Annual and Sustainability Report 2022

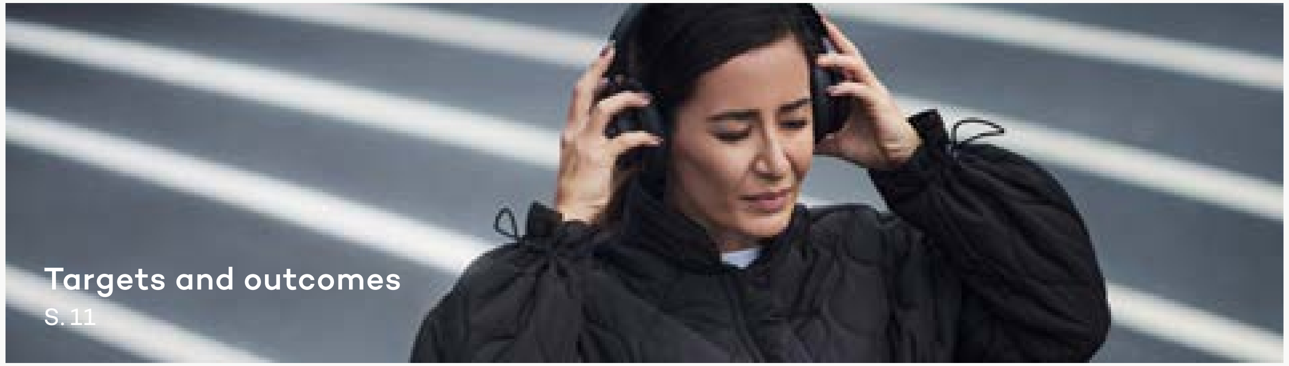
AFRY

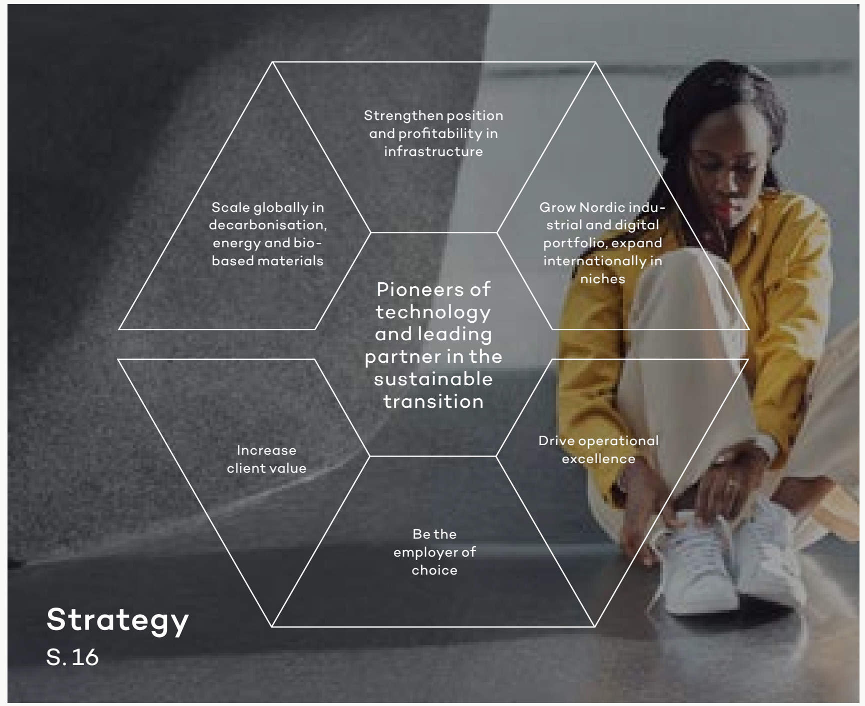

We accelerate the transition towards a sustainable society
Making Future

Contents

* Limited assured sustainability information
** Reviewed financial information

About this report
AFRY Group's administration report and financial statements are found on pages 50–98 and are audited. The statutory sustainability report encompasses pages 12, 16–35, 38–44, 53–55 and 99–123 and has been subjected to limited assurance by the company's auditors. AFRY annually publishes an Annual and Sustainability report and previous reports are publicly available on afry.com.





CEO statement

"I am proud of how we at AFRY have navigated the year while, at the same time, strengthening our operations. We delivered strong organic growth with a continued high demand in our industrial and energy segments."

Jonas Gustavsson
President and CEO

2022 was a year with strong growth for AFRY where we together with our clients continued to accelerate the transition towards a more sustainable society.

I am proud of how we at AFRY have navigated the year while, at the same time, strengthening our operations. We delivered strong organic growth with a continued high demand especially in our industrial and energy segments, an improved operating result, completed our cost saving programme and continued to invest in our system platform.

During the spring 2023, we introduced an updated business strategy to take AFRY to the next level. The strategy contains of six pillars that reflect the direction of our divisions and also how we build long term value by focusing on our clients, employees and operational excellence.

We delivered a strong growth of 17 percent during 2022 and the organic growth was 8 percent adjusted for calendar effects. The organic growth was mainly a result of continued high demand and an increased number of employees, as well as higher fees. I am very pleased that our order stock continued to strengthen during the year and is at a historical high level.

EBITA, excluding items affecting comparability, grew by 10 percent and amounted to SEK 1,886 million (1,712). The corresponding EBITA margin was 8.0 percent (8.5). The margin was negatively impacted mainly by a high employee turnover, an increased use of sub-consultants and a less favourable project mix. The margin within the Process Industries, Energy and Management Consulting Divisions was at a continued high level during the year.

The ongoing implementation of a modern system landscape is vitally important for AFRY's development, both in terms of driving growth and enabling sustained efficiency enhancements and integration of joint processes. The roll-out of our ERP and CRM system continued during the year and we reached important milestones with the implementation.

During 2022, AFRY has grown by circa 1,700 employees through acquisitions and new recruits, an increase of 10 percent. Competition for the best talent continue at a high level, as engineers are a key competence in the transition towards a sustainable society. I am therefore happy that we continue to strengthen our attractiveness as an employer. In the latest survey by Universum, in which young engineers rank the most attractive employers in Sweden, AFRY is among the companies at the top of the list.

Sustainability is a strong driving force in our business to increase our positive impact, growth and profitability. In 2022, AFRY's science-based targets were validated by the Science Based Targets initiative, which means that our climate commitments are externally validated to be in line with the 1.5°C ambition according to the latest climate science research. AFRY is well on track to meet its group-wide target to halve its CO_2 emissions by 2030 and to achieve net zero emissions by 2040.

AFRY is one of the highest-ranked companies in sustainability measurements in our industry. During the year, we received top ratings from several evaluations of our sustainability initiatives such as CDP. We also received the highest Platinum rating in EcoVadis' global sustainability rating. We continue to support the UN Global Compact, which includes principles of human rights, labour rights, the environment and anti-corruption.

For many years now we have been working with inclusion and diversity which is closely integrated in AFRY's culture, strategy and commitments. Every year in March we organise a global Inclusion & Diversity Week and during 2022 we launched several tools such as a new inclusive recruitment guide.

The unstable geopolitical situation caused by Russia's devastating war in Ukraine, increased inflation and high interest rates, had led to an uncertainty in the market. Despite this, we see high demand for our services and we are ready to meet the demand with a position and offer stronger than ever. We have a well-diversified portfolio with continued strong demand especially in the industrial and energy segments as well as a healthy mix of private and public sector.

We continue to focus on increasing our profitability, strengthening our customer offering to meet the market demand as well as attracting talent and developing our people.

I would like to thank our clients, partners and employees for the great collaboration during the year.

Stockholm, March 2023

Jonas Gustavsson
President and CEO

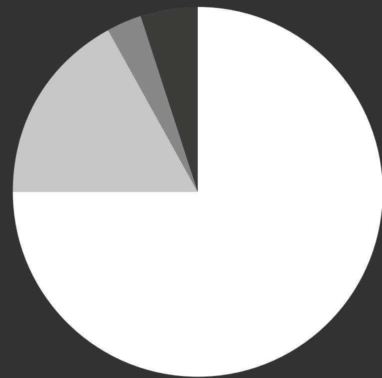
AFRY in short

AFRY provides engineering, design, digital and advisory services to accelerate the transition towards a sustainable society. We are 19,000 devoted experts in industry, energy and infrastructure sectors, creating impact for generations to come. AFRY has Nordic roots with a global reach, net sales of 24 BSEK and is listed on Nasdaq Stockholm.

Our mission
We accelerate the transition towards a sustainable society

Our vision
Making Future

Our values
Brave, Devoted, Team players

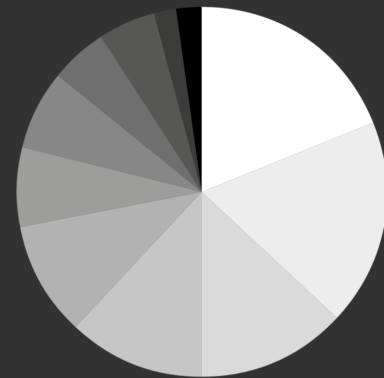


Sales by geography

- Nordics 75%
- Rest of Europe 17%
- Asia 3%
- Other 5%

Sales by division

- Infrastructure 37%
- Industrial & Digital Solutions 22%
- Process Industries 19%
- Energy 12%
- AFRY X 5%
- Management Consulting 5%



Sales by segment

- Energy 19%
- Transport infrastructure 18%
- BioIndustry 13%
- Buildings 12%
- Automotive and R&D 10%
- Food & Life Science 7%
- Process industry 7%
- Telecom and ICT 5%
- Manufacturing Industry 5%
- Defence 2%
- Other industry 2%

Net sales, MSEK
23,600

Number of employees
19,000

Private sector
75%

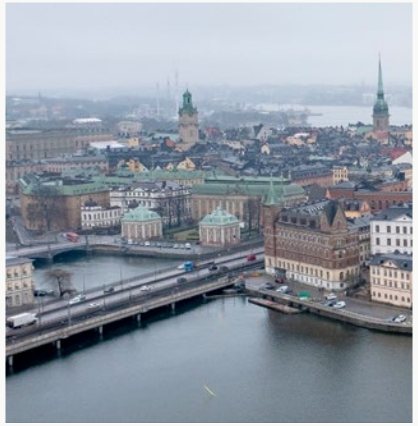
EBITA margin
8.0%

Countries with projects
100

Public sector
25%

*Excluding items affecting comparability.

Operating in six divisions

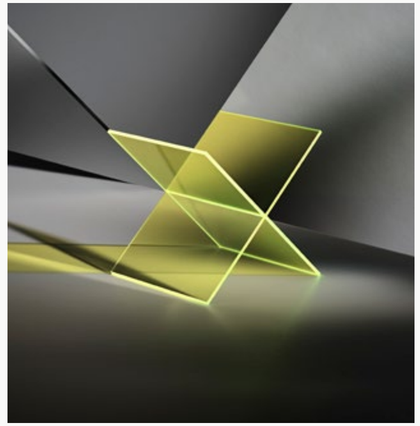


Infrastructure
The division offers engineering and consulting services for buildings and infrastructure, for example in the areas of road and rail as well as water and environment. The division also operates in the fields of architecture and design. The division operates in the Nordics and Central Europe.

37% of net sales, 32% of EBITA

Process Industries
The division offers engineering and consulting services, from early-stage studies to project implementation, in the areas of digitalisation, safety 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. The division operates globally.

19% of net sales, 24% of EBITA



AFRY X
The division primarily offers consulting services in digitalisation. The division helps organisations undergoing digital transformation to reshape their businesses for the digital age. Key sectors are industry, energy and the public sector. The division operates predominantly in the Nordic region.

5% of net sales, 1% of EBITA

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

22% of net sales, 21% of EBITA

Energy
The division offers engineering and consulting services in energy production from various energy sources such as hydro, gas, bio & waste fuels, nuclear power and renewable energy sources as well as services in transmission & distribution and energy storage. The division delivers solutions globally and has a leading position in hydropower.

12% of net sales, 15% of EBITA

Management Consulting
The division works 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. The division operates globally.

5% of net sales, 7% of EBITA

→ Read more about our offerings here

Reasons to invest in AFRY

AFRY has a strong track-record of delivering profitable growth. The transition towards a more sustainable society is apparent and AFRY is well positioned to take the lead. Below are the main reasons how we create client and shareholder value.

Long-term value creation
We continuously focus on strengthening our client offering, improving efficiency and investing in our people as well as our operating platform to generate profitable growth. In line with our dividend policy, we have delivered a stable average dividend above 50 percent of profit after tax in recent years.

Strong demand for engineering services
Global megatrends such as urbanisation, digitalisation and climate change are leading to an increasing demand amongst clients for sustainable solutions. In addition, several sustainability initiatives and legislations such as the EU Green Deal, Fit for 55, REPowerEU and EU taxonomy will drive investments and accelerate the transition to a sustainable society.

Competitive advantage in industrial transformation
The demand is especially strong in our industrial and energy segments where AFRY has its roots and deep sector knowledge. Today we hold a leading position that has been further strengthened due to the strategic acquisition of Pöyry.

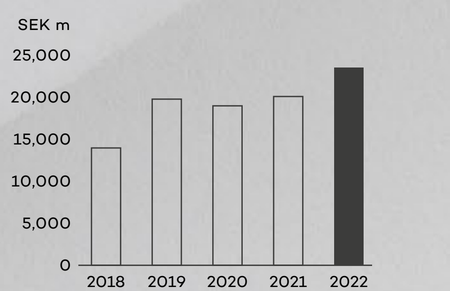
Diversified portfolio
AFRY has a well-diversified portfolio where more than half of the revenue is generated from the industrial and energy offering and a healthy mix of public and private sector. We have a strong local position in the Nordic region and selected international segments, and ongoing projects in more than 100 countries worldwide.

The year in brief

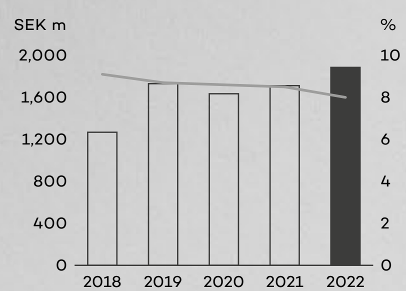
During 2022 we delivered strong organic growth with a continued high demand especially in our industrial and energy segments and an improved operating result.

- Net sales increased by 17.1 percent to SEK 23,552 million (20,104)
- Organic growth adjusted for calendar effects was 8.1 percent (5.3)
- EBITA, excl. items affecting comparability was SEK 1,886 million (1,712)
- EBITA margin was 8.0 (8.5) percent, excl. items affecting comparability
- Earnings per share was SEK 8.60 (9.97)
- Operating cash flow was SEK 1,042 (1,498)
- The Board of Directors proposes a dividend of SEK 5.50 per share
- Total CO_2 emissions were reduced by 31 percent compared with the base year 2019
- Taxonomy-eligible net sales of 42 percent
- Four acquisition were completed adding circa SEK 600 million in net sales
- Ranked as one of Sweden's most attractive employers by Universum
- AFRY Management Consulting ranked in top of Forbes 2022 survey and in Financial Times' list of UK's leading management consultants

Net sales

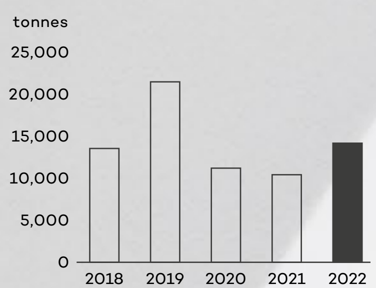


EBITA/EBITA-margin*



*Excluding items affecting comparability.

CO_2 emissions



"I am very pleased that our order stock continued to strengthen during the year and is at a historical high level"

Jonas Gustavsson
CEO

Key figures

	2022	2021
Net sales, SEK million	23,552	20,104
EBITA excl. items affecting comparability, SEK million	1,886	1,712
EBITA margin excl. items affecting comparability, %	8.0	8.5
EBITA, SEK million	1,729	1,662
EBITA margin, %	7.3	8.3
Profit after net financial items, SEK million	1,220	1,393
Basic earnings per share, SEK	8.60	9.97
Net debt, SEK million[1]	4,646	3,565
Net debt-equity ratio, %[1]	38.2	32.4
Net debt/EBITDA, times[1]	2.5	2.0
Total number of employees	18,687	17,019
Capacity utilisation, %	74.7	74.7
Taxonomy-eligible net sales, %	42	48
CO_2 emissions, tonnes	14,841	10,428
Female leaders, %	25.3	23.5

[1] Excluding effects of IFRS 16 Leases.

Sustainability acknowledgments

We see an increased interest from clients, investors and other stakeholders in how we integrate sustainability into our business. In 2022, AFRY received top ratings from several evaluations of our sustainability initiatives and received external validation of our climate commitments This demonstrates our ambition to continuously improve and our strong commitment to sustainability.

CDP

AFRY has disclosed its impact according to CDP's framework since 2011 and in 2022 AFRY reached score A- representing Leadership score in CDP's scoring methodology.

EcoVadis

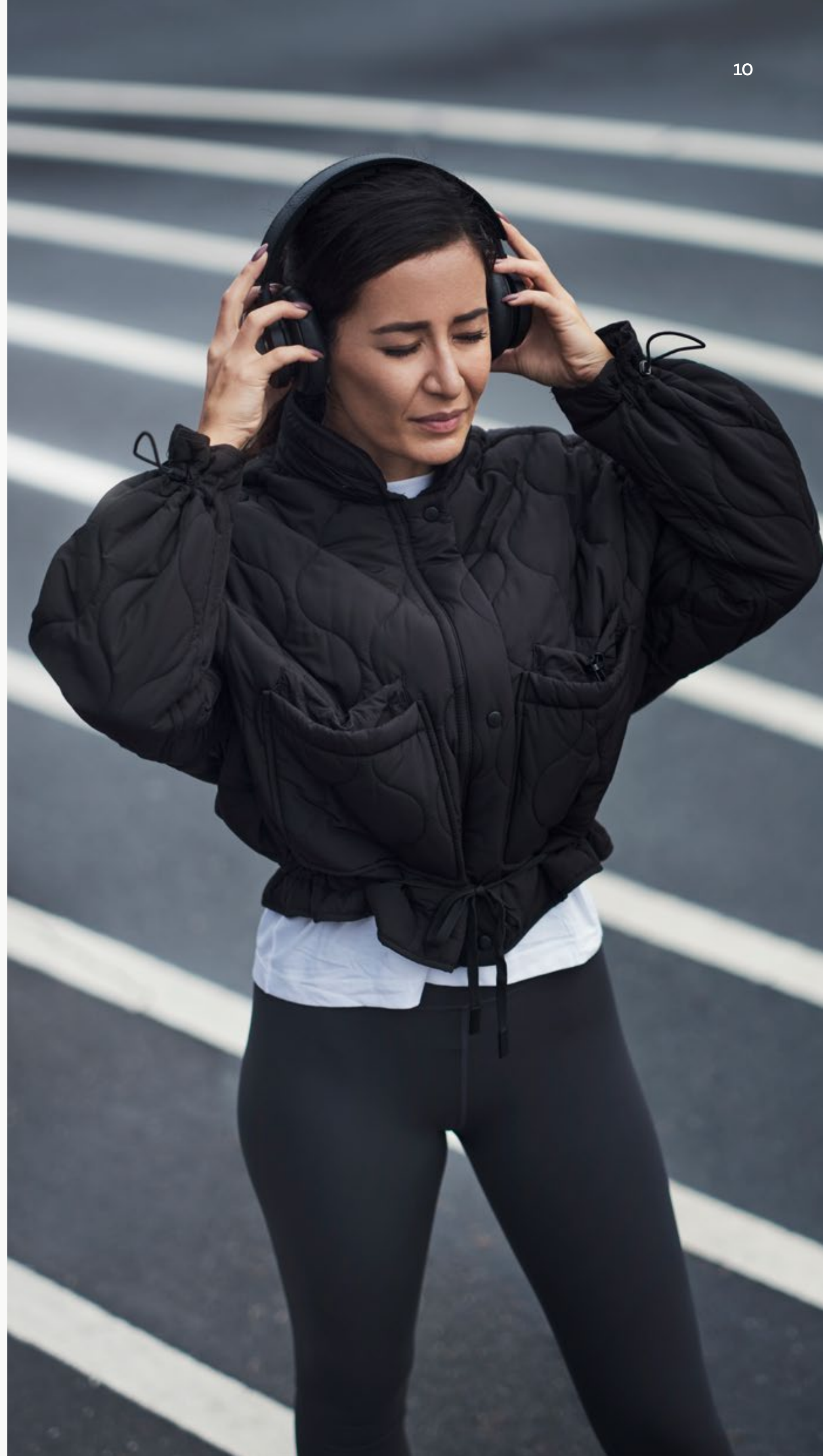
In the EcoVadis evaluation AFRY was awarded the Platinum-rating, the highest level, with a score of 79/100, which places us among the top one percent of all companies evaluated.

Science-based targets

During the year, AFRY's science-based targets were approved by the Science Based Targets initiative, meaning that they are externally validated to be in line with the 1.5 °C ambition according to the latest climate science research.

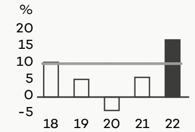
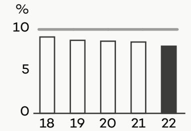
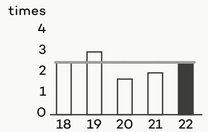
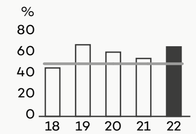
The Publishing Prize

AFRY's magasine Sustainable Stories won the prestigious Publishing Prize in the digital newspapers and magasines category. In Sustainable Stories, we higlight some of the many projects that contribute to a more sustainable society.



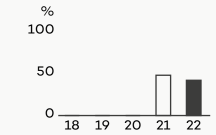
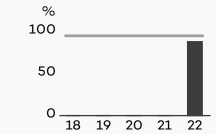
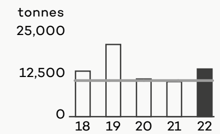
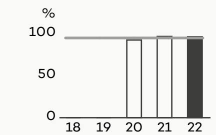
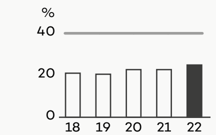
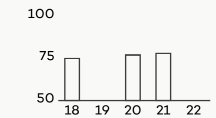
Financial targets

AFRY has financial targets focusing on growth, profitability, a strong financial position and dividend. The financial targets apply over a business cycle and are continuously evaluated based on market conditions and changes in the company.

	Target	Outcome 2022	Comments	Five-year trend
Financial targets	Revenue growth 10% The target includes add-on acquisitions	17%	The average revenue growth 2018–2022 was 6.9 percent. In 2022, the total growth was 17.1 and the organic growth was 8.1 percent adjusted for calendar effect.	
	EBITA margin 10% Excluding items affecting comparability	8.0%	The average EBITA margin 2018–2022 was 8.6 percent. In 2022, the EBITA margin was 8.0 percent.	
	Net debt 2.5 Net debt in relation to EBITDA	2.5	The average net debt/EBITDA ratio 2018–2022 was 2.3 times. At the end of 2022 the ratio was 2.5 times.	
Dividend policy	Dividend 50% Profit after tax excluding capital gains	66%	The Board proposes a dividend of SEK 5.50 per share, corresponding to 66 percent of profit after tax.	

Sustainability targets

The sustainability targets are key elements of our strategy. The targets focus on the development of sustainable solutions, responsible and ethical operations and our people.

Objectives	Group target	Outcome 2022	Comments	Trend
Our solutions Increase our net positive impact and fully integrate sustainability in our solutions to generate long-term value for our shareholders, our clients, society and the planet.	Taxonomy-eligible turnover[1]	42%	AFRY has a strong presence in the sectors currently included in the EU Taxonomy. Eligibility decreased mainly due to adjusted methodology.	
	95% Sustainability training for all employees[2]	88%	The e-learning was launched in January 2022.	
Our operations Conduct business responsibly and ethically. Set ambitious targets and reduce our emissions in line with the 1.5°C ambition.	-50% Halve CO_2 emissions by 2030 and net zero CO_2 emissions by 2040[3]	-31%	AFRY is still ahead of the trajectory although absolute emissions increased compared to 2021.	
	95% Code of Conduct training for all employees[2]	97%	The e-learning was launched in January 2020. Completion rate remains above the target.	
Our people Promote brave leadership, inclusion and diversity. Safeguard well-being, health and safety. Attract the best people to continue to improve our operations and solutions.	40% Female leaders by 2030[2]	25%	AFRY shows a positive trend in the share of female leaders. However, further actions are required to advance progress.	
	Employee engagement	78[4]	No employee engagement survey was performed in 2022 and 2019. However, the outcome in 2021 showed a positive trend.	

[1] Read more about taxonomy-alignment and eligibility on page 103.
[2] Permanent employees.
[3] Base year 2019. CO_2 emissions from own operations (business travel and facility energy usage). SBTs (science-based targets) approved by SBTi in May 2022.
[4] Outcome from the employee engagement survey 2021.

Trends and drivers

Megatrends like urbanisation, digitalisation and climate change are strong forces behind AFRY's current and future business.

All sectors and industries that we operate in are greatly influenced by these trends and we are well positioned to take the lead in the current transition. We have also defined four drivers that impact our clients' business which you can read about on the following page.

Urbanisation and demographic shifts
Today, more than half of the world's population live in urban areas, a share that is expected to increase to nearly 70 percent by 2050. At the same time, cities represent 70 percent of greenhouse gas emissions. Urbanisation and demographic shifts lead to new challenges in urban areas and is creating further demand for sustainable solutions.

Digitalisation
Digitalisation is one of the most powerful and universal forces we have at our disposal for driving the transformation towards a sustainable society. Digital technologies are key prerequisites for decarbonisation, smart manufacturing, connected vehicles, intelligent and energy efficient buildings and for smart mobility.

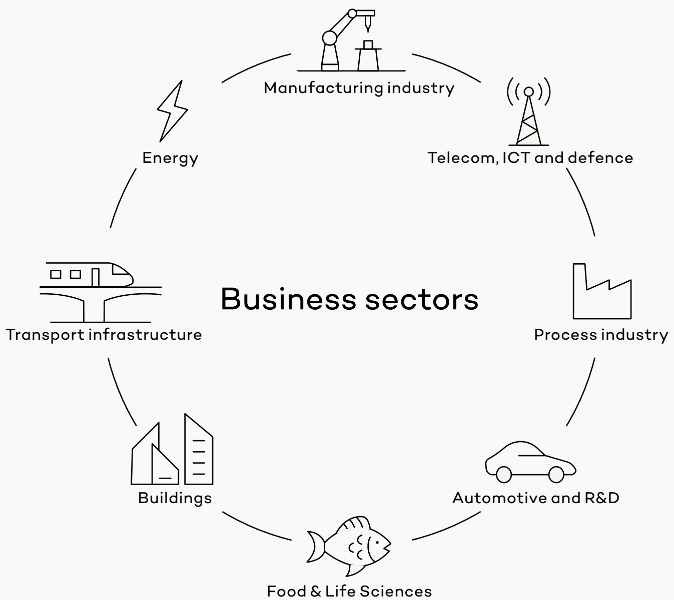
Climate change and loss of biodiversity
In recent decades, the focus has been on climate change and the measures which are needed to ensure that the rise in the global average temperature does not exceed 1.5 °C compared to pre-industrial levels. In the future, challenges arising from extreme weather events, reduced groundwater levels and biodiversity loss will thus become increasingly crucial to deal with.

