losses. Provision is made for losses when it is expected that a credit risk will result in a loss. Historically, the group has had low credit losses, but the risk of such losses has increased in line with inflation, increased interest rates, and weak development in the housing market. Verification in StartBank, use of credit rating tools, parent company and bank guarantees, as well as the use of customized payment plans, help to reduce the risk

The Group's largest customer in 2024 was Vann- og Avløpsetaten in Oslo Municipality. The Norwegian public sector, including 100 per cent publicly owned corporations such as Nye Veier AS, constitutes 30.7 per cent (21.4 per cent) of AF Gruppen´s total revenue from contracts with customers. The public sector in Sweden constitutes 10.5 per cent (8.2 per cent) of total revenue from contracts with customers. The credit risk for these customers is considered to be minimal. Contracts with Norwegian private customers usually follow standards where security is required. In accordance with the Norwegian Standard for construction and civil engineering contracts, the customer must provide security for 10-17.5 per cent of the contract price for fulfilment of his contractual obligations. The contractor is not obligated to start work on a contract before receiving security from the customer. There are no corresponding contractual provisions in Sweden, therefore assessments of the customer's creditworthiness are important selection criterion before entering into a contract.

The remaining credit risk of the Group is spread over a large number of contract partners and home buyers. Home buyers always pay a deposit of at least 10 per cent of the purchase price when entering into a purchase contract. The Company has a non-possessory pledge on sold residential units. The credit risk is spread over a large number of home buyers and is considered low.

See Note 10 – Trade receivables and contract assets for the maximum exposure to credit risk in respect of trade receivables on the balance sheet date according to age.

A relatively large proportion of trade receivables are more than 120 days overdue. This is linked to the complexity of the final settlement for the projects. The final account lists all the work performed under the contract against the contract prices. In addition, the actual work performed will normally include items that are not described in the contract, and the parties have to reach an agreement on how to calculate the price and quantity of such items. This work usually takes several months and, in the case of complex contracts, can take up to a year. Impairment due to unwillingness or inability to pay is rare. Changes in the value of receivables are primarily due to changes in project revenue estimates and are entered as an adjustment of the project revenue.

Cash and cash equivalents
Cash and cash equivalents comprise restricted and non-restricted bank deposits. The credit risk linked to bank deposits is limited, as the counterparties are banks with a high credit ranking that is assessed and published by international credit rating institutes such as Moody's and Standard & Poors. The strict creditworthiness requirements mean that counterparties are expected to fulfil their obligations. Any investments in money market funds are only made in liquid securities and only with counterparties with good creditworthiness.

Derivatives
The credit risk linked to transactions with financial derivatives is considered limited as the counterparties are banks with a high credit ranking.

CREDIT EXPOSURE TO FINANCIAL ASSETS

Maximum credit exposure to financial assets corresponds to the book value.

B) MARKET RISK

I) Interest rate risk
AF Gruppen's financing is based on variable interest rates, and the Group is therefore exposed to interest rate risk. The Group does not use fixed interest rate agreements to hedge the effective interest rate exposure. See the description in Note 20 – Net interest-bearing debt (receivables) for further information. AF is also exposed to interest rate risk for construction and property activities, especially for residential building for own account, in which the general interest rate level will have an impact on the saleability of completed residential units and consequently the Group's tied-up capital. The Group reduces this risk by requiring advance sales of residential units and deposits from home buyers. See the description in Note 12 – Projects for own account for further information.
Sensitivity to interest rate changes
The Group is exposed to an interest rate risk with respect to assets and liabilities with a variable interest rate. The table illustrates the effect of a change in the interest rate by 100 basis points on the profit after tax. The analysis assumes that other variables remain constant.

NOTE 22 FINANCIAL RISK MANAGEMENT CONT.

Amounts in NOK million	2024	2023
Financial liabilities with a variable interest rate	1 312	1 337
Financial assets with a variable interest rate	-1 410	-695
Net financial debt (financial receivables)	**-99**	**641**
EFFECT ON PROFIT AFTER TAX		
Effect of a 100 basis point increase in rates on the profit after tax and equity	1	-5
Effect of a 100 basis point decrease in interest rates on the profit after tax and equity	-1	5

ii) Currency risk
AF Gruppen has operations in several countries and is exposed to exchange rate risk in a number of currencies, particularly the SEK, EUR and USD. 76 per cent (69 per cent) of AF Gruppen's estimated revenues were from activities with NOK as the functional currency, 24 per cent (30 per cent) with SEK as the functional currency. An exchange rate risk arises from future commercial transactions, in the translation of recognised assets and liabilities and net investments in foreign operations to NOK. The net foreign exchange gain/(loss) was NOK -14 million (0 million) in 2024. The total translation differences were NOK 17 million (89 million) in 2023. The Group has a low exchange rate risk related to revenue from the Civil Engineering, Construction, Betonmast, Property, Energy and Environment and Sweden business areas, since all revenues are primarily in the functional currency. Portions of the revenues in the Offshore business area are in EUR and USD. These are hedged naturally in some cases, since the costs are in the same currency as the revenues, or they are hedged by means of forward currency contracts. As of 31 December 2024, the effects of two forward exchange contracts with income in EUR, are recognised in accordance with the cash flow hedging rules, cf. Note 23 – Derivatives and Note 24 Financial instruments – category table. AF Gruppen makes most of the purchases in their respective functional currencies. The Group bears a risk related to purchases in foreign currency, either directly through purchases from foreign suppliers, or indirectly from Norwegian suppliers who import goods from abroad. AF Gruppen hedges by entering into all major purchase agreements in NOK. Major individual purchases in foreign currency that are not encompassed by purchase agreements in NOK are hedged by forward contracts.

The following significant exchange rates have been applied.

	Average rate		Closing rate as at 31 Dec.	
NOK	**2024**	**2023**	**2024**	**2023**
SEK	1,02	1,00	1,03	1,01
EUR	11,63	11,42	11,80	11,24
USD	10,75	10,56	11,35	10,17
GBP	13,74	13,14	14,22	12,93

SENSITIVITY CURRENCY DERIVATIVES

Amounts in NOK million	2024	2023
EFFECT ON PROFIT AFTER TAX		
Effect of a 10 per cent appreciation of NOK in relation to all the currencies on the profit after tax	-3	-
Effect of a 10 per cent weakening of NOK in relation to all the currencies on the profit after tax	3	-
EFFECT ON OTHER COMPREHENSIVE INCOME (OCI)		
Effect of a 10 per cent appreciation of NOK in relation to all the currencies on other comprehensive income (OCI).	79	26
Effect of a 10 per cent weakening of NOK in relation to all the currencies on other comprehensive income (OCI).	-79	-26
EFFECT ON EQUITY		
Effect of a 10 per cent appreciation of NOK in relation to all the currencies on the equity	75	26
Effect of a 10 per cent weakening of NOK in relation to all the currencies on the equity	-75	-26

SENSITIVITY ASSOCIATED WITH THE TRANSLATION OF RECEIVABLES AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES TO NOK
AF Gruppen has deposits and liabilities in EUR, GBP, USD, DKK and SEK. Net bank deposits and receivables in foreign currencies other than the functional currency are exposed to an exchange rate risk and result in a foreign exchange gain or loss in the event of exchange rate fluctuations. The table illustrates the effect of a change in all the exchange rates by 10 per cent on the profit after tax. The analysis assumes that other variables remain constant.

Amounts in NOK million	2024	2023
EFFECT ON EARNINGS AFTER TAX AND EQUITY		
Effect of a 10 per cent appreciation of NOK in relation to all the currencies on profit after tax	24	40
Effect of a 10 per cent weakening of NOK in relation to all the currencies on profit after tax	-24	-40

iii) Other price risks
The demolition activities in Offshore are exposed to price risk from the sale of scrap steel recycled from steel structures in the North Sea. A continuous assessment is made of whether the price of steel should be hedged, based both on exposure and on the efficiency of the market for forward contracts. As at 31 December 2024 and as at 31 December 2023, AF Gruppen has liabilities related to commodity derivatives for steel. See Note 23 – Derivatives for further information.

C) LIQUIDITY RISK
Liquidity risk is the risk that AF Gruppen will not be able to service its financial obligations when they are due. The Group's strategy for handling liquidity risk is to have sufficient cash and cash equivalents and financing facilities at all times in order to fulfil its financial obligations when due, without risking unacceptable losses or damaging its reputation. Most of the companies in AF Gruppen are linked to a corporate cash pool system. Surplus liquidity in the corporate cash pool system, beyond what constitutes the necessary working capital, is managed by the group's finance function. Management receives daily updates on liquidity via a liquidity dashboard, and each month the Corporate Management Team reviews the liquidity of the projects. Annual liquidity budgets are prepared and updated as needed. See Note 20 – Net interest-bearing debt (receivables) for information on liquidity and available credit facilities.

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NOTE 23 DERIVATIVES

	2024		2023	
Amounts in NOK million	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts – cash flow hedging	-	22	-	11
Total non-current assets/ liabilities	**-**	**22**		**11**
Commodity derivatives – cash flow hedging	-	-	-	1
Forward foreign exchange contracts – held for trading purposes	-	-	2	-
Forward foreign exchange contracts – cash flow hedging	-	36	-	15
Total current assets/ liabilities	**-**	**36**	**2**	**15**
Total carrying amount	**-**	**58**	**2**	**27**

COMMODITY DERIVATIVES
To hedge against undesired fluctuations in the price of commodities that AF uses or sorts for recycling, such as steel, commodity derivatives are entered into in certain cases. In the assessment, the exposure and how efficient the market for forward contracts is are taken into account. As at 31 December 2024, AF Gruppen has liabilities related to commodity derivatives in steel related to the demolition activity at AF's environmental base at Vats.

CURRENCY EXCHANGE CONTRACTS
AF Gruppen recognise changes in the value of foreign exchange derivatives related to large contracts denominated in foreign currencies in accordance with the rules for cash flow hedging. As at 31 December 2024, this applies to two contracts with income in EUR. There was no ineffectiveness associated with the Group's cash flow hedging in 2024. For other forward foreign exchange contracts, the changes in value are recognised in the income statement on an ongoing basis, cf. Note 9– Net gains/(losses).

THE TABLE BELOW SHOWS CHANGES IN CASH FLOW HEDGING

Amounts in NOK million	2024	2023	2022
Cash flow hedges (gross)	-11	41	44
Cash flow hedges (tax)	2	-9	-10
Reclassified from other comprehensive income (OCI) to the income statement	**-8**	**32**	**34**
Cash flow hedges (gross)	-43	-48	-38
Cash flow hedges (tax)	10	11	8
Change in value for the year	**-34**	**-37**	**-30**
Cash flow hedges (gross)	-54	-7	5
Cash flow hedges (tax)	12	2	-1
Total other comprehensive income (OCI)	**-42**	**-5**	**4**

NOTE 23 DERIVATIVES CONT.

FINANCIAL ASSETS AND LIABILITIES ARE MEASURED AT FAIR VALUE IN ACCORDANCE WITH THE VALUATION HIERARCHY

AF Gruppen measures all derivatives and financial investments at fair value. As at 31 December 2024, AF Gruppen has derivatives related to foreign exchange and commodities. Currency derivatives are used to make revenues or commodity costs in foreign currencies predictable.

Fair value hierarchy
The table below illustrates the financial instruments at fair value in accordance with the valuation hierarchy in IFRS 13. The various levels are defined as follows:
Level 1 – Quoted price in an active market for an asset or liability.
Level 2 – Valuation derived directly or indirectly from a quoted price within level 1.
Level 3 – Valuation based on inputs not obtained from observable markets.

