

AFRY AB (PUBL) INTERIM REPORT
 JANUARY–MARCH 2022

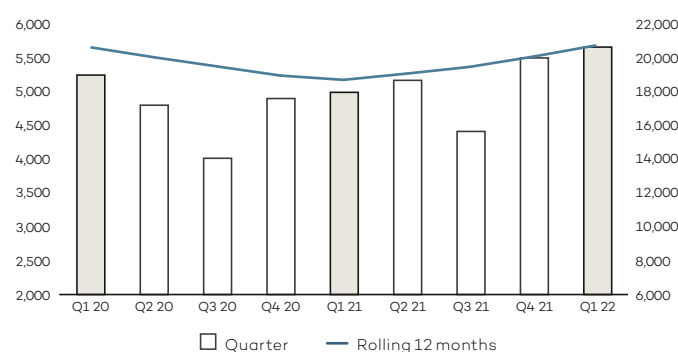
Strong growth and stable result in the first quarter

First quarter 2022¹

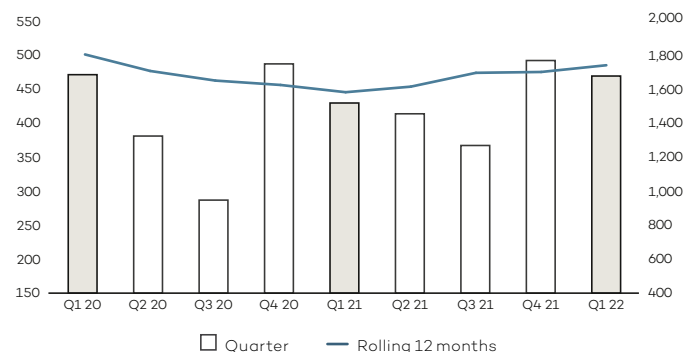
- Net sales increased by 13.4 percent to SEK 5,670 million (4,999)
- Organic growth adjusted for calendar effects was 3.3 percent (0.5)
- EBITA, excl. items affecting comparability was SEK 472 million (432)
- EBITA margin, excl. items affecting comparability was 8.3 percent (8.6)
- EBITA totalled SEK 359 million (419)
- EBITA margin was 6.3 percent (8.4)
- EBIT (operating profit) amounted to SEK 317 million (388)
- Basic earnings per share: SEK 1.97 (2.57)

“Growth was strong in the first quarter and four divisions reported year-on-year higher EBITA. The high demand for sustainable and digital solutions are driven by the industrial sector and transition to clean energy.”

Net Sales, SEK MILLION



EBITA², SEK MILLION



¹ Previously reported financial information has been restated due to changed accounting principles “IFRS IC’s - Cloud computing arrangements”.

² Excluding items affecting comparability.

Comments from the CEO

The growth was strong in the first quarter and four divisions reported year-on-year higher EBITA. The high demand for sustainable and digital solutions are driven by the industrial sector and transition to clean energy.

Net sales increased by a total of 13.4 percent and the organic growth was 3.3 percent adjusted for calendar effects. The growth was strong in the Industrial & Digital Solutions, Process Industries and Management Consulting Divisions. Infrastructure and AFRY X reported lower growth rates impacted by more sick leave than normal at the beginning of the quarter. The Energy Division showed a negative growth mainly explained by the fact that the Nuclear business was at a particularly high level last year due to one large project.

EBITA, excluding items affecting comparability, amounted to SEK 472 million (432), with an EBITA margin of 8.3 percent (8.6). The performance at the beginning of the quarter was impacted by higher sick leave, with a negative effect of approximately SEK 60 million on the results. We saw a sequential improvement during the quarter that ended on a strong note. The margin within the Process Industries, Energy and Management Consulting Divisions was at a continued high level. The Infrastructure and Industrial & Digital Solutions Divisions delivered improved margins, and within AFRY X the service business delivered a strengthened margin.

To meet the high demand, we have accelerated the pace of recruitment in all divisions and announced two acquisitions in 2022 with annual net sales of SEK 50 million. We have acquired Weop with strategic expertise within cyber-security and Svea Power that delivers customised high-tech products and solutions within hydro-

power. During the last twelve months we have grown by a total of 1,700 employees through acquisitions and new recruitments, an increase by more than 10 percent. As the competition for the best talent is fierce, we will continue to strengthen our employer brand to attract new employees.

As previously communicated, we are executing on the cost savings of SEK 100 million where we expect full effect during the second half of 2022. The total restructuring cost of SEK 100 million was taken in the quarter. Our actions to improve profitability in the Infrastructure division and to improve the administrative efficiency in our larger countries, are developing according to plan.

The world is still overshadowed by the war in Ukraine and our immediate focus has been to ensure the safety and wellbeing of our colleagues. As earlier communicated, we have decided to not take on any new projects in Russia and the work to end operations is underway.

The geopolitical situation caused by the war in Ukraine, disruptions in customers' supply chains, as well as rising inflation and construction material costs are causing an increased uncertainty in the market.

Despite the uncertainty that prevails, we continue to see strong drivers to accelerate the transition in society. We are ready to meet the demand with a position and offer stronger than ever.

Jonas Gustavsson
President and CEO



AFRY in short

AFRY is a European leader in sustainable engineering, design, and advisory services, with a global reach. We accelerate the transition towards a sustainable society. We are 17,000 devoted experts in infrastructure, industry, energy and digitalisation, creating sustainable solutions for generations to come.

Take-off strategy

- Drive growth in targeted geographies - organic and acquired.
- Target transforming segments that show secular growth.
- Lead in industrial digitalisation in the Nordics.
- Lead in sustainable solutions to drive impact and growth.
- Deliver best in class operations to drive growth and scalability.

Financial targets

- Annual growth of 10 percent. The target includes add-on acquisitions. Larger platform acquisitions will also be made.
- An EBITA margin of 10 percent (excluding items affecting comparability) over a business cycle.
- Net debt in relation to EBITDA of 2.5.

Mission:

We accelerate the transition towards a sustainable society

Vision:

Making Future

Values:

Brave Devoted Team players

Net sales, SEK billion:

> 20

Number of employees:

> 17,000

Countries with projects:

> 100

Figures refer to 2021

AFRY as an investment

AFRY is a stable company with historically good return and profitable growth. Global megatrends are expected to lead to a growing need for sustainable solutions, which will create major opportunities for AFRY where we will take a leading role as an enabler.

Long-term value creation

AFRY has, in line with the company's dividend policy, delivered a stable average dividend above 50 percent of profit after tax in recent years (with the exception of 2019). During the last five years, 2017-2021, the share return was 71 percent. We represent long-term sustainable development that adds value for shareholders, clients, employees and the society as a whole.

Leader in sustainable and digital solutions

Global megatrends such as climate change, urbanisation and digitalisation are shaping demand amongst clients and are expected to lead to an increasing need for scalable and sustainable solutions, while digitalisation remains a driving force within all industries and sectors.

Low cyclical

AFRY's broad portfolio and international presence enables us to take on larger and more complex assignments to meet our clients' needs for advanced and sustainable solutions. A broad portfolio also generates stability across fluctuations in the economy and better spreads risk.

Swedish Transport Administration

AFRY has been commissioned by the Swedish Transport Administration to design and establish a part of the Norrbotten line. The Norrbotten line is an important part of the green transition and is estimated to reduce carbon dioxide emissions by 80,000 tonnes per year by moving transport from road to rail.



Source: Norrbottensregiongruppen Photo: Patrick Degerman

Boliden

Boliden has chosen AFRY as main engineering partner for their zinc production expansion at the smelter in Odda, Norway. The expansion enables Boliden Odda to almost double zinc production while reducing carbon dioxide intensity by 15 percent.



Source: Boliden

OKG

AFRY has signed an agreement with OKG in Oskarshamn, Sweden, to help the client decommission, moving functionality to a new control room. The tool used is AFRY X Real Digital Twin, a software solution that creates an exact replica of equipment and components, which makes the decommissioning of nuclear power safer.



Source: OKG

Financial summary

First quarter

Net sales

Net sales for the quarter amounted to SEK 5,670 million (4,999), an increase of 13.4 percent (-4.9). Organic growth was 4.5 percent (-1.2) and 3.3 percent (0.5) when adjusted for calendar effects.

EBITA

Adjusted for items affecting comparability, EBITA amounted to SEK 472 million (432). The corresponding EBITA margin was 8.3 percent (8.6). Items affecting comparability totalled SEK -113 million (-13) mainly related to restructuring costs for the Infrastructure Division and Group functions. Items affecting comparability also related to adaptation or configuration of cloud-based IT systems. For more information, see reconciliation of alternative performance measures for EBITA on page 27.

EBITA and the EBITA margin were SEK 359 million (419) and 6.3 percent (8.4) respectively. The effects of IFRS 16 Leases were SEK -4 million (0) on EBITA and SEK 127 million (136) on EBITDA.