Shifting globalisation
Our world is more dynamic, complex and volatile than before. In recent years we have seen increasing threats to world security and stability, protectionist trade policies, trade wars and the Covid-19 pandemic severely disrupting supply chains, forcing companies to examine new models and strategies in order to mitigate risk. The reversing of global trade is the new reality where regionalisation will be increasingly important.

The current transition towards a more sustainable society is however apparent and several sustainability initiatives in the coming decade will drive investments to support industries to transition to a clean and circular economy and increase the share of renewable energy production. AFRY is well positioned to take the lead in this transition.

Drivers that accelerate the transition across business sectors

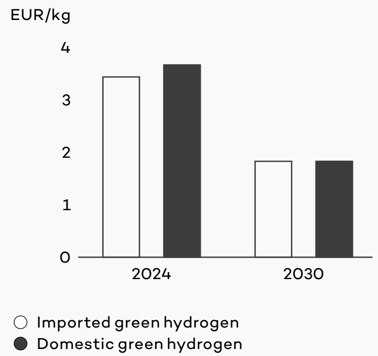
At AFRY we see four main drivers; decarbonisation, circularity, electrification and digitalisation, that accelerate the transition across our business sectors. Transformational actions are neccessary throughout all industries to achieve a global net-zero scenario and a more sustainable society.



Decarbonisation

Decarbonisation refers to the process of decreasing carbon dioxide emissions in the atmosphere, which is crucial in meeting global climate goals and can be accomplished through the replacement of fossil fuels, energy efficiency, and carbon capture and storage. One example of this is the use of green hydrogen, which is essential to decarbonising heavy industry, mobility and the heat sector, filling in the gaps where other renewable energies are difficult to implement.

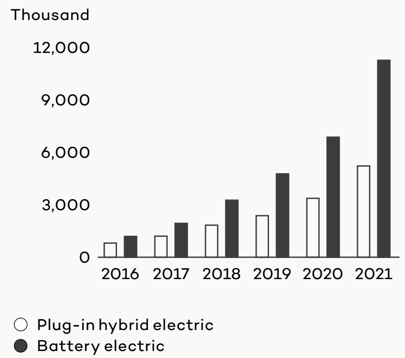
Forecast cost of domestically produced and imported green hydrogen in Europe in 2024 and 2030



Electrification

Electrification refers to the process of replacing fossil fuel powered technologies with electric alternatives, promoting the use of clean energy sources and advancing the transition towards a sustainable energy system. One example of this is the development of hybrid and electric vehicles. In 2021, electric vehicles contributed to the net reduction of 40 million tonnes of carbon-dioxide.

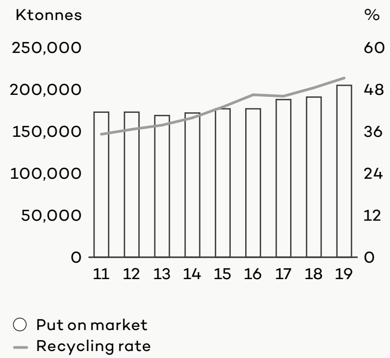
Estimated number of electric vehicles in use worldwide between 2016 and 2021 by type



Circularity

Circularity is a production and consumption system that relies on the principles of reduce, reuse, and recycle, which is becoming increasingly critical as we confront global resource scarcity and the need to minimise waste and environmental degradation. For example, circularity is key to advancing the environmental benefits of batteries used in the utility and transport sector. Currently in Europe, 50 percent of a battery's mass must be recycled, with aims to increase this to 70 percent by 2030.

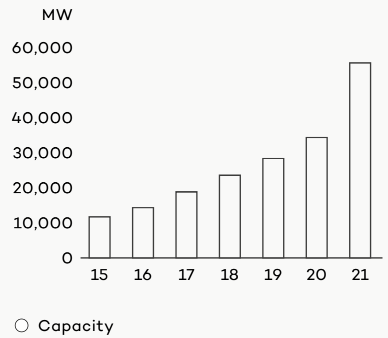
Recycling rate of portable batteries and accumulators sold in the European Union from 2011 to 2019



Digitalisation

Digital technologies such as automation, digital twins, and artificial intelligence can enable cost reduction, optimise value chains, and automate processes, resulting in significant benefits for the transition to sustainability. For example, in the wind energy industry, digital applications play a significant role in the development, monitoring and maintenance of wind turbines. With the help of digitalisation, Europe is set to increase offshore wind capacity by 7 percent annually to reach 190 GW in 2050.

Offshore wind energy capacity worldwide from 2015 to 2021



The green transition in northern Sweden

Market trends such as decarbonisation, electrification, circularity and digitalisation are important drivers for our business and a clear example is the ongoing green transition in northern Sweden.

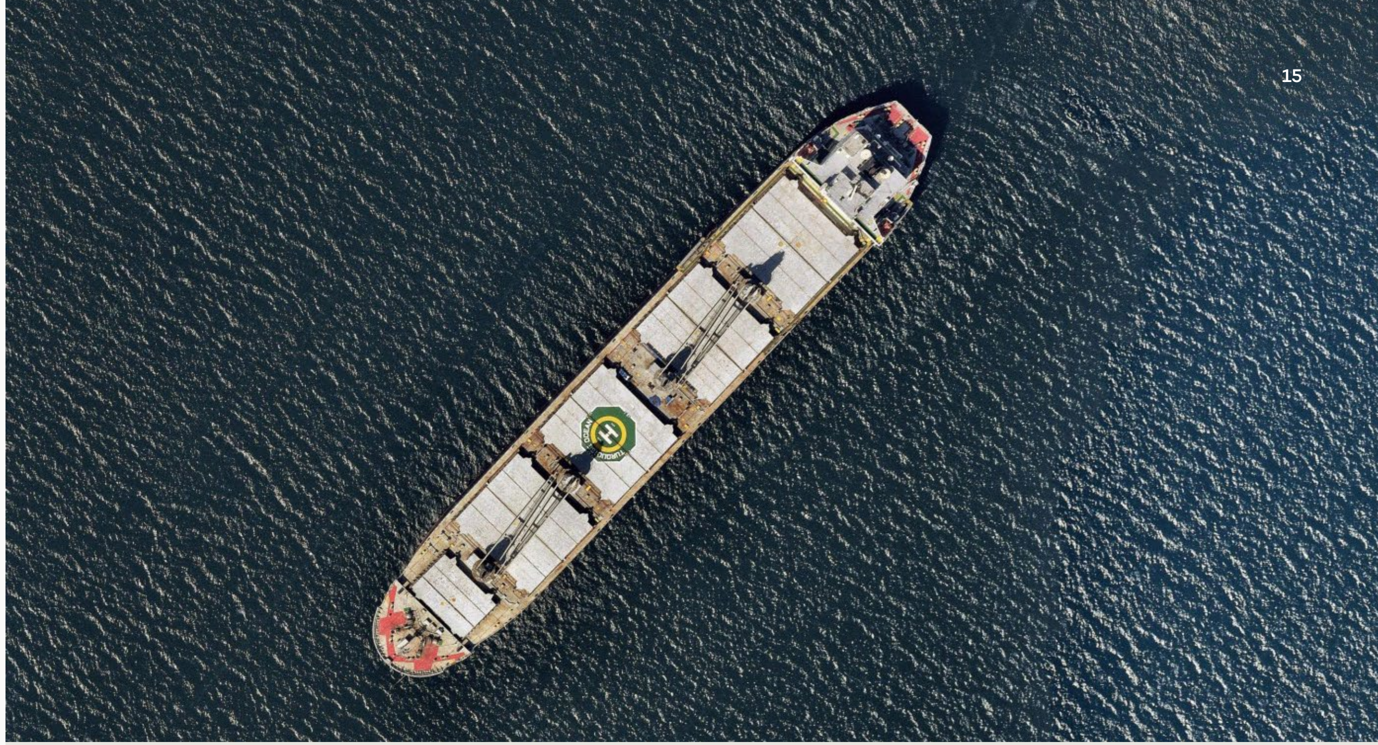
An increasing number of large companies are setting their sights on northern Sweden. SSAB, LKAB and Vattenfall are building a facility for fossil-free iron production in Malmberget. Outside Skellefteå, Northvolt is building Europe's biggest battery factory, and in Boden H2 Green Steel is planning for a brand-new fossil-free steel mill. Boliden is also making major investments in the region. All these companies are contributing to the green transition in society.

As part of the major industrial investments taking place, AFRY's ambition is to grow in northern Sweden. As an engineering and design company we need to be at the forefront to contribute to our clients' development in the best possible way. We are currently a driving force on sustainable and digital solutions linked to bioindustry and clean energy, and are involved in several large projects.

The majority of the industrial investments taking place consume a large amount of electricity. Sweden's electricity production needs to double in order to meet demand and achieve the goal of net zero emissions by 2045.

Other parts of the energy supply system also need to undergo radical change to ensure security of supply. AFRY has published the report "How innovation in the energy sector can accelerate the sustainable transition", which contains ten policy recommendations for harnessing innovation in the energy sector.

Of all the planned industrial investments in northern Sweden linked to the green transition, the projects in the battery sector and fossil-free steel have really gathered pace. The need for the required skills is already great, and it will only grow as time goes on. AFRY has nearly 1,000 employees in northern Sweden. In order to continue supporting our clients with the transition, our goal is to grow substantially over the next years. Recruitment is already under way but, as for many other companies, the skills deficit is a major challenge. AFRY is the first engineering and design company to join the talent pool MindDig, which collaborates with companies such as Northvolt, SSAB, LKAB and Boliden to collectively meet current and future recruitment needs linked to the major investment projects in northern Sweden.



Case

The Swedish electrofuel developer Liquid Wind has selected AFRY to provide basic engineering for its second electrofuel facility in Sweden – FlagshipTWO in Sundsvall.

The need for CO_2-neutral marine fuels is a significant 300 million tons, and 99.9 percent of the fuel used by marine shipping today is based on fossilised raw materials. Liquid Wind wants to enable the transformation of the shipping industry by converting renewable electricity and biogenic CO_2 into green electrofuel. AFRY, together with several other world-leading players in green technology, are now collaborating with Liquid Wind to establish several facilities capable of producing green marine fuel.

Liquid Wind's first project, FlagshipONE together with the next plant FlagshipTWO will together produce over 150 000 tons of green electrofuel per year and reduce the annual CO_2 emissions from international shipping by 200 000 tons.

AFRY has been engaged as the engineering consultant in FlagshipTWO to perform basic engineering for the balance of plant and integration with the local energy company Sundsvall Energi. AFRY's assignment also covers project management and technical documentation for the environmental permit.

The project will be an important milestone not only for Liquid Wind but also for Sweden as potentially the leading producer of green electrofuel in Europe.

Our long-term value creation

We work to meet the current needs of society, as well as the needs of future generations for sustainable solutions. We create value for our clients, employees, shareholders, suppliers and society, in both the short and long term. This is described in our value creation model.

Input →

Human capital
- 19,000 employees in more than 100 countries
- 34,000 engineers and experts in AFRY Partner Network

Structural and social capital
- Knowledge bank and project references
- Strong brand and inclusive workplace
- Long-term relationships with stakeholders

Financial capital
- SEK 17,770 million in equity and loans

Natural capital
- 17,412 MWh of heating and cooling and 16,403 MWh of electricity for offices
- Fuel for around 98 million km of business trips by car and air

Business model →

AFRY's mission is to accelerate the transition towards a more sustainable society.

Four main drivers generate a strong demand from our clients across business sectors; decarbonisation, circularity, electrification and digitalisation.

AFRY is well positioned to meet the demand by offering engineering and design services, capex-projects, digital and software solutions and advisory services.

Engineering & design services

Capex - projects

Digital & software solutions

Advisory service

Created value for our stakeholders

Clients
- More than 70,000 client projects to accelerate the transition

Shareholders
- Long-term profitable growth
- SEK 5.50 per share in proposed dividend

Employees
- SEK 12,315 million in employee wages and benefits
- 30 percent women in the workforce
- One of the most attractive employers in our industry in Sweden

Society
- SEK 2,400 million in income tax and employer's contributions
- Total absolute emissions of 14,841 tonnes CO_2
- Contributions to the UN's 17 Sustainable Development Goals

AFRY either directly or indirectly contributes to all the 17 Global Goals

Read more about our contributions here.

THE GLOBAL GOALS

Strategy

To reach our mission, create value for our stakeholders and take AFRY to the next level, we have defined an updated business strategy. The strategy contains of six pillars that reflect the direction of our divisions and also how we build long term value by focusing on our clients, employees and operational excellence.

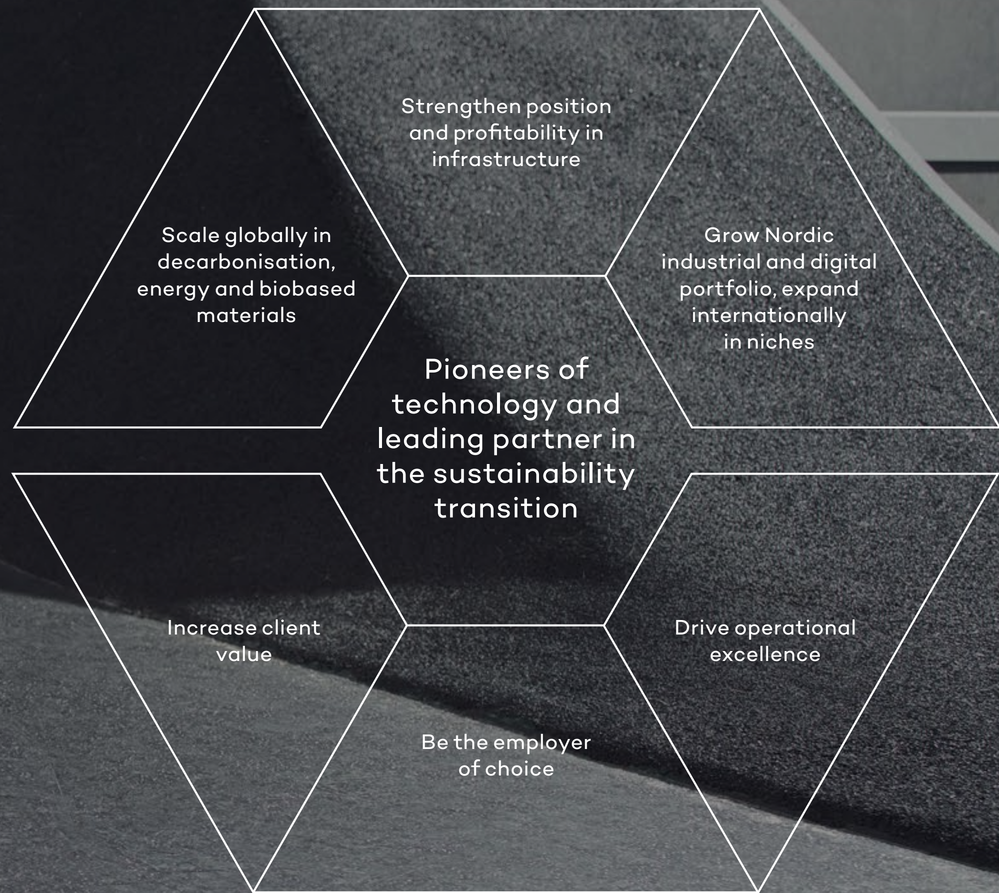
Strategic framework

Aspiration

We have been in the forefront of industrial transformation for more than 125 years. Looking ahead, our aspiration is clear – to be pioneers of technology and the leading partner in the sustainability transition.

By growing our business, we increase the positive impact on society and the planet together with our clients. We provide purposeful assignments and inspiring career opportunities for our employees as well as long term value to our shareholders.

Business strategy



Who we are

Our vision

Making future

Our mission

We accelerate the transition towards a sustainable society

Our values

Brave
Devoted
Team players

Our people

Inclusive and diverse teams with deep sector knowledge

→ Read more about our strategy here

Scale globally in decarbonisation, energy and biobased materials

The capacity expansion to generate, transport and store clean energy is a critical prerequisite for the sustainable transition. Access to fossil free resources is determining the pace of the transition and biobased industries have a vital role in the transition by providing renewable raw materials.

Strategic ambition

The ambition is to strengthen our international leading positions in clean energy, pulp & paper and other bio-based industries as well as in circular solutions. Build strong positions, even in the Nordics, in green capex such as green steel, hydrogen and batteries.

This pillar primarily address the Process Industries, Energy and Management Consulting divisions.

Key priorities

— Grow in segments where we can take leading positions, for example hydrogen, pumped storage, offshore wind, transmission, biobased materials, metals and mining

— Strengthen ability to deliver large green capex-projects

— Offer full life cycle solutions from strategy to capex and operations

— Strive for thought leadership in market trends, technologies and innovation

AFRY contributes to the following UN's Global Goals for this pillar of our business strategy

6 7 8 9 11 12 13 15

Case: Scale globally in decarbonisation, energy and biobased materials

Engineering partner in Stora Enso's renewable packaging project in Oulu, Finland

Stora Enso and AFRY have agreed on an engineering assignment for converting decommissioned paper machine into a consumer board production line.

The rapid growth of the renewable packaging sector continues due to demographic changes and overall long-term economic growth, while the increasing focus on sustainability, particularly in the consumer goods industry, is contributing to wider adoption of fibre-based packaging solutions.

AFRY will support Stora Enso, a leading global provider of renewable solutions in packaging, biomaterials, wooden construction, and paper, as the company has decided to invest approximately EUR 1 billion to meet the growing market demand by converting the remaining idle paper machine at its Oulu site in Finland into a high-volume consumer board production line. The total annual capacity will be 750,000 tonnes of folding box board and coated unbleached kraft.

AFRY has extensive experience in engineering and implementing large-scale conversion projects, which will support Stora Enso in demanding time scheduling and project management. Stora Enso and AFRY have co-operated for more than 60 years and AFRY has been supporting Stora Enso in many of their major investments starting from early phase strategic and market advisory assignments to studies, engineering and project implementation and continuing with local engineering support during operations.

The global demand for paper and board is very dynamic as different applications face distinct driving forces. On one hand graphic papers have been facing strong competition from digital media often driven by the wider reach, greater interactivity, and real-time content update. On the other hand, with the increasing awareness about environmental issues, consumers and businesses are looking for more sustainable solutions that can reduce the impact of packaging waste on the environment. Renewable fibre-based packaging, which is made from wood a biodegradable material, can help address these concerns. The industry is quickly adapting to these opposite dynamic forces.

Strengthen position and profitability in infrastructure

Cities are at the front lines of the growing risks associated with climate change. Cities and businesses face interlinked challenges that require holistic solutions. AFRY's clients invest in large infrastructure developments, industrial real estate and as well in local projects in real estate, transport infrastructure and water.

Strategic ambition

Leverage on current positions in real estate, transport infrastructure and water, with focus on growth where we have a differentiation and on ensuring robust profitability throughout our business.

This pillar primarily address the Infrastructure division.

Key priorities

— Improve operational efficiency and project execution

— Strengthen and optimise service portfolio, segments and geographies

— Offer full lifecycle solutions with increasing focus on the early project stages

— Further development of offerings for future climate neutral cities

AFRY contributes to the following UN's Global Goals for this pillar of our business strategy

Case: Strengthen position and profitability in infrastructure

AFRY to design part of Ostkustbanan in Sweden

Major infrastructure investments are currently underway in northern Sweden, moving goods from road to more climate-efficient transport alternative like the railway network.

The Swedish Transport Administration is planning to increase the capacity on Ostkustbanan by building double tracks between Dingersjö and Sundsvall. AFRY is commissioned to design and develop a railway plan for a 10-kilometer-long section of this double track extension.

Ostkustbanan is a 400-kilometer-long railway between Sundsvall and Stockholm and one of Sweden's busiest railway sections. It will provide a reliable and safe way of delivering goods to the rest of Europe, vital for the future growth of the European economy. And at the same time relieving the highway of over 1500 carbon dioxide emitting trucks every day.

The conversion to double track allows for increased passenger and freight traffic as well as provides shorter journey times. The reconstruction is a partial investment in a future double track between Sundsvall and Gävle.

AFRY's assignment involves designing and developing a railway plan, conceptual design as well as necessary permits for double tracks for the section. In addition, an option regarding detailed design and tender documentation for four construction contracts are included.

The project is important both for the climate, the business and passenger traffic. The double track will provide safer operation and shorter travel time, which brings big benefits and help to connect the extensive east coast north of Stockholm to the rest of Europe.

Grow Nordic industrial and digital portfolio, expand internationally in niches

Mobility and industry sectors together account for around two thirds of global greenhouse gas emissions. Decarbonising these sectors will be crucial to achieving the world's emission reduction targets. Clients are looking for trusted partners with deep sector knowledge combined with digital knowhow to navigate the journey.

Strategic ambition

The ambition is to expand from our leading position in industrial transformation in the Nordics. Combine deep sector competence with digital capabilities. Grow position internationally in selected niches.

This pillar primarily address the Industrial & Digital Solutions and AFRY X divisions.

Key priorities

— Further strengthen position in automotive, R&D services and manufacturing transformation

— Combine deep industrial sector knowledge with digital engineering

— Design and develop end-to-end solutions, also with strategic partners

— Drive reusability and modularity in offerings to be more agile in responding to new client requirements and to capture high growth areas

AFRY contributes to the following UN's Global Goals for this part of our business strategy 2 3 7 8 9 11 13

Case: Grow Nordic industrial and digital portfolio, expand internationally in niches

AFRY Real Digital Twin for nuclear power plant in Sweden

The nuclear power industry is entering a phase in which the specialised competencies need to be secured long term. Digital solutions such as the Real Digital Twin will become increasingly important to secure processes in an efficient and safe manner.

AFRY is supporting OKG in Oskarshamn, Sweden, to help the client decommission by moving parts of a system to a new control room. The tool used is AFRY Real Digital Twin, a software solution that creates an exact replica – a digital twin – of equipment and components.

To carry out the decommissioning in a safe and controlled manner, OKG uses Real Digital Twin as virtual test bed before making any changes linked to the dismantling of the production systems. The goal is to increase the security level during disassembly, while at the same time being able to shorten the test period by evaluating different scenarios in a virtual copy. It is an exciting breakthrough deal in the energy sector where nuclear power in particular has very high demands on safety.

A digital twin is a real time connected, digital simulation model of an actual product, process, social infrastructure or system of the same. The twin's properties enable it to describe the actual physical original or process under different conditions, and to present the results to the user in a value-based way.

The technology behind digital twins may lead to fundamental changes within the industry. Investments can become more profitable, resources can be used more efficiently and costly production downtime can be prevented.

Increase client value

Our society is currently in the midst of several ongoing and major transitions, driven by sustainability and digitalisation. AFRY holds a unique position and will be a leading partner in the transition.

Strategic ambition

The ambition is constant focus on increasing the value for our clients through a proactive approach and close, long-term relationships built on trust.

Key priorities

— Combine AFRY's offerings to develop full lifecycle solutions

— Strengthen the key account process to enable stronger and systematic collaboration with key clients

— Adapt and innovate business models

— Be the enabler by bringing together demand, innovation and knowledge across value chains

Be the employer of choice

The competion for talents requires AFRY to be an attractive employer with strong culture and excellent working conditions. With clients in key transition sectors, AFRY can offer the most exciting assignments.

Strategic ambition

The ambition is to attract talent and develop our people by offering compelling assignments, strong leadership and an inclusive and collaborative culture.

Key priorities

— Invest in talents and offer development opportunities in interesting client assignments

— Excel in brave leadership of people and business

— Develop a culture that enables high performance, collaboration and wellbeing

— Strengthen inclusion efforts and promote diversity

Drive operational excellence

AFRY has grown into a company of 19,000 employees, operating globally from a strong Nordic base. This stresses the importance on efficiency, transparency and predictability.

Strategic ambition

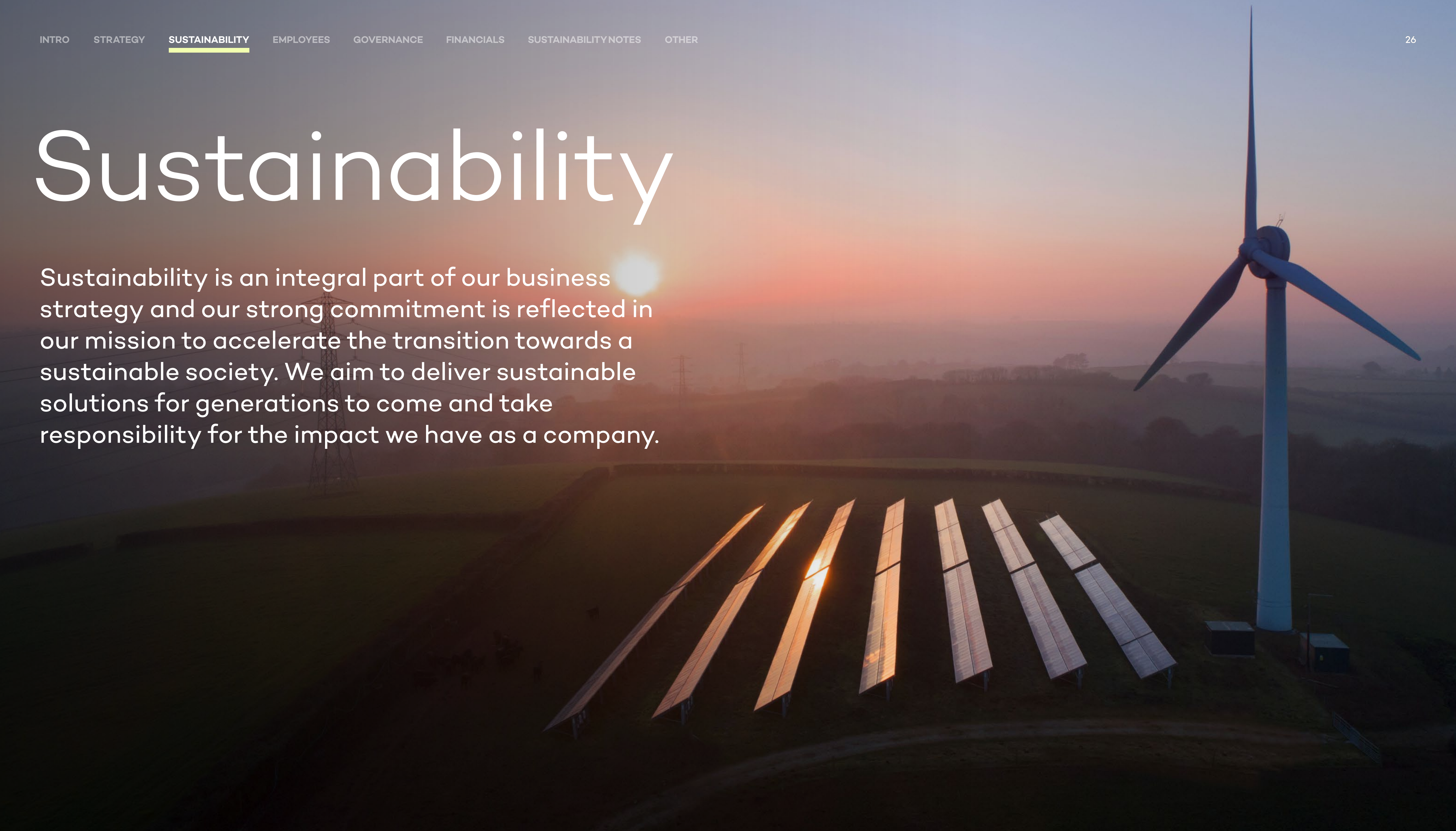
The ambition is to ensure efficient operations that enables our business with speed, transparency, scalability and appropriate support.