FINANCIAL ASSETS AND LIABILITIES ARE MEASURED AT FAIR VALUE IN ACCORDANCE WITH THE VALUATION HIERARCHY

Amounts in NOK million

2024	Level 1	Level 2	Level 3	Total
Assets – Derivatives	-	-	-	-
Liabilities – Derivatives	-	-58	-	-58
Total	**-**	**-58**	**-**	**-58**

Amounts in NOK million

2023	Level 1	Level 2	Level 3	Total
Assets – Derivatives	-	2	-	2
Liabilities – Derivatives	-	-27	-	-27
Total	**-**	**-25**	**-**	**-25**

Fair value of forward contracts in a foreign currency is calculated as the present value of the difference between the agreed forward price and the forward price for the currency on the date of the balance sheet multiplied by the contract volume in a foreign currency.

NOTE 24 FINANCIAL INSTRUMENTS: CATEGORY TABLE

The table below shows AF Gruppen's financial instrument classes and the associated book value in accordance with IFRS 9 – Financial Instruments. All financial instruments are measured at fair value, or approximately at fair value, with the exception of long-term financial liabilities. See Note 20 – Net interest-bearing receivables (debt) for information on the fair value of long-term financial liabilities.

FINANCIAL ASSETS BY CATEGORY

Amounts in NOK million *31 December 2024*	Note	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through OCI	Total	Non-financial assets	Total carrying amount
Non-current interest-bearing receivables	20	341	-	-	341	-	341
Non-current pension plan and other financial assets		2	34	-	36	2	39
Current trade receivables and other current receivables [1]	10	2 901	-	-	2 901	375	3 276
Contract assets	10	-	-	-	-	1 445	1 445
Current interest-bearing receivables	20	37	-	-	37	-	37
Cash and cash equivalents	20	1 033	-	-	1 033	-	1 033
Total		4 314	34	-	4 348	1 823	6 171

Amounts in NOK million *31 December 2023*	Note	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through OCI	Total	Non-financial assets	Total carrying amount
Non-current interest-bearing receivables	20	317	-	-	317	-	317
Non-current pension plan and other financial assets		3	35	-	38	5	43
Current trade receivables and other current receivables [1]	10	3 259	-	-	3 259	259	3 518
Contract assets	10	-	-	-	-	1 710	1 710
Current interest-bearing receivables	20	32	-	-	32	-	32
Current derivatives	23	-	2	-	2	-	2
Cash and cash equivalents	20	347	-	-	347	-	347
Total		3 957	37	-	3 994	1 973	5 967

[1] *Trade receivables and other current receivables classified as loans and receivables do not include prepaid expenses.*

NOTE 24 FINANCIAL INSTRUMENTS: CATEGORY TABLE CONT.

FINANCIAL LIABILITIES BY CATEGORY

31 December 2024	Note	Liabilities at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through OCI	Total	Non-financial liabilities	Total carrying amount
Non-current interest-bearing loans and credit facilities	20, 22	96	-	-	96	-	96
Long-term interest-bearing loans - Lease liability	20, 22, 15	712	-	-	712	-	712
Current interest-bearing loans and credit facilities	20, 22	188	-	-	188	-	188
Short-term interest-bearing loans - Lease liability	20, 22, 15	315	-	-	315	-	315
Current trade payables and non-interest-bearing debt [2]	17, 22	5 628	-	-	5 628	1 115	6 743
Contract liability	17, 22	-	-	-	-	1 698	1 698
Non-current derivatives	22, 23	-	-	22	22	-	22
Current derivatives	22, 23	-	-	36	36	-	36
Total		6 940	-	58	6 998	2 813	9 810

31 December 2023	Note	Liabilities at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through OCI	Total	Non-financial liabilities	Total carrying amount
Non-current interest-bearing loans and credit facilities	20, 22	93	-	-	93	-	93
Long-term interest-bearing loans - Lease liability	20, 22, 15	666	-	-	666	-	666
Current interest-bearing loans and credit facilities	20, 22	233	-	-	233	-	233
Short-term interest-bearing loans - Lease liability	20, 22, 15	345	-	-	345	-	345
Current trade payables and non-interest-bearing debt [2]	17, 22	5 798	-	-	5 798	1 270	7 067
Contract liability	17, 22	-	-	-	-	1 389	1 389
Non-current derivatives	22, 23	-	-	11	11	-	11
Current derivatives	22, 23	-	-	15	15	-	15
Total		7 134	-	27	7 161	2 658	9 819

[2] *Trade payables and non-interest-bearing liabilities classified as financial liabilities at amortised cost consist of ordinary trade payables and other current liabilities. Financial liabilities do not include statutory obligations such as unpaid value-added tax, retirement benefits and other personnel-related costs.*

FINANCIAL STATEMENT

NOTE 25 INCOME TAX EXPENSE

Amounts in NOK million	2024	2023	2022
Current tax payable for the year	-108	-286	-466
Adjustment for previous years	-	-	-4
Tax change in deferred tax	-144	101	221
Total income tax expense	**-251**	**-185**	**-248**

RECONCILIATION OF TAX PAYABLE IN THE INCOME STATEMENT AGAINST TAX PAYABLE ON THE BALANCE SHEET

Current tax payable for the year	108	286	466
Tax payable linked to previous years	10	3	4
Tax paid in advance	-21	-42	-54
Tax payable from other comprehensive income	-3	-	-
Total tax payable on the balance sheet	**93**	**247**	**416**

RECONCILIATION OF INCOME TAX EXPENSE CALCULATED AT THE NORWEGIAN TAX RATE AND THE INCOME TAX EXPENSE AS PRESENTED IN THE INCOME STATEMENT

Profit before tax	1 085	700	1 400
Expected income tax at Norwegian nominal rate	-239	-154	-308
Tax effects of:			
– Divergent foreign tax rates	3	-1	3
– Non-deductible expenses	-29	-26	-28
– Profit attributable to associated companies	11	-7	35
– Non-taxable revenues	4	3	9
– Change in valuation of deferred tax assets	-1	-1	5
– Excessive/insufficient provisions in previous years	-	-	36
Total tax expense recognised in income statement	**-251**	**-185**	**-248**
Effective tax rate	23,1 %	26,5 %	17,7 %

From the fiscal year 2024, the supplementary tax law is introduced. The law is based on the OECD's model rules, Pillar 2, and is part of a larger global tax reform aimed at ensuring a minimum taxation of business activities. The minimum taxation rules mean that a group must pay supplementary tax if the group's activities in a jurisdiction are taxed at less than 15%. Reporting of Pillar 2 for 2024 must be submitted no later than June 30, 2026. Preliminary analyses indicate that AF Gruppen will not be subject to supplementary tax. Therefore, no provision for supplementary tax has been included in the accounts for 2024.

NOTE 26 DEFERRED TAX / DEFERRED TAX ASSETS

CHANGE IN RECOGNISED NET DEFERRED TAX

Amounts in NOK million	2024	2023
Book value as at 1 January	273	369
Recognised in the period	144	-101
Recognised in OCI	-14	-2
Impact related to the acquisition/(sale) of business	1	9
Impact related to limited partnerships that are recognised in accordance with the equity method	-	1
Currency translation differences	-2	-3
Book value as at 31 December	**403**	**273**

CLASSIFICATION ON THE BALANCE SHEET

Deferred tax assets	-197	-167
Deferred tax	600	441
Net deferred tax on the balance sheet	**403**	**273**

CHANGE IN DEFERRED TAX ASSETS AND DEFERRED TAX (WITHOUT NETTING WITHIN THE SAME TAX REGIME)

2024 DEFERRED TAX	1/1/24	Recognised in the period	Recognised in OCI	Acquisition/ sale of businesses	Currency translation/ other	31/12/24
Property, plant and equipment	36	-1	-	-	-	35
Projects in progress [1]	724	363	-	1	-	1 088
Other assets	3	-	-	-	-	2
Accruals reserve	1	-	-	-	-	1
Total deferred taxes	**763**	**361**	**-**	**1**	**-**	**1 125**
Of which netted against deferred tax assets						-525
Deferred tax recognised on balance sheet						**600**

DEFERRED TAX ASSETS	1/1/24	Recognised in the period	Recognised in OCI	Acquisition/ sale of businesses	Currency translation/ other	31/12/24
Property, plant and equipment	-12	-2	-	-	-	-14
Other assets	-15	6	-14	-	-	-23
Provisions	-211	-35	-	-	-1	-247
Excess interest carried forward	-34	-63	-	-	-	-97
Recognised tax value of tax loss carryforward [2]	-224	-126	-	-	-1	-352
Total deferred tax assets	**-496**	**-221**	**-14**	**-**	**-2**	**-732**
Of which netted against deferred tax						525
Of which off-balance-sheet deferred tax assets						10
Deferred tax assets recognised on the balance sheet						**-197**

[1] Projects in progress have a major impact on the calculation of deferred tax and the current tax payable. Projects in progress are valued at the direct production cost, and revenue is not recognised for tax purposes until delivery.
[2] The deferred tax assets related to tax loss carryforwards are recognised to the extent that it is probable that the Group can utilise them against future taxable income. The tax loss carryforward recognised on the balance sheet is not time limited and totals NOK 1,630 million for 2024.

FINANCIAL STATEMENT

NOTE 26 DEFERRED TAX / DEFERRED TAX ASSETS CONT.

2023 DEFERRED TAX	1/1/23	Recognised in the period	Recognised in OCI	Acquisition/ sale of businesses	Currency translation	31/12/23
Property, plant and equipment	34	-	-	1	-	36
Projects in progress [1)]	619	98	-	6	-	724
Other assets	3	-	-	-	-	3
Accruals reserve	1	-1	-	-	-	1
Total deferred taxes	**657**	**98**	**-**	**7**	**-**	**763**
Of which netted against deferred tax assets						-322
Deferred tax recognised on balance sheet						**441**

DEFERRED TAX ASSETS	1/1/23	Recognised in the period	Recognised in OCI	Acquisition/ sale of businesses	Currency translation	31/12/23
Property, plant and equipment	-11	-3	-	3	-	-12
Other assets	-16	2	-2	-	1	-15
Provisions	-177	-35	-	-	-	-211
Excess interest carried forward	-	-34	-	-	-	-34
Recognised tax value of tax loss carryforward [2)]	-91	-129	-	-1	-3	-224
Total deferred tax assets	**-295**	**-199**	**-2**	**2**	**-2**	**-496**
Of which netted against deferred tax						322
Of which off-balance-sheet deferred tax assets						6
Deferred tax assets recognised on the balance sheet						**-167**

[1)] Projects in progress have a major impact on the calculation of deferred tax and the current tax payable. Projects in progress are valued at the direct production cost, and revenue is not recognised for tax purposes until delivery.
[2)] The deferred tax assets related to tax loss carryforwards are recognised to the extent that it is probable that the Group can utilise them against future taxable income. The tax loss carryforward recognised on the balance sheet is not time limited and totals NOK 1,044 million for 2023.

NOTE 27 ASSOCIATED COMPANIES

INVESTMENTS IN ASSOCIATED COMPANIES

Amounts in NOK million	2024	2023	2022
Book value of investment as at 1 January	174	180	274
Additions	1	10	-
Disposals	-6	-	-2
Share of profit for the year	-46	-4	136
Tax on distributions from limited and internal partnerships	-	1	-
Equity transactions, incl. dividends	-6	-15	-227
Currency translation differences	-	1	-1
Total investments in associated companies as at 31 December	118	174	180

AF Gruppen carries out residential and commercial construction projects in cooperation with professional co-investors. This is done to provide complementary competence in the projects and diversify risk. AF Gruppen does not normally own more than a 50 per cent interest in the development companies. In addition, the Group has a few associated companies with other activities, but they are not defined as material to the Group.