Capacity utilisation

Capacity utilisation was 74.3 percent (74.4) in the quarter.

Operating profit

EBIT totalled SEK 317 million (388). The difference between EBIT and EBITA consists of acquisition-related non-cash items: amortisation of acquisition-related assets amounting to SEK -42 million (-38) and the change in estimates of future contingent considerations of SEK 0 million (8).

Net financial items

Profit after financial items was SEK 290 million (359) and profit after tax for the period was SEK 223 million (290). Net financial items totalled SEK -27 million (-29) in the quarter. Net financial items were impacted by discount rates related to leases in accordance with IFRS 16 Leases amounting to SEK -10 million (-16) and discounting of contingent considerations totalling SEK -1 million (-2) that did not affect cash flow.

	Q1 2022	Q1 2021 ¹	Full year 2021
Net sales			
Net sales, SEK million	5,670	4,999	20,104
Total growth, %	13.4	-4.9	5.9
(-) Acquired, %	5.4	0.3	2.1
(-) Currency effects, %	3.5	-4.0	-1.8
Organic, %	4.5	-1.2	5.6
(-) Calendar effect, %	1.2	-1.7	0.3
Organic growth adjusted for calendar effect, %	3.3	0.5	5.3
Earnings			
EBITA excl. items affecting comparability, SEK million	472	432	1,712
EBITA margin excl. items affecting comparability, %	8.3	8.6	8.5
EBITA, SEK million	359	419	1,662
EBITA margin, %	6.3	8.4	8.3
Operating profit (EBIT), SEK million	317	388	1,523
Profit/loss after financial items, SEK million	290	359	1,393
Profit/loss after tax, SEK million	223	290	1,130
Key ratios			
Basic earnings per share, SEK	1.97	2.57	9.97
Diluted earnings per share, SEK	1.97 ²	2.56	9.97 ²
Cash flow from operating activities, SEK million	263	53	1,498
Net debt, SEK million ³	4,217	2,919	3,565
Net debt/equity ratio, % ³	36.9	27.7	32.4
Net debt/EBITDA, rolling 12 months, times ⁴	2.4	1.9	2.0
Number of employees	17,317	15,981	17,019
Capacity utilisation, %	74.3	74.4	74.7

¹ Previously reported financial information has been recalculated due to a change in accounting policy IFRS 16's "Cloud computing arrangements".

² Issued convertibles do not result in dilution during the period

³ Excluding effects of IFRS 16 Leases.

⁴ Net debt/EBITDA excluding the effect of IFRS 16 and items affecting comparability over a rolling 12 months was 2.2 (1.7).

Income tax

The tax expense amounted to SEK -67 million (-68), corresponding to a tax rate of 23.1 percent (19.1). The tax rate for the quarter was affected by non-deductible costs and an increased share of reported tax in countries with higher tax rates. The lower tax rate in the comparative period can mainly be explained by reduced deductible foreign withholding taxes.

Cash flow and financial position

Consolidated net debt including IFRS 16 Leases amounted to SEK 6,326 million (5,391).

Consolidated net debt excluding IFRS 16 Leases amounted to SEK 4,217 million (2,919) at the end of the quarter, and SEK 3,565 million (2,756) at the start of the quarter. Cash flow from operating activities reduced net debt by SEK 146 million (-67) in the first quarter. Two acquisitions were made during the quarter that increased net debt by SEK 680 million, along with contingent considerations paid for previous acquisitions totalling SEK 11 million.

The company issued commercial papers at the end of the quarter to the value of SEK 40 million as part of its commercial paper programme.

Consolidated cash and cash equivalents totalled SEK 902 million (1,735) at the end of the quarter, and unused credit facilities amounted to SEK 3,012 million (3,051).

Parent

Parent operating income for the period January–March totalled SEK 340 million (327) and relates primarily to internal services within the Group. Profit after net financial items was SEK 296 million (-33). This change is mainly attributable to dividend issued by subsidiaries. Cash and cash equivalents amounted to SEK 293 million (694). Gross investments in intangible non-current assets and property, plant and equipment totalled SEK 2 million (6).

The tax rate for the period was affected by non-taxable income in the form of dividends from subsidiaries.

Significant events during the quarter**The geopolitical situation**

The spring has been marked by the war in Ukraine and AFRY's immediate focus has been to ensure the safety and well-being of colleagues. AFRY has decided not to

take on any new projects in Russia and the work to terminate operations in the country is ongoing. Operations in Russia represented less than 1 percent of AFRY's total net sales in 2021.

Acquisitions

The following companies were acquired during the quarter:

Vahanen International Oy, Finland, with annual net sales of around SEK 470 million and 500 employees.
Swedish Electrical and Power Control AB, Sweden, with annual net sales of around SEK 28 million and 16 employees.

Number of employees

The average number of full-time employees (FTEs) was 16,825 (15,145). The total number of employees at the end of the period was 17,317 (15,981).

Calendar effects

The number of normal working hours during 2022, based on a 12-months' sales-weighted business mix, is broken down as follows.

	2022	2021	Difference
Q1	504	498	6
Q2	483	487	-4
Q3	526	528	-1
Q4	504	507	-3
Full year	2,017	2,020	-3

AFRY shares

The AFRY share price was SEK 190.00 (257.60) at the end of the reporting period.

Class A shares	4,290,336
Class B shares	108,961,405
Total number of shares	113,251,741
of which own Class B shares	-
Votes	151,864,765

Shares were converted during the quarter as per the 2018 staff convertible programme, increasing the number of Class B shares by 39,270.

Significant events after end of reporting period

For significant events after the end of the period, see Note 8.

AFRY operate in six divisions



Infrastructure Division

The Infrastructure Division offers engineering and consulting services for buildings and infrastructure, for example in the areas of road and rail as well as water and environment. The division also operates in the fields of architecture and design. The division operates in the Nordics and Central Europe.

38% of net sales, 34% of EBITA



Industrial & Digital Solutions Division

The Industrial & Digital Solutions Division offers engineering and consulting services in the areas of product development, production systems, IT and defence technology. In addition to services, the division delivers ready-made production equipment. The division operates in all industry sectors with an emphasis on vehicles and food & pharma, and operates primarily in the Nordics.

23% of net sales, 22% of EBITA



Process Industries Division

The Process Industries Division offers engineering and consulting services globally, from early-stage studies to project implementation, especially in the areas of digitalisation, security and sustainability solutions. The division operates in pulp and paper, chemicals, biorefining, mines and metals, as well as growth sectors such as batteries, hydrogen, textiles and plastics.

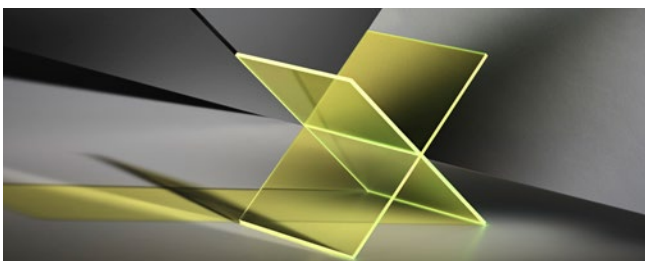
18% of net sales, 22% of EBITA



Energy Division

The Energy Division offers engineering and consulting services in the areas of transmission and distribution of all types of electricity generated from various energy sources, such as water, gas, bio- and waste fuel, nuclear power and renewable energy sources, and holds a leading position in hydropower. The division delivers solutions globally.

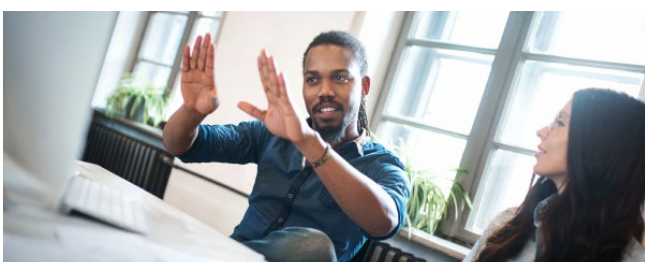
12% of net sales, 13% of EBITA



AFRY X Division

The AFRY X Division offers consulting services in IT and proprietary software. The division targets all clients who require digital transformation. Important sectors include industry, production and the public sector. The division operates primarily in the Nordics.

5% of net sales, 3% of EBITA



Management Consulting Division

The Management Consulting Division works globally to meet challenges and opportunities in the energy, bioindustry, infrastructure, industry and mobility sectors through strategic consulting, forward-looking market analysis, operational and digital transformation as well as M&A and transaction services.