Key priorities

— Leverage new system platform and simplified processes to create efficiency and transparency

— Drive common accelerators like offshoring and pricing as well as efficient use of facilities

— Reduce our emissions and conduct responsible business



Sustainability

Sustainability is an integral part of our business strategy and our strong commitment is reflected in our mission to accelerate the transition towards a sustainable society. We aim to deliver sustainable solutions for generations to come and take responsibility for the impact we have as a company.

A holistic perspective on sustainability

The foundation of AFRY's sustainability work lies in our ambition to embed sustainability in everything we do.

Our approach to sustainability
Complex and interlinked global challenges require a holistic approach that encompasses the social, economic and environmental dimension of sustainability. For AFRY, sustainability means actively contributing to sustainable development, continuously improving our sustainability performance and integrating a holistic sustainability mindset into our client offering and the way we operate as a company.

We acknowledge that the work we do can have a positive and negative impact simultaneously, and that we need to consider this impact throughout the entire value chain – upstream, direct and downstream. AFRY applies a risk-based approach which aims to minimise risk for negative impacts whilst supporting and enhancing the positive impact – in order to increase the net positive impact of our business.

A robust foundation
We base the way we run our operations and how we care for our employees on recognised frameworks, science and requirements from various stakeholders, such as employees, clients and investors. AFRY's sustainability approach is based on the 2030 Agenda (the UN 17 Sustainable Development Goals), the Paris Agreement and the 1.5°C ambition and the 10 principles of the UN Global Compact on human rights, labour, the environment and anti-corruption. Our sustainability commitments are integrated into our governance.

Our sustainability commitments are measured and followed up on through our sustainability targets that encompass our solutions, our operations and our people. These targets focus on increasing our net positive impact, promoting health, safety, inclusion and diversity, ensuring ethics and compliance and reducing our own climate impact. Aside from our sustainability targets, we monitor our progress on a wide range of KPI:s that helps us to continiously improve our sustainability work. Read more on page 101.

Our Sustainability Learning Programme aims at increasing our employees' awareness and knowledge about sustainability in our areas of deep sector knowledge. This is vital in meeting our clients' expectations and for sustainability to be a growth driver to its fullest extent. Developing sustainable solutions also brings the need of tools, guidelines, best practice for assessing and managing sustainability topics and support from our sustainability specialists.

In 2022, AFRY received top ratings from several evaluations of our sustainability performance which demonstrates our continuous improvement and commitment to sustainability. Among those, a Platinum-rating from EcoVadis for the second consecutive year, which places AFRY among the top one percent of all assessed companies in sustainability performance. Read more about sustainability rankings on page 10.

→ Read more about the AFRY 1.5°C Roadmap and our validated science based targets on pages 29–30.
→ Read more about our employees on pages 31–35.
→ Read more about our sustainability work and our statutory sustainability report in accordance with the GRI Standards in the sustainability notes on page 99.

Enabling the sustainability transition

AFRY holds a unique position and will take a leading role as an enabler in the transition to a sustainable society based on our solutions, our global presence and our ambitions.

Global challenges such as the climate crisis, biodiversity loss, geopolitical tension, the energy crisis and pollution in air, water and land increases the demand sustainable solutions, while digitalisation is set to remain a driver in all industries and sectors. There is broad awareness that the recovery from the Covid-19 pandemic needs to be socioeconomically sustainable and focus on ensuring that the rise in the global average temperature does not exceed 1.5°C.

Deliver sustainable solutions for generations to come
By combining engineering, design and advisory services within our areas of deep sector knowledge, our digitalisation capabilities and our sustainability expertise we develop scalable solutions that accelerate the sustainability transition.

Our offering is strengthened by the EU's Green Deal, Fit for 55, REPowerEU and the EU taxonomy that is expected to direct investments towards solutions which are classified as sustainable and that perform in line with the Paris Agreement and the 1.5°C ambition. AFRY is well positioned to support our clients in becoming aligned with the EU taxonomy, initially focusing on decarbonisation and implementation of adaptation measures to the consequences of climate change.

We have committed to actively seek out transformative and innovative assignments and share our knowledge and expertise through investments in cooperation and partnerships. We focus on fully integrating sustainability in our engineering, design and advisory services, encouraging clients to adopt solutions that promote sustainable development and developing solutions that contribute to the 2030 Agenda. By this we generate long-term value for clients, our shareholders, society and the planet.

We continuously evaluate our positioning and make strategic decisions within areas of our business where we have the highest impact or with complex considerations when it comes to managing sustainability aspects, to further increase our net positive impact.

In AFRY's publications Sustainable Stories and AFRY Insights, you can find examples of some og the many sustainable solutions that we are proud to have accomplished together with our clients.

AFRY's contribution to the Sustainable Development Goals
Through our client assignments, we have a positive impact on society through increased energy efficiency, increased use of renewable energy, resource efficiency, safe workplaces, improved health and safety, streamlined production processes, circular resource flows, improved accessibility, greater traffic safety, inclusive societies and improved air and water quality. These values are reflected in the 2030 Agenda and the UN's 17 Sustainable Development Goals (the Global Goals).

Achieving the 2030 Agenda is a complex challenge. The Global Goals are interconnected and they also entail numerous conflicting goals. The UN sees an integrated approach as critical to taking on the difficult challenges we are facing. We aim to ensure a holistic perspective in our assignments based on the Global Goals to minimise negative impact and maximise positive values.

The work we do either directly or indirectly contributes to all the 17 Global Goals through our responsible business conduct, our focus on gender equality, diversity and inclusion, our active work relating to collaboration and partnerships, our focus on climate change mitigation in line with the 1.5°C ambition, and the impact of our assignments. The Global Goals form the basis for all AFRY's work and is an important part of our Sustainability Policy. At afry.com you can read more about how our business strategy contribute to the respective Global Goals.

Delivering on the 1.5°C ambition

Climate change is the most pressing challenge of our time. We make it our business to address climate change and aim to deliver on the 1.5°C ambition together with our clients, suppliers and other strategic partners.

The combustion of fossil fuels have resulted in an increased concentration of greenhouse gas emissions in the atmosphere and an increased global average temperature – more commonly referred to as climate change or global warming. In 2022 we reached a global warming of 1.1°C compared to pre-industrial times and the levels of carbon dioxide emissions – the largest contributor to global warming – exceeds 420 parts per million, which is more than double the pre-industrial levels. UNEP's Emissions Gap Report 2022, The Closing Window, sheds light on gaps in commitments, implementation, funding and time.

We have been providing engineering and design solutions for over 125 years and as the world around us changes, so do we. As climate change has turned into a climate crisis, we have increased our efforts to address climate change. Our climate roadmap, the AFRY 1.5°C Roadmap, guides our efforts to meet our climate targets and future-proof our company in line with the 1.5°C ambition. It is based on the 1.5°C Business Playbook, the worlds first framework for exponential decarbonisation, developed by the Exponential Roadmap Initiative. It is based on four pillars: reduce own emissions, reduce value chain emissions, integrate climate into strategy, and influence climate action in society. The full AFRY 1.5°C Roadmap can be found on afry.com.

Climate solutions for our clients
All sectors and industries where we operate are influenced by climate change, which is why the ambition to limit greenhouse gas emissions and to adapt society to a the consequences of climate change is an integral part of our business. Our best opportunity to contribute to the transition to a sustainable society in line with the 1.5°C ambition is through our assignments. Our strategic ambitions includes scaling globally in decarbonisation, energy and biobased materials- which are key areas of the transformation to a low-carbon economy, as well as strengthening our position in infrastructure where inclusive and resilient cities are a key priority. Another focus is on our industrial and digital portfolio, where we whant to contribute to reducing greenhouse gas emissions in several sectors, such as the automotive, pharmaceutical and agricultural sectors.

To further increase the impact of our strategy in support of our mission, we intend to grow as a company – organically and through acquisitions. One of the acquisitions in 2022, was Ionic Consulting, a company that strengthens our offering in renewable energy services. Read more about our strategy and growth agenda on pages 18–25.

Climate-related risks and opportunities
AFRY has initiated the work to implement the recommendations of the Task Force on Climate-related Financial Disclosures (the TCFD recommendations) that aim to provide decision-useful and forward-looking information about how organisations' are impacted by the transition to a low-carbon economy. The TCFD recommendations encompass governance, strategy, risk management and metrics and targets, see TCFD index on page 123.

Climate-related risks and opportunities in our assignments are addressed at the tender stage as specified in the Sustainability Policy. Decarbonisation is one important driver for our business and our strategy builds upon the momentum to tackle climate change in line with the 1.5°C ambition.

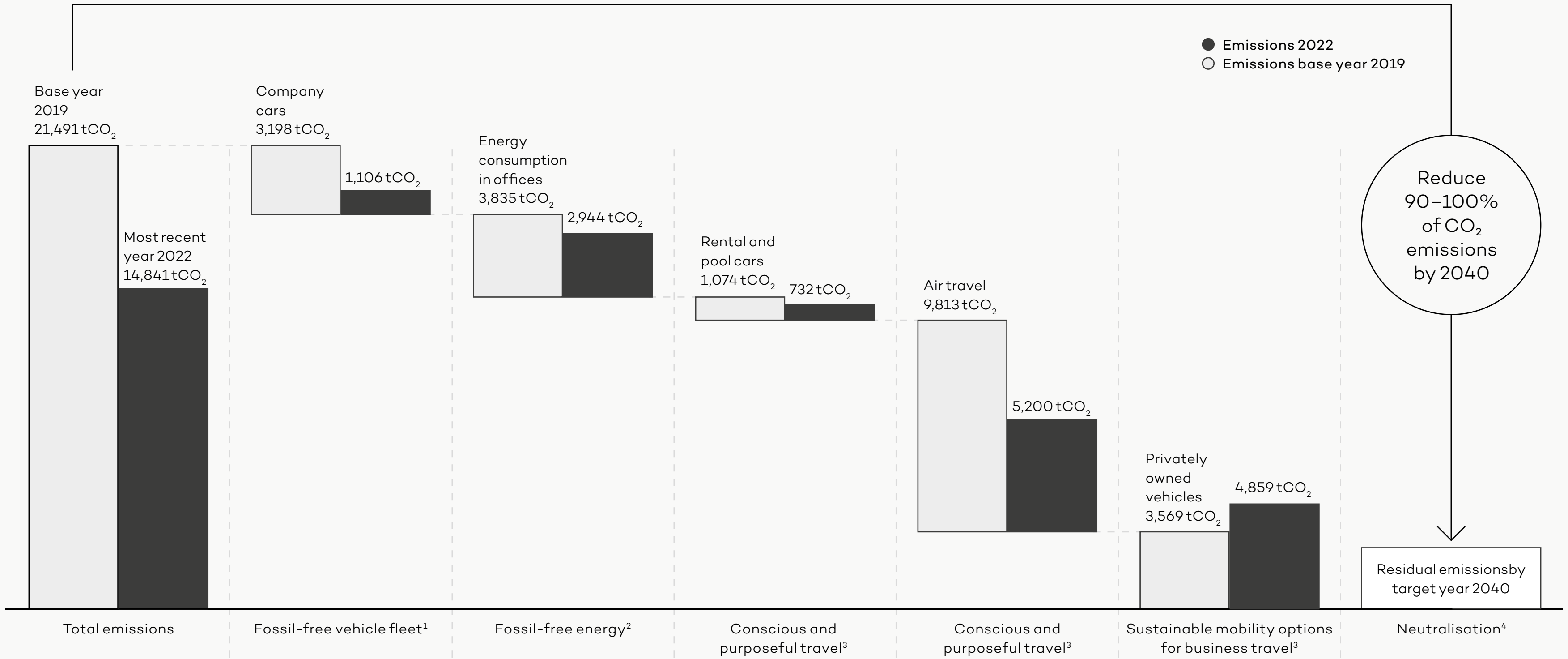
Climate training and engagement
Understanding climate change and how to address it in respective market and sector is key to deliver on climate solutions to our clients in line with our strategy. We therefore invest in sustainability training for all employees. In 2022, the Sustainability Learning Programme was rolled out group-wide which includes mandatory training in climate change mitigation and adaptation. Read more about our Sustainability Learning Programme in the sustainability notes on page 102.

In 2022 we introduced a new category, the Climate Action Initiative Award, to the AFRY Awards, a group-wide internal awards ceremony, where we highlight employees who have gone the extra mile and actions that have resulted in extraordinary achievements. The nominations of the Climate Action Initiative Award demonstrated climate action on all levels of our company.

Climate change is one of the top concerns amongst AFRY's young employees as noted in a survey 2022. AFRY's young workforce has initiated a Youth Panel, which is a youth-led platform and space for collaboration that aims to challenge all levels of the company to take climate action.

Net zero by 2040

AFRY is on track to meet its group-wide target to halve emissions from business travel and office operations by 2030, with 2019 as a base year, and to achieve net zero carbon dioxide emissions by 2040.



For us it is important to lead by example and we are therefore committed to reducing the climate impact we have as a company. Since our base year 2019 we have managed to reduce our emissions by 31 percent which means we are ahead of the emission reduction pathway that we have committed to. We have managed to reduce our emissions by integrating climate into relevant policies and directives, clarifying roles and responsibilities relating to climate action and engaging with our employees. In 2022, AFRY received the Leadership rating A- in the CDP Climate Change Questionnaire, recognising the results of our climate action conducted in the financial year 2021. We are pleased to achieve this recognition and continue to work to achieve results in the short, medium and long-term. Climate action conducted in 2022 includes setting climate milestones for our largest markets, developing a platform for calculation, analysis and visualisation of our business travel and getting our science-based targets validated by the Science Based Targets initiative.

Climate milestones
AFRY has 19,000 employees and offices in over 40 countries. Our target to achieve net zero emissions cover our entire operations and requires actions throughout the business lines, in respective market and that we work together as team players. In order to achieve rapid decarbonisation, we are focusing on our largest markets that stand for the majority our of emissions. In 2022, our largest markets and 3 additional strategically chosen markets initiated the work with setting clear milestones for reducing our own emissions. The milestones shall mark when respective market is to have fossil free vehicle fleet and renewable energy in all offices and will support decarbonisation of our global decentralised company, considering local market conditions. Read more about the climate milestones in the sustainability notes on page 113.

Science-based targets validated by SBTi
The Science Based Targets initiative is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets. In 2022, AFRY's science-based targets were validated by the Science Based Targets initiative, which means that our climate commitments are externally validated to be in line with the 1.5°C ambition according to the latest climate science research. Read more about our climate targets in the sustainability notes on pages 113–115.

[1] Direct emissions (scope 1) according to the Greenhouse Gas Protocol.
[2] Indirect emissions from energy consumption (scope 2) according to the Greenhouse Gas Protocol.
[3] Other indirect emissions (scope 3) from business travel (category 6) according to the Greenhouse Gas Protocol.
[4] Neutralisation according to the Corporate Net-zero Standard by SBTi, i.e. the process of counterbalancing residual emissions by permanently removing and storing an equivalent amount of greenhouse gas emissions.

Employees

Our ability to retain and attract employees who contribute with expertise and innovative thinking are instrumental for AFRY's operations and growth.

We are convinced that our inclusive and diverse work-place where our employees are given space to develop and where we offer interesting and attractive career opportunities makes AFRY more attractive as an employer and more competitive.

Brave leadership and strong corporate culture
It takes brave leadership and a strong corporate culture to execute on our strategy. Our values, brave, devoted, team players are the foundation and the glue of our culture. The values help us make the right decisions, act wisely and treat each other with care and respect.

Brave leadership is our leadership model and is firmly rooted in our corporate culture and strategy. It is a foundation for strong client relationships and a committed workforce. In 2021, we promoted initiatives to strengthen our leadership model. The model is integrated in onboarding and trainings as well as our Performance Management tool. We have also provided a digital toolkit and eLearning for managers to support them in applying Brave Leadership and our values in the daily business.

A fast-changing world increases the need to continue to grow great leaders that are brave, devoted team players. Therefore, we are now taking the next step in building a leadership culture for the future. During 2022, AFRY launched and rolled out a new group-wide leadership development program targeting our line managers. The purpose is to support our leaders to be role models for AFRY's Brave Leadership criteria and have the knowledge and skills they need to help shape the future of AFRY. It is a flexible program journey with interactive virtual workshops mixed with self-paced activities and practice in the flow of work. Focus in brief are on the role of the leader and building key leadership capabilities, how to create engagement in others, sustain a business mindset and how to activate our brave leadership criteria in everyday work. To date, approximately 300 managers have participated across all divisions.

In 2022, we also launched Leadership Insights, an online service with curated content from world class sources that inspire and introduce new ideas and best practices on some of the key challenges for leaders in AFRY. By continuously inspire and sharpen our leadership capabilities we want to prepare for tomorrow's challenges, whilst keeping focus on today's realities.

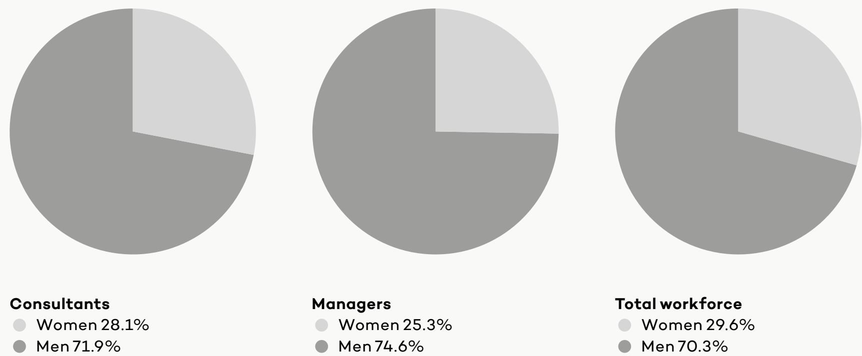
Workplace
To secure that our workplace offer solutions and services that attract future employees, yet retain our people, we have developed a common framework for a hybrid work model at AFRY – a dynamic and inclusive workplace for brave people. The workplace has become more digital, flexible and hybrid, yet our offices will always play an important role for innovation, productivity and collaboration. With our diverse business we have different conditions and needs, thus flexibility is important in the shaping of the workplace.

Digitalisation is key
Digitalisation is an important part of our strategy, and we have continued to invest in digital tools and systems to deliver common, efficient and value adding processes and tools with a high degree of self-service functionality. Focus in 2022 has been continue the implementation of the new recruitment solution and improving data quality and people analytics.

Employee engagement
Devoted and engaged people is a foundation to our common success. AFRY's yearly Group Employee Engagement survey is a powerful tool for employees to provide feedback and be included in identifying change and development activities. Engagement is key for us as a company to get a better understanding of motivation, satisfaction and engagement in the organization and in teams. In 2022 we have focused on improved ways of working with future engagement survey's and are launching a new, dynamic platform in 2023 to measure and follow up on engagement. Meanwhile, all employees, teams and managers are encouraged to continue building a culture of feedback through deepen 1-to-1 discussions and follow up on the targets set in the performance & development dialogs conducted.

Talent attraction and retention
The talent market is challenging with increasing attrition and shortage of competence globally. We recognize the importance of strengthening our attractiveness as well develop and retain the employees of today. Leaders play a crucial part building engagement and development of our employees. Attrition has been of highest priority during 2022 and will continue during the coming years to secure the business development.

Gender distribution 2022[1]



[1] Permanent employees.

Inclusion, diversity, and equality
For many years now AFRY have been working with inclusion and diversity as the key pillars of AFRYs strategy. Inclusion and diversity are closely integrated in AFRY's culture and is also one of AFRY's Sustainability targets. We have a true belief that inclusion and diversity creates a competitive advantage to safeguard access to competence, development, profitable business, and an attractive workplace. Here we can make a difference through education, cultural exchanges and the way we lead.

We promote inclusion, diversity and equality in the development and execution of processes and procedures such as inclusive unbiased recruitment and development, fair and gender-neutral pay and to educate in inclusive leadership. Communication is an important tool where we highlight role models and show good examples. During 2022 we launched several tools to strengthen the inclusion portfolio such as a new Inclusive recruitment guide.

An Unconcious bias Guide that emphasises on the flaws of our human brains and how it can lead to exclusion and sometimes even discrimination and lastly the Inclusive Communication Guide; presenting the key principles of inclusive communication and how to act in terms of written-, visual- and verbal & physical communication.

Since 2016 we have a close collaboration with Jobbsprånget and other initiatives which mediates internships for recently immigrated engineers in Sweden. AFRY has since several years worked systematically to meet the skills of new immigrated engineers in Sweden and in six years circa 790 foreign-born engineers have been employed by AFRY within the "Immigrated Competence" programme.

Additional collaborations and initiatives have been launched to promote inclusion and diversity, such us lectures, webinars and workshops. AFRY was included in the Bloomberg Gender Equality Index for 2021 and 2022, an international commitment to work with gender equality, inclusion and the promotion of women in the workplace.

In 2022, AFRY continued to increase awareness and knowledge of LGBTQI+ people's human rights. A few examples of actions taking part during 2022 are: Launching of a new LGBTQI+ Guide, improving the webshop with Pride Merchandise, the CEO and a crowd of employees and leaders participated in Stockholm Pride in august 2022. AFRY also launched a LGBTQI+ Guide explaining why it's important to take a stand for the LGBTQI+ rights.

For several years, AFRY has been organising a global Inclusion & Diversity Week in March, in connection with International Women's Day. During the week, workshops and lectures are offered that touch on all seven grounds of discrimination, gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation and age. The event this year was just when Russia had started the war with Ukraine, so the theme of the week had a strong focus on to be united as one AFRY family and supporting our colleagues around the world.

Our three core values

Brave
We think big and encourage entrepreneurship to increase value. Challenging each other and making bold decisions, always taking a stand for what we believe in.

Devoted
We have a unique mix of competences and we are all passionate within our field. Sharing our expertise and insights to make a difference, we are driven by our curiosity to grow and learn more.

Team players
We share ideas and collaborate across borders to seize new opportunities. Challenging, supporting and bringing out the best in each other, we believe in the power of differences.

→ Read more about inclusion and diversity here

We believe that by intensify the effort on gender and especially female leaders, we will accelerate the development of the inclusion and diversity area in general. In early 2021 we committed to the target to become 40 percent female leaders by 2030. During the year a lot of work have been done to benchmark internally within the organization to track engagement and commitment. At the end of 2022, the number for female leaders was 25 percent.

Another example of how AFRY works with inclusion, diversity and increasing the proportion of female leaders is the “Energy Division Accelerated Female Development Programme”. The programme was launched in 2021 with the aim to support our female leaders and employees. The program has been designed to complement the other activities and resources available at AFRY. It has been developed taking into account AFRY’s values and leadership criteria, Brave Leadership.

Health and safety

AFRY acts to responsibly promote healthy, safe, and fair working conditions within our operations. A healthy workplace with a sustainable work life balance is a prerequisite for being an attractive employer and contributes to trust and promotes sustainable relationships between AFRY and our employees.

The Group requires that our operations comply with both local legal requirements and AFRY common standards. Our cooperation with trade unions is important as it brings value in this area. To ensure compliance, we work consistently and proactively through policies, directives and supporting processes and tools to promote health and well-being and prevent illnesses and accidents.

Growth, attraction and retention

A business-critical parameter for AFRY is the ability to attract future competence and retain our people. We must ensure a workplace that encourage growth, collaboration, learning and development. As a company, it is important that we work towards our common goals and give employees the possibility to reach their full potential, supported by our corporate culture and our great leadership.

Retain and develop talent

AFRY's ability to develop and shift skills and competencies is a differentiator and success factor for our attractiveness, where continuous development of our employees' competence is essential, partly for their performance and motivation but also for them to be relevant and attractive to our clients.

At AFRY we guide talent management through group-wide processes, procedures and system support. Managers have access to guidelines, tools and templates with support from HR.

Employees and managers have ongoing performance and development dialogues to create clarity on expectations and set goals, address well-being and identify development activities. A simplified, interactive tool supports the dialogue and planning, and we expect employees to have at least one documented performance and development dialogue per year. We also take a structured, long-term approach to identify leadership talent and planning for advancement and succession in various specialist and leadership roles.

Thanks to the size of the company and our diverse business, we can offer our employees many interesting career and development opportunities. Much of our competence development therefore occurs in the job with opportunities to build knowledge and experience within a broad spectrum of projects and client assignments in different industries and countries. In addition, all our employees have access to AFRY Academy, a proprietary platform for learning and development

Attract and recruit talent

During 2022 we have developed and implemented a toolbox and a new effective and inclusive recruitment and onboarding process. We have continued the implementation of one common tool for employer branding, sourcing and recruiting, and the solution is now in use in all countries

AFRY has high ambitions for growth and needs engineers in virtually all fields. During the year, we participated in various initiatives to stimulate interest in engineering education and work. For example, AFRY participates in Tekniksprånget, a national initiative in Sweden that gives internships to young secondary school students, and Jobbsprånget, which mediates internships for recently immigrated engineers in Sweden.

By having our own internal recruiting organisation who work close to our operations and with deep knowledge of our business, we provide recruitment support to all leaders and make sure the recruitment process is a positive experience. In 2022 we have continued the development of our recruitment functions to secure that we offer great recruitment experiences and services.

Employer brand

AFRY has worked consciously to build a strong employer brand and it remains high on the agenda to safeguard our position as an attractive employer. To further strengthen the brand, AFRY is continuously marketed through digital media and campaigns, visits to fairs and universities and by many internal ambassadors that participates and speaks at webinars, conferences and panel debates.

In 2022, AFRY was again placed amongst the top in surveys conducted by Universum of most attractive employers in Sweden.

Corporate Governance

Chairman's report

2022 has been a year characterised by geopolitical and macroeconomic uncertainties driven by the aftermath of the global pandemic as well as Russia's war in Ukraine. The Board monitors and evaluates the economic situation continuously together with the management.

The Board is responsible for creating the conditions for long-term profitable growth, while keeping the best interests of the company and the owners in mind. This is achieved by regularly evaluating the Group's financial situation and ensuring that AFRY follows the highest standards of corporate governance, regulatory compliance and risk management. The Board also pays great attention to developments in our external environment and to positioning AFRY for the longer term. We see a great pressure for change within the industry, which has accelerated and further increased the demand for digital and sustainable solutions. I see AFRY as an enabler for the transition in society at the same time that the company is at the forefront of its own sustainability work.

I see good conditions for long-term sustainable growth and profitability for the company and the Board proposes a dividend of SEK 5.50 per share in accordance with the dividend policy. Among AFRY's shareholders are more than 18,000 private investors, several of Sweden's largest fund companies and the ÅForsk foundation, which through distributions from AFRY provides significant grants to Swedish research. The capital we distribute is thus an important contribution to society's continued development.

On behalf of the Board, I would like to thank our CEO Jonas Gustavsson and his management team, and all of AFRY's employees for excellent work in 2022. I would also like to thank my colleagues on the Board for a good and rewarding collaboration during the year.