The owners have regulated cooperation, pre-emptive rights, buyout rights, etc., as well as the requirement of a majority for certain decisions in the partnership agreement. In all of the important ongoing projects, there is loan financing, for which there are agreements that contain provisions stipulating that the development company cannot pay dividends or repay loans from the owners before any bank loans have been redeemed.

All the associated companies in which AF has an ownership stake have been assessed with respect to actual control. It was concluded that AF does not have control over these investments, and the companies have been incorporated into the consolidated financial statements in accordance with the equity method of accounting.

There are no publicly quoted prices for any of the associated companies.

There has been made an assessment of the associated companies according to their materiality to the Group. The assessment of the company's materiality is based on an overall assessment of the activity, financial results and book value. In 2024 and 2023, no associated companies were considered material.

The presented total result is from continued operations. NOK 15 (16) million was received in dividends from associated companies in 2024.

FINANCIAL STATEMENT

NOTE 28 JOINT VENTURES

INVESTMENTS IN JOINT VENTURES AMOUNTS IN NOK MILLION

Amounts in NOK million	**2024**	**2023**	**2022**
Book value of investment as at 1 January	392	310	366
Additions	11	2	7
Disposals	-24	-	-
Share of profit for the year	79	-27	-2
Equity transactions, incl. dividends	57	101	-57
Currency translation differences	2	5	-4
Total investments in joint ventures as at 31 December	517	392	310

AF Gruppen carries out residential and commercial construction projects in cooperation with professional co-investors. This is done to provide complementary competence in the projects and diversify risk. Normally AF Gruppen does not own more than a 50 per cent in the development companies. In addition, the Group has interests in a few joint ventures with other activities, but they are not defined as material to the Group.

The owners have regulated cooperation, pre-emptive rights, buyout rights, etc., as well as the requirement of a majority for certain decisions, in partnership agreements. In all of the important ongoing projects, there is loan financing, for which there are agreements that contain provisions stipulating that the development company cannot pay dividends or repay loans from the owners before any bank loans have been redeemed.

All the joint ventures in which AF has an ownership stake have been assessed with respect to actual control. It was concluded that AF does not have control over these investments, and the companies have been incorporated into the consolidated financial statements in accordance with the equity method of accounting.

There are no publicly quoted prices for any of the joint ventures.

There has been made an assessment according to joint ventures materiality to the Group. The assessment of the materiality is based on an overall assessment of the activity, financial results and book value. In 2024 and 2023, no joint ventures were considered material.

No joint ventures have been liquidated during 2024. The comprehensive income is from continued operations. NOK (17) 32 million was received in dividends from joint ventures in 2024.

NOTE 29 SUBSIDIARIES

The list below includes subsidiaries that are owned directly and indirectly. The ownership share column states the parent company's ownership stake in the subsidiary in question. Financial ownership is equivalent to the indirect ownership share in cases where there are non-controlling interests in several levels. It is a subsidiary's result multiplied by the financial ownership share that accrues to AF Gruppen's shareholders. Holding companies and companies without any activity have been omitted. The voting rights in all the subsidiaries follow the shares.

Name of company	**Acquisition date**	**Office address Location**	**Country**	**Financial ownership**		**Ownership share**	**Business area**
				31/12/23	31/12/24	31/12/24	
AF Gruppen Norge AS	05.09.85	Oslo	Norway	100,00%	100,00%	100,00%	1)
JR Anlegg AS	01.10.10	Jessheim	Norway	100,00%	100,00%	100,00%	Civil Engineering
Målselv Maskin og Transport AS	04.03.15	Karlstad	Norway	70,00%	70,00%	70,00%	Civil Engineering
Eiqon AS	01.02.16	Asker	Norway	47,76%	100,00%	100,00%	Civil Engineering
Consolvo Services AS	22.06.18	Tranby	Norway	92,11%	92,28%	100,00%	Civil Engineering
Consolvo AS	03.11.11	Tranby	Norway	92,11%	92,28%	100,00%	Civil Engineering
Corroteam AS	03.11.11	Mjøndalen	Norway	92,11%	92,28%	100,00%	Civil Engineering
Consolvo Eiendom AS	03.11.11	Tranby	Norway	92,11%	92,28%	100,00%	Civil Engineering
Vannmeisling AS	06.12.16	Tranby	Norway	71,85%	71,98%	78,00%	Civil Engineering
Protector AS	03.11.11	Tranby	Norway	92,11%	92,28%	100,00%	Civil Engineering
Protector CPE AB	03.11.11	Göteborg	Sweden	78,29%	78,43%	85,00%	Civil Engineering
Protector KKS GmbH	03.11.11	Remseck	Germany	77,37%	77,51%	84,00%	Civil Engineering
Consolvo GmbH	03.11.11	Remseck	Germany	77,37%	77,51%	100,00%	Civil Engineering
Fjerby AS	16.09.14	Fjerdingby	Norway	81,15%	81,30%	100,00%	Civil Engineering
Rakon AS	26.09.18	Stavanger	Norway	67,24%	68,28%	74,00%	Civil Engineering
AF Anläggning AB	26.03.20	Stockholm	Sweden	100,00%	100,00%	100,00%	Civil Engineering
Stenseth & RS Entreprenør AS	25.03.22	Åros	Norway	80,50%	80,00%	100,00%	Civil Engineering
Stenseth & RS Ressurs AS	25.03.22	Åros	Norway	80,50%	80,00%	100,00%	Civil Engineering
Helgesen Tekniske Bygg AS	30.10.18	Osterøy	Norway	49,24%	49,95%	70,00%	Construction
LAB Entreprenør AS	11.03.15	Bergen	Norway	70,34%	71,36%	100,00%	Construction
Fundamentering AS	11.03.15	Tiller	Norway	49,24%	49,95%	70,00%	Construction
Åsane Byggmesterforretning AS	11.03.15	Bergen	Norway	59,79%	60,66%	85,00%	Construction
Toppemyr AS	11.03.15	Bergen	Norway	70,34%	71,36%	100,00%	Construction
Hardangerfjord Eiendom AS	09.03.17	Bergen	Norway	70,34%	71,36%	100,00%	Construction
Strøm Gundersen AS	03.11.11	Mjøndalen	Norway	100,00%	100,00%	100,00%	Construction
Strøm Gundersen Vestfold AS	01.10.16	Mjøndalen	Norway	87,10%	93,60%	93,60%	Construction
Construction City Bygg AS	01.02.21	Oslo	Norway	89,27%	89,81%	100,00%	Construction
Haga & Berg Entreprenør AS	03.11.11	Oslo	Norway	80,00%	81,38%	100,00%	Construction
Haga & Berg Service AS	19.02.14	Oslo	Norway	67,20%	68,36%	84,00%	Construction
Oslo Brannsikring AS	27.09.17	Oslo	Norway	60,80%	61,85%	76,00%	Construction
Oslo Overflateteknikk AS	03.11.21	Oslo	Norway	56,00%	69,18%	85,00%	Construction
Oslo Stillasutleie AS	03.11.11	Oslo	Norway	46,86%	46,86%	71,00%	Construction
OSU Equipment AS	08.12.22	Oslo	Norway	60,06%	60,06%	91,00%	Construction
Oslo Prosjektbygg AS	01.03.13	Oslo	Norway	55,77%	49,17%	74,50%	Construction
Oslo Technical Service AS	19.06.18	Oslo	Norway	66,00%	66,00%	100,00%	Construction
Lasse Holst AS	09.03.16	Gressvik	Norway	38,99%	39,40%	77,32%	Construction
Betong & Tre AS	20.04.23	Sarpsborg	Norway	28,77%	32,90%	64,57%	Construction
Keyfree AS	01.03.21	Oslo	Norway	56,79%	56,79%	86,05%	Construction
Storo Blikkenslagerverksted AS	03.11.11	Oslo	Norway	46,20%	46,20%	100,00%	Construction
VD Vindu og Dør Montasje AS	06.03.15	Skotterud	Norway	46,20%	46,20%	70,00%	Construction
Thorendahl AS	03.11.11	Oslo	Norway	53,14%	53,14%	100,00%	Construction
Fagbetong AS	03.11.11	Oslo	Norway	53,14%	53,14%	100,00%	Construction
Kirkestuen AS	12.01.16	Oslo	Norway	53,79%	53,79%	100,00%	Construction
TKD AS	05.01.16	Oslo	Norway	66,00%	66,00%	100,00%	Construction
TKC Prosjekt AS	25.04.18	Oslo	Norway	63,36%	63,36%	96,00%	Construction
Mivent AS	03.07.19	Oslo	Norway	66,00%	66,00%	100,00%	Construction
Betonmast AS	31.10.19	Oslo	Norway	67,47%	69,13%	100,00%	Betonmast
Betonmast Boligbygg AS	31.10.19	Oslo	Norway	67,47%	69,13%	100,00%	Betonmast

1) *AF Gruppen Norge AS encompasses the Civil Engineering, Construction and Property business areas*

FINANCIAL STATEMENT

NOTE 29 SUBSIDIARIES CONT.