4% of net sales, 6% of EBITA

Infrastructure Division

Net sales

Net sales in the first quarter amounted to SEK 2,240 million (1,972), an increase of 13.6 percent, supported by the acquisition of Vahanen. Adjusted for calendar effects the organic growth was 1.3 percent. The year started with a continued high degree of sick leave, which affected net sales and EBITA. Growth was driven by strong demand in several business areas, especially Central Europe and Denmark, while Sweden and Switzerland reported somewhat negative growth. The order stock is at a stable level.

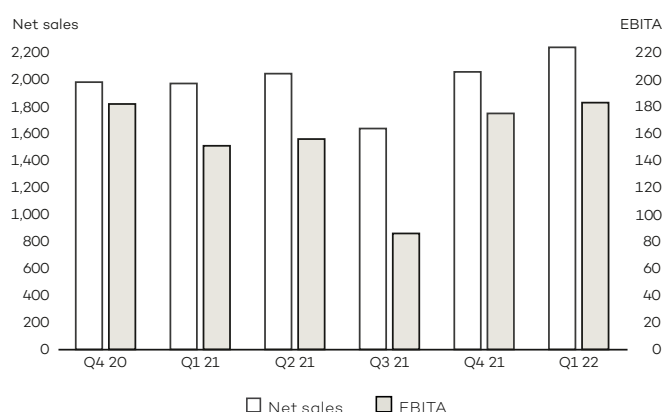
EBITA and EBITA margin

EBITA amounted to SEK 183 million (151) and the corresponding margin was 8.2 percent (7.6). All business areas noted an improvement compared with the same period last year. The margin was positively impacted by an increased hourly rate, a higher number of full-time employees and the effects from the cost saving program. Measures within the cost program will be completed in the second quarter with expected full effect during the second half of 2022.

Market development

The market for infrastructure services was stable during the quarter. Long-term public investments in transport infrastructure are at a stable level in all countries where the Division operates. Sustainability and electrification trends steer towards railways, trams and e-mobility solutions but also higher willingness to invest in refurbishments. The real estate segment showed positive signs in projects in all markets, particularly in Sweden, both in architecture and buildings. The green transition in the industrial and energy sector is continuing to drive demand for sustainability services.

Net sales and EBITA, SEK million



Key ratios

	Q1 2022	Q1 2021	Full year 2021
Net sales, SEK million	2,240	1,972	7,714
EBITA, SEK million	183	151	569
EBITA margin, %	8.2	7.6	7.4
Average full-time equivalents (FTEs)	6,436	5,801	5,914
Organic growth			
Total growth, %	13.6	-5.4	0.8
(-) Acquired, %	7.1	0.2	1.2
(-) Currency effects, %	3.4	-2.6	-0.8
Organic, %	3.0	-3.0	0.4
(-) Calendar effect, %	1.7	-2.0	0.4
Organic growth adjusted for calendar effects, %	1.3	-1.0	0.0

Industrial & Digital Solutions Division

Net sales

Net sales in the first quarter amounted to SEK 1,360 million (1,192), an increase of 14.1 percent. Adjusted for calendar effects the organic growth was 9.8 percent. Growth was driven by strong demand across all segments, but especially within Automotive where a wide range of AFRY services are requested. Sales activities continue to be on a high level within all the Division's core markets.

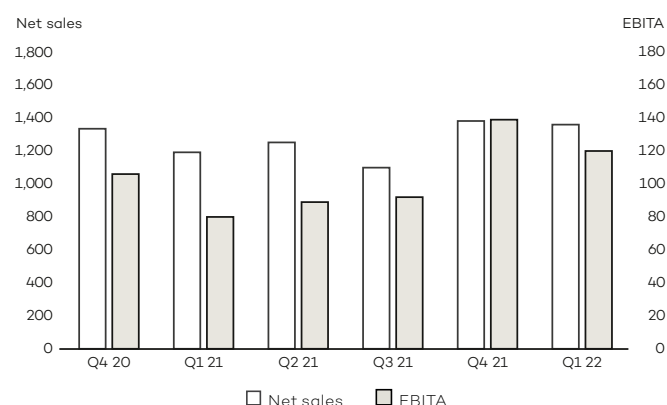
EBITA and EBITA margin

EBITA amounted to SEK 120 million (80) and the corresponding margin was 8.8 percent (6.7). The margin was positively impacted by the volume growth, a favourable sales mix and a continued good cost control.

Market development

The strong demand within the automotive industry continues. The clients' ambitions within digitalisation of products and services have continued to create a high demand for product development in general, and software development in particular. The trend towards more agile teams and project deliveries continued in the quarter, in close collaboration with clients. Within the manufacturing industry the high demand for product development continued, while production capacity projects remained on a stable level. The demand within Food & Life Science remained strong. The acquisition of Weop, announced in April, will further strengthen the AFRY initiative within Cyber Security, where the market needs are high and highlighted by the geopolitical situation.

Net sales and EBITA, SEK million



Key ratios

	Q1 2022	Q1 2021	Full year 2021
Net sales, SEK million	1,360	1,192	4,924
EBITA, SEK million	120	80	399
EBITA margin, %	8.8	6.7	8.1
Average full-time equivalents (FTEs)	3,162	2,952	3,014
Organic growth			
Total growth, %	14.1	-3.5	13.9
(-) Acquired, %	2.4	0.0	2.1
(-) Currency effects, %	0.3	-0.7	-0.1
Organic, %	11.4	-2.8	11.9
(-) Calendar effect, %	1.6	-1.6	0.4
Organic growth adjusted for calendar effects, %	9.8	-1.2	11.5

The historical figures above have been adjusted to account for organisational changes.

Process Industries Division

Net sales

Net sales in the first quarter amounted to SEK 1,060 million (909), an increase by 16.6 percent. Adjusted for calendar effects the organic growth was 8.6 percent. The growth is supported by a growing business especially in Sweden and new big CAPEX projects awarded in Norway and Latin America. The order stock shows strong growth compared to the first quarter 2021.

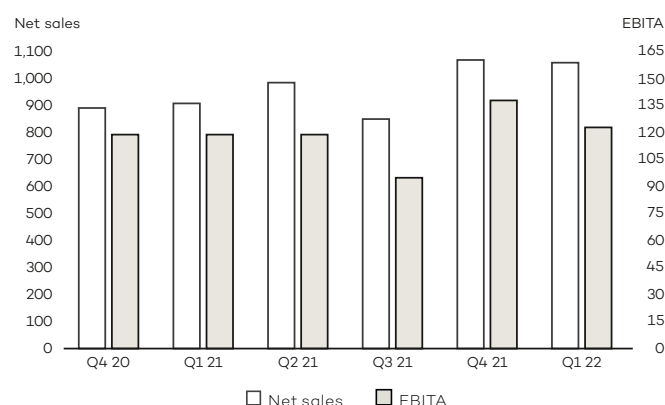
EBITA and EBITA margin

EBITA amounted to SEK 123 million (119), and the corresponding margin was 11.6 percent (13.1). The margin was impacted by higher client project costs, especially increased sub-consultant costs.

Market development

Overall, the market remains stable. New CAPEX projects were started in Nordics and in Latin America to support increasing demand of minerals and metals used in sustainable technologies like batteries. OPEX services and smaller scale projects continued to be on high-level. Construction material and component disruption and inflationary pressures are impacting client's investment decision especially in bigger CAPEX projects. Export bans from Russia to Europe will increase the demand in mining and drives green steel projects. Bio-transition in chemical industry is expected to boost when fossil oil import is limited. Energy crisis will drive industry investments both in energy efficiency and renewable energy.

Net sales and EBITA, SEK million



Key ratios

	Q1 2022	Q1 2021	Full year 2021
Net sales, SEK million	1,060	909	3,817
EBITA, SEK million	123	119	470
EBITA margin, %	11.6	13.1	12.3
Average full-time equivalents (FTEs)	3,870	3,421	3,591
Organic growth			
Total growth, %	16.6	-0.9	10.9
(-) Acquired, %	2.8	1.3	3.6
(-) Currency effects, %	4.8	-8.0	-3.9
Organic, %	9.0	5.8	11.2
(-) Calendar effect, %	0.4	-1.2	0.3
Organic growth adjusted for calendar effects, %	8.6	7.0	10.9

The historical figures above have been adjusted to account for organisational changes.

Energy Division

Net sales

Net sales in the first quarter amounted to SEK 695 million (707), a decrease by -1.7 percent. Adjusted for calendar effects, the negative organic growth was -7.8 percent. The growth was positive in all business areas except Nuclear, mainly explained by the fact that the nuclear business was at a particularly high level last year due to one large project. The order stock is at a solid level.