Stockholm, March 2023

Tom Erixon
Styrelseordförande

"I see AFRY as an enabler for the transition in society at the same time that the company is at the forefornt of its own sustainability work."

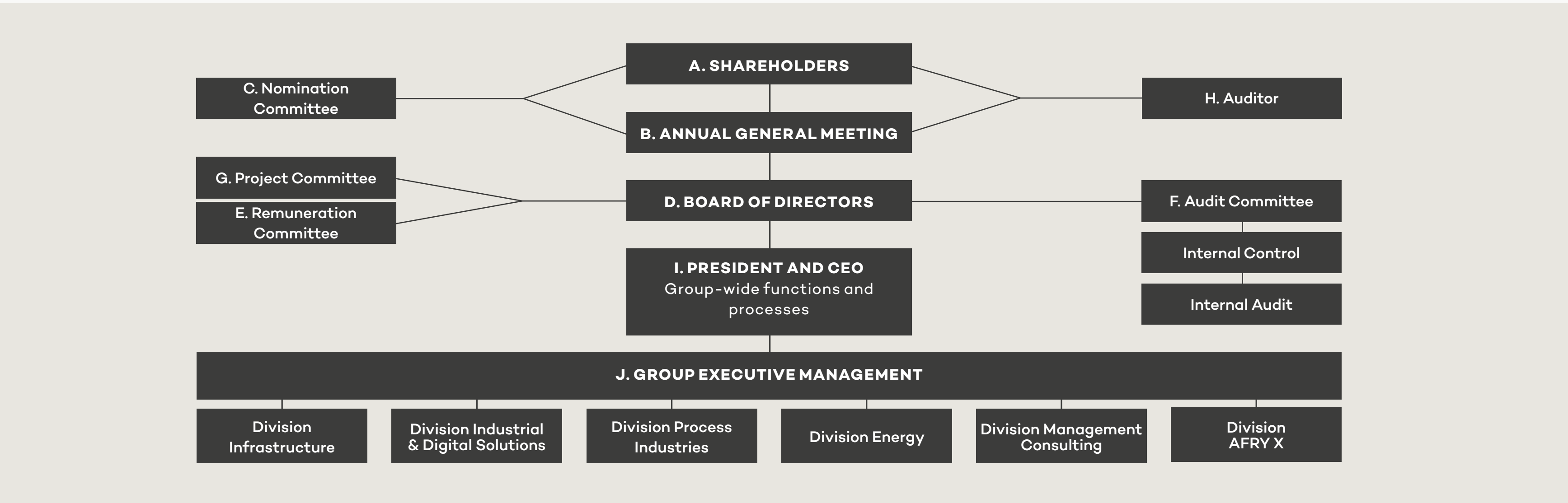
Corporate Governance report

This Corporate Governance report, prepared by the Company's Board of Directors, covers corporate governance during the 2022 financial year. The Corporate Governance report is submitted in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code. The Corporate Governance report has been reviewed by KPMG, whose opinion follows immediately after the report.

Corporate governance within AFRY AB
AFRY AB is a Swedish public limited Company domiciled in Stockholm. The Company's Class B shares are listed on Nasdaq Stockholm. Governance, management and control are divided between the shareholders, the Board of Directors, the President and CEO and Group management in accordance with applicable laws, rules and recommendations and with AFRY AB's Articles of Association and internal regulations. The General Meeting of Shareholders is the Company's highest decision-making body, where the shareholders exercise their voting rights. The Board of Directors and Chairman of the Board are elected by the General Meeting after proposals by the Nomination Committee. The Board of Directors appoints the President and CEO. The administration by the Board of Directors and President and CEO, as well as the financial statements are examined by the external auditing firm elected by the Annual General Meeting. To and intensify the work on some matters, the Board of Directors has set up an Audit Committee, a Remuneration Committee and a Project Committee. AFRY AB's internal audit is an important support function for the Audit Committee.

AFRY AB applies the Swedish Corporate Governance Code (available at www.corporategovernanceboard.se) and did not deviate from it in 2022. AFRY AB complies with Nasdaq Stockholm's Rules for Issuers (available at nasdaq.com/solutions/rules-regulations- stockholm) and generally accepted stock exchange practice.

The highest internal instrument of governance is the Articles of Association adopted by the shareholders' meeting. The Board of Directors has adopted rules of procedure and instructions for the work of the Board, its committees and the President and CEO. In addition, the Company has adopted internal governing documents that clarify procedures and the allocation of responsibility and powers within important relevant areas, such as the Group's Code of Conduct, governance, risk management, quality, the working environment, information security, data protection, sustainability, anti-corruption, whistle-blowing and regulatory compliance. For more information on the Company's internal control measures, see page 43.



A. Shareholders

AFRY AB has issued two classes of shares: Class A shares and Class B shares. Each Class A share is entitled to 10 votes, and each Class B share to 1 vote.

The largest shareholder at the end of 2022 was the ÅForsk Foundation, with 33.4 percent of the votes. SEB Funds had 7.9 percent and Swedbank Robur Funds had 5.6 percent of the votes.

Share distribution at 31 December 2022	
Number of shareholders	20,188
A shares	4,290,336
B shares	108,961,405
Total number of shares	113,251,741
of which own Class B shares	-
Votes	151,864,765

B. Annual General Meeting

The General Meeting of Shareholders held within six months of the close of the financial year that adopts the income statement and balance sheet is called the Annual General Meeting (AGM). Shareholders registered in the share register on the record date and who have provided timely advance notice of their participation have the right to participate in the Meeting. Notice to attend is published on the Company's website and advertised in the Swedish Official Gazette (Post- och Inrikes Tidningar). The fact that notice to attend has been given is published in Dagens Industri. The 2022 AGM was held on 28 April 2022 at the Company headquarter in Solna. The Board of Directors decided that the shareholders also could exercise their voting rights at the AGM by postal voting in advance.

In total, 216 shareholders were represented, comprising 64.8 percent of the share capital and 73.7 percent of the votes in the Company. In addition to electing a new Board member, Tuula Teeri, the AGM resolved to re-elect Board members Tom Erixon, Gunilla Berg, Henrik Ehrnrooth, Carina Håkansson, Neil McArthur, Joakim Rubin and Kristina Schauman. The AGM also resolved to adopt the 2022 annual report and to authorise the Board of Directors to make decisions on issuance of new class B shares. The minutes of the AGM and all documentation can be found on AFRY's website.

C. Nomination Committee

In accordance with the principles for the Nomination Committee passed at AFRY AB's 2018 AGM, the members of the Nomination Committee are appointed by at least three and at most five of the shareholders with the most votes, together with the Chairman of the Board. The names of the members were published more than six months before the AGM. The Nomination Committee for the 2023 AGM comprises: Anders Snell (Chair), appointed by the ÅForsk Foundation; Elisabet Jamal Bergström, appointed by SEB Investment Management; Monica Åsmyr, appointed by Swedbank Robur Funds; Henrik Didner, appointed by Didner & Gerge Fonder; Lilian Fossum Biner, appointed by Handelsbanken Funds; and Tom Erixon, Chairman of the Board.

Duties of the Nomination Committee

The duties of the Nomination Committee are to present proposals ahead of the AGM on the number of directors, the composition and remuneration of the Board of Directors, as well as any separate remuneration for Committee work. Moreover, the Nomination Committee shall present a proposal for the chair of the Board of Directors and the AGM, respectively, as well as for the auditors and their remuneration. As part of its duties, the Nomination Committee shall fulfil all other tasks incumbent on the Nomination Committee under the Swedish Corporate Governance Code.

Work of the Nomination Committee

In the period up to and including 31 March 2023, the Nomination Committee held three minuted meetings and maintained contact between meetings. To assess the extent to which the current Board of Directors fulfils the requirements to be made of the Board based on the Company's situation and future focus, the Nomination Committee has discussed the size of the Board and its composition as regards experience of the industry, skills and diversity, for example. The Company applies the Swedish Corporate Governance Code item 4.1 as its diversity policy for the Board of Directors. This means that the Board's composition is to be appropriate with respect to the Company's business, stage of development and conditions in general, with diversity and breadth in terms of the skills, experience and background of the members elected by the AGM. As a basis for its work in preparing for the 2023 AGM, the Chairman of the Board of Directors has informed the members of the Nomination Committee of the work of the Board of Directors during 2022, as well as of the work of the Audit Committee and the Remuneration Committee. On behalf of the Nomination Committee, an external evaluation of the work of the Board of Directors during 2022 was carried out through interviews with individual Board members, the Company's President and CEO as well as the Company's General Counsel who is the secretary to the Board of Directors. The Board of Directors has reviewed the results of the aforementioned evaluation. No remuneration has been paid for the work of the Nomination Committee. All shareholders are entitled to contact the Nomination Committee and propose board members. The Committee's proposals, the report on the Committee's work ahead of the 2023 AGM, and supplementary information on proposed members of the Board of Directors will be published in connection with the meeting notice and will be presented at the 2023 AGM.

D. Board of Directors

Work and responsibilities of the Board of Directors

The Board of Directors manages the Company on behalf of the owners and is thus ultimately responsible for the Company's organisation and administration. The work and responsibilities of the Board of Directors are regulated by the Swedish Companies Act, Board Representation (Private Sector Employees) Act, AFRY's Articles of Association, the Board's own Rules of Procedure, Nasdaq's Rulebook for Issuers of Shares and the Swedish Corporate Governance Code. The Board of Directors determines and evaluates the Company's long-term goals and strategies. This includes establishing business plans and financial plans, reviewing and approving the annual accounts, adopting guidelines, taking decisions on issues concerning acquisitions and divestments, and deciding on larger investments in or significant changes to AFRY's organisation and operations. The Board of Directors is responsible for the Corporate Governance report. It should ensure that there are processes in place that monitor compliance with relevant laws and regulations. The Board also regularly monitors that effective control systems are in place and is responsible for evaluating the Company's risk management. The Board also monitors compliance with the Company's Code of Conduct and ensures that a whistle-blower system is in place for employees and external parties. The Board of Directors also appoints, evaluates and dismisses the Company's President and CEO, establishes instructions for the President and CEO regarding daily operations and approves any President and CEO appointments outside of the Company. Through the Audit Committee, the Board of Directors contracts auditing services, keeps in regular contact with the Company's auditors and ensures good internal control, along with formal procedures that enable monitoring and assessment of the Company's financial situation. Through the Remuneration Committee, the Board of Directors also handles salaries and remuneration of senior executives. The Board of Directors also has a special Project Committee tasked with reviewing and approving very large and important projects and assignments from a financial perspective that the Company is considering. As part of the decision-making process, a risk assessment according to the Code of Conduct assessment process is carried out, which includes any risks of negative impact on the economy, environment and people. For the Board of Directors, these committees are preparatory bodies and do not limit the Board's overall responsibility for the management of the Company or the decisions it makes.

Composition of the Board of Directors

The Board of Directors of AFRY AB is to consist of a minimum of six and a maximum of ten members in addition to the members that are by law appointed outside of the General Meeting. Eight board members were elected at the 2021 AGM. The members are elected annually for the period up to the next AGM and must devote the time and care, and have the knowledge required to best meet the interests of the Company and its owners. The trade unions or professional associations also appoint two employee representatives and two deputies. The President and CEO is not a member of the Board of Directors. For more information on the Board of Directors, please refer to pages 45–46 of the Annual Report. The President and CEO is rapporteur at Board meetings. The Company's CFO participates in all meetings, as does the Group General Counsel, who acts as secretary to the Board of Directors. Other Company employees are invited to present reports or provide expertise when necessary.

Diversity policy for the Board of Directors

Rule 4.1 of the Swedish Corporate Governance Code is applied as a diversity policy for the Board of Directors. The aim is for the Board of Directors to have an appropriate and versatile composition regarding experience and background, and that there should be a balanced gender distribution on the Board. Since the 2022 AGM, the Board of Directors consists of four women and four men, meaning an even gender distribution exceeding the goal set by the Swedish Corporate Governance Board of at least 40 percent representation of the underrepresented gender.

Independence of the Board of Directors

The composition of the Board of Directors of AFRY AB meets the requirements of the Swedish Corporate Governance Code concerning independent members. Member of the Board of Directors Tuula Teeri is dependent in relation to AFRY AB's shareholder with the most voting rights but is independent of the Company and Group management. Member of the Board of Directors Carina Håkansson was during 2022 dependent in relation to AFRY AB's shareholder with the most voting rights. Carina Håkansson resigned from her position as chair of the Board of the ÅForsk Foundation effective as of 1 January 2023, meaning that Carina Håkansson no longer is dependent in relation to AFRY AB's shareholder with the most voting rights, the ÅForsk Foundation. None of the other Board members are dependent in relation to the Company's largest shareholders, the Company or Group management. This means that at the time when the Board of Direectors prepared this Corporate Governance Report 88 percent of the members of the Board of Directors of AFRY AB are independent of AFRY AB's largest shareholders and that 100 percent of the members of the Board of Directors of AFRY AB are independent of the Company and Group management.

Rules of Procedure for the Board of Directors

Besides the general responsibilities set out by the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Director's work is regulated by its Rules of Procedure, which are reviewed annually and then confirmed at the inaugural meeting. The Rules of Procedure describe the duties of the Board of Directors, the division of responsibility between the Board, its committees and the President and CEO, the Board's schedule of meetings, notice to attend, agenda and meeting minutes, and the Board's work on accounting and audit matters. The Rules of Procedure also describe how members of the Board of Directors shall act in relation to conflict-of-interest matters. Members of the Board of Directors shall inform the Board of Directors of matters that may cause a conflict of interest to arise. The Rules of Procedure also define the role of the Chairman of the Board and include special instructions for the Company's President and CEO concerning what financial information should be reported to the Board so that it can regularly assess the Company's financial situation. The Board of Directors holds an inaugural meeting in connection with the AGM. In addition, the Board of Directors is required to meet at least six times per calendar year.

Work of the Board of Directors in 2022

Prior to each board meeting, the Company's President and CEO prepares an agenda in consultation with the Chairman of the Board. In 2022, the Board of Directors held eight meetings including one inaugural meeting. Four of the meetings were held in connection with the publication of the Company's interim reports. Regular items include financial results and position, investments, acquisitions and governance, risk and compliance (GRC). In addition, much time was spent on the effects of the war in Ukraine, AFRY's exit from Russia, strategy matters, changes in market conditions and the profitability in the Infrastructure Division. Various personnel issues were also reviewed.

Evaluation of the Board of Directors and the President and CEO

The evaluation of the Board of Directors and President and CEO includes climate of cooperation, breadth of knowledge and board work performance. The intention of the evaluation is to gain an understanding of the effectiveness of the board work and the opinions of the Board members on this matter. The Board of Directors also regularly evaluates the work of the President and CEO by following business performance against targets set. Once a year a formal evaluation is made that is discussed with the President and CEO. On behalf of the Nomination Committee, an evaluation of the Board of Directors' and its work during 2022 was performed.

Remuneration of the Board of Directors

Remuneration of members of the Board of Directors for board and committee work is proposed by the Nomination Committee and approved by the AGM. The Nomination Committee's proposals are based on comparisons with remuneration at other companies of similar size in the same industry. Information on remuneration of members of the Board of Directors can be found in Note 6. Members of the Board of Directors do not participate in the Group's incentive programmes.

E. Remuneration Committee

The task of the Remuneration Committee is to prepare the guidelines for the remuneration of senior executives which is then decided by the AGM, and to submit proposals to the Board of Directors for the salary and terms and conditions for the President and CEO. On behalf of the Board, the committee is also to deal with matters regarding salary and other terms of employment for senior executives who report directly to the President and CEO, and deal with general terms of employment and remuneration matters affecting all employees of the Company. In preparing the guidelines for the Company's renumeration of senior executives, the Remuneration Committee typically collects comments

Board composition and attendance at Board and Committee meetings during 2022

Directors	Board of Directors meetings	Audit Committee	Remuneration Committee	Project Committee	Independent of major shareholders	Independent of the company and its management
Tom Erixon	8/8		3/3	1/1	Yes	Yes
Gunilla Berg	8/8	6/6		1/1	Yes	Yes
Henrik Ehrnrooth	8/8		3/3	1/1	Yes	Yes
Carina Håkansson	8/8	6/6			No[1]	Yes
Neil McArthur	7/8				Yes	Yes
Joakim Rubin	8/8		3/3		Yes	Yes
Kristina Schauman	8/8	6/6			Yes	Yes
Tuula Teeri[2]	4/5				No	Yes
Anders Snell[3]	3/3				No	Yes
Employee representatives						
Fredrik Sundin	7/8				Yes	No
Jessica Åkerdahl	4/8				Yes	No
Tomas Ekvall (suppleant)	0/8				Yes	No
Bodil Werkström (suppleant)	5/8				Yes	No

1) As of 1 January 2023, Carina Håkansson is no longer dependent in relation to major shareholders as she resigned from her position as chair of ÅForsk Foundation.
2) Appointed board member at the Annual General Meeting 28 April 2022.
3) Resigned as board member at the Annual General Meeting 28 April 2022.

from relevant stakeholders, including, amongst others, the Board of Directors. In connection with the presentation of the guidelines for the renumeration of senior executives and the renumeration report at the Annual General Meeting, participating shareholders have the possibility to ask questions and provide comments in relation to the aforementioned guidelines and report. Typically, the Renumeration Committee does not retain any external consultants to assist in the preparation of general terms of employment or renumeration matters. To the extent such external consultants are retained, they are independent in relation to larger shareholders, the Company and Group management. Currently, the Company's guidelines for remuneration of senior executives do not contain any explicit targets or performance indicators relating to impact on the economy, environment and people.

The Remuneration Committee held three minuted meetings during the year. Since the inaugural meeting of the Board of Directors in 2022, the Committee has consisted of Tom Erixon (Chair), Joakim Rubin and Henrik Ehrnrooth.

F. Audit Committee

The Board's Audit Committee must ensure that there is compliance with the financial reporting and internal control policies. It follows up the effectiveness of the internal control systems and reviews the financial processes to ensure that they comply with legal requirements and is in line with relevant standards. The Committee examines the procedures for accounting and financial control and processes the Company's financial reports. It also monitors, evaluates and discusses material questions in the field of accounting and reporting.

The Committee also evaluates and manages information about GRC (Governance, Risk and Compliance), disputes, possible irregularities, matters reported through the whistle-blower system, and assists management in identifying and evaluating mainly financial and equivalent risks that may have a bearing on the operations to ensure that the work focuses on managing these risks. The Committee also examines the Company's day-to-day routines for financial reporting and the contingency plans that are in place to ensure delivery of financial information. The Audit Committee has decision-making powers regarding internal audits and must ensure the effectiveness of this function by evaluating its activities, resources and structure. It also reviews the results and recommendations of internal audits to ensure that they are appropriately managed.

The Audit Committee has regular meetings with the external auditors and examines their work, qualifications and independence. The results of this are annually communicated to the Company's Nomination Committee. The Committee supports the Nomination Committee in their work with nominating auditors and also carries out an annual review of the proposed scope of the audit. The work of the Audit Committee is continuously reported to the Board of Directors at Board meetings, and the Board of Directors has access to the minutes kept in connection with Audit Committee meetings.

The Committee examines significant results from the external audit and also the resulting recommendations issued by the external auditors. It must also establish guidelines to ensure the independence of the external auditors.

The Audit Committee held six minuted meetings during the year. Since the inaugural meeting of the Board of Directors in 2022, the Committee has consisted of Kristina Schauman (Chair), Gunilla Berg and Carina Håkansson. KPMG, the Company's audit firm, has been represented by chief auditor Joakim Thilstedt and Henrik Lind.

G. Project Committee

The Project Committee is tasked with reviewing and approving very large and important projects and assignments from a financial perspective that the Company is considering. The Committee held one minuted meeting in 2022 and since the inaugural meeting of the Board of Directors in 2022, the Committee has consisted of Tom Erixon (Chair), Gunilla Berg and Henrik Ehrnrooth.

H. Auditors

The task of the auditors is to examine on behalf of the shareholders the Company's bookkeeping and annual accounts and the administration by the Board of Directors and President and CEO. The annual accounts and consolidated accounts are audited. The auditors also review the nine-month interim report for the period up to September each year and attend Audit Committee meetings. In addition, a general review of the sustainability report and a review of the Group's Corporate Governance report are carried out by the auditors. The auditors also review compliance with the guidelines approved by the AGM relating to remuneration of senior executives. The 2022 AGM re-elected the auditing firm KPMG, represented by Joakim Thilstedt as the auditor in charge, to serve as the Company's auditor until the end of the 2023 AGM. The Audit Committee has resolved to recommend that the Nomination Committee propose the appointment of KPMG as auditor to the 2023 AGM for the period extending up until the 2024 AGM. See Note 5 for more detailed information on audit fees.

I. President and CEO

The President and CEO is responsible for ensuring that ongoing administration of the Company is managed according to the Board of Directors' guidelines and directions. In consultation with the Chairman of the Board, the President and CEO produces the information and documentation needed as supporting information for the Board's work, to enable the Board to make well-informed decisions. The President and CEO is supported by Group management. The President and CEO and Group management, with the support of various staff functions, are responsible for the Group's fulfilment of its overall strategy and its financial and business controls, as well as the Group's financing, capital structure, risk management and acquisitions.

J. Group management

At the end of 2022 Group management consisted of President and CEO Jonas Gustavsson, CFO Bo Sandström, and ten others. Group management normally meets once a month to discuss matters such as the Group's financial performance, budget, acquisitions, Group-wide development projects, succession planning and professional development, GRC, sustainability and other strategic issues. In 2022, special attention has been paid to the effects of the war in Ukraine, AFRY's exit from Russia, changing market conditions, cost-efficiency improvements, as well as the profitability of the Infrastructure Division. Group management held 15 full-day meetings in 2022. Monthly and quarterly, the President and CEO and CFO review the income statement and balance sheet, key ratios and major projects with the respective divisional heads and controllers, together with other invited members of Group management. Three times a year a whole-day review is held with each division to examine more long-term issues, including HR, strategy and budget. The sustainability targets are followed up on a quarterly basis, focusing on target achievement as well as executed and planned activities. In 2022, Sara Klingenborg was appointed Executive Vice President and Head of Human Resources effective as of 18 May 2022, Linda Pålsson was appointed Executive Vice President and Head of Division Energy effective as of 1 August 2022 and Bo Sandström was appointed Executive Vice President and CFO effective as of 7 November 2022. For more information about the members of Group management, please see pages 47–48 of the Annual Report.

Remuneration of senior executives

The guidelines for the Group adopted at the 2022 AGM and information on remuneration of senior executives paid in 2022 can be found in Note 6.

The Remuneration Committee's evaluation led to the conclusion that the guidelines for remuneration of senior executives adopted by the 2022 AGM have been followed.

K. Sustainability

Sustainability is an integral part of AFRY's business and the Board of Directors monitors the Company's efforts and achievements within this area. The Board of Directors approves all documents governing AFRY's sustainability efforts and is thus ultimately responsible for incorporating sustainability into the overall decision-making process at AFRY.

The Board of Directors monitors the management of AFRY's sustainability efforts, including material sustainability topics and related sustainability targets, as well as AFRY's impact on the environment, people and the economy through the approval of the annual and sustainability report. The Head of Sustainability retains the same auditors' that carries out the financial audit to review the sustainability report.

The Board of Directors has delegated the overall responsibility for AFRY's sustainability efforts to the President and CEO. Henrik Tegnér, Head of Strategy and Sustainability, has operational responsibility for AFRY's sustainability efforts and became part of Group management on 1 January 2022. The Head of Strategy and Sustainability is supported by a team. Sustainability is an integral part of Group management's work, and sustainability topics are continually discussed.

Some members of Group management are members of a special committee, GRECS (Governance, Risk, Ethics, Compliance and Sustainability), which follows-up on the roll-out of the implementation of relevant programs for risk management, preventive measures and control activities, including risks regarding negative impact on the economy, environment and people. GRECS consists of the President and CEO, the CFO, General Counsel, Head of Communication, Head of HR, Head of Strategy and Sustainability and other key people such as the Chief Compliance and Ethics Officer and the Head of Security. Due to the Head of Strategy and Sustainability becoming a member of Group management as well as a permanent member of GRECS, the previous steering committee for sustainability topics, known as the Sustainability Committee, was dissolved.

AFRY's sustainability efforts are also integrated into existing staff functions, who are responsible for the execution of such efforts within their respective functions. Each division head is responsible for developing and driving the sustainability approach in their operations and in all their assignments through consultants. The division heads also have contacts for sustainability related issues depending on local needs. These efforts are supported by a management system.

In 2022, a new forum, the Sustainability Forum, was established on Group level for the purpose of supporting and coordinating the sustainability efforts within AFRY. The Director of Sustainability is the Chairman of the Sustainability Forum, and other permanent members include the Head of Strategy and Sustainability, as well as the sustainability team's and the divisions contact persons for sustainability topics. Other stakeholders are invited when needed. The Sustainability Forum has held 4 meetings during 2022.

Code of Conduct

AFRY's Code of Conduct is based on ten principles of the UN Global Compact. The Code of Conduct is a compilation of the commitments, rules and guidelines that form the basis of the Company's operations. The Code of Conduct defines the norms and values that form the basis on which AFRY conducts business with clients, partners, employees and other stakeholders. The Code of Conduct covers all employees in every country as well as the Group's Board of Directors In 2020, a mandatory e-learning on AFRY's Code of Conduct was launched for all employees. The general purpose of the e-learning is to support the organisation in its efforts to fulfill its commitments to conducting business in a responsible manner. See page 102 for further information.

AFRY expects all its business partners – including suppliers, subcontractors, joint venture partners and representatives – to adhere to principles that are consistent with AFRY's Code of Conduct. In 2020, AFRY's WE Business Partner Criteria was updated, and in 2021 an e-learning was launched to make the requirements of the Business Partner Criteria accessible.

Sustainability policy

AFRY's sustainability policy was adopted in December 2020 and applies Group-wide. The policy reflects AFRY's business strategy and ambitions in the area of sustainability and strengthens the way in which operations should be managed in line with the 1.5-degree ambition and the 2030 Agenda. The policy prescribes, inter alia, that AFRY's operations shall have a holistic approach towards client assignments, business and strategy development, partnerships and collaboration with civil society; that sustainability-related risks and opportunities shall be identified and addressed at the tender stage; that the Company shall work for an increase in the awareness among, and skills of, all employees about how they can contribute to improving sustainability performance through their assignments; that the precautionary principle should be applied; and that AFRY shall actively seek transformative and innovative assignments that accelerate the transition to a sustainable society. In 2022, a mandatory e-learning was launched covering all employees, including the Board of Directors of AFRY AB, regarding AFRY's sustainability efforts aiming to support the organisation in the fulfillment of AFRY's sustainability commitments.

Governance based on international frameworks and guidelines

AFRY's sustainability efforts are governed by international frameworks and guidelines aiming to ensure sustainable development. Policys for responsible business conduct include the 10 principles of the UN's Global Compact on human rights, labour, the environment and anti-corruption, the UN's 17 Sustainable Development Goals (Agenda 2030), the Paris Agreement as well as the 1.5-degree ambition. In addition, to ensure that AFRY's sustainability efforts take into account recognised principles, science and standards, further inspiration and guidance is sought from other relevant initiatives and framework.