Name of company	Acquisition date	Office address Location	Country	Financial ownership 31/12/23	Financial ownership 31/12/24	Ownership share 31/12/24	Business area
Betonmast Østfold AS	31.10.19	Grålum	Norway	67,47%	69,13%	100,00%	Betonmast
Betonmast Trøndelag	31.10.19	Trondheim	Norway	67,47%	69,13%	100,00%	Betonmast
Betonmast Buskerud-Vestfold AS	31.10.19	Oslo	Norway	67,47%	69,13%	100,00%	Betonmast
Betonmast Røsand AS	31.10.19	Averøy	Norway	67,47%	69,13%	100,00%	Betonmast
Betonmast Innlandet AS	31.10.19	Gjøvik	Norway	67,47%	69,13%	100,00%	Betonmast
Betonmast Asker og Bærum AS	31.10.19	Hønefoss	Norway	67,47%	69,13%	100,00%	Betonmast
Betonmast Oslo AS	31.10.19	Oslo	Norway	67,47%	69,13%	100,00%	Betonmast
Betonmast Romerike AS	31.10.19	Lillestrøm	Norway	67,47%	69,13%	100,00%	Betonmast
Betonmast Eiendom AS	31.10.19	Oslo	Norway	67,47%	69,13%	100,00%	Betonmast
Røsand Eiendom AS	31.10.19	Averøy	Norway	67,47%	69,13%	100,00%	Betonmast
Kosterbaden Fritid AB	31.10.19	Göteborg	Sweden	67,47%	69,13%	100,00%	Betonmast
Nye Nittedal Sentrum AS	30.08.22	Oslo	Norway	67,47%	69,13%	100,00%	Betonmast
Hjortevegen AS	15.04.23	Bergen	Norway	100,00%	100,00%	100,00%	Property
Sandbrogaten 11 AS	26.10.22	Bergen	Norway	100,00%	100,00%	100,00%	Property
AF Decom AS	01.01.09	Oslo	Norway	100,00%	100,00%	100,00%	Energy and Envir.
Jølsen Miljøpark AS	01.11.13	Skedsmokorset	Norway	100,00%	100,00%	100,00%	Energy and Envir.
Jølsen Eiendom 1 AS	07.06.23	Oslo	Norway	100,00%	100,00%	100,00%	Energy and Envir.
Jølsen Eiendom 4 AS	07.06.23	Oslo	Norway	100,00%	100,00%	100,00%	Energy and Envir.
Rimol Miljøpark AS	11.12.14	Tiller	Norway	50,00%	50,00%	50,00%	Energy and Envir.
Nes Miljøpark AS	09.06.17	Nes	Norway	51,00%	51,00%	51,00%	Energy and Envir.
AF Energi AS	31.05.06	Oslo	Norway	100,00%	100,00%	100,00%	Energy and Envir.
Enaktiva AS	08.01.18	Oslo	Norway	100,00%	100,00%	100,00%	Energy and Envir.
AF Energija Baltic UAB	04.07.17	Vilnius	Lithuania	95,00%	95,00%	95,00%	Energy and Envir.
ETA Norge AS	14.05.24	Fiskum	Norway	-	70,00%	70,00%	Energy and Envir.
BM Ocean AS	14.05.24	Fiskum	Norway	-	70,00%	100,00%	Energy and Envir.
Mepex Consult AS	18.01.23	Asker	Norway	60,00%	60,00%	60,00%	Energy and Envir.
Betonmast Sverige AB	31.10.19	Göteborg	Sweden	100,00%	100,00%	100,00%	Sweden
AF Bygg Väst AB	31.10.19	Göteborg	Sweden	86,60%	86,60%	100,00%	Sweden
AF Bygg Öst AB	31.10.19	Södertälje	Sweden	91,50%	90,10%	90,10%	Sweden
AF Bygg Stockholm AB	31.10.19	Stockholm	Sweden	91,50%	90,10%	100,00%	Sweden
AF Öresund AB	31.10.19	Malmö	Sweden	70,00%	70,29%	100,00%	Sweden
AF Anläggning Väst AB	31.10.19	Göteborg	Sweden	84,00%	84,00%	84,00%	Sweden
AF Prefab i Mälardalen AB	14.01.00	Södertälje	Sweden	100,00%	100,00%	100,00%	Sweden
AF Härnösand Byggreturer AB	01.07.13	Stockholm	Sweden	100,00%	100,00%	100,00%	Sweden
Nybron Fastigheter AB	17.01.22	Härnösand	Sweden	100,00%	100,00%	100,00%	Sweden
AF Bygg Syd AB	30.06.07	Halmstad	Sweden	70,00%	70,29%	70,29%	Sweden
AF Projektutveckling AB	19.10.04	Göteborg	Sweden	100,00%	100,00%	100,00%	Sweden
Kanonaden Entreprenad AB	09.02.17	Nässjö	Sweden	91,15%	100,00%	100,00%	Sweden
Bergbolaget i Götaland AB	09.02.17	Nässjö	Sweden	91,15%	100,00%	100,00%	Sweden
Kanonaden Mälardalen AB	30.06.17	Stockholm	Sweden	72,97%	82,40%	82,40%	Sweden
Kanonaden Täkt och Förvaltning AB	09.02.17	Nässjö	Sweden	91,15%	100,00%	100,00%	Sweden
Skaftviken AB	09.02.17	Nässjö	Sweden	91,15%	100,00%	100,00%	Sweden
HMB Construction AB	02.01.19	Falun	Sweden	68,70%	68,91%	96,98%	Sweden
HMB Construction Örebro AB	12.11.20	Falun	Sweden	35,04%	35,14%	51,00%	Sweden
SWE Maskinrenting AB	02.01.19	Falun	Sweden	68,70%	68,91%	100,00%	Sweden
AF Miljøbase Vats AS	09.09.14	Oslo	Norway	100,00%	100,00%	100,00%	Offshore
AF Offshore Decom AS	01.01.09	Oslo	Norway	100,00%	100,00%	100,00%	Offshore
AF Offshore Decom UK Ltd.	24.05.10	London	England	100,00%	100,00%	100,00%	Offshore
Aeron AS	01.07.08	Flekkefjord	Norway	100,00%	100,00%	100,00%	Offshore
Aeron Denmark A/S	11.12.24	Esbjerg	Denmark	-	70,00%	100,00%	Offshore
Aermade AS	29.01.21	Eigersund	Norway	51,00%	51,00%	51,00%	Offshore
Clara AS	02.05.22	Oslo	Norway	100,00%	100,00%	100,00%	Others

NOTE 30 SIGNIFICANT NON-CONTROLLING INTERESTS

The table below shows AF Gruppen's comprehensive income and equity attributable to non-controlling interests allocated to sub-groups with significant non-controlling interests.

Amounts in NOK million	Betonmast	LAB	Other	Total
Non-controlling interests as at 1 January 2022	476	109	333	918
Share of comprehensive income	45	33	109	187
Share of adopted and paid dividends in 2022	-81	-38	-121	-240
Share-based payment	2	1	1	4
Addition of minority interests from acquisition of business	-	-	14	14
Non-controlling interests put options	-	-	-5	-5
Transactions with non-controlling interests	42	-13	10	39
Non-controlling interests as at 31 December 2022	**485**	**92**	**341**	**918**
Share of comprehensive income	16	40	63	119
Share of adopted and paid dividends in 2023	-17	-40	-85	-142
Capital increase	-	-	2	2
Share-based payment	2	1	1	4
Addition of minority interests from acquisition of business	-	-	10	10
Non-controlling interests put options	-	-	-3	-3
Transactions with non-controlling interests	-31	-	4	-27
Non-controlling interests as at 31 December 2023	**454**	**93**	**333**	**880**
Share of comprehensive income	38	29	61	128
Share of adopted and paid dividends in 2024	-6	-38	-80	-123
Share-based payment	2	1	1	5
Addition of non-contr. interests from acquisition of business	-	-	8	8
Non-controlling interests put options	-13	-	-2	-16
Transactions with non-controlling interests	-12	-	13	1
Non-controlling interests as at 31 December 2024	**462**	**85**	**335**	**882**

The table below shows a summary of the financial information for sub-groups with significant non-controlling interests.

	Betonmast			LAB		
Amounts in NOK million	2024	2023	2022	2024	2023	2022
Profit for the year	120	45	317	64	98	89
Total comprehensive income for the year	121	48	309	64	98	89
Non-current assets	1 581	1 612	1 631	414	428	465
Current assets	2 262	2 034	2 307	1 016	1 054	1 085
Total assets	**3 844**	**3 646**	**3 939**	**1 430**	**1 482**	**1 549**
Equity attributable to shareholders	1 453	1 379	1 343	90	101	91
Non-controlling interests	14	5	20	59	63	65
Long-term liabilities	587	561	627	117	120	159
Current liabilities	1 790	1 700	1 949	1 163	1 198	1 235
Total equity and liabilities	**3 844**	**3 646**	**3 939**	**1 430**	**1 482**	**1 549**
Non-contr. Interests ownership in the parent company	30,9 %	32,5 %	34,7 %	28,6 %	29,7 %	29,7 %

There are no contingent liabilities or pledges made regarding capital transfers in connection with any of the subsidiaries.

FINANCIAL STATEMENT

NOTE 31 JOINT OPERATIONS

AF Gruppen has, in a joint operation with the Italian company Ghella, signed the contract for building the new water distribution tunnels with the City of Oslo. The joint arrangement is organised through JV AF Ghella ANS, a liable company (ANS) founded in 2022, where AF Gruppen owns 60 per cent. The participants have unlimited liability and unanimity is required for any proposed decisions to be deemed to have been adopted.

JV AF Ghella ANS is classified as a joint operation, and AF Gruppen has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The classification of the investment is done by assessing the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement, the delegation of authority, and other relevant facts and circumstances. AF Gruppen recognises its share of assets, liabilities, revenues and expenses in the consolidated financial statement. Information about accounting policies for joint operations is disclosed in Note 2 – Material Account Policies.

The table below shows AF Gruppen's share in the joint operations recognised in the financial position in the consolidated financial statement.

2024

Amounts in NOK million	**JV AF GHELLA ANS**
Project name	E6 Rentvannstunnel in Oslo
Project area	Oslo
Registered office	Oslo
Business area	Construction
Ownership interest	60%

SHARE IN JOINT OPERATIONS:

Amounts in NOK million	**2024**	**2023**
Non-current assets	311	392
Current assets	613	385
Total assets	**924**	**777**
Non-current liabilities	39	85
Current liabilities	813	666
Total liabilities	**852**	**750**
Shareholders' equity	73	27
Total equity and liabilities	**924**	**777**

NOTE 32 SHARE CAPITAL AND SHAREHOLDER INFORMATION

THE SHARE CAPITAL CONSISTS OF

	Number of shares	**Nominal value**	**Book value**
A-shares	109 289 800	0,05	5 464 490

SHAREHOLDER	**Number of shares**	**Stake**	**Change 2023-2024**
ØMF Holding AS	17 972 233	16,44%	-
OBOS BBL	17 459 483	15,98%	-
Constructio AS	15 338 012	14,03%	-
Folketrygdfondet	9 171 392	8,39%	101 252
LJM AS	2 515 217	2,30%	-
Artel Kapital AS	2 508 267	2,30%	-
Arne Skogheim AS	1 753 870	1,60%	-
Vito Kongsvinger AS	1 511 676	1,38%	-400 000
Janiko AS	1 390 186	1,27%	20 000
Verdipapirfondet Holberg Norge	1 281 094	1,17%	180 116
Ten largest shareholders	**70 901 430**	**64,87%**	**-98 632**
Total other shareholders	38 388 370	35,13%	856 432
Total number of shares	**109 289 800**	**100,00%**	**757 800**

The shares are not subject to any voting restrictions and are freely tradable. Each share represents one vote.

All the shares issued are fully paid-up as at 31 December 2024.

CHANGE IN NUMBER OF SHARES DURING THE YEAR

Total number of shares as at 1 January 2024	108 532 000
New issue to employees related to the share program	757 800
Total number of shares as at 31 December 2024	**109 289 800**

SHARES AND OPTIONS OWNED BY THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES AS AT 31 DECEMBER 2024

Board of Directors	**Role**	**Options**	**Shares**	**Shares owned by related parties**
Morten Grongstad	Elected by shareholders, Board Chairman	-	25 000	-
Marianne Gjertsen Ebbesen [1]	Elected by shareholders	-	-	17 459 483
Kristian Holth [2]	Elected by shareholders	-	-	16 672 085
Hege Bømark	Elected by shareholders	-	-	-
Saloume Djoudat	Elected by shareholders	-	-	-
Hilde Kristin Herud [3]	Elected by shareholders	-	-	3 075
Erik Tømmeraas Veiby [4]	Elected by shareholders	-	-	2 224 240
René Elkjær Kristensen	Elected by employees	-	-	-
Hilde Wikesland Flaen	Elected by employees	-	29 016	-
Espen Jahr	Elected by employees	5 587	6 586	-
Total		**5 587**	**60 602**	**36 358 883**

[1] *Represents OBOS BBL, which owns 17,459,483 shares.*
[2] *Represents Constructio AS, Flygind AS and KB Gruppen Kongsvinger AS, which own 15,338,012, 1,021,509 and 312,564 shares, respectively.*
[3] *Represents Hilma Invest AS, which owns 3,075 shares.*
[4] *Represents Vito Kongsvinger AS, ETV Invest AS and KB Gruppen Kongsvinger AS, which own 1,511,676, 400,000 and 312,564 shares, respectively.*

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NOTE 32 SHARE CAPITAL AND SHAREHOLDER INFORMATION CONT.

Corporate Management Team	Title	Options	Shares
Amund Tøftum	CEO	40 477	148 146
Anny Øen	Executive Vice President/CFO	23 708	37 882
Bård Frydenlund	Executive Vice President	24 437	193 637
Eirik Wraal	Executive Vice President	24 327	42 953
Geir Flåta	Executive Vice President	24 327	2 629
Tormod Solberg	Executive Vice President	22 796	64 778
Lars Myhre Hjelmeset	Executive Vice President	23 708	39 874
Total		**183 780**	**529 899**

The Board has the authority to acquire up to 10 per cent of the share capital. This authority is valid until the Annual General Meeting, which is scheduled for 15 May 2025. A new option program for all employees of AF Gruppen ASA and subsidiaries was adopted at the Annual General Meeting held on 12 May 2023, with entitlement to subscribe for a total of 5,000,000 options during the years 2023, 2024 and 2025, with redemption in 2026. As at 31 December 2024, there are 4,782,006 outstanding options in this program.