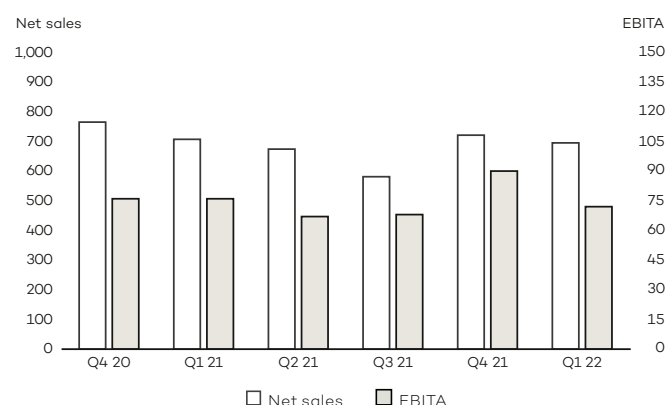
EBITA and EBITA margin

EBITA amounted to SEK 72 million (76) and the corresponding margin was 10.3 percent (10.7). This margin is a result of continued good cost control and a strong development in all business segments, and due to well-executed major projects.

Market development

The Covid-19 pandemic continued to have an impact on the Division during the quarter with delayed decision-making processes for new projects, mainly in the hydro, thermal & renewable business sectors. The transition to low carbon, clean energy power sources and energy efficiency measurements with the specific goal of accelerating the energy transition, is driving a strong demand. Supply chain disruptions, the war in Ukraine and inflationary pressure are also expected to continue to influence short term client decision making. The Division has already started to see some impact on projects related to the nuclear sector due to sanctions against Russia.

Net sales and EBITA, SEK million



Key ratios

	Q1 2022	Q1 2021	Full year 2021
Net sales, SEK million	695	707	2,683
EBITA, SEK million	72	76	301
EBITA margin, %	10.3	10.7	11.2
Average full-time equivalents (FTEs)	1,676	1,669	1,683
Organic growth			
Total growth, %	-1.7	-1.4	-4.1
(-) Acquired, %	1.3	0.3	0.7
(-) Currency effects, %	4.0	-7.0	-3.3
Organic, %	-6.9	5.2	-1.4
(-) Calendar effect, %	0.8	-1.9	0.6
Organic growth adjusted for calendar effects, %	-7.8	7.1	-2.0

AFRY X Division

Net sales

AFRY X offers clients IT consulting services and proprietary software. The consulting business was previously largely included in the Industrial & Digital Solutions Division, while the software business was included in Group Common and the Management Consulting Division. Net sales for the first quarter amounted to SEK 299 million (219), an increase of 36.2 percent. Adjusted for calendar effects the organic growth amounted was 3.9 percent. The acquired growth comes from business area Services (Evolve, Vivento, Cubiq Analytics) and Smart Forestry (Simosol and MosaicMill), which are part of the business area Products. The year started with a continued high degree of sick leave, which affected net sales and EBITA. Net sales include SEK 16 million of software revenue.

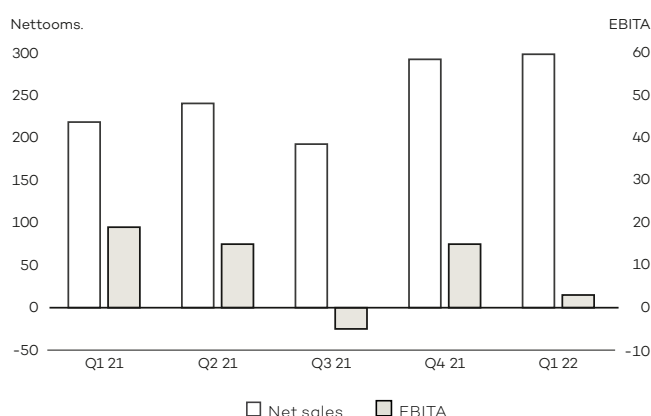
EBITA and EBITA margin

EBITA amounted to SEK 3 million (19), with the corresponding margin totalling 0.9 percent (8.7). EBITA for business area Services was SEK 33 million (22) and a corresponding margin was 10.9 percent (10.1). Costs for sales, development and ramp-up of the Software Business amounted to 25 MSEK.

Market development

The division operates mainly in Sweden, Norway and Finland, where the overall strong market within IT and digitalisation continues. The market has shown a rapid recovery since the beginning of the Covid-19 pandemic. There continues to be a shortage of competence and a high level of job rotation within the IT and digital market. The limiting factor for growth is having available staff to meet clients' needs, and thus recruitment is at the top of the agenda. At present, the demand is particularly strong for Cyber Security and Business Intelligence. The Division's ambition is to sell software products and ARR¹ for the Group amounts to SEK 52 million.

Net sales and EBITA, SEK million



Key ratios

	Q1 2022	Q1 2021	Full year 2021
Net sales, SEK million	299	219	947
Professional Service & Project Business	282	209	908
Software Business	16	10	39
EBITA, SEK million	3	19	44
EBITA margin, %	0.9	8.7	4.6
Average full-time equivalents (FTEs)	730	491	594
Organic growth			
Total growth, %	36.2	-	-
(-) Acquired, %	30.9	-	-
(-) Currency effects, %	0.0	-	-
Organic, %	5.3	-	-
(-) Calendar effect, %	1.4	-	-
Organic growth adjusted for calendar effects, %	3.9	-	-

Comparative figures for growth in 2021 are not available since the Division was formed as of 1 January 2022.

Revenue from Software Business

	Q1 2022	Q1 2021	Full year 2021
AFRY X	16	10	39
Group	23	19	73

Software revenue defined as revenue from SaaS solutions, licences, support, maintenance and implementation of software.

¹ ARR is annual recurring revenue from subscriptions or commitments like maintenance and support contracts, normalised on an annual basis.

Management Consulting Division

Net sales

Net sales in the first quarter amounted to SEK 256 million (217), an increase by 17.8 percent. Adjusted for calendar effects the organic growth was 10.4 percent. This growth reflects the positive market environment in the energy and bioindustry sectors across the entire service portfolio, together with continued investment in key strategic growth initiatives.

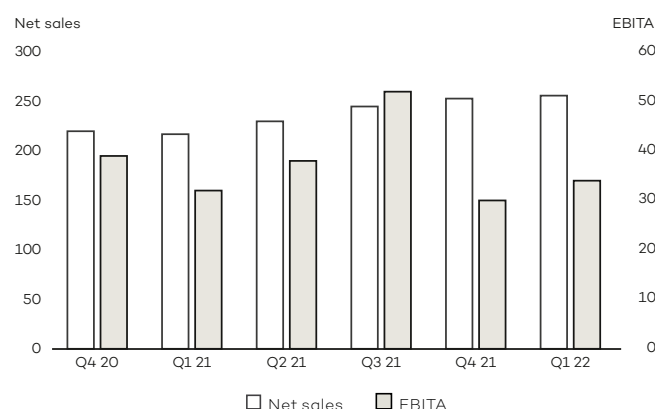
EBITA and EBITA margin

EBITA amounted to SEK 34 million (32) and the corresponding margin was 13.4 percent (14.6). The continued high margin was a result of the tight cost control and strong performances especially within the Energy business.

Market development

Overall, there is a stable demand in both the energy and bioindustry sectors. Clients are forming their strategies in response to the current geopolitical situation as well as the ongoing industry transitions and are looking for new opportunities to invest, resulting in solid demand for consulting services. At the same time, uncertainty in the wider market as a result of the war in Ukraine is causing the Division to expect pause or postponement of some projects, predominantly within the bioindustry sector.

Net sales and EBITA, SEK million



Key ratios

	Q1 2022	Q1 2021	Full year 2021
Net sales, SEK million	256	217	945
EBITA, SEK million	34	32	152
EBITA margin, %	13.4	14.6	16.1
Average full-time equivalents (FTEs)	485	428	457
Organic growth			
Total growth, %	17.8	7.1	21.8
(-) Acquired, %	0.0	0.0	5.9
(-) Currency effects, %	7.9	-9.3	-3.6
Organic, %	10.0	16.4	19.5
(-) Calendar effect, %	-0.4	-0.2	-0.3
Organic growth adjusted for calendar effects, %	10.4	16.6	19.8

The historical figures above have been adjusted to account for organisational changes.

Sustainability

First quarter 2022

- Launch of AFRY's new Group-wide programme for sustainability training, including a mandatory e-learning course for all employees. As at 28 February, 78.4 percent of all permanent employees had taken the course.
- Launch of the AFRY 1.5°C Roadmap, AFRY's roadmap for its climate action.
- Validation of our science-based targets, initiated by the Science Based Target initiative (SBTi).
- AFRY's annual Inclusion & Diversity week – an event where each year we highlight our work on inclusion and diversity.

Sustainability targets

The sustainability targets are key elements of the company's strategy. The targets focus on developing sustainable solutions, conducting business responsibly and being an attractive employer.

- Increase the net positive impact through our assignments to accelerate the sustainability transition.
- Halve CO₂-emissions by 2030 and achieve net zero emissions by 2040¹.
- Increase inclusion and diversity of background and culture, including achieving a gender balanced workforce (40 percent female leaders by 2030²).
- Safeguard employee occupational health and worklife balance.
- Empower brave leadership.
- Increase employee engagement.
- Increase customer satisfaction.
- Ensure ethical business.