Management system

AFRY has a comprehensive management system with policies, directives and processes that apply to all operations and which are approved annually by the Board of Directors. AFRY's Code of Conduct and key policies are available online at afry.com. The management system is certified in accordance with ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety). Approximately 83 percent of AFRY's operations are covered by the ISO 9001 certificate, with 79 percent covered by the ISO 14001 certificate and 79 percent by the ISO 45001 certificate. The legal entities that are covered are listed in the appendices to the certificates. The certificates are available online at afry.com.

The implementation and efficiency of the management system is followed up in the Group-wide internal quality audit program in which there is a general three-year plan and for which a more detailed plan is drawn up each year. In 2022, 32 project audits and 31 management and support-process audits were carried out in this program. The audit program also includes the environment and work environment and is in line with ISO 9001, 14001 and 45001. A summary of the results is reported to Group management.

The Board of Directors' Report on Internal Controls

The Board of Directors' responsibility for internal controls is based on the Swedish Companies Act and the Swedish Code of Corporate Governance, which set out requirements for annual external disclosure of information on how internal controls regarding financial reporting are organised.

The objectives of internal controls are to ensure that the Company's operations are efficient and effective, that financial reports are trustworthy, and that relevant laws and regulations are observed. The systematic approach is described below in accordance with the COSO framework for internal controls, which is based on the elements of Control Environment, Risk Assessment, Control Activities, Information and Communication and Follow-up. The internal controls and risk management processes are not static. Nor are they separate from the operations, but AFRY refines its approach continuously to ensure that the processes are incorporated into AFRY's operations.

Control Environment

The Control Environment forms the basis for internal controls and reflects the Company's ethical values, corporate culture, financial targets, and sustainability targets. The guiding principles are to ensure that decision-making paths, responsibilities and the delegation of authorities are clearly defined and communicated between the various levels in the organisation, and that the objectives of internal controls are achieved. The Rules of Procedure for the Board of Directors and the instructions for the President and CEO ensure clear roles and division of responsibility aimed at effective management and oversight of the operational risks. The Group Management is also responsible for the oversight of the internal controls required to handle significant risks in operating activities and financial reporting. Operational decisions are taken by the Company, while decisions on strategy, overall financial matters, and major acquisitions and investments are taken by AFRY's Board of Directors with support from Group Management. See the Corporate Governance Report for more information on the work of the Board of Directors and the Group Management on pages 40–41. AFRY's internal delegation of authorities clarifies levels and procedures for delegating operational decisions. A special committee known as GRECS (Governance, Risk, Ethics, Compliance and Sustainability), which includes members of Group Management namely the President and CEO, CFO, Group General Counsel, Head of Communication, Head of HR, Head of Strategy and Sustainability and other key people such as the Chief Compliance and Ethics Officer, Director of Sustainability and the Head of Security, has been established. GRECS meets regularly and follows up on the rollout and implementation of relevant programs for risk management, preventive measures and control activities, including processes to assess and prevent negative impact on the environment and human rights.

Risk Assessment

The Board of Directors has the ultimate responsibility for limiting and monitoring AFRY's risk exposure. It assesses the risk profile on a regular basis and annually approves the Group's risk heatmap. The Audit Committee regularly reviews the progress of GRC activities (Governance, Risk and Compliance) and material disputes from the General Counsel. The Audit Committee also has continuous and regular contact with the Group's internal and external auditors to evaluate risks in financial reporting. Group Management is responsible for reviewing the management of significant risks in the ongoing operations and the steering is implemented via the GRECS committee.

AFRY's risk assessment regarding financial reporting aims to identify and evaluate the most significant risks in the Group's companies, business areas, divisions, processes and operations which, in turn, might impact the financial results and the Group's ability to achieve its goals as a whole. AFRY has implemented evaluation and management processes that assess risks related to the Company's financial reporting, operating activities, and project-specific risks. Structured procedures provide the basis for the assessment, management, and control of risks so that risks are managed as an integral part of the business operations. A central evaluation process in the tendering procedure is the Code of Conduct Assessment process. This was launched in 2020 and reflects AFRY's Code of Conduct, the ten principles of the UN Global Compact, 1.5°C Business Playbook and Agenda 2030 and the Universal declaration on Human Rights. The Code of Conduct Assessment process and its outcome are described further in the Risk report on page 53 and in the sustainability notes on page 111.

Control Activities

To ensure that the business is run efficiently and that the scheduled financial reports consistently provide a true and fair view, control activities are built into key processes. These control activities involve all levels of the Group. Responsibility for carrying out the control activities is distributed across the Group where clear roles ensure efficiency and reliability. Specific control activities are aimed at detecting or preventing the risk of misstatements in financial reporting in a timely manner. Financial controls are operated by AFRY's central Finance Department with support from the divisions' financial staff through harmonised control processes. A continuous profit analysis is performed for all the Group's units, including the foreign units. All accounting and reporting relating to the Group's Swedish units is centralised in the Finance Department at the Head Office, with harmonised control processes. Examples of control activities are performance analyses, control elements within the processes – income and receivables, payments, fixed assets, work in progress, salary, VAT / tax, current accounting, consolidation and reporting and register maintenance. AFRY is implementing a Group-wide business system (ERP) to strengthen the controls.

AFRY has implemented a Group-wide management system which is used for operational management and support. The management system consists of policies, directives, processes, procedures and tools which provide the conditions for ensuring that the adopted requirements and expectations are met in a sound control environment. The sales and delivery processes support operational activities in meeting and ensuring compliance with customer requirements, legal requirements and AFRY's obligations under the UN Global Compact and similar commitments. These processes are adapted in the operations to suit different technical areas, sectors, and markets. Additional control activities include data access controls and authorisation controls. The development of control activities is managed centrally within the GRC (Governance, Risk and Compliance) framework, while divisional management teams are responsible for implementing the relevant control activities within their own organisations.

Information and Communication
Information regarding the Company's internal controls and financial reporting can be found in the management system that is available to all employees via the Group's intranet. The intranet also contains guidelines and tools provided by appropriate support functions. Updates are published in the event of any changes in internal or external requirements and expectations regarding internal controls, sustainability reporting and financial reporting. A communication policy sets out guidelines for how communication with external parties should be managed. The purpose of the policy is to ensure correct and complete compliance with all information obligations. The purpose of internal communication is to ensure that all employees understand the Company's values, focus and business operations. To achieve the objective that employees stay informed, the Company has adopted a proactive approach in which information is regularly communicated via the Group's intranet through updates for managers and distribution through the divisions' quality co-ordinators and finance units, as well as targeted training initiatives.

Follow-up
Compliance with and the efficiency of internal controls are monitored on a continuous basis both by the Board of Directors and management to ensure high quality processes. The Company's financial situation and strategy is considered at every Board meeting. In addition, the Board of Directors receives monthly reports on the financial position and development of the business. The Audit Committee sets out the principles applicable to accounting and financial reporting and ensures that control activities are in place to manage material risk areas in the processes for the financial reporting. The Audit Committee meets with the external auditors to obtain information about the focus and scope of the audit, and to discuss outcomes and co-ordination of the external and internal audits. The Committee also establishes the focus, scope and schedules of the internal auditors whose work is reported to the Audit Committee. Reports are regularly shared with management for possible action. The committee thereby ensures that control activities are in place to manage significant risk areas in the processes for financial reporting. The Audit Committee also receives regular updates on GRC from the General Counsel. At least one Board meeting per year evaluates the internal controls over financial reporting. At the same meeting, the Board also evaluates the Group's risk management.

AFRY's system for financial management and control secures effective financial monitoring throughout the operations. Reports are generated monthly for each profit centre and reports on project finances are reviewed continuously. Identified errors and measures taken are reported in the line organisation to an immediate superior. The implementation of the management system is continuously monitored through quality audit. AFRY conducts regular audits and quality reviews of the operations to monitor the application of internal controls and the management system and to ensure that they live up to the Group's internal ambitions, external requirements, and expectations. The prioritised areas for the audits are quality, environment and working environment, processes and systems, observance of the risk management process in the tendering procedure and quality review of the projects which the Group has undertaken to carry out. Reports are produced for the President and CEO and to Group management.

Internal Audit
The Internal Audit function provides independent assurance and evaluation on risk management and internal control and monitors the effectiveness of the implementation of the management system. The Internal Audit team plans their work with input from the Audit Committee, Group Management, Divisional Management and Group Functions. Internal audits are carried out for individual divisions and support functions, as well as for Company-wide processes and in thematic areas. The outcome of the audits are regularly reported to the Audit committee and Group Management. An action plan is prepared jointly with the appropriate business owner to handle observations made. The internal audit follow up on the audits, in conjunction with the business owner, to ensure that every highlighted observation is addressed within a defined time period.

The statutory sustainability report, whose content is given on page 118 of the Annual Report, has been approved for issue by the Board of Directors.

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders of AFRY AB, corp. id 556120-6474

Engagement and responsibility
The Board of Directors is responsible for the corporate governance report for 2022 on pages 38–44 and for preparing it in accordance with the Annual Accounts Act.

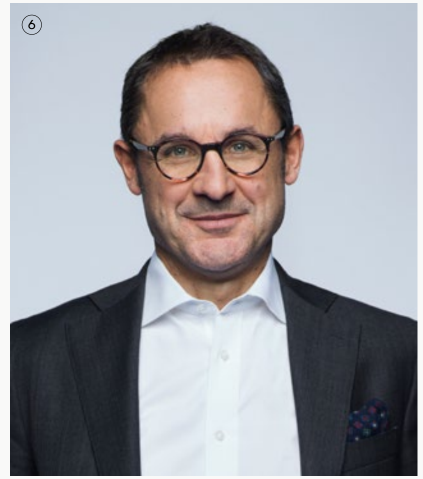
Focus and scope of the audit
Our examination has been conducted in accordance with FAR's statement RevU 16 Auditor's review of the corporate governance report. This means that our examination of the corporate governance report has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinions

Opinions
A corporate governance report has been prepared. Disclosures in accordance with chapter 6, section 6, second paragraph, points 2–6 of the Annual Accounts Act and chapter 7, section 31, second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 31 March 2023
KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Board of Directors



① **Tom Erixon**
Chairman of the Board and Chair of the Remuneration and the Project Committees
Elected: 2021
Born: 1960
Education: Master of Law from Lund University, Sweden and MBA in Business Administration from IESE, Spain.
Current position and other significant duties: President and CEO of Alfa Laval and Chairman of the Board of Teknikföretagen.
Professional experience: President and CEO of the Ovako Group, President of Sandvik Coromant, Managing Partner for Boston Consulting Group and Practice Leader Industrial Goods.
Shareholding: 15,000 Class B shares.

② **Gunilla Berg**
Director and member of the Audit Committee and Project Committee
Elected: 2017
Born: 1960
Education: B.Sc in Economics and Business Administration, Stockholm School of Economics.
Current position and other significant duties: Board member Atrium Ljungberg AB and Praktikertjänst AB.
Professional experience: CFO, PostNord, Vice President and CFO of the SAS Group, Vice President and CFO of the KF Group.
Shareholding: 1,000 Class B shares.

③ **Henrik Ehrnrooth**
Director and member of the Remuneration Committee and Project Committee
Elected: 2019
Born: 1954
Education: M.Sc. in Forest Economics, University of Helsinki and B.B.A., Hanken School of Economics in Helsinki.
Current position and other significant duties: Chairman of the Board of Otava Group, Chairman of the Advisory Board of Climate Leadership Coalition and a Board member of the Marcus Wallenberg Foundation.
Professional experience: CEO of Pöyry, Chairman of the Board of YIT Corporation and Caverion Corporation.
Shareholding: 3,515,996 Class B shares through Corbis S.A.

④ **Carina Håkansson**
Director and member of the Audit Committee
Elected: 2021
Born: 1961
Education: Master of Science in Forestry, Swedish University of Agricultural.
Current position and other significant duties: Board member of SCA and Board member of Vasaloppet. Chairman of division VIII in The Royal Swedish Academy of Engineering Sciences.
Professional experience: Director general, Swedish Forest Industries Federation, CEO of Dalakraft and CEO of Stora Enso Skog/Wood Supply Sweden.
Shareholding: 1,000 Class B shares.

⑤ **Neil McArthur**
Director
Elected: 2021
Born: 1961
Education: MBA – INSEAD, BSc Hons Civil Engineering, University of Glasgow and CEng MIMechE.
Current position and other significant duties: Senior partner within Energy division at Oliver Wyman.
Professional experience: CEO and Chairman of the Executive Board of Arcadis N.V., Executive Board Member, Senior Vice President and Managing Director Europe at Booz & Company and several Project Management positions within Shell International Petroleum Exploration & Production.
Shareholding: 3,334 Class B shares.

⑥ **Joakim Rubin**
Director and member of the Remuneration Committee
Elected: 2012
Born: 1960
Education: Master of Engineering, Institute of Technology, Linkoping University
Current position and other significant duties: Partner EQT Public Value. Board member of Storytel AB.
Professional experience: Partner Zeres Capital, Senior Partner CapMan. Head of Corporate Finance and Debt, Handelsbanken Capital Markets.
Shareholding: –

Shareholding on 31 December 2022, including related party holdings.

⑦ **Kristina Schauman**
Director and Chair of the Audit Committee
Elected: 2012
Born: 1965
Education: MBA, Stockholm School of Economics
Current position and other significant duties: Viaplay Group AB, BEWi ASA, Coor Service Management Holding AB and Ellos Group Holding AB. Member of Nasdaq Stockholm Disciplinary Committee.
Professional experience: CFO of OMX, Carnegie and Apoteket AB, CEO of Apoteket AB and Group Treasurer of Investor AB.
Shareholding: 5,000 Class B shares.

⑧ **Tuula Teeri**
Director
Elected: 2022
Born: 1957
Education: Ph.D., Genetics, University of Helsinki, 1987
Current position and other significant duties: President, Royal Swedish Academy of Engineering Sciences (IVA); Board member (Vice chair) of the ÅForsk Foundation and Stockholm University; Chair of The European Council of Academies of Applied Sciences Technologies and Engineering (Euro-CASE); Member of the Academic Research Council in Singapore and member and vice-chairman of Stockholm University's board.
Professional experience: President, Aalto University, Finland; Board member of the Finnish Business and Policy Forum (EVA) and Research Institute of Finnish Economy (ETLA); Pro Vice Chancellor, Royal Institute of Technology, Stockholm.
Shareholding: -

⑨ **Jessica Åkerdahl**
Deputy employee representative
Elected: 2019
Born: 1974
Education: Engineer
Current position: Employed in Division Process Industries
Shareholding: –

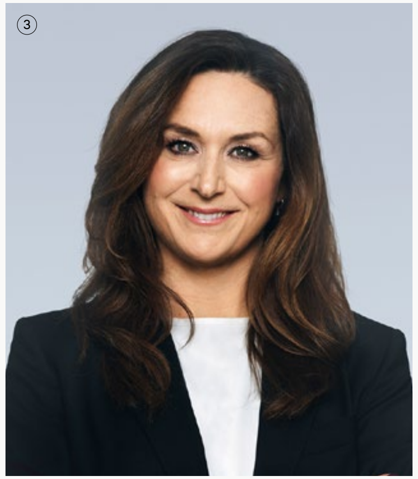
⑩ **Fredrik Sundin**
Director, employee representative
Elected: 2021
Born: 1972
Education: M.Sc. Engineering physics, Uppsala University
Current position: Employed in Division Industrial & Digital Solutions.
Shareholding: –

⑪ **Bodil Werkström**
Deputy employee representative
Elected: 2021
Born: 1975
Education:
Current position: Employed in Division Infrastructure.
Shareholding: –

⑫ **Tomas Ekvall**
Director, employee representative
Elected: 2017
Born: 1981
Education: Engineer, IT & Automation
Current position: Employed in Division Industrial & Digital Solutions.
Shareholding: 344 Class B shares.

Auditors
KPMG AB
Auditor in charge
Joakim Thilstedt

Group Executive Management



① **Jonas Gustavsson**
President and CEO
Employed: 2017
Born: 1967
Education: M.Sc. Engineering, Luleå University of Technology
Professional experience: Business Area Manager Sandvik Machining Solutions 2013–2017 and Sandvik Materials Technology 2011–2013. Prior to that, several leading positions at Sandvik and Vice President of Operations at BRP-Rotax (Austria). Leading positions at Bombardier and ABB.
Shareholding: 11,963 B shares. 2019 Staff Convertible Programme: nominal amount SEK 6,000,000.

② **Bo Sandström**
CFO
Employed: 2022
Born: 1975
Education: MSc in Engineering Physics and BSc in Business and Economics
Professional experience: CFO of ICA-handlarnas Förbund, Telia Sweden, SATS Group and Scandinavian Airlines Sweden. Management consultant with McKinsey & Company.
Shareholding: 1,000 B shares

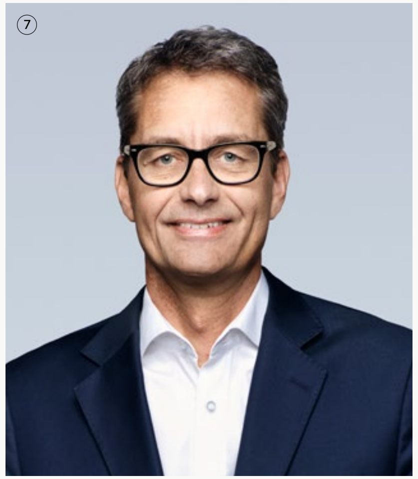
③ **Sara Klingenborg**
Head of Human Resources
Employed: 2015
Born: 1973
Education: Bachelor's degree in personal development and psychology, Lund University
Professional experience: Leading Talent Acquisition and HR roles at several international companies as Microsoft, Accenture, Eniro and AFRY/+ Managerial positions in Human Resources, including Accenture, Eniro and AFRY.
Shareholding: 0 shares

④ **Cathrine Sandegren**
EVP and Head of Communications and Brand
Employed: 2016
Born: 1977
Education: Graduate Diploma in Business Administration, Copenhagen Business School
Professional experience: Head of Corporate IR and Internal Communication ÅF, Corporate Communication Manager, SAS
Shareholding: 500 B shares.
2019 Staff Convertible Programme: nominal amount SEK 3,000,000.
2020 Staff Convertible Programme: nominal amount SEK 3,000,000.

⑤ **Susan Gustafsson**
Group General Counsel
Employed: 2019
Born: 1973
Education: Law degree (L.L.M) from Lund and Maastricht University, INSEAD Leading Innovation Programme
Professional experience: Group General Counsel (2015–2019) – MTG Modern Times Group and Nordic Entertainment Group, Stockholm. EVP General Counsel Martell Mumm Perriet-Jouët (2008–2015), M&A and corporate lawyer (2003–2008) – Pernod Ricard, Paris.
M&A and corporate lawyer (1999–2003) - Advokatfirman Vinge och Landwell & Partners, Paris.
Shareholding: 1,000 B shares. 2019 Staff Convertible Programme: nominal amount SEK 3,000,000.

⑥ **Malin Frenning**
EVP and Head of Infrastructure Division
Employed: 2019
Born: 1967
Education: Mechanical Engineering education. Luleå University of Technology
Professional experience: CEO County Council of Stockholm 2016–2019. CEO Telia Sverige and EVP TeliaSonera Region Sweden 2014–2015. President for Business Area Broadband, TeliaSonera Group 2011–2014.
Shareholding: 1,250 B shares, 2019 Staff Convertible Programme: nominal amount SEK 3,000,000. 2020 Staff Convertible Programme: nominal amountSEK 3,000,000.

Shareholding on 31 December 2022, including related party holdings.



⑦ **Robert Larsson**
EVP and Head of Industrial & Digital Solutions Division
Employed: 2018
Born: 1967
Education: M.Sc. Engineering
Professional experience: Several leading executive positions at ABB, most recently Lead Division Manager, Robotics & Motion Scandinavia
Shareholding: 4,000 B shares, 2019 Staff Convertible Programme: nominal amount SEK 2,000,000.

⑧ **Nicholas Oksanen**
EVP and Head of Process Industries Division
Employed: 1993 (Pöyry)
Born: 1967
Education: M.Sc. Paper Technology and Economics, Helsinki University of Technology, Finland 1993
Professional experience: Pöyry, President, Business Unit Pulp and Paper 2009–2019, Pöyry, various leading positions within Pulp and Paper 1997–2009, Jaakko Pöyry Deutschland GmbH, Process Engineer 1995–1997, Pöyry, Paper Technology Division, Process Engineer 1993
Shareholding: 2019 Staff Convertible Programme: nominal amount SEK 3,000,000. 2020 Staff Convertible Programme: nominal amount SEK 3,000,000.

⑨ **Linda Pålsson**
EVP and Head of Division Energy
Employed: 2014
Born: 1974
Education: M.Sc. Electrical engineering, Chalmers University of Technology
Professional experience: Several leading positions including Regional Manager Infratek, CEO Triventus, Business Area Manager ÅF, VP and Head of Hydro & Energy Nordics AFRY.
Shareholding: 3,904 B shares. 2019 Staff Convertible Programme: nominal amount SEK 300,000. 2020 Staff Convertible Programme: nominal amount SEK 300,000.

⑩ **Roland Lorenz**
EVP and Head of Management Consulting Division
Employed: 1999 (Pöyry)
Born: 1970
Education: Computer Science and Electrical Engineering, University of Applied Science Dortmund and University Bochum, Germany
Professional experience: VP and Head of Energy Management Consulting Nordics, Central and Southern Europe at Pöyry 2010–2019, MD and Head of Energy Management Consulting at Pöyry 2007–2010 and prior to that, various managerial positions in management consulting.
Shareholding: 3,000 B shares, 2019 Staff Convertible Programme: nominal amount SEK 900,000. 2020 Staff Convertible Programme: nominal amount SEK 3,000,000.

⑪ **Per Kristian Egseth**
EVP and Head of Division AFRY X
Employed: 2021
Born: 1974
Education: M.Sc. London school of economics, B.Sc Copenhagen Business School
Professional experience: Leading positions at Hitachi and IBM within digitalisation
Shareholding: 1,395 B shares.

⑫ **Henrik Tegnér**
EVP and Head of Strategy and Sustainability
Employed: 2020
Born: 1970
Education: M.Sc. Industrial Engineering and Management, Chalmers University of Technology
Professional experience: 2020–2021, Head of AFRY Energy Management Consulting in Sweden. Accenture 1996–2019 in various positions, Managing Director and Head of Utilities Nordic
Shareholding: 700 B shares.

Financial statements

Administration report

The Board of Directors and the President and CEO of AFRY AB (publ), corporate identity number 556120-6474, hereby submit the annual report and consolidated accounts for the 2022 financial year. AFRY AB, is the parent of the Group and its registered office is in Stockholm.

Business

AFRY is a European leader in sustainable engineering and advisory services, with a global reach. With 19 000 devoted experts worldwide in infrastructure, industry, energy and digitalisation, creating sustainable solutions for generations to come. AFRY has a strong position in the Nordics and selected international segments and ongoing projects in more than 100 countries worldwide.

Net sales and profit

Net sales for the year amounted to SEK 23,552 million (20,104), an increase of 17.1 percent (5.9). Organic growth was 7.8 percent (5.6) and 8.1 percent (5.3) when adjusted for calendar effects.

EBITA and the EBITA margin were SEK 1,729 million (1,662) and 7.3 percent (8.3). The effects of IFRS 16 Leases on EBITA were SEK -10 million (3) on EBITDA and SEK 545 million (569). Adjusted for items affecting comparability, EBITA amounted to SEK 1,886 million (1,712). The corresponding EBITA margin was 8.0 percent (8.5). Items affecting comparability amounted to SEK -157 million (-50), relating to costs for adaptation and configuration of cloud-based IT systems, as well as restructuring costs for the Infrastructure Division and Group functions.

Capacity utilisation was 74.7 percent (74.7) for the year.

EBIT totalled SEK 1,444 million (1,523). The difference between EBIT and EBITA consists of acquisition-related non-cash items: amortisation of acquisition-related non-current assets amounting to SEK -170 million (-159), change in estimates of future contingent considerations of SEK 14 million (36), capital loss mainly from the divestment of a property of SEK -63 million (0) and write-down of operations in Russia and write-down of excess value of property of SEK -66 million (-17).

Profit after financial items was SEK 1,220 million (1,393) and profit after tax for the period was SEK 974 million (1,130). Net financial items for the period totalled SEK -224 million (-129). In addition to higher interest expenses, net financial items were affected by discount rates related to leases in accordance with IFRS 16 Leases amounting to SEK -48 million (-46) and discounting of contingent considerations totalling SEK -3 million (-5), that did not impact cash flow. Exchange rate fluctuations related to RUB/SEK had an impact on net financial items of SEK -30 million during the period.

The tax expense amounted to SEK -246 million (-264), corresponding to a tax rate of 20.2 percent (18.9). The tax rate during the period was mainly impacted by the utilisation of previously unrecognised accumulated tax losses and non-deductible costs.

Acquisitions

In 2022, four businesses were acquired, which are expected to contribute net sales of SEK 578 million over a full year. For more information see Note 3.

Cash flow and financial position

Consolidated net debt including IFRS 16 Leases amounted to SEK 6,849 million (5,726). Consolidated net debt excluding IFRS 16 Leases amounted to SEK 4,646 million (3,565) at the end of the year, and SEK 3,565 million (2,756) at the start of the year. Cash flow from operating activities, excluding IFRS 16, reduced net debt by SEK 550 million (981), cash flow from operating activities, including IFRS 16, amounted to SEK 1,042 million (1,498). Net debt for the year increased due to acquisitions and contingent considerations paid totalling SEK 817 million (1,159). A dividend of SEK 623 million was paid in the second quarter of 2022.

AFRY raised three bilateral bank loans during the second quarter: one three-year loan of SEK 500 million, one five-year loan of EUR 50 million and one seven-year loan of SEK 500 million. The company repaid a bond of SEK 1,000 million which matured in the month of June. In addition, AFRY issued commercial papers at the end of the year to the value of SEK 190 million as part of its commercial paper programme.

At the start of the fourth quarter, AFRY AB and AFRY Group Finland Oy repaid interest-bearing internal borrowings totalling RUB 561 million in respect of AFRY RUS LLC. When the repayment was made, the internal loans in RUB and accompanying previously executed currency derivatives in RUB/SEK were closed with an accumulated currency effect on the Group's net financial items totalling SEK -30 million.

Consolidated cash and cash equivalents totalled SEK 1,088 million (2,112) at the end of the period and unused credit facilities amounted to SEK 3,056 million (2,451).

Valuation of the Group's assets and provisions

AFRY tested the valuation of the Group's goodwill as of the third quarter. The review did not indicate that any impairment loss had arisen. A follow-up was carried out to examine whether there were any indications showing a need to conduct updated impairment tests as of 31 December 2022. No such indications were found. No significant provisions were made during the period.

Parent company

Parent company's operating income for 2022 totalled SEK 1,417 million (1,278) and relates primarily to internal services within the Group. Profit after net financial items was SEK 44 million (79). Cash and cash equivalents amounted to SEK 308 million (1,155). Gross investments in intangible assets and property, plant and equipment were SEK 41 million (85). The tax rate was impacted during the period by non-taxable income in the form of dividends from subsidiaries.

Sustainability report

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, AFRY has elected to prepare the statutory sustainability report separately. The scope of the sustainability report, which also refers to AFRY's sustainability accounting, is given on page 124. AFRY has no licensable operations.

Employees

The average number of full-time employees (FTEs) was 17,340 (15,659). The total number of employees at the end of the year was 18,687 (17,019). For more information on employees, see Note 6.