TREASURY SHARES

Treasury shares have been acquired with a view to sales to employees. Shares have not been bought from related parties in 2023 or 2024.

Share transactions	2024	2023
Number of shares acquired	290 000	242 792
Average acquisition cost per share (NOK)	125,5	138,5
Total acquisition cost (NOK million)	**36**	**34**
Number of shares sold to employees	290 000	242 792
Average selling price per share before discount (NOK)	119,5	131,2
Total sales consideration before discount[1] (NOK million)	**35**	**32**
Number of treasury shares as at 31 December	-	-
Nominal value of treasury shares at NOK 0.05 each	-	-

[1] Details on sale of shares to employees are disclosed in note 7 – Payroll costs.

NOTE 33 REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

GUIDELINES FOR 2024

The Board will submit a statement to the General Meeting in accordance with section 6-16a of the Norwegian Public Limited Companies Act. A report on remuneration to senior executives has been prepared in accordance with Section 6-16b of the Norwegian Public Limited Companies Act. The content of this statement is explained below in accordance with Section 7-31b, tenth paragraph of the Norwegian Accounting Act:

Guidelines regarding fixed pay and other remuneration for senior executives have been established. The Board of Directors establishes guidelines for the remuneration of executive personnel in consultation with the CEO. The CEO's fixed pay is set by the Board. Base pay is fixed in line with the market rates. Base pay is adjusted annually as of 1 July, based on an individual assessment. Senior executives receive payments in kind and participate in the Group's retirement benefit schemes on the same terms as other employees as described in the Group's Personnel Guide. There are no termination payment schemes.

Bonuses for senior executives are based on the EVA (Economic Value Added) model. EVA is a method of calculating and analyzing value creation in the Group and in economic units below group level. Bonuses based on the EVA model are linked to the Group's value creation during the financial year. Performance requirements must be met for bonus payments. Of the total bonus earned, up to 25 per cent can be used to buy shares at a 20 per cent discount and the remainder is paid in cash.

Shares can be sold to senior executives, subject to the approval of the Board of Directors at a 20 per cent discount on the prevailing market price. Shares are offered to senior executives in the same way as to other employees.

The General Meeting adopted an option program for all the employees of AF Gruppen on 12 May 2023. The maximum number of options that may be allocated is 5,000,000, and the program entails annual allotments for the years 2023-2025 and exercise of the options in March 2026. The employees pay an option premium of NOK 1.00 per option. The exercise price in 2026 for the options subscribed for in 2023 and 2024 will be NOK 139.40 per share, adjusted for dividends paid that exceed 50 per cent of the earnings per share for the period from subscription until exercise in 2026. A total of 4,850,000 and 220,553 options were subscribed for in June 2023 and 2024 respectively. The total number of outstanding options, adjusted for employees who have left the company, was 4,782,006 as at 31 December 2024.

The option scheme has been established by the Board, and it is to provide an incentive for all the employees in the Group. The purpose of the scheme is to encourage long-term commitment and greater involvement in the Group's activities. It is believed that the Group's future objectives will best be achieved if the interests of the Group and its employees coincide. The remuneration of senior executives in 2024 has been in accordance with the guidelines submitted to the General Meeting in 2024.

REMUNERATION TO SENIOR EXECUTIVES

2024

Corporate Management Team (NOK 1000)	Fixed pay	Bonus	Retirement benefits	Share-based compensation	Other benefits	Total
Amund Tøftum, CEO	4 386	5 376	95	256	39	10 152
Anny Øen, Executive Vice President/CFO	2 343	3 001	95	157	28	5 624
Bård Frydenlund, Executive Vice President	2 393	2 614	95	61	82	5 245
Eirik Wraal, Executive Vice President	2 270	2 625	95	32	27	5 049
Geir Flåta, Executive Vice President	2 328	3 204	95	2	81	5 710
Tormod Solberg, Executive Vice President	2 221	2 648	95	120	34	5 119
Lars Myhre Hjelmeset, Executive Vice President	2 231	2 251	95	32	96	4 705
Total remuneration to the Corporate Management Team	**18 172**	**21 719**	**664**	**661**	**387**	**41 603**

2023

Corporate Management Team (NOK 1000)	Fixed pay	Bonus	Retirement benefits	Share-based compensation	Other benefits	Total
Amund Tøftum, CEO	4 164	2 656	90	105	33	7 049
Anny Øen, Executive Vice President/CFO	1 878	1 482	91	70	27	3 548
Bård Frydenlund, Executive Vice President	1 985	1 230	92	63	63	3 433
Eirik Wraal, Executive Vice President	1 964	1 409	91	26	25	3 516
Geir Flåta, Executive Vice President	1 967	1 863	91	3	74	3 998
Tormod Solberg, Executive Vice President	1 774	1 596	91	74	31	3 565
Lars Myhre Hjelmeset, Executive Vice President	1 878	1 112	91	26	88	3 195
Total remuneration to the Corporate Management Team	**15 611**	**11 348**	**639**	**366**	**340**	**28 304**

FINANCIAL STATEMENT

NOTE 33 REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES CONT.

No loans nor guarantees have been granted to the Board of Directors or Corporate Management Team. The Corporate Management Team participates in the general retirement benefit scheme for AF Gruppen's employees, as described in Note 18 – Retirement benefits.

Salary and other remunerations, including bonus, earned in the reporting year are included in the statements above. Accrued bonus including holiday pay for the reporting year is presented in the bonus column.

BONUS FOR THE PURCHASE OF SHARES TO SENIOR EXECUTIVES

Number of shares/price	**2024**	**2023**
Number of bonus shares sold from own holdings	18 021	29 745
Number of bonus shares from new issues	-	-
Market price at the time of the agreement (NOK)	120,76	153,40
Selling price (NOK)	96,61	122,72
Accounting consequences of bonus shares (NOK 1000):		
Indirect payroll costs (discount excl. payroll tax)	-435	-913

Shares owned by senior executives and subscribed options are described in Note 32 – Share capital and shareholder information.

DIRECTORS' FEES

Directors' fees are partly paid in the year after they are earned, i.e. the directors' fees that are paid in 2024 refer to 2023/2024. New board members have consequently not received a fee in 2024.

Board member, role (NOK 1000)	**2024**	**2023**
Morten Grongstad, Board Chairman	685	-
Pål Egil Rønn, Board Chairman [1)]	-	653
Kristian Holth, board member	445	424
Hilde Kristin Herud, board member	429	408
Hege Bømark, board member	429	408
Saloume Djoudat, board member	429	408
Erik Tømmeraas Veiby, board member	429	408
Arne Baumann, board member	-	408
Marianne Gjertsen Ebbesen, board member	429	-
Hilde Wikesland Flaen, employee elected board member	302	288
Arne Sveen, employee elected board member	302	288
Espen Jahr, employee elected board member	302	288
René Elkjær Kristensen, employee elected board member	-	-
Total director's fee	**4 181**	**3 981**

[1)] In addition to the Board Chairman's remuneration of NOK 653,000 that was paid in 2023, AF Gruppen has had an agreement with the Department of Civil and Environmental Engineering at NTNU that AF Gruppen was to cover the costs related to Pål Egil Rønn's employment as professor II at NTNU. The agreement expired 1 August 2023 and concerned 15 per cent of a full-time position that was covered by NOK 250,000 per year, in addition to consulting hours beyond the fixed position for up to NOK 150,000 per year. Costs of NOK 146,000 incurred in connection to this agreement in 2023.

NOTE 34 RELATED PARTIES

The Group's related parties consist of shareholders of AF Gruppen ASA, members of the Board of Directors and Corporate Management Team, as well as associated companies and joint ventures, cf. Note 27 – Associated companies and Note 28 Investments in joint ventures.

TRANSACTIONS WITH RELATED PARTIES

Amounts in NOK million	**2024**	**2023**	**2022**
CONTRACT TOTAL [1)]			
Associated companies and joint ventures	2 024	2 976	2 904
Total	**2 024**	**2 976**	**2 904**
TRADING VOLUME			
Associated companies and joint ventures	490	872	985
Total	**490**	**872**	**985**
PURCHASE OF GOODS AND SERVICES			
Associated companies and joint ventures	-	-1	-1
Total	**-**	**-1**	**-1**
NON-INTEREST-BEARING RECEIVABLES AS AT 31 DECEMBER			
Associated companies and joint ventures	111	218	116
Total	**111**	**218**	**116**
INTEREST-BEARING RECEIVABLES AS AT 31 DECEMBER			
Associated companies and joint ventures	355	310	288
Total	**355**	**310**	**288**

[1)] The total contract sum exl. VAT in NOK million for ongoing projects in 2024. The contracts relates to construction work.

Members of the Board of Directors and the management of the Group and their related parties control 32,6 per cent (34,1 per cent) of the shares in AF Gruppen ASA at the end of the year. For information on remuneration of the Board of Directors and management, see Note 33 – Remuneration of senior executives and the Board of Directors. There are no agreements or transactions with senior executives and the Board of Directors beyond this.

Guarantees issued to associated companies and joint ventures are disclosed in Note 35 – Pledged assets and guarantees.

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NOTE 35 PLEDGED ASSETS AND GUARANTEES

PLEDGED ASSETS

Amounts in NOK million	Note	2024	2023
Mortgage loans	20	17	18
Financial lease liabilities	15	745	733
Book value of liabilities secured by pledges, etc.		762	751
BOOK VALUE OF SECURED ASSETS			
Buildings and production facilities		22	39
Machinery, fixtures and fittings		72	75
Trade and non-interest-bearing receivables		40	67
Other pledged assets		9	10
Leased machinery and equipment	15	686	733
Total book value of pledged assets		828	923

A negative letter of charge has been provided for trade receivables and inventories related to the Group's financial framework.

Through participation in general partnerships, the Group could be held liable for the inability of other participants to fulfil their obligations. Joint and several liability cannot be enforced until the company in question is unable to fulfil its obligations.

GUARANTEES

Amounts in NOK million	2024	2023
Guarantees issued to clients [1)]	6 216	5 902
Guarantees issued to associated companies and joint ventures [2)]	288	367
Sum	6 504	6 269

[1)] In connection with construction contracts entered into, the subsidiaries in AF Gruppen are subject to the usual contracting obligations and the associated guarantees. In this connection, AF Gruppen ASA has furnished guarantees to subsidiaries in the form of absolute guarantees to financial institutions. In addition, AF Gruppen ASA and AF Gruppen Norge AS have issued parent company guarantees, which primarily concern guarantees of this type. The guarantees issued to clients are related to contractual obligations and are primarily issued as tender guarantees, delivery guarantees and payment guarantees.

[2)] AF Gruppen has in some cases issued guarantees as security for loans etc. in favour of development companies. This can typically be in connection with the fact that the development company has received financing from a bank and the owners have chosen to provide a guarantee for parts of such financing, based on a specific assessment. This concerns partial guarantees, in which AF Gruppen only guarantees for a portion of the amount corresponding to its ownership interest in the project in question. The guarantee cannot be enforced unless the development company is not able to fulfil its obligations.

In addition, as a part-owner in limited partnerships, AF Gruppen has undertaken to contribute partnership capital. As at 31 December 2024, committed, unpaid partnership capital totalled NOK 1 (48) million.

NOTE 36 DISPUTES AND CLAIMS RELATED TO PROJECTS

The execution of building and construction assignments occasionally leads to disagreements between contract parties related to how the underlying contract shall be understood. AF Gruppen emphasises trying to resolve such disputes through negotiations outside the judiciary. A few cases are decided despite this through arbitration or in the judiciary. In such disputes, the outcome is often not binary as both parties have claims or counterclaims. Ongoing assessments are made of revenue recognition and provisions related to disputed claims in the projects.