¹ Base year 2019. CO₂ emissions from our own operations (business travel and facility energy usage).

² Amongst permanent employees.

AFRY 1.5°C Roadmap

In 2021, AFRY developed a climate roadmap for our climate efforts, the AFRY 1.5°C Roadmap, which formalises and supports AFRY's climate action. The roadmap is based on the Exponential Roadmap Initiative's 1.5°C Business Playbook, which aims to help organisations and companies take action in line with the 1.5°C target. The AFRY 1.5°C Roadmap is a roadmap for how AFRY should achieve its climate targets and the intention is to update it as climate efforts progress.

In 2020, AFRY committed to establish science-based targets in line with the 1.5 degree ambition, and in 2021 these targets were developed and submitted to the Science Based Targets initiative (SBTi) for validation.

The EU taxonomy

The EU taxonomy, which went into effect in July 2020, is a common classification system, for environmentally sustainable economic activities in the EU. For the 2021 financial year, AFRY has reported the proportion of taxonomy-eligible activities based turnover, capital expenditures and operating expenditures. AFRY's business is impacted since our undertakings enable our clients to carry out economic activities that are included in the taxonomy. AFRY's analysis shows that the proportion of our turnover that is associated with taxonomy-eligible activities are primarily within assignments in real estate, road and rail infrastructure, electricity production and distribution, water and waste water, and low carbon transport technology.

Proportion of operations subject to the taxonomy regulation in 2021¹:

	Proportion of taxonomy-eligible activities, %	Proportion of taxonomy-non-eligible activities, %
Turnover	48	52
Capital expenditures	2	98
Operating expenditures	0	100

¹ Generally reviewed information.

Financial statements

Condensed consolidated income statement

SEK MILLION	Q1 2022	Q1 2021	Full year 2021	Apr 2021– Mar 2022
Net sales	5,670	4,999	20,104	20,775
Personnel costs	-3,612	-3,143	-12,266	-12,735
Purchases of services and materials	-1,116	-981	-3,918	-4,053
Other costs	-423	-306	-1,623	-1,740
Other income	5	10	58	52
Profit attributable to participations in associates	1	1	5	5
EBITDA	526	580	2,359	2,305
Depreciation/amortisation and impairment of non-current assets ¹	-167	-161	-697	-703
EBITA	359	419	1,662	1,602
Acquisition-related items ²	-42	-31	-139	-150
Operating profit (EBIT)	317	388	1,523	1,452
Net financial items	-27	-29	-129	-127
Profit/loss after financial items	290	359	1,393	1,324
Tax	-67	-68	-264	-262
Profit/loss for the period	223	290	1,130	1,062
Attributable to:				
Shareholders in the parent company	223	290	1,129	1,062
Non-controlling interest	0	0	0	1
Profit/loss for the period	223	290	1,130	1,063
Basic earnings per share, SEK	1.97	2.57	9.97	
Diluted earnings per share, SEK	1.97 ³	2.56	9.97 ³	
Number of shares outstanding	113,251,741	113,294,415	113,212,471	
Average number of basic shares outstanding	113,236,166	113,096,287	113,227,458	
Average number of diluted shares outstanding	113,236,166 ³	114,655,860	113,227,458 ³	

¹⁾ Depreciation/amortisation and impairment of non-current assets refers to non-current assets excluding acquisition-related intangible non-current assets.

²⁾ Acquisition-related items are defined as depreciation/amortisation and impairment of goodwill and acquisition-related intangible non-current assets, revaluation of contingent considerations and gains/losses on divestment of companies and operations. For further details, see Note 5, Note 6 and alternative performance measures for EBITA on page 27.

³⁾ Issued convertibles do not result in dilution during the period.

Statement of consolidated comprehensive income

SEK MILLION	Q1 2022	Q1 2021	Full year 2021
Profit/loss for the period	223	290	1,130
Items that have been or will be reclassified to profit/loss for the period			
Change in translation reserve	140	217	357
Change in hedging reserve	64	-29	-10
Tax	-7	3	0
Items that will not be reclassified to profit/loss for the period			
Pensions	-1	-1	130
Tax	0	0	-24
Other comprehensive income	197	189	452
Comprehensive income for the period	419	480	1,582
Attributable to:			
Shareholders in the parent company	419	480	1,581
Non-controlling interest	0	0	0
Total	419	480	1,582

Condensed consolidated balance sheet

SEK MILLION	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS			
Non-current assets			
Intangible non-current assets	14,852	12,991	14,045
Property, plant and equipment	500	508	495
Other non-current assets	2,217	2,703	2,317
Total non-current assets	17,570	16,202	16,857
Current assets			
Current receivables	7,290	6,271	6,944
Cash and cash equivalents	902	1,735	2,112
Total current assets	8,192	8,006	9,056
Total assets	25,762	24,208	25,913
EQUITY AND LIABILITIES			
Equity			
Attributable to shareholders in the parent company	11,419	10,538	10,992
Attributable to non-controlling interest	1	1	1
Total equity	11,420	10,538	10,993
Non-current liabilities			
Provisions	667	874	676
Non-current liabilities	5,107	5,572	6,338
Total non-current liabilities	5,775	6,446	7,014
Current liabilities			
Provisions	108	62	34
Current liabilities	8,458	7,160	7,871
Total current liabilities	8,566	7,222	7,905
Total equity and liabilities	25,762	24,208	25,913

Condensed statement of change in consolidated equity

SEK MILLION	31 Mar 2022	31 Mar 2021	31 Dec 2021
Equity at start of period	10,993	10,005	10,005
Comprehensive income for the period	419	480	1,582
Dividends	0	0	-566
Conversion of convertible bonds into shares	8	53	176
Share buy-backs, own shares	-	-	-205
Equity at end of period	11,420	10,538	10,993

Condensed statement of consolidated cash flows

SEK MILLION	Q1 2022	Q1 2021	Full year 2021
Profit after financial items	290	359	1,393
Adjustment for items not included in cash flow and other	351	227	874
Income tax paid	-142	-94	-229
Cash flow from operating activities before change in working capital	498	492	2,038
Cash flow from change in working capital	-235	-439	-540
Cash flow from operating activities	263	53	1,498
Cash flow from investing activities	-720	-96	-1,213
Cash flow from financing activities	-711	-124	-12
Cash flow for the period	-1,168	-167	274
Opening cash and cash equivalents	2,112	1,930	1,930
Exchange difference in cash and cash equivalents	-42	-28	-92
Closing cash and cash equivalents	902	1,735	2,112

Change in consolidated net debt (excl. IFRS 16)

SEK MILLION	Q1 2022	Q1 2021	Full year 2021
Opening balance	3,565	2,756	2,756
Cash flow from operating activities (excl. IFRS 16)	-146	67	-981
Investments	30	2	52
Acquisitions and contingent considerations	691	88	1,159
Dividend	-	-	566
Share buy-backs, own shares	-	-	205
Other	78	6	-192
Closing balance	4,217	2,919	3,565

Parent company income statement

SEK MILLION	Q1 2022	Q1 2021	Full year 2021
Net sales	247	238	919
Other operating income	93	89	360
Operating income	340	327	1,278
Personnel costs	-76	-58	-232
Other costs	-362	-341	-1,334
Depreciation/amortisation	-9	-2	-36
Operating profit/loss	-107	-74	-323
Net financial items	403	41	403
Profit after financial items	296	-33	79
Appropriations	-	-	519
Profit before tax	296	-33	598
Tax	20	17	-19
Profit/loss for the period	316	-16	579
Other comprehensive income	28	3	15
Comprehensive income for the period	344	-13	595

Parent company balance sheet

SEK MILLION	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS			
Non-current assets			
Intangible non-current assets	8	13	9
Property, plant and equipment	119	138	125
Financial assets	14,156	14,247	14,202
Total non-current assets	14,283	14,397	14,336
Current assets			
Current receivables	3,199	1,834	2,746
Cash and bank balances	293	694	1,155
Total current assets	3,492	2,528	3,902
Total assets	17,775	16,926	18,238
EQUITY AND LIABILITIES			
Equity	9,745	9,437	9,393
Untaxed reserves	101	120	101
Provisions	35	67	36
Non-current liabilities	3,369	3,492	4,423
Current liabilities	4,524	3,810	4,285
Total equity and liabilities	17,775	16,926	18,238

Notes

Note 1

Accounting policies

This report was prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies conform with International Financial Reporting Standards (IFRS), as well as with the EU-approved interpretations of the relevant standards, the International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting policies and methods of calculation as those in the Annual Report for 2021 (Note 1).