Significant events during the financial year

2022 has been marked by the war in Ukraine and AFRY's immediate focus has been to ensure the safety and well-being of employees. During the third quarter, AFRY signed an agreement to divest its Russian subsidiary to the local management team. Operation in Russia account for less than 1 percent of AFRY's total sales and the Russian subsidiary has around has around 125 employees. Write-down of group values regarding Russia were carried out during the third quarter, with a negative impact on net profit by SEK 66 million (adjusted for currency).

AFRY divested its share of Amata Power (Bien Hoa) Ltd during the fourth quarter. Capital gain from the divestment amounted to SEK 31 million and had a positive impact on EBITA. Capital share referred to compensation for previous projects and is therefore accounted for as other operating income.

Sara Klingenborg has been appointed head of HR on 1 June 2022. Linda Pålsson has been appointed head of Division Energy on 1 August 2022. Bo Sandström has been appointed CFO on 7 November 2022.

Significant events after the end of the financial year

AFRY has acquired BLIX Consultancy B.V., The Netherlands and XPRO AS, Norway. For more information on significant events after the end of the financial year, see Note 30.

The share

The AFRY shares are listed on Nasdaq Stockholm. The share price at the end of the reporting period was SEK 170.90 (255.00). Class A shares carry 10 votes per share and Class B shares carry 1 vote per share. The number of shares at 31 December was 113,251,741. There are no restrictions on the transferability of shares due to statutory provisions, articles of association or, as far as the company is aware, in shareholder agreements

Guidelines for remuneration of senior executives

At the 2022 Annual General Meeting, guidelines for senior executives were adopted, which apply to the 2026 Annual General Meeting unless significant changes are to be made before then. A prerequisite for a successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. The guidelines cover the President and CEO and other members of Group Executive Management who reports to the President and CEO ("senior executives"). For more information see Note 6.

Corporate governance

AFRY prepares its Corporate Governance report as a separate document from the statutory Annual Report. This can be found on page 38.

Expectations for 2023

2022 was characterised by a tense geopolitical situation, increased inflation and higher interest rates, which led to increased uncertainty in the market. The uncertainty ahead of 2023 remains. At the same time, there is a high demand for sustainable and digital services, which is driven by the transition within, significantly, the industrial and energy sectors. AFRY has a well-diversified portfolio in sectors facing the transition and a good mix of private and public sectors.

Proposed appropriation of profits

Non-restricted profits of SEK 8,874,463,405 are at the disposal of the AGM. The Board of Directors proposes that these profits be appropriated as follows:

Payment to shareholders	
SEK 5.50 per share	622,884,576
To be carried forward	8,251,578,829
Total	**8,874,463,405**

Division Infrastructure

Key ratios	2022	2021
Net sales, SEK million	8,939	7,714
EBITA, SEK million	665	569
EBITA marginal, %	7.4	7.4
Average number of full-time employees (FTEs)	6,483	5,914
Order stock	8,136	6,431

Net sales
Net sales for 2022 amounted to SEK 8,939 million (7,714), an increase by 15.9 percent. Adjusted for calendar effect the organic growth was 5.6 percent. Growth was driven by a strong demand across most segments and markets. The order stock is at a continued high level.

EBITA and EBITA margin
EBITA amounted to SEK 665 million (569) and the corresponding margin was 7.4 percent (7.4). The margin was supported by the cost program initiated in the first quarter and higher average fees, but negatively impacted by postponements of projects mainly in the Swedish real estate operations, a weak development in Finland towards the end of the year and an increased use of sub-consultants.

Market development
Public investments in transport infrastructure is on a continued stable level in all markets. Political uncertainty affects redistribution of public spending which could slow down investments. Higher costs, interest rates and rising construction and material cost, slow down the real estate market. Investments in education and healthcare facilities, as well as industrial segments, are stable and drive demand for the division's services. Water sector investments remain at a stable level. Ageing water and wastewater infrastructure, more stringent environmental regulations, climate change effects, continue to drive the necessity for large investments in this area.

Division Infrastructure,
share of net sales

37%

Division Industrial & Digital Solutions

Key ratios	2022	2021
Net sales, SEK million	5,496	4,924
EBITA, SEK million	445	399
EBITA marginal, %	8.1	8.1
Average number of full-time employees (FTEs)	3,261	3 ,14
Order stock	2,572	2,461

Historical figures above have been adjusted to account for organisational changes.

Net sales
Net sales for 2022 amounted to SEK 5,496 million (4,924), an increase by 11.6 percent. Adjusted for calendar effect the organic growth was 8.8 percent. Growth was driven by continued strong demand across all segments, especially within automotive, manufacturing and defence.

EBITA and EBITA margin
EBITA amounted to SEK 445 million (399) and the corresponding margin was 8.1 percent (8.1). The margin was negatively impacted by a high employee turnover and an increased use of sub-consultants, while a good cost control and higher average fees impacted positively.

Market development
The ongoing transition in the industry, driven by digitisation and electrification, is resulting in a continued high demand for design and development of products, services and production capacity. The high demand for competence in the market is met through more efficient delivery models, like agile teams, and further utilisation of subconsultants in the AFRY Partner Network. Within the manufacturing industry, the high demand for product development and production capacity improvement projects continues and the demand within the food & life-science segment remain favourable.

Division Industrial & Digital Solutions,
share of net sales

22%

Division Process Industries

Key ratios	2022	2021
Net sales, SEK million	4,617	3,817
EBITA, SEK million	486	470
EBITA marginal, %	10.5	12.3
Average number of full-time employees (FTEs)	4,116	3,591
Order stock	3,428	2,936

Historical figures above have been adjusted to account for organisational changes.

Net sales
Net sales for 2022 amounted to SEK 4,617 million (3,817), an increase by 21.0 percent. Adjusted for calendar effect the organic growth was 11.8 percent. The growth was driven by big pulp & paper and mining & metals CAPEX projects especially in South America and a stable business in the Nordics, Central Europe and USA. The order stock remains high.

EBITA and EBITA margin
EBITA amounted to SEK 486 million (470) and the corresponding margin was 10.5 percent (12.3). The margin was positively impacted by a strong development in Finland and Central Europe, but negatively by an increased use of sub-consultants and a less favourable project mix.

Market development
Overall, market activities remained on a high level during the year. Investment decisions for several bigger CAPEX projects both in the pulp & paper and mining & metals sectors have been decided and many projects are in development phase. Component disruption, inflationary pressures and increasing interest rates may lead to delays in investment decisions. New sustainable technologies and solutions like batteries and regenerated textile fibres are rapidly increasing. These new technologies bring many new companies in the markets with great opportunities but also some uncertainty in financing and project execution experience.

Division Process Industries,
share of net sales

19%

Division Energy

Key ratios	2022	2021
Net sales, SEK million	3,032	2,683
EBITA, SEK million	294	301
EBITA marginal, %	9.7	11.2
Average number of full-time employees (FTEs)	1,754	1,683
Order stock	4,798	3,713

Net sales
Net sales for 2022 amounted to SEK 3,032 million (2,683), an increase by 13.0 percent. Adjusted for calendar effect the organic growth was 4.9 percent. The growth was driven by a continued strong demand, especially within hydro and renewable energy & thermal. The order stock is at a continued high level.

EBITA and EBITA margin
EBITA amounted to SEK 294 million (301) and the corresponding margin was 9.7 percent (11.2). The margin was at a high level and was positively impacted by a continued tight cost control and a strong performance in all segments.

Market development
The general outlook for the energy sector is improving in most areas and industrial decarbonisation investments continue to increase, driving the energy transition. Demand is strong in hydro and nuclear rehabilitation/life extension investments, waste-to-energy projects, as well as green ammonia/hydrogen and solar & wind projects. There is also a strong market for electrical power connections to connect new energy production like onshore and offshore wind, but also to strengthen existing grids, for example to allow for more electric vehicle charging. Even if there are uncertainties in the market, the investments in especially renewable energy in Europe is expected to increase even further in 2023 and the competition for talent is expected to continue.

Division Energy,
share of net sales

12%

Division AFRY X

Key ratios	2022	2021
Net sales, SEK million	1,180	947
EBITA, SEK million	12	44
EBITA marginal, %	1.0	4.6
Average number of full-time employees (FTEs)	714	594
Order stock	204	320

Net sales
Net sales for 2022 amounted to SEK 1,180 million (947), an increase by 24.6 percent. Adjusted for calendar effect the organic growth was 4.2 percent. The growth was supported by an increasing number of employees, higher fees and an increased use of sub-consultants.

EBITA and EBITA margin
EBITA amounted to SEK 12 million (44) and the corresponding margin was 1.0 percent (4.6). EBITA for business area Services was SEK 103 million (97) with a margin of 9.0 percent (10.5). The margin was negatively impacted by a lower utilisation mainly related to onboarding of new employees. The review of the software portfolio was completed during the fourth quarter 2022.

Market development
The division operates mainly in Sweden, Norway and Finland. Demand for digital services is at a stable level. There is a particularly high demand within cyber security and business intelligence. At the same time the demand for senior developers and team deliveries is increasing. There is a continued shortage of competence and high level of employee turnover within the IT and digital market, therefore retaining talent and recruiting is a key challenge for the division.

Division AFRY X,
share of net sales

5%

Division Management Consulting

Key ratios	2022	2021
Net sales, SEK million	1,160	945
EBITA, SEK million	166	152
EBITA marginal, %	14.3	16.1
Average number of full-time employees (FTEs)	521	457
Order stock	301	271

Historical figures above have been adjusted to account for organisational changes.

Net sales
Net sales for 2022 amounted to SEK 1,160 million (945), an increase by 22.8 percent. Adjusted for calendar effect the organic growth was 13.6 percent. The growth reflects the continued positive market environment in the energy and bioindustry sectors across our service portfolio and an active transaction markets.

EBITA and EBITA margin
EBITA amounted to SEK 166 million (152) and the corresponding margin was 14.3 percent (16.1). The margin was positively impacted by a continued strong demand in both the energy and bioindustry sectors.

Market development
The balance between ensuring security of supply in the short-term and ongoing decarbonisation is a key area of discussion across the global economy. Major regulatory changes in many parts of the world are being brought forward. As a result, companies are adapting their strategies and seeking advisory services. The green transition is continuously increasing need for bio-based alternatives and circular solutions and is in turn driving demand for consulting services. Limited raw material availability and surging costs support demand for sourcing strategies, operational excellence and digital transformation services. Demand for consulting services in the energy and bio-based sectors remains strong. The recruitment market remains tight and acts as a constraint for the strong growth.

Division Management Consulting,
share of net sales

5%

Risks and risk management

Risk management

AFRY works systematically to identify, assess and manage business risks that may affect the company's goals and strategy.

Risk assessments in the business

The Group operates according to an annual Enterprise Risk Management (ERM) process. The annual ERM cycle begins with the identification of the most significant risks that may affect the objectives and strategy of the Group or individual units. These material risks are reflected in the section below: Risk Factors. The probability and impact of the key risks is assessed quantitatively and qualitatively by each division and also at Group level through the GRECS (Governance, Risk, Ethics, Compliance and Sustainability) Committee. The assessments are compiled in risk heat maps with risk mitigation measures at division level, while an aggregated Group-wide risk heat map with risk mitigation measures is processed by Group management and approved by the Board of Directors. The divisions, together with risk owners in the Group functions, decide on appropriate risk mitigation measures depending on how the risk affects the division's operations and the Group as a whole. In 2022, the ERM process was anchored in the strategy process to ensure that risk mitigation measures are reflected in the strategic initiatives of the divisions. Risks related to responsible business conduct, including environmental aspects, human rights, labour rights and anti-corruption, are assessed within the framework of the ERM, which ensures that they are managed by the entire Group. In 2023, the focus will be on ensuring continuous reassessment of risk mitigation measures.

In addition to this Group-wide process, specific risk analyses are regularly carried out by various Group functions, for example risks related to financial controls and IT-related risks. Functions such as Group Security, Compliance & Ethics, Quality and Internal Audit contribute to in-depth risk identification and monitoring of controls.

Oversight of risk management

The Board has the ultimate responsibility for assessing and following up on AFRY's risk exposure. It regularly assesses the risk profile and annually approves the Group's risk heat map including risk mitigation measures. The Audit Committee regularly assesses the Group's risk management processes and receives updates of the work related to GRC (Governance Risk Compliance) and material disputes from Group General Counsel. Group management is responsible for the management of significant risks in day-to-day operations and oversees this through the committee GRECS (Governance, Risk, Ethics, Compliance and Sustainability). The oversight of risk management is explained in more detail in the Board's report on internal control on page 43.

Risk assessments in connection with customer assignments

Assessment and management of risks linked to customer assignments takes place within the divisions with the support of Group functions in connection with the tender process. The risk assessment integrates the Group-wide process and the Code of Conduct Assessment process (which assesses risks linked to the Code of Conduct, which in turn is based on the Global Compact's ten principles, Agenda 2030 and 1.5°C ambition). Read more about the Code of Conduct Assessment process below and in the sustainability note S7.

Sustainability aspects in risk management

Sustainability is an integral part of AFRY's strategy and thus an integral part of risk management. AFRY's operations in the global energy, industrial and infrastructure markets, its geographical spread and strengthened position in the public sector expose AFRY to risks related to several sustainability aspects such as corruption, human rights, working conditions and the environment including climate. AFRY takes a proactive approach and assesses sustainability risks in relation to its customer assignments via the Code of Conduct Assessment process. As part of this process, the risks of links to corruption, negative impact on human rights, safety and working conditions for employees and sub-consultants, as well as social, environmental and climate-related risks are evaluated.

Based on the nature of AFRY's operations, the risks of negative impact on human rights through our assignments are assessed as relatively low. If risks of potential negative impact are identified in the Code of Conduct Assessment process, these must be prevented or risk mitigation measures must be agreed before tenders are submitted. Transparency is integrated into the process as it is required that all high-risk assignments that must be approved by senior executives according to the Group's Delegation of Authorities, must document that a Code of Conduct Assessment has been undertaken. If the risks cannot be reduced, AFRY may have to decline the opportunity. The Code of Conduct Assessment process applies the precautionary principle and ensures that AFRY takes responsibility for its value chain and performs adequate due diligence for sustainability, including human rights due diligence.

In 2022, AFRY continued to implement the TCFD's (Taskforce on Climate related Financial Disclosure) recommendations and assessed AFRY's exposure to climate related risks, where the Group functions Compliance & Ethics, Health & Safety, Strategy and Sustainability participated. The conclusion from these assessments, combined with the group-wide risk assessment process, is that AFRY has no significant climate-related risks. AFRY regards climate-related risks as integrated in several of the risk categories specified below, which is why climate is not included as a separate risk category. Climate-related risks are primarily managed through the Code of Conduct, the sustainability policy, the group-wide strategy and risk assessment process, the Code of Conduct Assessment process, our strategy and our climate targets.

Read more about AFRY's risk management in the corporate governance report on page 43.

Financial aspects of risk management

Risk management in connection with the Group's financial transactions is managed centrally by the parent company's finance department which identifies, evaluates and manages financial risks in cooperation with the Group's operating units. Through its operations, the Group is exposed to financial risks such as currency, interest rate, credit, financing and liquidity risks. These are explained on page 77 of Note 13, Financial assets and liabilities. The work of managing risks linked to financial reporting is led by AFRY's central unit for Group Finance with the support of the divisions' finance functions through harmonised control processes. The handling of this is explained in the Board's report on internal control on page 38.

Risk factors

The section below describes the risks that are deemed to be most significant for AFRY's operations, profitability and future development (strategic and operational risks) and how they are managed on a general level. Specific action plans to manage the risks are developed in each division, or at Group functions, depending on how likely the risk is and what impact it would have on the specific part of the business or the Group as a whole.

Risk	Description of risk	Influence	Risk management
Market Conditions	Risk that AFRY cannot mitigate the impact of adverse market conditions for the Group and its customers.	In 2022, the geopolitical situation, global inflationary pressures and energy supply risks affected several of AFRY's customers and increased the risks of cost increases and delayed projects for parts of AFRY's operations. At the same time, the increased focus on energy supply has increased the demand for AFRY's expertise and services.	The Group's strategy is based on high change capacity and mobility internally so resources are utilised where they are most needed. Each part of the business is responsible for ensuring that their customer offering is reliable, attractive and competitive in the market. The Group manages risks related to economic conditions, structure and market trends by diversifying and being active in several markets and in areas that have different economic trends and are affected in different ways by structural changes and changing market conditions.
Competition	Risk that AFRY's competitors are more agile and thereby gain market share.	In 2022, the fierce competition for consulting services and rapid changes has been particularly noticeable in the infrastructure segment. At the same time, increased opportunities in sustainability and digitalisation has stimulated demand for new business and new types of business models, contracts and product solutions that AFRY must be able to meet in order to retain market share.	Each division continuously assesses and responds to the prevailing competitive situation in its markets. The Group's strategy is primarily focused on securing availability of competence to meet the demand for new types of solutions.
Information security	Risk that IT systems do not support business needs (e.g. due to insufficient identification of business requirements).	The increased information security risks highlight the importance of identifying information security requirements. To ensure continuity, key assets shall be identified. Solutions that have not identified business needs for information security may be unavailable when needed or reveal customer or personal data, which can cause losses and affect customer trust.	Systematic data management includes continuous evaluation of business needs and review of the company's data landscape. Countermeasures are identified and managed at the business level within the framework of the Group's information security program. The measures includes mandatory user training, policy and process within IT delivery, as well as allocating roles and responsibilities for employees and sub-consultants. The Group has developed a process for assessing data classification and prioritisation of assets.
IT security and cyber risks	Risk that critical IT assets and IT systems cannot be adequately protected resulting in a negative impact on the business.	Risk that critical IT assets and IT systems cannot be adequately protected resulting in a negative impact on the business. Cyberattacks can seriously affect business-critical IT systems and services, supply chains, business deliveries, and the brand. Vulnerabilities in exposed systems and services, data breaches and loss of data therefore pose risks that must be minimised. The ability to manage cyberattacks and information security risks to ensure business continuity is mission critical.	Risk analysis is done regularly by business-critical applications and platforms. The Group has invested in solutions to improve the resilience of identity and information protection and backup solutions that identify critical assets. Continuous training efforts are rolled out to raise awareness of cyberattacks. The Group has taken out cyber insurance and the IT delivery team is continuously working on security improvements.
Claims and disputes	Risk that AFRY will face increased cost for claims and disputes.	In AFRY's operations, there is a risk of disputes in, among other things, customer assignments and in connection with acquisitions. It is not possible to predict the risk of, or possible outcomes of, proceedings, disputes and claims. The current market situation is characterised by geopolitical uncertainty and rapid cost increases which increases the likelihood of disputes.	The Group strives to prevent disputes and thereby keep costs down for disputes that arise in connection with the business and within the framework of customer assignments. The measures are based on approval policies, including that certain tenders and contracts must be reviewed by AFRY's lawyers, quality control, internal legal advice, escalation processes, training efforts, compliance follow-up and other guidelines. The Group's insurance coverage includes general liability insurance, product liability insurance and consultant liability insurance.
Optimise utilisation rates	Risk that AFRY cannot maintain optimal utilisation levels.	All divisions continuously review utilisation rates and ensure that relevant expertise is available to meet customer demand.	AFRY has implemented Group-wide systems, tools and routines to continuously follow up on billing levels and utilisation rates, as well as ensure sales support and competence management. The Company's strategy is also based on reassigning employees from projects that have been delayed or cancelled to new or other ongoing assignments.
Attract and retain relevant talent	Risk that AFRY cannot attract, recruit, develop and retain talent.	The industry in which the Group operates is characterised by a high turnover of employees, where consultants often change employers or start their own business. Competence in sustainability and digitalisation has become crucial for several of the segments in which the Group operates, and the Group must be at the forefront in these areas.	Intense focus is placed on employer brand strengthening activities, recruitment processes, remuneration structures, succession planning, leadership training, opportunities for personal development and a healthy work environment. Development talks with employees take place annually where individual development plans are designed.
Customer satisfaction	Risk that customers do not return due to AFRY not meeting their expectations in the project implementation.	If the Group is unable to meet customer expectations, AFRY risks not being able to maintain and increase order intake. Missed expectations can also affect ongoing projects and assignments which increases the risk of complaints and disputes which in turn affects profitability. Disputes during customer assignments also affect the work environment for the Group's employees and partners.	The Group's management system includes a sales and project model that incorporates criteria and processes to ensure customer satisfaction. The work is supported through AFRY's central customer relationship system where a functionality for requesting and receiving customer feedback has been installed. The surveys are analysed and remedied within the divisions. Group management receives regular reports on NPS (Net Promoter Score) and CSAT (customer satisfaction score).
Responsible business	Risk that AFRY's guidelines for responsible business conduct and commitments will not be applied throughout the business.	The Group conducts its operations globally, which exposes the Group to various types of risks related to corruption, human rights violations, poor working conditions or negative environmental impact, primarily within the framework of its customer assignments. The negative environmental impact of the Group's operations is related to carbon dioxide emissions caused by business travel, energy consumption in offices and purchasing. See Note 31, Critical estimates and assessments..	The Group has established several processes and tools to ensure responsible business. This is described above in the sections Risk assessments in connection with Customer assignments, Sustainability aspects in risk management and Note S7, S8 and S9 in the sustainability notes and follow-up of the sustainability goals in Note S3. See also more about how the Group works with its own climate impact in Note S12 in the sustainability notes.

Risk	Description of risk	Influence	Risk management
Compliance	Risk that relevant policies, rules and regulations are not understood and complied with by all employees.	The regulations that affect the Group and its customers are developing rapidly in several of the Group's markets with increasingly high demands on preventive measures. During the year, risk exposure to compliance with sanctions and export control rules linked to Russia's invasion of Ukraine was a particular focus for Group management and the Board of Directors.	The Group works continuously to implement scalable processes and controls to prevent risks of non-compliance with regulations globally. During the year, the business has focused in particular on preventing and controlling the risk of violations of current sanctions legislation. See Note S7 in the sustainability notes.
Non-organic growth	Risk that AFRY cannot effectively integrate acquired companies or complete acquisitions according to established strategy.	Acquisitions are an important part of the Group's growth strategy. They enable the Group to achieve the strategic goals for certain growth segments, expand customer markets and supply specific expertise. There is a risk that acquisitions do not add the expected value or that AFRY cannot carry out potential acquisitions.	The Group has established an acquisition and integration process where decisions on new acquisitions are made by the Board of Directors or management. During the year, the focus has been on the integration and implementation of the Group's values of corporate responsibility, sustainability and compliance with review processes in connection with acquisitions. In addition, the Group has developed a tool for assessing corporate culture that is used to identify cultural differences during the review process and thus enable cultural aspects to be better managed in connection with integration.
Supply chain	Risk that AFRY cannot find subcontractors who meet the requirements within a competitive cost level.	The Group's continued international growth leads to an increased need for subcontractors, both in terms of providing competent engineers and complete project organisations. Customers and other stakeholders place higher demands on AFRY to take increased responsibility for sustainability within the supply chain.	The Group works continuously to optimise its network of sub-consultants. The Group's insurance arrangements also cover the work of subcontractors. See above Sustainability risk management and Note S7 in the sustainability notes on how AFRY manages its responsibilities in the supply chain.
Pricing and financial risk exposure in projects	Risk that AFRY cannot control costs and quality during the project, which leads to lower margins or losses.	Efficient systems that support the Group's business model and effective project management are central for a global company with large number of project deliveries.	The Group continues its implementation of a Group-wide business system to ensure that costs are calculated and controlled reliably and where projects and consulting assignments are carried out efficiently with good quality assurance.
Financing and capital structure	Risk that AFRY cannot take out new loans or renew existing loans at attractive terms.	Through its international operations, the Group is affected by changes in interest rates and currency fluctuations. During the year, inflation and changes in interest rate conditions particularly affected the Group's financing costs. See Note 13 Financial assets and liabilities.	The Group's financial transactions and risks are managed centrally by the Parent Company's Treasury department, which works in accordance with the Board's established guidelines. See also Note 13 Financial assets and liabilities.
Brand and reputation	Risk that AFRY cannot attract employees, customers or capital due to a weak brand or bad reputation.	The Group's brand is closely linked to the company's ability to deliver on its financial and sustainability goals.	The Group works continuously to manage the risks and opportunities that an international presence and growing demands from customers, employees and other stakeholders entail. AFRY maintains a continuous dialogue with all stakeholders to create a clear and credible picture of AFRY's strategy, operations and financial position. Special focus is put on brand-building activities to increase awareness of AFRY and create a positive perception of the company.

Financial statements

Financial statements

Notes

Consolidated income statement

1 January – 31 December (SEK million)	Note	2022	2021
Net sales	2	23,552	20,104
Purchases of services and materials		-4,897	-3,918
Other external costs	5, 16, 24	-1,903	-1,622
Personnel costs	6	-14,428	-12,266
Other operating income	4	98	58
Other operating expenses	7	0	-1
Profit/loss attributable to participations in associates	17	8	5
EBITDA		**2,430**	**2,359**
Amortisation and impairment of non-current assets[1]	14, 15, 16	-702	-698
EBITA		**1,729**	**1,662**
Acquisition-related items[2]	8	-285	-139
Operating profit (EBIT)	2, 9	**1,444**	**1,523**
Profit/loss from financial items			
Financial income	10	778	242
Financial expenses	10, 16	-1,002	-371
Financial items		**-224**	**-129**
Profit after financial items		1,220	1,393
Tax	22	-246	-264
Profit for the year		**974**	**1,130**
Attributable to:			
Shareholders in the parent		974	1,129
Non-controlling interest		0	0
		974	**1,130**
Earnings per share attributable to the parent's shareholders	12		
basic earnings per share (SEK)		8.60	9.97
diluted earnings per share (SEK)[3]		8.60	9.97

1) Depreciation/amortisation and impairment of non-current assets refers to property, plant and equipment and intangible assets excluding intangible assets related to acquisitions.
2) Acquisition-related items are defined as depreciation/amortisation and impairment of acquisition-related intangible assets including goodwill, revaluation of contingent considerations and gains/losses on divestment of companies and businesses.
3) Issued convertibles did not lead to any dilution during the period.