At the end of 2024, AF Gruppen was involved in the following legal disputes with significant differences between the parties:

AF Bygg Østfold has filed a lawsuit against Joh. Johannson Kaffe AS and the guarantor NorgesGruppen ASA through its subsidiary Vestby Næringspark Joh. AS concerning the final settlement for the coffee processing facility in Vestby. The District Court issued a judgment in the case in 2023, but both parties have appealed parts of the judgment. The case is now divided into two, with the first part concerning the lawsuit deadline being heard in the Court of Appeal in December 2024. The Court of Appeal issued a judgment in February 2025 stating that the lawsuit deadline was not exceeded, which is favorable to AF Gruppen. The opposing party has appealed the case to the Supreme Court's Appeals Committee.

AF Bygg Oslo filed a lawsuit against Thune Eureka AS in 2024 regarding the final settlement for the project Drammensveien 126. The case was settled in February 2025.

AF Bygg Oslo has filed a lawsuit against AFE Boligprosjekt 2020 AS regarding the final settlement for the project Fyrstikkbakken 14. The case is scheduled for the District Court in November and December 2025.

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NOTE 37 CLIMATE AND NATURE RISK

Climate risk is related to AF's resilience to climate change and stricter regulatory conditions associated with the transition to a low-emission society. Nature risk arises from dependence on and impact on nature. AF has conducted a climate risk analysis based on the TCFD framework for several years, identifying climate risks and opportunities, both physical and transition-related. A more comprehensive analysis of AF's exposure to climate-related hazards for the reporting year 2024 has been carried out, supported by historical data and future climate projections from sources such as the World Bank Group and the European Environment Agency.

To better understand how AF affects and depends on nature, and whether loss of nature or changes in regulatory conditions pose a risk to our business, we conducted a nature risk analysis for the first time in 2024. Both analyses were carried out in accordance with the recommended approach in the sustainability reporting standards, ESRS. See further information about AF's climate and nature risk analysis in the sustainability report.

AF Gruppen aims to mitigate or avoid risks that we cannot influence. The group therefore works purposefully to reduce the impact of these types of risks through close dialogue with customers, good contract understanding, and continuous updating of insurance agreements to cover current needs. AF's systematic approach to risk management in projects also includes monitoring climate and nature-related risks. Identified risks form the basis for implementing necessary risk-reducing measures for the group as a whole, and in individual projects as needed.

In connection with the implementation of climate and nature risk analysis in AF, potential significant financial effects related to climate and nature-related conditions have been identified. AF has used the same threshold values as those used for assessing financial materiality in the accounts when evaluating these risks. The assessments are based on scenarios representing potential extremes in future development and are chosen to stress-test relevant financial effects. These therefore do not represent a best estimate or assumptions used for assessing accounting effects and do not qualify for recognition under IFRS.

AF Gruppen's corporate finance department works closely with the group management and other internal resources responsible for climate and environment to ensure that relevant factors are considered in the group accounts. In connection with the group's financial period closures, relevant climate and nature risks are assessed against possible accounting effects, and areas where climate risk is considered particularly relevant are presented here. Long-term financial effects of climate and nature risk are subject to great uncertainty, but it has not been found that climate and nature risk has a significant effect on the group accounts for 2024.

Project reviews
Project portfolios are reviewed at the business unit level every quarter, with a quantitative assessment of the range of outcomes in each project related to identified risks. This also includes identified climate and nature-related risks. No projects have been identified where climate and nature risk has had a significant effect on the group accounts.

Assessment of the lifespan of owned and leased assets
The group has both owned and leased assets that are continuously adapted to the current functional requirements and customer criteria, including emissions. The replacement rate of these is assessed at the time of entering into purchase or lease contracts, and changing needs are continuously monitored. No significant effects have been identified related to adjusting the usable lifespan or impairment of the book value of these types of assets due to climate-related conditions or legal restrictions related to the use of these assets.

Impairment tests
Impairment tests of goodwill and intangible assets have taken into account the potential financial effects through management-approved budgets that form the basis for the tests. These are based on information about cost components, macro conditions, and estimates of price development. There is still significant uncertainty about future financial consequences of climate and nature-related risks and opportunities, and the best estimate is included in the assumptions for the final budget. Climate and nature risk is not considered to have a significant effect on the group's intangible assets or goodwill.

Provisions
Strategic goals or legislation related to climate and environment may result in obligations for AF, and this is taken into account when assessing the need for provisions. Our industry is characterized by uncertainty and risk related to future climate and nature-related legislation and framework conditions. AF Gruppen has also set specific strategic goals for climate and environment in the group strategy towards 2028, but no need for recognition of self-imposed obligations or obligations related to external framework conditions has been identified.

Contingent outcomes and claims associated with compliance with climate and environmental requirements
Requirements related to taking climate and environmental considerations into account are becoming an increasingly larger part of both private and public procurement. Increased requirements, untested solutions, and new contract forms related to climate and nature-related conditions can result in new, unclear, or complex responsibilities related to our activities and services. No significant claims from customers related to non-compliance with climate and environmental requirements, climate-related disputes, or compensation claims have been identified.

NOTE 38 EVENTS AFTER THE BALANCE SHEET DATE

After the publication of the quarterly report for the 4th quarter of 2024, AF Gruppen was informed by Trafikverket that they have terminated the contract with the subsidiary AF Anläggning AB on the E4 Forbifart Stockholm project. The remaining production value at termination, which was included in the order reserve for this project, was approximately NOK 1,000 million excluding VAT. AF Gruppen has disputed the basis for the termination.

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FINANCIAL STATEMENT

INCOME STATEMENT

Amounts in NOK million	Note	2024	2023
Intragroup contributions and dividends received		136	612
Total operating and other revenue		**136**	**612**
Other operating expenses	2, 3	-36	-28
Earnings before interest and tax (EBIT)		**100**	**584**
Financial expenses	4	-17	-18
Earnings before tax (EBT)		**84**	**566**
Income tax expense	5	4	-12
Profit for the year		**87**	**554**

TOTAL COMPREHENSIVE INCOME

Amounts in NOK million	2024	2023
Profit for the year	87	554
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**87**	**554**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

Amounts in NOK million	Note	2024	2023
ASSETS			
NON-CURRENT ASSETS			
Deferred tax assets	5	4	-
Investments in subsidiaries	6	3,081	3,072
Total non-current assets		**3,085**	**3,072**
CURRENT ASSETS			
Other non-interest-bearing receivables from group companies	7	224	784
Total current assets		**224**	**784**
Total assets		**3,308**	**3,857**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	8, 9	5	5
Premium	9	-	442
Other paid-in equity	9	26	58
Total paid-in capital		**32**	**506**
Other equity	9	1,157	1,063
Total retained earnings		**1,157**	**1,063**
Total equity		**1,188**	**1,568**
CURRENT LIABILITIES			
Interest-bearing debt to group companies	7	1,459	1,713
Taxes and public charges payable		84	170
Tax payable	5	-	12
Other debt to group companies	7	2	3
Proposed dividend	9	546	380
Other short-term debt and provisions	9	28	11
Total current liabilities		**2,120**	**2,288**
Total equity and liabilities		**3,308**	**3,857**

OSLO, 3. april 2025

Morten Grongstad
Board Chairman

Hilde Kristin Herud

Saloume Djoudat

Kristian Holth

Hege Bømark

Erik Tømmeraas Veiby

Amund Tøftum
CEO

Marianne Gjertsen Ebbesen

Espen Jahr

René Elkjær Kristensen

Hilde Wikesland Flaen

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

FINANCIAL STATEMENT

CASH FLOW STATEMENT

Amounts in NOK million	Note	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before tax		84	566
Paid taxes	5	-12	-
Revenues from group contributions and dividends		-136	-612
Change in balances with group companies		24	-199
Change in accruals		-	197
Net cash flow from operating activities		**-40**	**-49**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments for acquisition of subsidiaries	6	-8	-21
Dividends received and group contributions		611	1,394
Net cash flow from investment activities		**603**	**1,373**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from capital increases	9	72	81
Proceeds option premiums for the option program	9	-	5
Proceeds from the sale of treasury shares	9	35	32
Purchase of treasury shares	9	-36	-34
Change in debt cash pooling system	7	-254	-708
Payment of dividends	9	-380	-700
Net cash from financing activities		**-563**	**-1,324**
Net change in cash and cash equivalents during the year		-	-
Cash and cash equivalents as at 1 January		-	-
Cash and cash equivalents as at 31 December		**-**	**-**

NOTE 1 ACCOUNTING POLICIES

GENERAL

AF Gruppen ASA is a public limited company registered in Norway. The Company's head office is located at Innspurten 15, 0603 Oslo, Norway.

AF Gruppen ASA is a holding company without any activities other than investing in other companies.

The financial statements have been prepared in accordance with the IFRS®Accounting Standards as adopted by the EU and the simplified IFRS provisions for company accounts laid down in Section 3-9, fifth paragraph of special regulations pursuant to the Norwegian Accounting Act. (Regulations relating to the application of international accounting standards, Chapter 4, laid down by the Ministry of Finance on 7 February 2022).

The consolidated financial statements have been prepared in accordance with the IFRS®Accounting Standards. The consolidated financial statements are available at the registered business office of AF Gruppen ASA, Helsfyr Atrium, Oslo or on the company's website https://afgruppen.no.

For information on related parties, sale/acquisition of business areas, earnings per share and events after the balance sheet date, reference is made to the relevant notes in the consolidated financial statements.

The financial statements for the Parent Company, AF Gruppen ASA, were approved for publication by the Board of Directors on 3 April 2025.

The accounting policies described for the Group are consistent with those used for the Parent Company financial statements. Reference is made to Note 2 in the consolidated financial statements for a detailed description of the material accounting policies applied.

Accounting policies that are only relevant to the Parent Company or deviate from the consolidated financial statements are as follows:

SHARES IN SUBSIDIARIES

Subsidiaries are valued in accordance with the cost method in the company's accounts. Investments are valued at historical cost unless a write-down of the shares has been necessary. Shares in subsidiaries are tested for impairment when there are factors indicating that such a test shall be made. If the recoverable amount is lower than the carrying amount, the shares will be written down to the recoverable amount. Write-downs are reversed when the basis for the write-downs no longer exists.

DIVIDENDS AND GROUP CONTRIBUTIONS

Entities that are required to keep accounts and prepare company accounts in accordance with the regulations pursuant to Section 3.9 of the Norwegian Accounting Act may, regardless of other provisions in these regulations, recognise dividends and group contributions in accordance with the provisions of the Norwegian Accounting Act. AF Gruppen ASA has chosen to make use of this exception. This means that dividends and group contributions received and paid by the parent company will be recognised the year prior to when the receipt or payment is adopted. The same applies to any tax effect of such transactions.

NOTE 2 REMUNERATION OF THE CEO AND BOARD OF DIRECTORS

Amounts in NOK thousand	2024	2023
REMUNERATION OF THE CEO		
Amund Tøftum		
Fixed pay	4,386	4,164
Bonus	5,376	2,656
Retirement benefits	95	90
Other benefits	295	139
Total	**10,152**	**7,049**
Directors' fees	4,181	3,981

AF Gruppen ASA has no employees and is not required, therefore, to have a pension scheme. The CEO is employed formally by the subsidiary AF Gruppen Norge AS.

Complete information on the pay and remuneration of the CEO, Board of Directors and senior executives is provided in the consolidated financial statements, and reference is made to Note 7 Payroll costs and Note 33 Remuneration of the board and senior executives in the consolidated financial statements for further information.