New or revised IFRS standards that came into force in 2022 did not have any material impact on the Group. The parent complies with the Swedish Financial Reporting Board's Recommendation RFR 2, which requires that the parent's annual report apply all IFRS standards and interpretations approved by the EU as far as is possible within the constraints of the Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen), and while considering the relationship

between reporting and taxation. Disclosures according to IAS 34 16A can partly be found on the pages preceding the condensed consolidated income statement.

New and amended accounting policies

The IFRS Interpretations Committee (IFRS IC) published an agenda decision in April 2021 regarding configuration or customisation costs in cloud computing arrangements. This refers to services in which the supplier offers access to a specific product while controlling the underlying infrastructure and software. During the fourth quarter of 2021, AFRY completed a review of the effects on the consolidated accounts of the IFRS IC's decision and found that some previously recognised intangible assets no longer fulfil the requirements for recognition as intangible assets. Adjustments were made retrospectively in accordance with the rules for amending accounting policies in IAS 8 and previous periods have been recalculated.

Note 2

Risks and uncertainties

The significant risks and uncertainties to which the AFRY Group is exposed include strategic risks linked to the market, acquisitions, sustainability and IT, and operational risks related to projects and the ability to recruit and retain qualified employees. In addition, the Group is exposed to several financial risks, such as currency risks, interest-rate risks and credit risks. The risks to which the Group is exposed are described in detail in AFRY's Annual Report for 2021.

The current geopolitical situation

The effect of the war in Ukraine is difficult to assess at this time. In the short term, the risks are mainly related to delayed projects, especially within the Process Industries and Energy Divisions. Over the longer term there will be macroeconomic risks such as trade imbalances, disruption to supply chains and inflationary pressure. AFRY has decided not to take on any new projects in Russia and the work to end operations is underway. Operations in Russia represented less than 1 percent of AFRY's total net sales in 2021. AFRY will evaluate the situation and its potential effects on future development on a continuous basis.

The Covid-19 pandemic

AFRY has broad exposure to a number of industries and operates in several different markets. The Covid-19 pandemic continues to create uncertainty, which results in delayed decision-making processes for new projects and delayed starts of awarded projects in some segments. AFRY is continuously monitoring risks related to the pandemic and taking measures to mitigate its effect on the Group.

Contingent liabilities

Reported contingent liabilities reflect one part of the AFRY Group's exposure to risk. AFRY provides clients with both corporate and bank guarantees when clients request them. This typically entails tender guarantees, advance payment guarantees or performance guarantees. Corporate guarantees are mainly provided by the parent, AFRY AB, and bank guarantees by AFRY's banks. At 31 March 2022, the Group's corporate guarantees amounted to SEK 90 million (38) and bank guarantees to SEK 497 million (461). The guarantee amounts do not include pension guarantees, advance payment guarantees or leasing as these are already reported on the debt side in the balance sheet.

Note 3

Income**Net sales January–March 2022 according to business model**

SEK MILLION	Infrastructure	Industrial & Digital Solutions	Process Industries	Energy	AFRY X	Management Consulting	Group Common/eliminations	Total Group
Project Business	2,147	446	658	575	93	247	-162	4,004
Professional Services	93	912	399	121	190	7	-77	1,643
Software Business	0	1	3	–	16	2	-1	23
Total	2,240	1,360	1,060	695	299	256	-240	5,670

The Group applies the accounting standard IFRS 15 Revenue from Contracts with Customers. AFRY's business model is divided into three client offerings: Project Business, Professional Services and Software Business. Project Business is AFRY's offering for major projects and end-to-end solutions. In such projects, AFRY acts as a partner to the client, leading and running the entire project. Professional Services is AFRY's offering where the customer leads and runs the project, while AFRY provides suitable expertise at the right time. Software Business is AFRY's digital service and product offering that focuses on digitalisation and digital transformation.

Invoicing in Project Business takes place as work proceeds in accordance with agreed terms and conditions, either periodically (monthly) or when contractual milestones are reached. Invoicing ordinarily takes place after the income has been recorded, resulting in contract

assets. However, AFRY sometimes receives advance payments or deposits from our clients before the income is recognised, which then results in contract liabilities. In Professional Services, hours spent on a project are ordinarily invoiced at the end of each month. Performance obligations in Project Business are fulfilled over time as the service is provided. Revenue recognition is based on costs with accumulated costs set in relation to total estimated costs. In Professional Services, revenue is recognised by the amount that the unit is entitled to invoice, in accordance with IFRS 15 B16. In Software Business, revenue is recognised when a performance obligation is fulfilled for the product or service. Performance obligations can be fulfilled over time as the service is provided or when the client gains access to the service. If the service is not distinct from an agreed license, revenue is recognized as a performance obligation, in accordance with IFRS 15 B54.

Note 4

Quarterly information by division

Net sales, SEK million	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Infrastructure	2,084	1,986	1,598	1,982	1,972	2,045	1,638	2,058	2,240
Industrial & Digital Solutions	1,444	1,244	1,051	1,335	1,192	1,252	1,099	1,382	1,360
Process Industries	917	888	742	895	909	986	851	1,070	1,060
Energy	717	713	601	765	707	674	581	721	695
AFRY X	–	–	–	–	219	241	193	293	299
Management Consulting	203	206	184	220	217	230	245	253	256
Group Common/eliminations	-111	-227	-155	-290	-218	-251	-187	-269	-240
Group	5,255	4,808	4,021	4,907	4,999	5,177	4,419	5,509	5,670

EBITA, SEK million	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Infrastructure	189	173	108	182	151	156	86	175	183
Industrial & Digital Solutions	111	62	46	106	80	89	92	139	120
Process Industries	99	84	62	119	119	119	95	138	123
Energy	66	65	50	76	76	67	68	90	72
AFRY X	–	–	–	–	19	15	-5	15	3
Management Consulting	21	21	23	39	32	38	52	30	34
Group Common/eliminations ¹	-25	-67	-31	-70	-57	-72	-21	-122	-176
Group¹	461	337	258	453	419	411	367	465	359

EBITA margin, %	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Infrastructure	9.1	8.7	6.8	9.2	7.6	7.6	5.3	8.5	8.2
Industrial & Digital Solutions	7.7	5.0	4.4	8.0	6.7	7.1	8.4	10.1	8.8
Process Industries	10.8	9.4	8.4	13.3	13.1	12.0	11.1	12.9	11.6
Energy	9.2	9.2	8.2	10.0	10.7	10.0	11.6	12.5	10.3
AFRY X	–	–	–	–	8.7	6.1	-2.6	5.1	0.9
Management Consulting	10.1	10.3	12.6	17.8	14.6	16.3	21.4	12.1	13.4
Group	8.8	7.0	6.4	9.2	8.4	7.9	8.3	8.4	6.3

Average number of full-time employees (FTEs)	2020				2021 ²				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Infrastructure	5,935	6,013	5,851	5,868	5,801	5,955	5,901	5,998	6,436
Industrial & Digital Solutions	3,732	3,633	3,506	3,453	2,952	2,962	2,999	3,141	3,162
Process Industries	3,180	3,205	3,234	3,350	3,421	3,518	3,684	3,734	3,870
Energy	1,824	1,808	1,704	1,735	1,669	1,791	1,678	1,603	1,676
AFRY X	–	–	–	–	491	572	620	689	730
Management Consulting	415	422	416	425	428	465	451	485	485
Group functions	330	395	358	311	382	381	419	438	466
Group	15,416	15,476	15,069	15,143	15,145	15,645	15,752	16,089	16,825

Number of working days	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sweden only	63	60	66	63	62	61	66	63	63
All countries	63	60	66	63	62	61	66	63	63

As a result of organisational changes on January 1st 2022, comparative figures for 2021 have been adjusted to better reflect current operations.

¹ Previously reported financial information has been recalculated due to a change in accounting policy IFRS IC's "Cloud computing arrangements".

² In connection to the reorganisation, the calculation of average number of FTEs has changed, a more accurate and weighted calculation of the number of hours available to all divisions.

Note 5

Acquisitions and divestments

The following acquisitions were made during the period

Included from	Company ¹	Country	Division	Annual net sales, SEK million	Average no. of employees
January	Vahanen International Oy	Finland	Infrastructure	470	500
February	Swedish Electrical and Power Control AB	Sweden	Energy	28	16
Total				498	516

¹ Company name at time of acquisition.