Statement of consolidated comprehensive income

1 January – 31 December (SEK million)	2022	2021
Profit for the year	**974**	**1,130**
Items which will be classified to profit or loss		
Translation differences for foreign operations for the period	624	357
Changes in fair value of hedge reserve	202	-10
Tax	-16	0
Items which will not be classified to profit or loss		
Revaluation of defined-benefit pension plans	-11	130
Tax	27	-24
Other comprehensive income	**826**	**452**
Comprehensive income for the period	**1,800**	**1,582**
Attributable to:		
Shareholders in the parent	1,800	1,581
Non-controlling interest	0	0
	1,800	**1,582**

Consolidated balance sheet

As at 31 December (SEK million)	Note	2022	2021
Non-current assets			
Intangible assets	2, 14	15,590	14,045
Property, plant and equipment	2, 15	355	495
Right-of-use assets	2, 16	1,954	1,967
Participations in associates	17	1	24
Financial investments	13	8	52
Non-current receivables	13	108	99
Deferred tax assets	22	201	174
Total non-current assets		**18,217**	**16,857**
Current assets			
Accounts receivable	13	5,205	4,206
Revenue generated but not invoiced	13	2,325	1,927
Current tax assets	22	166	30
Other receivables		683	474
Prepaid expenses and accrued income	18	311	308
Cash and cash equivalents	29	1,088	2,112
Total current assets		**9,778**	**9,056**
Total assets		**27,996**	**25,913**

Net debt	2022	2021
Loans and credit facilities	5,580	5,471
Net pension liability	155	205
Cash and cash equivalents	-1,088	-2,112
	4,646	**3,565**

As at 31 December (SEK million)	Note	2022	2021
EQUITY AND LIABILITIES			
Equity	19		
Share capital		283	283
Other contributed capital		4,949	4,942
Reserves		858	234
Profits brought forward including net profit for the year		6,085	5,533
Equity attributable to shareholders in the parent		**12,176**	**10,992**
Non-controlling interest		2	1
Total equity		**12,178**	**10,993**
Liabilities			
Loans and credit facilities	13	4,371	4,423
Lease liabilities	16	1,625	1,738
Provisions for pensions	20	155	216
Other provisions	21	105	72
Deferred tax liabilities	22	397	389
Other liabilities	13	143	176
Total non-current liabilities		**6,797**	**7,014**
Loans and credit facilities	13	1,221	1,065
Lease liabilities	16	578	423
Other provisions	21	45	34
Work invoiced but not yet carried out		2,134	1,914
Accounts payable		1,286	1,097
Current tax liabilities	22	320	296
Accrued expenses and prepaid income	23	2,303	2,148
Other liabilities	13	1,134	928
Total current liabilities		**9,021**	**7,905**
Total liabilities		**15,817**	**14,919**
Total equity and liabilities		**27,996**	**25,913**

For information about the Group's pledged assets and contingent liabilities, see Note 25.

Statement of change in consolidated equity

SEK million	Share capital	Other contributed capital	Reserves	Retained profit incl. profit for the year	Total	Non-controlling interest	Total equity
	Equity attributable to shareholders in the parent						
Equity brought forward 1 Jan 2021	282	4,971	-113	4,864	10,005	1	10,005
Profit for the year				1,129	1,129	0	1,130
Other comprehensive income			347	106	452	0	452
Comprehensive income for the period	**—**	**—**	**347**	**1,235**	**1,581**	**0**	**1,582**
Dividends paid				-566	-566	0	-566
Conversion of convertible bonds into shares	2	174			176		176
Share buy-backs		-205			-205		-205
Cancellation of shares	-2	2			—		—
Equity carried forward 31 Dec 2021	**283**	**4,942**	**234**	**5,533**	**10,992**	**1**	**10,993**
Equity brought forward 1 Jan 2022	283	4,942	234	5,533	10,992	1	10,993
Profit for the year				974	974	0	974
Other comprehensive income			624	202	825	0	826
Comprehensive income for the period	**—**	**—**	**624**	**1,176**	**1,800**	**0**	**1,800**
Dividends paid				-623	-623	0	-623
Conversion of convertible bonds into shares	0	8			8	—	8
Transactions related to non-controlling interests				-1	-1	1	—
Equity carried forward 31 Dec 2022	**283**	**4,949**	**858**	**6,085**	**12,176**	**2**	**12,178**

For supplementary information, see Note 19.

Statement of consolidated cash flows

1 January – 31 December (SEK million)	Note	2022	2021
Operating activities	29		
Profit after financial items		1,220	1,393
Adjustment for items not included in cash flow		1,005	874
of which IFRS 16 Leases		*555*	*566*
Income tax paid		-385	-229
Cash flow from operating activities before changes in working capital		**1,840**	**2,038**
Cash flow from changes in working capital			
Change in operating receivables		-996	-980
Change in operating liabilities		198	440
Cash flow from operating activities		**1,042**	**1,498**
Investing activities			
Acquisition of property, plant and equipment		-112	-87
Disposal of property, plant and equipment		105	44
Acquisition of intangible assets		-39	-27
Divestment of intangible assets		0	1
Acquisition of operations	3	-813	-955
Divestment of operations		41	0
Contingent considerations paid and step acquisitions		-44	-204
Acquisition of financial receivables		-11	0
Divestment of financial receivables		0	15
Cash flow from investing activities		**-873**	**-1,213**
Financing activities			
Borrowings		1,785	2,139
Amortisation of loans		-2,117	-1,373
Dividends paid		-623	-566
Share buy-backs, own shares		—	-205
Pay-out, convertible programme		-58	-7
Cash flow from financing activities		**-1,012**	**-12**
Cash flow for the year		-843	274
Opening cash and cash equivalents		2,112	1,930
Exchange difference in cash and cash equivalents		-180	-92
Closing cash and cash equivalents		**1,088**	**2,112**

Change in consolidated net debt (incl. IFRS 16 Leasing)

1 January – 31 December (SEK million)	2022	2021
Opening balance	5,726	5,193
Cash flow from operating activities	-1,042	-1,498
Net investments	46	69
Acquisition/divestment of operations and contingent considerations	817	1,159
Dividend	623	566
Share buy-backs, own shares	—	205
Other	680	34
Closing balance	**6,849**	**5,726**

Parent income statement

1 January – 31 December (SEK million)	Note	2022	2021
Operating income			
Net sales		1,020	919
Other operating income	4	397	360
		1,417	**1,278**
Operating expenses			
Other external costs	5, 24	-1,102	-1,016
Personnel costs	6	-328	-232
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	14, 15	-37	-36
Other operating expenses	7	-329	-317
Operating profit		**-379**	**-323**
Profit/loss from financial items			
Profit from participations in Group companies and associates	10	390	348
Interest income and similar profit/loss items	10	914	328
Interest expense and similar profit/loss items	10	-881	-273
		423	**403**
Profit after financial items		**44**	**79**
Appropriations	11	299	519
Profit before tax		**343**	**598**
Tax	22	11	-19
Profit for the year		**353**	**579**

Parent statement of comprehensive income

1 January – 31 December (SEK million)	2022	2021
Profit for the year	**353**	**579**
Items which will be classified to profit or loss		
Changes in fair value of hedge reserve	88	20
Tax	-15	-4
Other comprehensive income	**73**	**15**
Comprehensive income for the period	**427**	**595**

Parent balance sheet

As at 31 December (SEK million)	Note	2022	2021
Non-current assets			
Intangible assets	14	5	9
Property, plant and equipment	15	133	125
Financial assets			
Participations in Group companies	27	8,316	8,328
Receivables from Group companies	26	5,745	5,745
Non-current receivables		81	129
Total non-current assets		**14,281**	**14,336**
Current assets			
Current receivables			
Accounts receivable		27	4
Receivables from Group companies and associates	26	4,691	2,493
Current tax asset	22	8	—
Other receivables		99	87
Prepaid expenses and accrued income	18	207	163
Total current receivables		**5,033**	**2,746**
Cash and bank balances	29	308	1,155
Total current assets		**5,340**	**3,902**
Total assets		**19,622**	**18,238**

As at 31 December (SEK million)	Note	2022	2021
EQUITY AND LIABILITIES			
Equity	19		
Restricted equity			
Share capital		283	283
Statutory reserve		47	47
Non-restricted equity			
Share premium reserve		4,867	4,859
Fair value reserve		99	26
Profit brought forward		3,555	3,599
Profit for the year		353	579
Total equity		**9,204**	**9,393**
Untaxed reserves	28	**103**	**101**
Provisions			
Provisions for pensions and similar obligations	20	13	14
Deferred tax liability	22	1	2
Other provisions	21	21	20
Total provisions		**36**	**36**
Non-current liabilities			
Bonds	13	2,000	2,500
Staff convertibles	13	146	311
Liabilities to credit institutions	13	2,203	1,612
Total non-current liabilities		**4,349**	**4,423**
Current liabilities			
Bond loans	13	500	1,000
Staff convertibles	13	171	65
Liabilities to credit institutions	13	550	—
Accounts payable		244	173
Liabilities to Group companies	26	3,287	2,253
Current tax liability	22	–	3
Other liabilities	13	1,041	703
Accrued expenses and prepaid income	23	138	88
Total current liabilities		**5,930**	**4,285**
Total equity and liabilities		**19,622**	**18,238**

Statement of change in parent equity

	Restricted equity		Non-restricted equity				
SEK million	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Profit brought forward	Profit for the year	Total equity
Equity brought forward 1 Jan 2021	282	47	4,888	11	3,879	290	9,397
Profit for the year						579	579
Other comprehensive income				15			15
Comprehensive income for the period	**—**	**—**	**—**	**15**	**—**	**579**	**595**
Appropriation of profits					290	-290	—
Dividend paid					-566		-566
Conversion of convertible bonds into shares	2		174				176
Share buy-backs, own shares			-205				-205
Cancellation of shares	-2		2				—
Equity carried forward 31 Dec 2021	**283**	**47**	**4,859**	**26**	**3,599**	**579**	**9,393**
Equity brought forward 1 Jan 2022	283	47	4,859	26	3,599	579	9,393
Profit for the year						353	353
Other comprehensive income				73			73
Comprehensive income for the period	**—**	**—**	**—**	**73**	**—**	**353**	**427**
Appropriation of profits					579	-579	0
Dividend paid					-623		-623
Conversion of convertible bonds into shares	0		8				8
Equity carried forward 31 Dec 2022	**283**	**47**	**4,867**	**99**	**3,555**	**353**	**9,204**

For supplementary information, see Note 19.

Statement of cash flows for parent

1 January – 31 December (SEK million)	Note	2022	2021
Operating activities	29		
Profit after financial items		44	79
Adjustment for items not included in cash flow		51	99
Income tax paid		17	-10
Cash flow from operating activities before changes in working capital		**112**	**168**
Cash flow from changes in working capital			
Change in operating receivables		-1,781	-172
Change in operating liabilities		1,417	-154
Cash flow from operating activities		**-252**	**-158**
Investing activities			
Acquisition of property, plant and equipment		-40	-14
Disposal of property, plant and equipment		0	0
Acquisition of intangible assets		-1	-2
Acquisition of financial assets		-18	-15
Divestment of financial assets		3	4
Divestment of subsidiary		0	—
Contingent considerations paid		0	-28
Cash flow from investing activities		**-56**	**-55**
Financing activities			
Borrowings		1,765	2,112
Amortisation of loans		-1,624	-856
Dividends paid		-623	-566
Share buy-backs, own shares		—	-205
Pay-out, convertible programme		-58	-7
Cash flow from financing activities		**-540**	**479**
Cash flow for the year		-848	266
Opening cash and cash equivalents		1,155	889
Closing cash and cash equivalents		**308**	**1,155**

Note 1

Amounts are in SEK millions unless otherwise stated

Material accounting policies

1.1 Compliance with standards and legal requirements
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations published by the International Financial Reporting Interpretations Committee (IFRIC) approved by the European Commission for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups) has been applied.

The parent applies the same accounting policies as the Group except in those cases specified below in the "Parent accounting policies" section. The differences between the accounting policies of the parent and the Group are due to limitations in the parent's scope to apply IFRS imposed by the Swedish Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen), and in some cases to tax reasons.

1.2 Basis of preparation of the parent and consolidated financial statements
The parent's functional currency is the Swedish krona (SEK), which is also the presentation currency for the parent and the Group. This means that the financial statements are presented in SEK. Assets and liabilities are recognised at cost, except for various investments and liabilities which are carried at fair value. The financial assets and liabilities which are carried at fair value are derivative instruments, contingent consideration and financial investments. The preparation of financial statements in accordance with IFRS requires management to make judgements and estimates, and to make assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses.

These estimates and assumptions are based on historical experience and several other factors deemed reasonable under the circumstances. The results of these estimates and assumptions are then used to judge the carrying amounts of assets and liabilities where these are not clear from other sources. The actual outcome may differ from these estimates and judgements. Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the change affects only that period, or in both the period in which the change is made and future periods if the change affects both the current and future periods. Judgements made by management in applying IFRS which have a significant effect on the financial statements, and estimates made which could result in material adjustments in subsequent years' financial statements, are described in more detail in Note 31.

The following accounting policies for the Group have been applied consistently to all periods presented in the consolidate financial statements unless otherwise stated below. The Group's accounting policies have been applied consistently in the reporting and consolidation of the parent, subsidiaries and the inclusion of associates and joint ventures in the consolidated financial statements accounts. The annual report and consolidated financial statements were approved for release by the Board of Directors on 31 March 2023. The consolidated income statement and balance sheet and the parent income statement and balance sheet will be put forward for adoption at the AGM on 27 April 2023.

1.3 Amended accounting policies and disclosure requirements
1.3.1 New and amended accounting policies and interpretations for the year
Amended and new accounting policies have had no significant effect on the Group.

1.3.2 New and amended accounting policies which have not yet come into force
In May 2021, the International Accounting Standards Board (IASB) published a change to IAS 12 in respect of deferred tax related to assets and liabilities originating from a single transaction. The principal change is that the exemption on the first reporting occasion does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise. The changes to IAS 12 take effect for reporting periods which begin on or after 1 January 2023. AFRY has analysed the future impact on the Group and concludes that the net effect will not have a significant impact on the financial statements.

1.4 Segment reporting
Segment reporting is based on operating segments, which consist of the Group's six divisions. This corresponds to the structure for the CEO's monitoring and management of operations.

1.5 Classification etc.
In the financial statements for both the parent and the Group, non-current assets and non-current liabilities consist essentially of amounts expected to be recovered or settled more than twelve months after the end of the reporting period. Current assets and liabilities in the parent and the Group consist essentially of amounts expected to be recovered or settled within twelve months of the end of the reporting period.

1.6 Basis of consolidation
1.6.1 Subsidiaries
Subsidiaries are companies over which AFRY AB has a controlling influence. A controlling influence means, directly or indirectly, the power to govern a company's financial and operating policies with a view to deriving economic benefits.

Subsidiaries are accounted for using the acquisition method. This means that the acquisition of a subsidiary is treated as a transaction where the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost is determined by means of an acquisition analysis undertaken in connection with a business combination. The analysis determines the cost of participations or businesses, the fair value of acquired identifiable assets and assumed liabilities, contingent liabilities and equity instruments issued as consideration for the net assets acquired.

Goodwill is the difference between the cost of the shares in a subsidiary and the fair value of the assets acquired and liabilities and contingent liabilities assumed. Subsidiaries' financial statements are consolidated from the date of acquisition until such time as the controlling influence is relinquished.

1.6.2 Associates and joint arrangements
Associates
Associates are companies over whose operational and financial management the Group exercises a significant but not controlling influence, generally through a holding of 20–50 percent of the votes. As from and including the date on which the controlling influence is obtained, participations in associates are recognised in accordance with the equity method in the consolidated financial statements.

Joint arrangements
There are two types of joint arrangements: joint operation and joint ventures. A joint operation arises when one party in a joint arrangement has direct rights to the assets and obligations for the liabilities in that joint arrangement. In such an arrangement, the assets, liabilities, revenues and expenses are recognised in proportion to the operator's interest in these. A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement have rights to the net assets of the arrangement. Holdings in such an arrangement are recognised using the equity method.

The equity method
The equity method means that the carrying amount of the shares in the associate/joint venture recognised in the consolidated financial statements consists of the Group's share of the associate's/joint venture's equity plus goodwill and any other remaining fair value adjustments. The Group's share of the associate's/joint venture's net income after tax and non-controlling interests, adjusted for any depreciation/amortisation, impairment or reversal of acquired surplus value or negative surplus value is recognised in the consolidated income statement as "Share of profit/loss of associates/joint venture". Any dividends received reduce the carrying amount of the investment. Any difference at the time of acquisition between the cost of the investment and the investor's interest in the net fair value of the associate's/joint venture's identifiable assets, liabilities and contingent liabilities is recognised in accordance with IFRS 3 Business Combinations. If the Group's interest in recognised losses exceeds the carrying amount of the shares in the consolidated balance sheet, the carrying amount of the shares is reduced to zero. Further losses are not recognised unless the Group has issued guarantees to cover losses arising. The equity method is applied until such time as significant influence is relinquished.

1.6.3 Transactions eliminated on consolidation
Intra-Group receivables and liabilities, income or expenses, and unrealised gains or losses arising on transactions between Group companies, are eliminated in their entirety when preparing the consolidated financial statements.

Unrealised gains arising on transactions with associates and joint arrangements are eliminated in proportion to the Group's interests in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

Note 1, cont.

1.7 Foreign currencies

1.7.1 Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency at the exchange rate in effect on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate ruling at the end of the reporting period. Exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities carried at cost are translated at the exchange rate ruling on the transaction date. Non-monetary assets and liabilities carried at fair value are translated into the functional currency at the exchange rate in effect when their fair value was determined. Changes in exchange rates are then recognised in the same way as other changes in the value of the asset or liability.

The functional currency is the currency of the primary economic environments in which the companies in the Group operate. The parent's functional currency and presentation currency is the Swedish Krona (SEK). The Group's presentation currency is also the Swedish Krona (SEK).

1.7.2 Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and other fair value adjustments, are translated into SEK at the exchange rate ruling at the end of the reporting period. The income and expenses of foreign operations are translated into SEK at an average exchange rate which approximates the exchange rates on the various transaction dates.

Translation differences arising on the translation of net investments in foreign operations are recognised in other comprehensive income. When a foreign operation is sold, the accumulated translation differences attributable to the operation are realised net of any currency hedging in the consolidated income statement.

1.8 Revenue

The Group's business model is divided into three client offerings: Project Business, Professional Services and Software Business. Project Business is the Group's offering for major projects and end-to-end solutions. In such projects, the Group acts as a partner for the client, leading and running the entire project. Professional Services is our offering in which the client manages and runs the project, while the Group provides suitable expertise at the appropriate time. Software Business is the Group'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 revenue generated but not invoiced (contract assets). However, the Group sometimes receives advance payments or deposits from our clients before the income is recognised, which then results in work invoiced but not yet carried out (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 at 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 licence or product, income recognition takes place as a performance obligation, in accordance with IFRS 15 B54.

1.9 Operating expense and financial income and expense

1.9.1 Leases

IFRS 16 entails a uniform lease accounting model for lessees. A lessee recognises a right of use asset that represents a right to use the underlying asset and a lease liability that represents an obligation make lease payments. The Group applies exemptions for short-term leases and leasing of low-value assets. The interest rate that has been used is set per country and asset class, and taking into account the respective contract's lease term.

1.9.2 Financial income and expense

Financial income and expense consist of interest income on bank balances and receivables etc., interest expense on loans, borrowing costs, dividend income and exchange differences on borrowings and receivables. Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. The effective rate is the interest rate that makes the present value of all future receipts and payments during the period of fixed interest equal to the carrying amount of the receivable or liability. The interest component of lease payments is recognised in profit or loss by applying the effective interest method. Interest income includes accrued transaction costs and any discounts, premiums or other differences between the original value of the receivable and the amount received at maturity. Borrowing costs are charged against profit/loss for the period to which they refer. Costs arising when raising a loan are divided over the maturity of the loan based on the recognised liability. Dividend income is recognised when the right to receive payment has been determined.

1.10 Financial instruments

Financial instruments recognised among assets in the balance sheet include cash and cash equivalents, accounts receivable, shares, financial investments and other equity instruments and derivatives. Liabilities and equity include accounts payable, debt and equity instruments issued, borrowings, contingent considerations and derivatives. A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the terms and conditions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has completed its undertaking and a contractual obligation to pay exists, even if no invoice has yet been received. Accounts payable are recognised when the invoice has been received. A financial asset is derecognised from the balance sheet when the rights in the contract are realised or mature or the company loses control of them. This also applies to parts of financial assets. A financial liability is derecognised from the balance sheet when the obligation in the contract is performed or otherwise extinguished. This also applies to parts of financial liabilities. The Group also derecognises a financial liability when the contractual terms are modified and cash flows from the modified liability are significantly different. Subsequent valuation takes place at amortized cost using the effective interest method. In that case, a new financial liability is recognised at cost based on the modified terms. In cases where a modification is made in the contractual cash flows, and this is a direct consequence of a change in a benchmark interest rate, and the new contractual terms are financially equivalent to the original, no derecognition will take place, and the original effective interest rate will be adjusted to reflect the new cash flows. Acquisition and disposal of financial assets are recognised on the trade date, which is the date on which the company makes a binding commitment to buy or sell the asset.

1.10.1 Classification and valuation

Financial instruments that are not derivatives are recognised initially at a cost equal to the fair value of the instrument plus transaction costs for all financial instruments except those in the financial assets at fair value through profit or loss category, which are recognised at fair value excluding transaction costs. A financial instrument is classified on initial recognition based on the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below. Derivative instruments are initially recognised at fair value, meaning that transaction costs are charged to profit or loss for the period.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income – debt instrument investment; fair value through other comprehensive income – equity investment; or fair value through profit or loss. The Group has only financial assets measured at amortised cost and at fair value through profit or loss (FVPL).

The classification determines how the financial instrument is measured after initial recognition, as described below.

1.10.2 Financial assets measured at amortised cost

Provided that they have not been identified as measured at fair value through profit or loss, financial assets are measured at amortised cost if they are held within the framework of a business model intended to hold financial assets for the purpose of obtaining contractual cash flows, and the contracted terms for the financial asset generate cash flows at specific intervals which are solely payments of principal and interest on the outstanding principal.

Amortised cost is determined based on the effective interest rate calculated on the date of acquisition. Assets with short maturities are not discounted. Accounts receivable are recognised at the amount which is expected to be received, i.e. after the deduction of bad debts, assessed individually. Impairment losses on accounts receivable are recognised in operating expenses. Other receivables are classified as non-current receivables if the holding period is longer than one year and if they are shorter than other receivables.

Cash and cash equivalents consist of cash and funds immediately available in banks and equivalent institutions, as well as short-term liquid investments that mature less than three months after the time of acquisition and are subject to only an insignificant risk of fluctuation in value.

Note 1, cont.

1.10.3 Financial assets and liabilities measured at fair value through profit or loss

Assets and liabilities in this category are measured continuously at fair value with changes for the period recognised in profit or loss for the period. Currency derivatives and contingent considerations belong to this category.

1.10.4 Financial liabilities not recognised at fair value

Loans and other financial liabilities, such as accounts payable, are included in this category. These liabilities are measured at amortised cost. Accounts payable have a short expected term and are valued without discounting to their nominal amount. Non-current liabilities have an anticipated term exceeding one year, while current liabilities have a term of less than one year. Staff convertibles may be converted into shares by the counterparty exercising their option to convert the receivable into shares and are recognised as a combined financial instrument divided into a liability component and an equity component.

The fair value of the liability is calculated by discounting the future cash flows by the current market rate for a similar liability with no right to conversion. The value of an equity instrument is calculated as the difference between the issue proceeds when the convertible debt instrument was issued and the fair value of the financial liability at the time of issue. Any deferred tax attributable to the liability at the time of issue is deducted from the carrying amount of the equity instrument. Transaction costs in connection with the issue of a combined financial instrument are divided into the liability component and the equity component in proportion to the division of the issue proceeds. The interest expense is recognised in profit or loss and calculated using the effective interest method.

1.11 Derivatives and hedging

On initial recognition, derivatives are recognised at fair value. After initial recognition, derivatives are measured at fair value and changes in this are generally recognised in profit or loss.

Derivative instruments used for hedging future cash flows are recognised in the balance sheet at fair value. The changes in value are recognised in other comprehensive income (cash flow hedging) until the hedged flow affects profit or loss, at which point the accumulated changes in value of the hedging instrument are recycled into profit or loss simultaneously with the profit or loss effects of the hedged transaction. The flows hedged may be both contracted and forecast transactions. Gains and losses on fair value hedges are recognised in the income statement concurrently with recognition of gains and losses for the items that are hedged. Even if hedge accounting is not applied, increases and decreases in the value of a derivative are recognised as income and expense, respectively, in operating profit or in net financial items, based on the intended use of the derivative instrument. In hedge accounting, the ineffective portion is recognised in the same way as changes in the value of derivatives not used for hedge accounting.

When a derivative instrument or a financial liability which is not a derivative is identified as a hedging instrument in a hedge of a net investment in a foreign business, for a derivative the effective part of the change in the fair value, and for a non-derivative foreign currency gains and losses, are recognised in other comprehensive income and accumulated in the translation reserve in equity. Ineffective parts of the change in fair value of a derivative or foreign currency gains and losses on a non-derivative, are recognised immediately in profit or loss. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment on divestment of the foreign business.

1.12 Property, plant and equipment

1.12.1 Owned assets

Property plant and equipment are recognised as assets in the balance sheet if it is likely that future economic benefits will accrue to the company, and the cost of the asset can be calculated reliably. Property plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairments. Cost is defined as the purchase price plus any additional expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

Property, plant and equipment comprising parts that have different useful lives are treated as separate components of property, plant and equipment. The carrying amount of an asset is derecognised from the balance sheet on retirement or disposal or when no future economic benefits are expected to flow from the use or retirement/disposal of the asset. Gains or losses realised on the disposal or retirement of an asset consist of the difference between the sales price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

Subsequent expenditure

Subsequent expenditure is added to the cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured reliably.

1.12.2 Leased assets

As from 1 January 2019, leased assets are reported in accordance with IFRS 16 Leases. Previously IAS 17 was applied (see also Note 24).

1.12.3 Depreciation

Depreciation is linear over the estimated useful life of the asset. The estimated useful lives are as follows:

IT equipment	3 years
Cars	5 years
Office equipment	5 years
Office furnishings	10 years
Buildings (owner-occupied properties)	40–100 years

Owner-occupied properties consist of several components with different useful lives. The main division is land and buildings. Land is not subject to depreciation as its useful life is deemed to be infinite. However, buildings consist of several components with different useful lives. The useful lives have been estimated to vary between 40 and 100 years for these components. An asset's residual value and useful life are assessed annually.

1.13 Intangible assets

1.13.1 Goodwill

Goodwill is the difference between the cost of acquired businesses and the fair value of the assets acquired and liabilities and contingent liabilities assumed. Goodwill is apportioned between cash-generating units and groups of cash-generating units and is tested annually for impairment.

Thus, goodwill is carried at cost less accumulated impairment losses. Goodwill arising from the acquisition of associates is included in the carrying amount for participations in associates. Where the cost of acquired businesses is less than the net fair value of the assets acquired and liabilities and contingent liabilities assumed, the difference is recognised immediately in profit or loss.

1.13.2 Other intangible assets

Other intangible assets acquired by the Group are carried at cost less accumulated amortisation and impairment. Costs incurred for internally generated goodwill and brands are recognised in the income statement when the cost is incurred.

Other intangible assets are recognised as assets in the balance sheet when a non-monetary asset is identifiable, it is likely that future economic benefits will accrue to the company, the cost of the asset can be calculated reliably and when the company has control over the asset.

1.13.3 Subsequent expenditure

Subsequent expenditures for capitalised intangible assets are recognised as assets in the balance sheet only when they increase the future economic benefits of the specific asset to which they are attributed and meet other criteria as stated above. All other expenditures are expensed in the period they arise.

1.13.4 Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets unless such useful lives are unspecified. Amortisable intangible assets are amortised from the date on which they are available for use. The estimated useful lives are as follows:

Capitalised development expenditure	1–3 years
Outstanding orders	1–5 years
Client relationships	10–20 years
Trademarks	2–5 years
ERP system	3–10 years

1.14 Impairment

The carrying amounts of the Group's assets — except for assets held for sale recognised in accordance with IFRS 5 and deferred tax assets — are tested at the end of each reporting period to assess whether there is any indication of impairment. If there is such an indication, the recoverable amount of the asset is calculated. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, or as soon as there are indications that the asset in question has declined in value. For exempt assets described above, the measurement is tested in compliance with the respective standard.