FINANCIAL STATEMENT

NOTE 3 OTHER OPERATING EXPENSES

Amounts in NOK million	2024	2023
Audit fees	-3	-1
Ownership costs	-25	-23
Other operating expenses	-8	-4
Total other operating expenses	-36	-28

Amounts in NOK thousand	2024	2023
REMUNERATION TO THE AUDITOR		
Statutory audit fees	-1,049	-1,146
Other assurance engagements	-2,332	-90
Tax advisory	-	-
Other services beyond auditing	-	-
Total audit fees	-3,381	-1,236

Remuneration of the auditor is exclusive of value-added tax.

Fees for the share issues is included in equity premium and was a total of NOK 0 (0) thousand.

NOTE 4 NET FINANCIAL ITEMS

Amounts in NOK million	2024	2023
FINANCIAL EXPENSES		
Interest expenses to group companies	-17	-18
Total financial expenses	-17	-18
Net financial items	-17	-18

NOTE 5 INCOME TAX EXPENSE AND DEFERRED TAX/TAX ASSET

Amounts in NOK million	2024	2023
INCOME TAX EXPENSE IN THE INCOME STATEMENT		
Current tax payable for the year	-	-12
Total tax payable	-	-12
Change in deferred tax / tax assets	4	-
Change in deferred tax liabilities/assets due to change in tax rate	-	-
Tax change in deferred tax	4	-
Total income tax expense	4	-12
RECONCILIATION OF THE INCOME TAX EXPENSE FOR THE YEAR		
Profit before tax	84	566
Expected income tax based on the nominal tax rate	-18	-125
Tax effects of:		
– Permanent differences	22	-
– Recognised dividends and group contributions without tax	-	112
Total tax expense recognised in income statement	4	-12
TAX PAYABLE ON THE BALANCE SHEET IS CALCULATED AS FOLLOWS:		
Tax on group contributions received	-	12
Tax payable on the balance sheet	-	12
TEMPORARY DIFFERENCES INCLUDED IN THE DEFERRED TAX ASSETS/LIABILITIES		
Excess interest carried forward	-16	-
Basis for deferred tax (deferred tax assets) on the balance sheet	-16	-
Deferred tax (deferred tax assets) in the financial statements	-4	-

NOTE 6 INVESTMENTS IN SUBSIDIARIES

Name of company	Date acquired	Business address	Ownership interest	Voting share
AF Gruppen Norge AS	05/09/85	Oslo	100.00%	100.00%
AF Gruppen Holding AS	25/09/17	Oslo	100.00%	100.00%
AF Offshore AS	02/04/09	Oslo	100.00%	100.00%
AF Energi og Miljø AS	15/01/09	Oslo	100.00%	100.00%
Betonmast Holding AS	28/10/19	Oslo	69.13%	69.13%

FINANCIAL STATEMENT

NOTE 7 INTERCOMPANY BALANCES WITH GROUP COMPANIES

Amounts in NOK million	2024	2023
RECEIVABLES FROM GROUP COMPANIES		
Group contributions and dividends received	136	611
Joint VAT registration	87	173
Total receivables from group companies	224	784

Amounts in NOK million	2024	2023
DEBT TO GROUP COMPANIES		
Corporate cash pooling system debt	1,459	1,713
Joint VAT registration	2	3
Total debt to group companies	1,461	1,716

The company is part of a group cash pool arranged by DNB for AF Gruppen ASA and its subsidiaries, where AF Gruppen Norge AS is the top account owner. Participating companies are jointly and severally liable for granted overdraft facilities. As of 31. December 2024, the company has a drawdown of NOK
1,458,915 thousand in the cash pool. The group had a positive net balance in the cash pool at the end of the year.

NOTE 8 SHARE CAPITAL AND SHAREHOLDER INFORMATION

THE SHARE CAPITAL CONSISTS OF

	Number of shares	Nominal value	Book value
A-shares	109,289,800	0.05	5,464,490

SHAREHOLDER	Number of shares	Stake	Change 2023-2024
ØMF Holding AS	17,972,233	16.44%	-
OBOS BBL	17,459,483	15.98%	-
Constructio AS	15,338,012	14.03%	-
Folketrygdfondet	9,171,392	8.39%	101,252
LJM AS	2,515,217	2.30%	-
Artel Kapital AS	2,508,267	2.30%	-
Arne Skogheim AS	1,753,870	1.60%	-
Vito Kongsvinger AS	1,511,676	1.38%	-400,000
Janiko AS	1,390,186	1.27%	20,000
Verdipapirfondet Holberg Norge	1,281,094	1.17%	180,116
Ten largest shareholders	70,901,430	64.87%	-98,632
Total other shareholders	38,388,370	35.13%	856,432
Total number of shares	109,289,800	100.00%	757,800

The shares are not subject to any voting restrictions and are freely negotiable. Each share represents one vote.

All the shares issued are fully paid-up as at 31 December 2024.

SHARES AND OPTIONS OWNED BY THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES AS AT 31.12.2024

Board of Directors	Role	Options	Shares	Shares owned by related parties
Morten Grongstad	Elected by shareholders, Board Chairman	-	25,000	-
Marianne Gjertsen Ebbesen 1)	Elected by shareholders	-	-	17,459,483
Kristian Holth 2)	Elected by shareholders	-	-	16,672,085
Hege Bømark	Elected by shareholders	-	-	-
Saloume Djoudat	Elected by shareholders	-	-	-
Hilde Kristin Herud 3)	Elected by shareholders	-	-	3,075
Erik Tømmeraas Veiby 4)	Elected by shareholders	-	-	2,224,240
René Elkjær Kristensen	Elected by employees	-	-	-
Hilde Wikesland Flaen	Elected by employees	-	29,016	-
Espen Jahr	Elected by employees	5,587	6,586	-
Total		5,587	60,602	36,358,883

1) Represents OBOS BBL, which owns 17,459,483 shares.
2) Represents Constructio AS, Flygind AS and KB Gruppen Kongsvinger AS, which own 15,338,012, 1,021,509 and 312,564 shares, respectively
3) Represents Hilma Invest AS, which owns 3,075 shares.
4) Represents Vito Kongsvinger AS, ETV Invest AS and KB Gruppen Kongsvinger AS, which own 1,511,676, 400,000 and 312,564 shares, respectively.

NOTE 8 SHARE CAPITAL AND SHAREHOLDER INFORMATION CONT.

Corporate Management Team	Title	Options	Shares
Amund Tøftum	CEO	40,477	148,146
Anny Øen	Executive Vice President/CFO	23,708	37,882
Bård Frydenlund	Executive Vice President	24,437	193,637
Eirik Wraal	Executive Vice President	24,327	42,953
Geir Flåta	Executive Vice President	24,327	2,629
Tormod Solberg	Executive Vice President	22,796	64,778
Lars Myhre Hjelmeset	Executive Vice President	23,708	39,874
Total		**183,780**	**529,899**

The Board has the authority to acquire up to 10 per cent of the share capital. This authority is valid until the Annual General Meeting, which is scheduled for 15 May 2025. A new option programme for all employees of AF Gruppen ASA and subsidiaries was adopted at the Annual General Meeting held on 12 May 2023, with entitlement to subscribe for a total of 5,000,000 options during the years 2023, 2024 and 2025, with redemption in 2026. As at 31 December 2024, a total of 4,782,006 options have been allotted in this programme.

NOTE 9 EQUITY

Amounts in NOK million	Share capital	Treasury shares	Premium	Other paid-in equity	Other equity	Total
Equity as at 31 December 2022	5	-	361	54	900	1,320
Capital increase	-	-	81	-	-	81
Purchase of treasury shares	-	-	-	-	-34	-34
Sale of treasury shares	-	-	-	-	32	32
Not executed options for option program 2020-2023	-	-	-	4	-	4
Paid in option premium on option program 2023-2026	-	-	-	1	-	1
Put option recognised in equity 1)	-	-	-	-	-10	-10
Total comprehensive income for the year	-	-	-	-	554	554
Proposed dividend for 2023	-	-	-	-	-380	-380
Equity 31 December 2023	**5**	**-**	**442**	**58**	**1,063**	**1,568**
Capital increase	-	-	72	-	-	72
Purchase of treasury shares	-	-	-	-	-36	-36
Sale of treasury shares	-	-	-	-	35	35
Put option recognised in equity 1)	-	-	-	-	8	8
Total comprehensive income for the year	-	-	-	-	87	87
Proposed dividend for 2024	-	-	-514	-32	-	-546
Equity 31 December 2024	**5**	**-**	**-**	**26**	**1,157**	**1,188**

As at 31 December 2024, the Company had none (none) treasury shares with a nominal value of NOK 0.05. Treasury shares have been acquired to sell to employees and as partial payment for business acquisitions.

[1]) As at 31 December 2023, AF Gruppen ASA has an estimated obligation related to an agreement that entitle non-controlling owners to sell shares in a subsidiary to AF at a given time (put option) of NOK 8 million. The put option agreement was entered into in 2023 and recognised at a value of NOK 10 million. The value is not predetermined but is calculated on the redemption date as the enterprise value adjusted for liabilities. The enterprise value is calculated as the average operating profit for the previous three years multiplied by an agreed multiple. The calculated equity value has been discounted by a risk-free interest rate. The valuation is based on management's best estimates of future earnings and net interest-bearing liabilities, as well as the time of redemption. The value that is calculated is considered equivalent to the fair value and is at level 2 in the valuation hierarchy in accordance with IFRS 13. The contra entry for the liability is the equity of the majority interest, cf. Statement of Changes in Equity. In 2024, the put option is exercised.

NOTE 10 GUARANTEES

In connection with construction contracts entered into, the subsidiaries are subject to the usual contracting obligations and the associated guarantees. In this connection, AF Gruppen ASA has furnished guarantees to subsidiaries in the form of absolute guarantees to financial institutions. AF Gruppen ASA has further guaranteed for bank credit lines and tax deductions for subsidiaries in the form absolute guarantees. Historically, there have been no losses associated with such guarantees in AF Gruppen ASA.

	2024		2023	
Amounts in NOK million	Limit	Drawn	Limit	Drawn
Guarantees issued to clients	9,597	6,216	9,337	5,902
Guarantees for tax withholdings etc.	336	336	313	313
Leasing limits	1,760	1,163	1,622	1,289
Bank credit and loan facilities	3,500	169	3,500	222
Total	**15,193**	**7,884**	**14,772**	**7,726**

RESPONSIBILITY STATEMENT FROM MEMBERS OF THE BOARD AND CEO

With regard to the annual accounts for 2024 for AF Gruppen ASA, we confirm to the best of our knowledge that:

- The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standard as adopted by the EU, and the additional disclosure requirements that follow from the Norwegian Accounting Act.
- The financial statements for the Parent Company, AF Gruppen ASA, have been presented in accordance with IFRS® Accounting Standard as adopted by the EU and the simplified IFRS provisions for company accounts laid down in section 3.9, fifth paragraph of the regulations pursuant to the Norwegian Accounting Act.
- The amounts and disclosures in the financial statements provide a true and fair view of the Company's and the Group's assets, liabilities, financial position and results of operations.
- The amounts and disclosures in the Board of Directors' 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.
- The Board of Directors' report has been prepared in compliance with sustainability reporting standards in accordance with the Norwegian accounting act section 2-6, and with rules established from the EU Taxonomy Regulation, article 8 no. 4.