Acquired companies' net assets on acquisition date

SEK MILLION	Jan-Mar 2022		
	Vahanen Group	Other	Total
Intangible non-current assets	64	0	64
Property, plant and equipment	5	1	6
Right-of-use assets	41	1	42
Financial assets	–	–	–
Accounts receivable and other receivables	81	6	87
Deferred tax asset	4	–	4
Cash and cash equivalents	44	6	50
Accounts payable, loans and other liabilities	-179	-6	-185
Net identifiable assets and liabilities	59	8	67
Goodwill	619	31	650
Fair value adjustment, intangible assets	9	1	10
Fair value adjustment, non-current provisions	-2	0	-2
Purchase consideration including estimated contingent consideration	686	40	725
Transaction costs	5	0	5
Less:			
Cash (acquired)	44	6	50
Estimated contingent consideration	–	–	–
Net cash outflow	646	34	680

Acquired company

Acquisition analyses are preliminary as the net assets in the companies acquired have not been conclusively analysed. The purchase considerations for acquisitions for the year were larger than the booked net assets of the acquired companies, which means that the acquisition analyses have resulted in intangible assets.

Contingent consideration

Total undiscounted contingent consideration for the companies acquired during the year is a maximum of SEK 0 million.

Goodwill

Goodwill consists mainly of human capital in the form of employee skills and synergy effects. Goodwill is not expected to be tax deductible on acquisition of a company. The acquisition of a consulting business essentially involves the acquisition of human capital, and most of the intangible assets in the company acquired are thus attributable to goodwill.

Other intangible assets

Order stock and client relationships are identified and measured in conjunction with the completed acquisition.

Transaction costs

Transaction costs are recognised in other external costs in profit or loss. Transaction costs amounted to SEK 5 million during the year.

Revenue and profit/loss from acquired companies

The acquired companies are expected to contribute net sales of approximately SEK 498 million and operating profit of roughly SEK 21 million over a full year.

Since their acquisition dates, acquired companies have contributed SEK 118 million (13) to consolidated revenue and SEK 8 million (3) to operating profit.

Acquisitions after the end of the reporting period

Preparation of acquisition analysis after the end of the reporting period are in progress.

Divestments

No significant divestments were made during the period.

Note 6

Financial instruments

Valuation principles and classification of the Group's financial assets and liabilities, as described in Note 13 of AFRY's 2021 Annual and Sustainability Report, have been applied consistently throughout the reporting period.

Financial assets and liabilities

SEK MILLION	Level	31 Mar 2022	31 Mar 2021	31 Dec 2021
Financial assets measured at fair value				
Interest rate swaps, hedge accounting applied	2	109	28	44
Forward exchange contracts, hedge accounting applied	2	5	8	8
Forward exchange contracts, hedge accounting not applied	2	32	21	22
Total		147	57	74
Financial assets not recognised at fair value				
Accounts receivable		3,690	3,303	4,206
Revenue generated but not invoiced		2,543	2,028	1,927
Financial investments		9	43	8
Non-current receivables		14	18	17
Cash and cash equivalents		902	1,735	2,112
Total		7,158	7,127	8,269
Financial liabilities measured at fair value				
Interest rate swaps, hedge accounting applied	2	1	7	2
Currency derivatives, hedge accounting applied	2	3	13	2
Currency derivatives, hedge accounting not applied	2	56	27	40
Contingent considerations	3	214	283	225
Total		275	329	270
Financial liabilities not recognised at fair value				
Bank loans		1,017	1,328	1,012
Bond loan		3,500	2,500	3,500
Commercial paper		40	–	600
Staff convertibles		370	499	376
Lease liabilities		2,109	2,473	2,162
Work invoiced but not yet carried out		1,838	1,639	1,914
Accounts payable		897	789	1,097
Total		9,770	9,228	10,660

Fair value of financial assets and liabilities

Recognised and fair values of the Group's financial assets and liabilities are shown in the table above. The fair value of bonds is based on level 1 and the fair value of derivatives is based on level 2 in the fair value hierarchy. Contingent considerations are valued at market value in accordance with level 3. Derivative instruments where hedge accounting is not applied are measured at fair value through profit/loss, and derivatives where hedge accounting is applied are measured at fair value through other comprehensive income. All other financial assets and liabilities are measured at amortised cost. Compared to 2021, no transfers have been made between different levels in the hierarchy for fair value of derivatives or loans, no significant changes made regarding valuation techniques, inputs or assumptions.

Note 6, cont.

Contingent considerations

Contingent considerations are valued at market value in accordance with level 3. The calculation of contingent consideration is dependent on parameters in the relevant agreements. These parameters are chiefly linked to expected EBIT for the acquired companies over the next two to three years. The change in the balance sheet item is recognised in the table (at right).

Change in contingent considerations

SEK MILLION	31 Mar 2022
Opening balance 1 January 2022	225
Acquisitions for the year	–
Payments	-11
Changes in value recognised in income statement	0
Adjustment of preliminary acquisition analysis	-4
Discounting	1
Translation differences	2
Closing balance	214

Derivative instruments

SEK MILLION	Level	31 Mar 2022	31 Mar 2021	31 Dec 2021
Currency derivatives, no hedge accounting				
Total nominal values		3,552	2,464	3,362
Fair value, gains	2	32	21	22
Fair value, loss	2	-56	-27	-40
Fair value, net		-24	-6	-18
Currency derivatives, cash flow hedging reporting				
Total nominal values		432	243	569
Fair value, gains	2	5	8	8
Fair value, loss	2	-3	-13	-2
Fair value, net		2	-5	6
Interest rate derivatives, hedge accounting for net investments				
Total nominal values		1,850	1,000	1,850
Fair value, gains	2	70	28	39
Fair value, loss	2	-1	–	–
Fair value, net		69	28	39
Interest rate derivatives, cash flow hedging reporting				
Total nominal values		1,517	1,000	1,513
Fair value, gains	2	39	–	5
Fair value, loss	2	0	-7	-2
Fair value, net		39	-7	2

Note 7

Related party transactions

There were no material transactions between AFRY and its related parties during the period.

Note 8

Significant events after the end of the reporting period

The following company was acquired after the end of the reporting period:
Weop AB, Sweden, with annual sales of approximately SEK 23 million and 22 employees. The company will be consolidated from 1 April 2022.

Alternative performance measures

The consolidated financial statements contain financial ratios defined according to IFRS. They also include measurements not defined according to IFRS, known as alternative performance measures. The purpose of this is to provide information for comparing trends across years and to understand the underlying operations. These terms may be defined in a different way by other companies and are therefore not always comparable to similar measures used by other companies.

Previously reported information for 2020 and 2021 has been recalculated due to a change in accounting policy IFRS IC's "Cloud computing arrangements", see Note 1.

Definitions

The key ratios and alternative performance measures used in this report are defined in AFRY's Annual Report for 2021 and on our website: <https://afry.com/en/investor-relations/>.

Organic growth

Since the Group is active in a global market, sales are transacted in currencies other than the Swedish krona, which is the presentation currency. Exchange rates have been relatively volatile historically, and the Group carries out acquisitions/divestments of operations on an ongoing basis. Taken together, this has led to the Group's sales and

development being evaluated on the basis of organic growth. Organic sales growth represents comparable sales growth or sales reduction, and enables separate valuations to be carried out on the impact of acquisitions/divestments and exchange rate fluctuations.

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group ¹	
%	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Total growth	13.6	-5.4	14.1	-3.5	16.6	-0.9	-1.7	-1.4	36.2	-	17.8	7.1	13.4	-4.9
(-) Acquired	7.1	0.2	2.4	0.0	2.8	1.3	1.3	0.3	30.9	-	0.0	0.0	5.4	0.3
(-) Currency effect	3.4	-2.6	0.3	-0.7	4.8	-8.0	4.0	-7.0	0.0	-	7.9	-9.3	3.5	-4.0
Organic	3.0	-3.0	11.4	-2.8	9.0	5.8	-6.9	5.2	5.3	-	10.0	16.4	4.5	-1.2
(-) Calendar effect	1.7	-2.0	1.6	-1.6	0.4	-1.2	0.8	-1.9	1.4	-	-0.4	-0.2	1.2	-1.7
Organic growth adjusted for calendar effects	1.3	-1.0	9.8	-1.2	8.6	7.0	-7.8	7.1	3.9	-	10.4	16.6	3.3	0.5

¹⁾ The Group includes eliminations.

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group ¹	
SEK MILLION	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Total growth	268	-112	168	-50	151	-8	-12	-10	79	-	39	14	671	-255
(-) Acquired	140	4	29	0	25	12	9	2	68	-	0	0	271	18
(-) Currency effect	68	-54	4	-10	44	-74	28	-49	0	-	17	-19	175	-208
Organic	60	-62	135	-40	82	54	-49	37	12	-	22	33	225	-65
(-) Calendar effect	34	-41	19	-23	4	-11	6	-13	3	-	-1	0	61	-90
Organic growth adjusted for calendar effects	26	-21	116	-17	79	65	-55	50	9	-	23	33	164	25

¹⁾ The Group includes eliminations.

EBITA/EBITA excluding items affecting comparability

Operating profit before associates and items affecting comparability refers to the operating profit after restored tangible items and events related to changes in the Group's structure and operations which are relevant for an understanding of the Group's performance on a com-

parable basis. This metric is used by Group Executive Management to monitor and analyse underlying profit/loss and to provide comparable figures between periods.