OSLO, 3 APRIL 2025

Morten Grongstad
Board Chairman

Hilde Kristin Herud

Saloume Djoudat

Kristian Holth

Hege Bømark

Erik Tømmeraas Veiby

Amund Tøftum
CEO

Marianne Gjertsen Ebbesen

Espen Jahr

René Elkjær Kristensen

Hilde Wikesland Flaen

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

AUDITOR'S REPORT

To the General Meeting of AF Gruppen ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AF Gruppen ASA, which comprise:

- the financial statements of the parent company AF Gruppen ASA (the Company), which comprise the statement of financial position as at 31 December 2024, the income statement, total comprehensive income and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of AF Gruppen ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2024, the income statement, total comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of AF Gruppen ASA for 8 years from the election by the general meeting of the shareholders on 12 May 2017 for the accounting year 2017, with a renewed election on the 15 May 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

FINANCIAL STATEMENT

As the Group's activity and risk profile have not changed significantly, we have concluded that *Recognition of revenue from construction contracts* is a Key Audit Matter in this year's audit. This is similar to prior year's audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
Recognition of revenue from construction contracts	
Revenues from construction contracts amounts to MNOK 28.686 in 2024 (note 6). Revenue from construction contracts is recognised continuously based on the contracts' stage of completion and the estimated transaction price. The contracts' stage of completion is estimated based both on incurred costs relative to estimated total costs (input-based calculation) and based on completed production relative to agreed production (output-based calculation) in the performance obligation. Construction contracts can be long-term, complex, and characterised by uncertainty. Estimating total revenues and costs requires application of judgment, including in the assessment of final forecast, progress, contract changes, variable consideration, and any effects of disputes. Recognition of revenue from construction contracts was a key audit matter because the Group has a large number of construction contracts, and because management's application of judgment can significantly affect several items in the financial statements; including revenues, costs, accounts receivable, contract assets, provisions, and deferred tax. More information about recognition of revenue from construction contracts, calculation of stage of completion, and management's use of judgment in this context, is provided in notes 2 and 3.	We reviewed a selection of contracts and assessed the accounting against the Group's accounting principles. We evaluated the Group's principles for revenue recognition against IFRS 15. We found that the accounting of contracts was in line with the terms of the contracts and that the applied accounting principles were in accordance with the requirements of IFRS 15 and consistently applied. We obtained an understanding of and tested the implementation of internal control intended to ensure a qualitative and consistent treatment of risk and estimates in the projects. We found that management had established controls to ensure compliance with the framework. The controls were primarily directed at ensuring appropriate assessments of total expected costs and stage of completion, and total expected revenues, including variable revenues and revenues associated with uncertainty from disagreements and disputes. The controls were established at several levels in the organisation and consisted, among other things, of periodic reviews of the project portfolio in meetings. We reviewed relevant documentation that supported sufficient quality in the discussions and found that the controls had operated effectively during the period. Furthermore, we tested controls intended to ensure that hours and costs are allocated to the correct project, and consequently that the basis for assessing stage of completion and project margin is correct. We found that the controls had operated effectively. Determining the final forecast and stage of completion that forms the basis for the revenue recognition involves application of judgment. To challenge the use of judgment in these estimates, we interviewed and challenged management and other relevant individuals in the respective business units about the assumptions for the estimates. We also checked whether there was documentation that substantiated management's assessments of selected assumptions that were central to the final forecasts, including terms in signed customer

	contracts, change orders and other relevant documentation. For projects where there were significant disputes, we obtained confirmations directly from the Group's external legal counsel. We also performed analyses aimed at consistency in management's exercise of judgment. We found that management's estimates and use of judgment were reasonable and consistent with underlying documentation. We checked and found that the information in key disclosures was consistent with the information about the projects, and that the disclosure requirements in IFRS were met.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statement on Corporate Governance.

Our opinion on whether the Board of Directors' report contains the information required by applicable statutory requirements, does not cover the Sustainability Statement, on which a separate assurance report is issued.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters

that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of AF Gruppen ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name «*AF_Gruppen_ASA-2024-12-31-0-no.zip*», have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 3 April 2025
PricewaterhouseCoopers AS

Thomas Whyte Gaardsø
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

FINANCIAL STATEMENT

SUSTAINABILITY AUDITOR'S ASSURANCE REPORT

To the General Meeting of AF Gruppen ASA

Independent Sustainability Auditor's Limited Assurance Report

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the Sustainability statement of AF Gruppen ASA (the «Company») included in Sustainability statement of the Board of Directors' report (the «Sustainability statement»), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability statement is not prepared, in all material respects, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability statement (the «Process») is in accordance with the description set out in the subsections "Double materiality analysis" and "Process for identifying material matters" (IRO-1) in the section "General disclosures"; and
- compliance of the disclosures in the subsection "EU Taxonomy" in the section "Climate and environment" of the Sustainability statement with Article 8 of EU Regulation 2020/852 (the «Taxonomy Regulation»).

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information («ISAE 3000 (Revised)»), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Sustainability Auditor's Responsibilities* section of our report.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other Matter

The comparative information included in the Sustainability statement was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability statement

The Board of Directors and the Managing Director (Management) are responsible for designing and implementing a process to identify the information reported in the Sustainability statement in accordance with the ESRS and for disclosing this Process in the subsections "Double materiality analysis" and "Process

for identifying material matters" (IRO-1) in the section "General disclosures" of the Sustainability statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability statement, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the ESRS;
- preparing the disclosures in the subsection "EU Taxonomy" in the section "Climate and environment" of the Sustainability statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that Management determines is necessary to enable the preparation of the Sustainability statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability statement

In reporting forward-looking information in accordance with ESRS, Management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Sustainability Auditor's Responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and

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- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in the subsections "Double materiality analysis" and "Process for identifying material matters" (IRO-1) in the section "General disclosures" of the Sustainability statement.

Our other responsibilities in respect of the Sustainability statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in the subsections "Double materiality analysis" and "Process for identifying material matters" (IRO-1) in the section "General disclosures" of the Sustainability statement.

In conducting our limited assurance engagement, with respect to the Sustainability statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability statement by:
  - Obtaining an understanding of the Group's control environment, processes, control activities and information system relevant to the preparation of the Sustainability statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control; and
  - Obtaining an understanding of the Group's risk assessment process;
- Evaluated whether the information identified by the Process is included in the Sustainability statement;

- Evaluated whether the structure and the presentation of the Sustainability statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability statement;
- Performed substantive assurance procedures on selected information in the Sustainability statement;
- Where applicable, compared disclosures in the Sustainability statement with the corresponding disclosures in the financial statements and other sections of the Board of Directors' report;
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability statement;
- Evaluated whether information about the identified taxonomy-eligible and taxonomy-aligned economic activities is included in the Sustainability statement; and
- Performed inquiries of relevant personnel and substantive procedures on selected taxonomy disclosures included in the Sustainability statement.

Oslo, 3 April 2025
PricewaterhouseCoopers AS

Thomas Whyte Gaardsø
State Authorised Public Accountant – Sustainability Auditor

Note: This translation from Norwegian has been prepared for information purposes only.

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ALTERNATIVE PERFORMANCE MEASURES

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

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

The alternative performance measures are defined as follows:

EBITDA: Earnings before i) taxes, ii) net financial items, iii) depreciation and amortisation.
Operating profit (EBIT): Earnings before i) taxes, ii) net financial items.
EBITDA margin: EBITDA divided by revenue.
Operating margin: Operating profit (EBIT) divided by revenue.
Profit margin: Earnings before tax divided by revenue.
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 expenses divided by the average capital employed.
Economic Value Added (EVA): Return on capital employed, less required rate of return before taxes, multiplied by i) 1 minus the effective tax rate, ii) average capital employed.
Equity ratio: Shareholders' equity divided by total equity and liabilities.
Average shareholders' equity: Average shareholders' equity in the last four quarters.
Return on equity: Earnings divided by average shareholders' equity.
Order intake: Estimated value of contracts, contract changes and orders that have been agreed upon during the reporting period.
Order backlog: Remaining estimated value of contracts, contract changes and orders that have been agreed upon, but have not been earned by the reporting date.

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

Amounts in NOK million	31/12/24	31/12/23
GROSS INTEREST-BEARING DEBT/NET INTEREST BEARING DEBT		
Interest-bearing loans and credit facilities - long-term	96	93
Interest-bearing loans lease liability - long-term	712	666
Interest-bearing loans and credit facilities - short-term	188	233
Interest-bearing loans lease liability - short-term	315	345
Gross interest-bearing debt	**1,312**	**1,337**
Less:		
Interest-bearing receivables - long-term	-341	-317
Interest-bearing receivables - short-term	-37	-32
Cash and cash equivalents	-1,033	-347
Net interest-bearing debt (receivables)	**-99**	**641**
CAPITAL EMPLOYED		
Shareholders' equity	3,488	3,203
Gross interest-bearing debt	1,312	1,337
Capital employed	**4,800**	**4,540**
AVERAGE CAPITAL EMPLOYED		
Capital employed as at 1st quarter	4,978	5,071
Capital employed as at 2nd quarter	4,653	5,293
Capital employed as at 3rd quarter	4,834	5,224
Capital employed as at 4th quarter	4,800	4,540
Average capital employed	**4,816**	**5,032**

Amounts in NOK million	31/12/24	31/12/23
RETURN ON CAPITAL EMPLOYED (ROaCE)		
Profit before tax	1,085	700
Interest expenses	112	99
Earnings before tax and interest expenses	**1,197**	**799**
Divided by:		
Average capital employed	4,816	5,032
Return on capital employed (ROaCE)	**24.8 %**	**15.9 %**
ECONOMIC VALUE ADDED (EVA)		
Return on capital employed	24.8 %	15.9 %
Less		
Required rate of return before taxes	12.0 %	12.0 %
Extra return before taxes	**12.8 %**	**3.9 %**
Multiplied by:		
1 minus effective tax rate	76.9 %	73.5 %
Extra return after tax	**9.9 %**	**2.9 %**
Multiplied by:		
Average capital employed	4,816	5,032
Economic Value Added (EVA)	**476**	**144**
EQUITY RATIO		
Shareholders' equity	3,488	3,203
Divided by:		
Total equity and liabilities	15,003	14,647
Equity ratio	**23.2 %**	**21.9 %**
AVERAGE SHAREHOLDERS' EQUITY		
Shareholders' equity as at 1st quarter	3,288	3,458
Shareholders' equity as at 2nd quarter	2,844	2,897
Shareholders' equity as at 3rd quarter	3,051	2,973
Shareholders' equity as at 4th quarter	3,488	3,203
Average shareholders' equity	**3,168**	**3,133**
RETURN ON EQUITY		
Profit for the year	834	515
Divided by:		
Average shareholders' equity	3,168	3,133
Return on equity	**26.3 %**	**16.4 %**

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DEFINITIONS

DEFINITIONS FINANCIAL RATIOS

Earnings per share
Earnings after tax / average number of shares outstanding

Diluted earnings per share
Net income / total number of shares (including outstanding options)

P/E
Share price / earnings per share

P/B
Share price / book value per share

EV / EBIT
(Market value less net interest bearing receivable) / earnings before interest and tax

OTHER DEFINITIONS

BRA
Abbreviations for available area. Available area is the gross area minus the area occupied by external walls. Indicated in m^2 or sqm.

GFA
Abbreviation for Gross Floor Area.

BREEAM
BRE Environmantal Assessment Method. Developed in the UK by BRE (Building Research Establishment). Europe's leading environmental classification tool.

Own Account
When AF buys land, develops projects and then sells units for its own account.

LTI-1 rate
Numer of lost time injuries per million man-hours. AF Gruppen includes all subcontractors when calculating the LTI-1 value.

LTI-2 rate
Number of lost time injuries + number of injuries requiring medical treatment + number of injuries resulting in alternative work per million man-hours. AF Gruppen includes all subcontractors when calculating the LTI-2 value.

HVAC
Heating, Ventilation, Air conditioning and Cooling systems.

Source separation rate
Percentage of waste that is sorted and prepared for reuse or recycling.

Carbon footprint
Emissions of greenhouse gases in tons of CO_2 equivalents (CO_2e) per NOK million in turnover.

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