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group ¹	
SEK MILLION	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
EBIT (operating profit)	183	151	120	80	123	119	72	76	3	19	34	32	317	388
Acquisition-related items														
Amortisation and impairment of intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	42	38
Revaluation of contingent considerations	-	-	-	-	-	-	-	-	-	-	-	-	0	-8
Profit/loss (EBITA)	183	151	120	80	123	119	72	76	3	19	34	32	359	419
Items affecting comparability														
Restructuring costs, Infrastructure Division	-	-	-	-	-	-	-	-	-	-	-	-	80	-
Restructuring costs, Group functions	-	-	-	-	-	-	-	-	-	-	-	-	20	-
Cost of customisation/configuration of cloud-based IT systems	-	-	-	-	-	-	-	-	-	-	-	-	13	13
EBITA excl. items affecting comparability	183	151	120	80	123	119	72	76	3	19	34	32	472	432

¹⁾ The Group includes eliminations.

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group ¹	
%	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
EBIT margin	8.2	7.6	8.8	6.7	11.6	13.1	10.3	10.8	0.9	8.7	13.4	14.6	5.6	7.8
Acquisition-related items														
Amortisation and impairment of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.8
Revaluation of contingent considerations	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-0.2
Profit/loss (EBITA margin)	8.2	7.6	8.8	6.7	11.6	13.1	10.3	10.7	0.9	8.7	13.4	14.6	6.3	8.4
Items affecting comparability														
EBITA margin excl. items affecting comparability	8.2	7.6	8.8	6.7	11.6	13.1	10.3	10.7	0.9	8.7	13.4	14.6	8.3	8.6

¹⁾ The Group includes eliminations.

Net debt

Net debt is the total of interest-bearing liabilities less cash and cash equivalents and interest-bearing assets. Lease liabilities after the deduction of receivables relating to subleases are included in net debt. Net debt also includes dividends approved but not yet paid out. Net debt is used by Group Executive Management to monitor and analyse the debt trend in the Group and evaluate the Group's

refinancing requirements. Net debt/EBITDA is a key ratio for net debt in relation to cash-generating profit in the operation, which provides an indication of the operation's ability to pay its debts. This metric is commonly used by financial institutions to measure creditworthiness. A negative figure means that the Group has a net cash balance (cash and cash equivalents exceed interest-bearing liabilities).

Consolidated net debt (excluding IFRS 16)

SEK MILLION	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022
Loans and credit facilities	4,564	4,433	4,344	4,309	4,590	4,729	5,471	4,913
Net pension liability	390	390	341	344	340	342	205	206
Cash and cash equivalents	-1,367	-1,299	-1,930	-1,735	-1,103	-852	-2,112	-902
Total net debt	3,586	3,523	2,756	2,919	3,826	4,219	3,565	4,217

Net debt/EBITDA excluding IFRS 16 rolling 12 months

SEK MILLION	Jul 2019– Jun 2020	Oct 2019– Sep 2020	Full year 2020	Apr 2020– Mar 2021	Jul 2020– Jun 2021	Oct 2020– Sep 2021	Full year 2021	Apr 2021– Mar 2022
Operating profit (EBITA)	1,434	1,384	1,509	1,467	1,541	1,649	1,662	1,602
Depreciation, amortisation and impairment of non-current assets	684	670	663	655	666	686	697	703
EBITDA	2,118	2,054	2,172	2,122	2,207	2,335	2,359	2,305
Lease expenses	-571	-559	-554	-548	-553	-561	-564	-554
EBITDA excl. IFRS 16	1,547	1,496	1,619	1,575	1,654	1,774	1,796	1,751
Net debt	3,586	3,523	2,756	2,919	3,826	4,219	3,565	4,217
Net debt/EBITDA, excl. IFRS 16, rolling 12 months, times	2.3	2.4	1.7	1.9	2.3	2.4	2.0	2.4
Items affecting comparability	285	277	126	126	85	57	50	150
EBITDA excl. IFRS 16 and items affecting comparability	1,832	1,773	1,745	1,701	1,738	1,832	1,846	1,901
Net debt	3,586	3,523	2,756	2,919	3,826	4,219	3,565	4,217
Net debt/EBITDA, excl. IFRS 16 and items affecting comparability, rolling 12-month, times	2.0	2.0	1.6	1.7	2.2	2.3	1.9	2.2

Net debt/equity ratio

SEK MILLION	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022
Net debt	3,586	3,523	2,756	2,919	3,826	4,219	3,565	4,217
Equity	9,715	9,907	10,005	10,538	10,204	10,422	10,993	11,420
Net debt/equity ratio, %	36.9	35.6	27.5	27.7	37.5	40.5	32.4	36.9

Consolidated net debt (including IFRS 16)

SEK MILLION	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022
Loans and credit facilities	7,144	6,960	6,782	6,782	6,957	7,014	7,633	7,022
Net pension liability	390	390	341	344	340	342	205	206
Cash and cash equivalents	-1,367	-1,299	-1,930	-1,735	-1,103	-852	-2,112	-902
Total net debt	6,166	6,050	5,193	5,391	6,193	6,504	5,726	6,326

Return on equity

Return on equity is the operation's profit/loss after tax during the period in relation to average equity. This key ratio is used to show how great a proportion of the shareholders' contributed capital generates

a return, which gives an indication of the operation's ability to create value for its owners.

SEK MILLION	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022
Profit after tax, rolling 12 months	830	776	932	956	1,054	1,166	1,130	1,062
Average equity	9,517	9,655	9,766	10,006	10,074	10,215	10,433	10,716
Return on equity, %	8.7	8.0	9.5	9.6	10.5	11.4	10.8	9.9

Return on capital employed

Return on capital employed shows the operation's profit/loss after financial items, adjusted for interest expense in relation to average interest-bearing capital in the operation's balance sheet total. The key

ratio is used to evaluate how the company utilises capital which has some form of return requirement (for example, dividends on invested capital from shareholders as well as interest on bank loans).

SEK MILLION	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022
Profit after financial items, rolling 12 months	1,053	1,020	1,196	1,205	1,329	1,433	1,393	1,324
Financial expenses, rolling 12 months	53	100	156	118	102	10	148	167
Profit	1,105	1,120	1,352	1,322	1,431	1,442	1,542	1,491
Average balance sheet total	24,267	24,087	23,948	23,920	23,831	23,860	24,383	24,831
Other current liabilities	-5,943	-5,876	-5,947	-5,908	-5,928	-5,824	-6,020	-6,164
Other non-current liabilities	-322	-275	-228	-192	-175	-185	-200	-216
Deferred tax liability	-250	-238	-239	-230	-223	-226	-229	-219
Capital employed	17,752	17,698	17,534	17,590	17,506	17,625	17,934	18,233
Return on capital employed, %	6.2	6.3	7.7	7.5	8.2	8.2	8.6	8.2

Equity ratio

The equity ratio shows the operation's equity in relation to total capital and describes how large a proportion of the operation's assets are not matched by liabilities. The equity ratio can be seen as the operation's ability to pay in the long term. The key ratio is influenced by profitability during the period and by how the operation is financed.

This metric is often used to provide an indication of how the company is financed and also to see trends in how the operation's funds are utilised. A change in the equity ratio over time may, for example, be an indication that the operation is reviewing its financing structure or is utilising its equity to finance an expansion.

SEK MILLION	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022
Equity	9,715	9,907	10,005	10,538	10,204	10,422	10,993	11,420
Balance sheet total	23,855	23,299	23,520	24,208	24,272	24,001	25,913	25,762
Equity ratio, %	40.7	42.5	42.5	43.5	42.0	43.4	42.4	44.3

Making Future.



Stockholm, 28 April 2022

AFRY AB (publ)
Jonas Gustavsson
President and CEO

This report has not been subjected to scrutiny by the company's auditors.

This information fulfils AFRY AB's (publ) disclosure requirements under the provisions of the EU's Market Abuse Regulation and the Swedish Securities Markets Act. This information was released, through the agency of the above-mentioned contact person, for publication on 28 April 2022, at 11.00 CET.

All assumptions about the future that are made in this report are based on the best information available to the company at the time the report was written. As is the case with all assessments of the future, such assumptions are subject to risks and uncertainties, which may mean that the actual outcome differs from the anticipated result.

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Investor presentation

Time:	28 April 2022 (12.00 CET)
Webcast:	https://youtu.be/6R1WzcG5abE
For analysts/investors:	Click here to connect to the meeting With the opportunity to ask questions

Calendar

Annual General Meeting	28 April 2022, 14.00 CET
Q2 2022	14 July 2022
Q3 2022	28 October 2022
Q4 2022	10 February 2023