Note 1, cont.

1.14.1 Impairment tests for property, plant and equipment and intangible assets, as well as participations in subsidiaries and associates

The recoverable amount is the higher of fair value less costs to sell and value in use. When estimating value in use, future cash flows are discounted by a factor that considers risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows that are materially independent of other assets, value in use is calculated for the cash-generating unit to which the asset belongs. Impairment reflects the excess of the asset's carrying amount over its recoverable amount. Impairment of assets attributable to a cash-generating unit is initially allocated to goodwill. This is followed by proportional impairment of other assets in the unit.

1.14.2 Impairment test for financial assets

When accounts are prepared for reporting, the company assesses whether there is objective evidence that any financial asset or group of assets is impaired. Objective evidence consists both of observable circumstances that have arisen which have a negative effect on the ability to recover the cost, and of significant or long-lasting reductions in the fair value of an investment in a financial investment classified as a financial asset measured at fair value via comprehensive income. The recoverable amount of assets in the financial assets not recognised at fair value category which are recognised at amortised cost is measured as the present value of future cash flow discounted at the effective interest rate of the date on which the asset was first recognised. Assets with short maturities are not discounted. Impairment is charged to profit or loss. IFRS 9 replaced the 'incurred loss model' from IAS 39 with an 'expected credit loss model'. The impairment model is applied to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value via other comprehensive income, but not to any investments in equity instruments.

1.14.3 Reversal of an impairment loss

An impairment is reversed if there is an indication that there is no longer a need for the impairment and there has been a change in the assumptions on which the calculation of the recoverable amount was based. However, impairment of goodwill is never reversed. An impairment is reversed only to the extent to which the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less depreciation where relevant, if no impairment had been made.

Impairments of loans and receivables recognised at amortised cost are reversed if a later increase in the recoverable amount is objectively attributable to an event that occurred after the impairment was made. Impairment losses on equity instruments designated as available-for-sale financial assets that have already been recognised in profit or loss may not subsequently be reversed through profit or loss. The impaired value is the value from which subsequent revaluation takes place, which is recognised in other comprehensive income. Impairments of interest-bearing instruments classified as financial assets available for sale are reversed to profit or loss if the fair value increases and the increase may be objectively attributed to an event that occurred after the impairment was made.

1.15 Dividends

Dividends are recognised as a liability once they have been approved at the Annual General Meeting.

1.16 Employee benefits

1.16.1 Defined-contribution pension plans

Obligations concerning contributions to defined-contribution pension plans are recognised as expenses in the income statement when they are incurred.

1.16.2 Defined-benefit pension plans

The Group's obligations concerning defined-benefit pension plans are calculated separately for each plan by estimating the future payment which the employees earned through employment in both current and previous periods. This payment is discounted to present value. The discount rate is the interest rate at the end of the reporting period on a high-quality investment-grade corporate bond with the term equivalent to the Group's pension obligations. When there is no active market for this type of corporate bond, the market rate for government mortgage bonds with an equivalent term is used instead. The calculations are performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised in other comprehensive income for the period in which they arise. The Group's net debt, which is also recognised in the balance sheet for each defined-benefit plan, consists of the present value of the obligation less the fair value of plan assets. If the value of plan assets exceeds the value of the obligations, a surplus arises, and this is recognised as a plan asset under other receivables. Past service costs are recognised immediately in income. When there is a difference in how the cost of a pension is determined for a legal entity and the Group, a provision or claim for special employer's contribution is recognised based on this difference. The provision or claim is not calculated at present value.

1.16.3 Convertible programme

The Group has issued convertible instruments to its employees. The convertible instruments are divided into an amount owed and a conversion option. The latter is recognised in equity. The programmes do not entail any personnel costs.

1.16.4 Termination benefits

A provision is made for termination benefits only when the company is demonstrably committed to terminating employment before the normal date, or when the benefits are based on an offer made to encourage voluntary redundancy. If the company is obliged to lay off members of staff, a detailed plan is drawn up specifying as a minimum the location, function and approximate number of employees involved, the benefits for each job classification or function, and the time at which the plan will be implemented.

1.17 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation from a past event, and when it is probable that an outflow of economic resources will be required to meet this obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of when in time payment is made is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the liability. A provision for restructuring is recognised when the Group has adopted a comprehensive and formal restructuring plan, and the restructuring has either been started or published. No provisions are made for future operating expenses.

1.18 Taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except when the underlying transaction is recognised in other comprehensive income, in which case the associated tax effect is recognised in other comprehensive income. Current tax is the tax payable or recoverable in respect of the current year, based on the tax rates enacted or substantively enacted at the end of the reporting period, including adjustments of current tax in respect of prior periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amount and tax values of assets and liabilities. The following temporary differences are not taken into consideration: temporary differences that occurred when goodwill was first recognised and the first recognition of assets and liabilities that are not business combinations and, at the time of the transaction, do not affect either the recognised or taxable profit. Nor are temporary differences considered that are attributable to participations in subsidiaries and associates in which the parent, the investor or the co-owner may control the time of reversal of the temporary differences, and it is probable that they will not be reversed in the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets and liabilities are expected to be realised or settled.

Deferred tax is calculated using the tax rates and tax rules enacted or substantively enacted at the end of the reporting period. Deferred tax assets in respect of deductible temporary differences and loss carry-forwards are recognised only to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised. Any additional income tax arising on the payment of dividends is recognised at the same time as the dividend is recognised as a liability.

1.19 Contingent liabilities

A contingent liability is recognised whenever there is a possible obligation arising from past events and the existence of which is confirmed only by one or more uncertain future events, or there is an obligation not recognised as a liability or provision because it is not probable that an outflow of resources will be required, or the amount cannot be calculated with adequate reliability.

1.20 Earnings per share

Calculation of earnings per share is based on consolidated profit or loss for the year attributable to shareholders of the parent and on the weighted average number of outstanding shares during the year. In calculating earnings per share after dilution, the profit or loss and the average number of shares are adjusted to take account of the effects of potential diluting ordinary shares.

Note 1, cont.

1.21 Parent accounting policies

The parent has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. RFR 2 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. The recommendation specifies which exceptions from and additions to IFRS must be made. The differences between Group and Parent accounting policies are stated below. The accounting policies outlined below have been applied consistently to all periods presented in the parent's financial statements.

Differences between the Group's and the parent's accounting policies

1.21.1 Subsidiaries and associates

Shares in subsidiaries and associates are recognised in the parent using the cost method. Acquisition costs are recognised as shares in subsidiaries instead of being expensed. Dividends received are recognised as income.

1.21.2 Property, plant and equipment

Leased assets

The parent recognises all leases based on RFR 2 as it did previously for operating leases.

1.21.3 Hedge accounting of net investment

Liabilities in foreign currencies which constitute hedge instruments in respect of the parent's investment in subsidiaries are not revalued at the closing day rate if the hedge is effective. Derivatives which are identified in the Group as hedges of net investments are recognised in the parent at fair value through profit or loss.

1.21.4 Financial guarantees

The parent's financial guarantee contracts consist mainly of guarantees in favour of subsidiaries and associates. Financial guarantees mean that the company has an obligation to compensate the holder of a debt instrument for losses the latter incurs as a result of a specified debtor failing to make payment when due under the contract terms. The parent applies RFR 2 for the recognition of financial guarantee contracts. This represents a relaxation compared with the rules in IFRS 9 in respect of financial guarantee contracts issued for the benefit of subsidiaries and associates. The parent recognises financial guarantees as a provision in the balance sheet when the company has an obligation for which payment is probably necessary to settle the obligation.

1.21.5 Employee benefits

Defined-benefit pension plans

In calculating defined-benefit pension plans, the bases for calculation applied by the parent differ from those specified in IAS 19. The parent complies with the provisions of the Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's regulations as this is a precondition for tax deductibility. The most significant differences compared with IAS 19 are the method for determining the discount rate, the calculation of defined-benefit obligations based on current salary levels without assumptions on future salary increases and the recognition of all actuarial gains and losses in profit or loss when they arise.

1.21.6 Taxes

In the parent, untaxed reserves are recognised inclusive of deferred tax liability. In the consolidated accounts, however, untaxed reserves are split into deferred tax liability and equity.

1.21.7 Group contributions and shareholders' contributions for legal entities

Group contributions both received and paid are recognised as appropriations. Shareholders' contributions are recognised directly in equity by the recipient and are capitalised as participations by the contributor, insofar as impairment is not required.

Note 2

Segment reporting

Income and expense

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group common		Eliminations		Group	
Group	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Sales to external clients	8,731	7,557	5,190	4,781	4,453	3,465	2,942	2,575	1,136	903	1,112	896	-12	-71	—	—	23,552	20,104
Sales between segments	208	157	306	144	165	352	90	108	44	44	48	49	1,427	1,233	-2,287	-2,086	—	—
Net sales	**8,939**	**7,714**	**5,496**	**4,924**	**4,617**	**3,817**	**3,032**	**2,683**	**1,180**	**947**	**1,160**	**944**	**1,415**	**1,161**	**-2,287**	**-2,086**	**23,552**	**20,104**
Operating expense	-8,237	-7,109	-5,045	-4,518	-4,114	-3,332	-2,728	-2,371	-1,153	-902	-988	-788	-1,145	-810	2,287	2,086	-21,122	-17,745
Amortisation and impairment of intangible assets	-5	-5	0	0	-9	-6	-2	-1	-15	-1	0	0	-564	-580	—	—	-595	-593
Depreciation and impairment, property, plant and equipment	-32	-31	-6	-6	-9	-9	-8	-10	-1	0	-7	-4	-44	-43	—	—	-106	-104
EBITA	**665**	**569**	**445**	**399**	**486**	**470**	**294**	**301**	**12**	**44**	**166**	**152**	**-338**	**-273**	**—**	**—**	**1,729**	**1,662**
Acquisition-related items	—	—	—	—	—	—	—	—	—	—	—	—	-285	-139	—	—	-285	-139
EBIT	**665**	**569**	**445**	**399**	**486**	**470**	**294**	**301**	**12**	**44**	**166**	**152**	**-624**	**-412**	**—**	**—**	**1,444**	**1,523**
Financial items																	-224	-129
Profit before tax																	**1,220**	**1,393**
EBITA margin, %	7.4	7.4	8.1	8.1	10.5	12.3	9.7	11.2	1.0	4.6	14.3	16.1	—	—	—	—	7.3	8.3
Total growth, %	15.9	0.8	11.6	13.9	21.0	10.9	13.0	-4.1	24.6	—	22.8	21.8	—	—	—	—	17.1	5.9

As a result of an internal redistribution in 2021, comparative figures have been adjusted to provide a better reflection of operations.

Operating segments
The Group's operating structure and internal reporting to the President and CEO are based on accounting by divisions. The aim is to classify the divisions based on their clients and their own expertise. Intra-group sales between segments are based on an internal market price, calculated on an arms-length basis, i.e. as between parties who are mutually independent, well-informed and with an interest in completing the transactions.

The Group common items concern traditional parent functions. The same accounting policies apply to operating segments as to the rest of the Group. There are no individual clients whose sales amount to 10 percent or more of the Group's total sales.

	Net sales		Non-current assets	
By geographical area	**2022**	**2021**	**2022**	**2021**
Sweden	14,173	12,939	218	229
Finland	3,405	2,416	736	88
Norway	2,182	1,907	110	145
Switzerland	1,724	1,513	98	223
Denmark	1,261	1,015	11	16
Germany	838	712	11	9
Other countries	4,298	3,314	138	123
Group common/eliminations	-4,330	-3,712	16,572	15,674
Total	**23,552**	**20,104**	**17,894**	**16,507**

Income from external clients is attributable to the countries where the sales have taken place.

Note 2, cont.

Revenue

Net sales according to the business model

	Infrastructure	Industrial & Digital Solutions	Process Industries	Energy	AFRY X	Management Consulting	Group common/ eliminations	Group
Project Business	8,717	1,989	3,139	2,655	373	1,113	-616	17,369
Professional Services	222	3,502	1,472	377	748	32	-253	6,100
Software Business	0	5	7	0	60	15	-3	83
Total	**8,939**	**5,496**	**4,617**	**3,032**	**1,180**	**1,160**	**-872**	**23,552**

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 in which the client manages and runs the project, while AFRY provides suitable expertise at the appropriate 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 licence, revenue is recognised as a performance obligation in accordance with IFRS 15 B54.

Outstanding orders (unfulfilled performance obligation)
At the end of the reporting period, the Group had unfulfilled obligations of approximately SEK 19 billion. Most of these obligations will be realised as revenue in the coming years.

Revenue generated but not invoiced
No significant provisions have been made in the balance sheet for revenue generated but not invoiced during the year.

Work invoiced but not yet carried out
The items that were in the opening balance have essentially been entered as income during the year.

Note 3

Acquisitions and divestments of operations

Acquisitions 2022
In 2022, AFRY took possession of all shares in the companies shown in the table on the right. The acquired companies added approximately 580 employees to ÅF's roster. In January, AFRY acquired all the shares in Vahanen International Oy. The acquisition is significant, and is accounted for separately in the table showing Total acquired companies' net assets on the date of acquisition 2022. Other acquisitions are not individually substantial based on net sales and the average number of employees.

Effects of acquisitions
The table below shows the effect of the 2022 acquisitions on consolidated assets and liabilities. The acquisition analyses are preliminary since fair value has not been determined for all items.

2022	Company	Country	Division	Annual Net Sales	Average full-time equivalents (FTEs)
January	Vahanen International Oy	Finland	Infrastructure	470	500
February	Swedish Electrical and Power Control AB	Sweden	Energy	28	16
April	Weop AB	Sweden	Industrial & Digital Solutions	23	22
July	Ionic Consulting Limited	Ireland	Energy	57	42
Total				**578**	**580**

Note 3, cont.

Total net assets of acquired companies at date of acquisition, 2022

	Vahanen Group		Other acquisitions		
2022	Identifiable assets and liabilities	Fair value adjustment	Identifiable assets and liabilities	Fair value adjustment	Fair value recognised in the Group
Intangible assets	64	9	0	10	83
Property, plant and equipment	5		1		6
Right-of-use assets	41		16		57
Accounts receivable and other receivables	81		32		113
Deferred tax	4	-2	—	-2	0
Cash and cash equivalents	44		16		60
Accounts payable, loans and other liabilities	-179		-72		-250
Net identifiable assets and liabilities	**59**	**7**	**-6**	**9**	**69**
Goodwill	619		212		831
Purchase consideration including estimated contingent consideration	**678**	**7**	**206**	**9**	**900**
Transaction costs	5		2		7
Less:					
Cash (acquired)	44		16		60
Estimated discounted contingent consideration	—		18		18
Consideration withheld	—		24		24
Net cash outflow	**639**	**7**	**150**	**9**	**805**

Total net assets of acquired companies at date of acquisition, 2021

2021	Identifiable assets and liabilities	Fair value adjustment	Fair value recognised in the Group
Intangible assets	10	62	71
Property, plant and equipment	5		5
Right-of-use assets	0		0
Financial assets	15		15
Accounts receivable and other receivables	184		184
Cash and cash equivalents	139		139
Deferred tax		-12	-12
Accounts payable, loans and other liabilities	-189		-189
Net identifiable assets and liabilities	**164**	**50**	**213**
Goodwill	1,059		1,059
Purchase consideration including estimated contingent consideration	**1,222**	**50**	**1,272**
Transaction costs	8		8
Less:			
Cash (acquired)	139		139
Estimated discounted contingent consideration	185		185
Net cash outflow	**906**	**50**	**955**

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
Agreed contingent considerations in the acquired companies relate to the performance of each company for up to three years. Total undiscounted contingent consideration for the companies acquired during the year is a maximum of SEK 20 million (198). For further information on contingent consideration, see Note 13.

Consideration withheld
Part of the purchase price withheld by the buyer as security for any claims against the seller, paid to the seller according to the agreed payment plan. The withheld parts of the purchase price are independent of conditions linked to the future performance of acquired companies.

Goodwill
Goodwill consists mainly of human capital in the form of employee skills and synergy effects. Goodwill from corporate acquisitions is not expected to be tax-deductible. 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. Non-controlling interest arising from an acquisition is recognised at fair value, which means that non-controlling interest has a measure of goodwill.

Other intangible assets
Order stock and client relationships are identified and assessed in connection with completed acquisitions.

Transaction costs
Transaction costs are recognised as other external costs in profit or loss.

Acquired receivables
The fair value of the acquired receivables is expected to be settled in full. The agreed gross values essentially correspond to the fair values of the receivables.

Revenue from acquired companies
During the year, acquired companies/businesses contributed SEK 545 million (381) to consolidated revenue and SEK 46 million (50) to operating profit.

If the above-mentioned acquisitions had been executed on 1 January 2022, they would have contributed sales of approximately SEK 576 million (737) and an operating profit of approximately SEK 44 million (103).

Assessment of acquisition analyses 2021
During 2021, AFRY acquired all the shares of ITE Østerhus AS, ProTAK Systems AB, EKOM AB, Gärderup Byggkonstruktion AB, Insinööritoimistro Suunnittelukide Oy, Evolve Technology Sweden AB, Optima Nexus Consulting AG, TM Konsult AB, Pinja Industry Oy, Simosol Oy, Numerola Oy, MosaicMill Oy, Insuco ApS, Cubic Analytics Oy, Zert AB, Trivalo AB and Vivento AS. The acquired companies resulted in an increase of approximately 586 employees. No single one of the acquisitions is substantial, based on net sales and number of employees, and for that reason they are recognised jointly in the table under Total net assets of acquired companies at date of acquisition, 2021.

All acquisition analyses have been completed and have not led to any appreciable changes.

Divestments
During 2022, the divestment of real estate had a impact mainly on operating profit of SEK -63 million, while realised exchange effects impacted net financial items by SEK -15 million.

AFRY divested its share of Amata Power (Bien Hoa) Ltd during the fourth quarter. Capital gains from the divestment amounted to SEK 31 million and had a positive impact on EBITA. Capital share referred to compensation for previous projects.

Note 4

Other operating income

Group	2022	2021
Exchange rate gains	7	0
Capital gain on divestment of non-current assets	37[1]	11
State aid	3	–
Other	51	47
	98	**58**

[1]Capital gains refers primarily to the sale of the associate, Amata Power (Bien Hoa) Ltd. Capital share referred to compensation for previous projects.

Other operating income of SEK 397 million (360) in the parent largely relates to the re-invoicing of rental charges, chiefly to subsidiaries.

Note 5

Fees and reimbursement of auditors' expenses

	Group		Parent	
	2022	2021	2022	2021
Auditing firm KPMG				
Audit assignments	15	13	1	2
Tax advisory	1	0	–	–
Other services	1	1	0	0
	17	**15**	**1**	**2**
Other auditors				
Audit assignments	3	3	–	–
Tax advisory	1	1	–	–
Other services	0	0	0	–
	4	**4**	**0**	**–**

"Audit assignments" refers to the auditing of the annual report, the accounting records and the administration by the Board of Directors and the CEO, other duties which it is incumbent upon the company's auditors to carry out, as well as advice and other assistance stemming from observations made during such audits or the execution of such other duties.

Note 6

Employees and personnel costs

Average number of full-time employees (FTEs) by gender

	2022			2021		
Parent	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Sweden	144	72	216	115	58	173
Subsidiaries						
Sweden	2,131	5,622	7,753	2,031	5,517	7,548
Finland	797	1,708	2,505	576	1,347	1,923
Brazil	330	974	1,304	227	697	924
Norway	349	647	996	313	595	907
Switzerland	177	612	789	171	627	797
Denmark	164	503	668	166	433	599
Germany	179	330	509	177	319	496
Czech Republic	80	250	331	65	212	276
Austria	49	225	274	41	216	257
India	11	182	194	6	176	183
China	47	120	167	40	89	129
UK	48	117	165	53	138	191
Thailand	46	109	155	43	116	159
Russia	59	88	148	75	96	171
USA	34	109	143	25	101	126
Poland	26	75	101	25	68	94
Hungary	25	70	95	26	68	94
Spain	31	62	93	17	45	62
Philippines	22	59	81	21	46	66
Canada	21	53	74	19	40	59
Other	118	464	583	55	368	423
Group total	**4,889**	**12,451**	**17,340**	**4,288**	**11,371**	**15,659**

Gender distribution on the Board of Directors and in Group Executive Management

	Women, %	
	2022	2021
Board of Directors[1]	50	42
Group Executive Management	42	40

[1] Including employee representatives

Salaries, other remuneration and social security contributions

	2022		2021	
Group	**Salaries and remuneration**	**Social security contributions**	**Salaries and remuneration**	**Social security contributions**
Board of Directors and senior executives[1]	88	37	69	29
of which annual variable remuneration	*21*	*5*	*18*	*4*
of which long-term variable remuneration	*13*	*4*	*6*	*2*
of which pension costs[2]	–	*14*	–	*11*
Other employees	10,869	3,115	9,268	2,739
of which annual variable remuneration	*281*	*70*	*245*	*61*
of which long-term variable remuneration	*25*	*8*	*10*	*3*
of which pension costs[2]	–	*1,018*	–	*1,013*
	10,956	**3,152**	**9,337**	**2,767**

[1] Including severance pay 2022.
[2] Including statutory charges.

	2022		2021	
Parent	**Salaries and remuneration**	**Social security contributions**	**Salaries and remuneration**	**Social security contributions**
Board of Directors and President/CEO	27	13	24	12
of which annual variable remuneration	*6*	*2*	*5*	*2*
of which long-term variable remuneration	*5*	*2*	*4*	*1*
of which pension costs[2]	–	*4*	–	*4*
Other employees[1]	184	91	130	72
of which annual variable remuneration	*5*	*2*	*3*	*1*
of which long-term variable remuneration	*33*	*10*	*10*	*3*
of which pension costs[2]	–	*33*	–	*27*
	210	**104**	**154**	**84**

[1] Including severance pay 2022.
[2] Including statutory charges.

Note 6, cont.

Annual variable remuneration

Within AFRY's divisions, there are different systems of variable remuneration for employees. Remuneration may be based on the division's performance or be linked directly to individual performance.

Remuneration of the Board of Directors

The AGM held on 28 April 2022 approved remuneration, including remuneration for committee work, totalling SEK 6,000,000 for the work of the Board of Directors in 2022. The Chairman of the Board received SEK 1,750,000 and other members of the Board of Directors not employed by the Group received SEK 500,000 each.
The fee paid to the Chairman of the Audit Committee was SEK 250,000. Each of the other two members of the Audit Committee received SEK 100,000. The fee paid to the Chairman of the Remuneration Committee was SEK 50,000. Each of the other two members of the Remuneration Committee received SEK 50,000. The fee paid to the Chairman of the Project Committee was SEK 50,000. Each of the other two members of the Project Committee received SEK 50,000.

The remuneration of the Board of Directors is determined annually at the AGM, and relates to the period until the next AGM. This means that the remuneration to the Board of Directors was at the rate determined by the AGM in 2021 for the first two quarters and at the rate determined by the AGM in 2022 for the remaining two quarters of the year.

Total remuneration of SEK 60,000 (60,000) was paid to the employee representatives.

There are no agreements on future pension commitments/severance pay for either the Chairman of the Board or other Directors.

	Fees in SEK, 2022		
Director	Board of Directors	Committee	Total
Gunilla Berg	475,000	150,000	625,000
Henrik Ehrnrooth	475,000	100,000	575,000
Tom Erixon	1,750,000	100,000	1,850,000
Carina Håkansson	475,000	100,000	575,000
Neil McArthur	475,000	–	475,000
Joakim Rubin	475,000	50,000	525,000
Kristina Schauman	475,000	230,000	705,000
Anders Snell	225,000	–	225,000
Tuula Teeri	250,000	–	250,000
Total	**5,075,000**	**730,000**	**5,805,000**

	Fees in SEK, 2021		
Director	Board of Directors	Committee	Total
Jonas Abrahamsson	200,000	–	200,000
Gunilla Berg	425,000	137,500	562,500
Henrik Ehrnrooth	425,000	75,000	500,000
Tom Erixon	875,000	50,000	925,000
Carina Håkansson	225,000	50,000	275,000
Neil McArthur	225,000	–	225,000
Anders Narvinger	500,000	50,000	550,000
Salla Pöyry	200,000	–	200,000
Joakim Rubin	425,000	50,000	475,000
Kristina Schauman	425,000	192,500	617,500
Anders Snell	425,000	37,500	462,500
Ulf Södergren	200,000	25,000	225,000
Total	**4,550,000**	**667,500**	**5,217,500**

Guidelines for salary and other remuneration for the President and CEO and other senior executives

Adopted at the 2022 AGM.
The remuneration guidelines cover the President and CEO along with other members of the Group Executive Management that report to the President and CEO ('senior executives'). The guidelines shall apply to agreed remuneration and changes made to previously agreed remuneration after the guidelines were adopted by the 2022 AGM and until no later than 2026. The guidelines do not cover remuneration decided on by the AGM.

A condition for successfully implementing the company's business strategy and safeguarding its long-term interests, including sustainability, is that the company can recruit and retain qualified employees. This requires the company to offer competitive remuneration.

The remuneration guidelines make it possible to offer competitive total remuneration to senior executives. Remuneration should be at market rates and may consist of these components: fixed cash salary, variable cash remuneration (including STIP and LTIP), pension benefits and other market-relative benefits. The named components, their purpose and their connection to the company's business strategy are described below.

Decision-making processes for establishing, reviewing and implementing the guidelines

The Board of Directors has established a Remuneration Committee. The committee's tasks include preparing the Board of Directors' decision on proposed guidelines for the remuneration of senior executives. The Board of Directors shall prepare proposed new guidelines at least every four years and submit the proposal for resolution at the AGM. The guidelines shall apply until new guidelines are adopted by the AGM. The Remuneration Committee shall also follow and evaluate programmes for the variable remuneration of the Group Executive Management, the application of guidelines for remuneration of senior executives and applicable remuneration structures and remuneration levels in the company. In addition, the AGM may, regardless of these guidelines, make decisions on share-related and share-price-related remuneration, for example.

To avoid conflicts of interest, the Remuneration Committee consists only of members of the Board of Directors who are independent of the company and Group Executive Management.

The President and CEO and other senior executives must not be present when the terms of their respective remuneration are discussed.

Fixed cash salary

The fixed cash salary is set based on the senior executive's competence, area of responsibility and comparable competitive salaries according to local market conventions. The fixed cash salary is revised annually based on such things as market, performance and how well the senior executive met the company's values.

Variable cash remuneration

Annual short-term incentive programme (STIP)

The size of short-term cash incentive programmes can vary from 0 percent to 60 percent of annual fixed cash salary. Target components, weighting and target levels are set annually by the Board of Directors to ensure that the programme supports the business strategy. The target components, weighting and target levels may vary from year to year to reflect business priorities and usually balance the Group's financial and non-financial targets. Details of the target components, weighting and target levels as well as how the programme supports the business strategy are presented in the annual remuneration report. After the end of the year, the Board of Directors reviews the results and determines to what extent each of the targets has been achieved to determine the final results. As far as financial targets are concerned, the assessment shall be based on the latest financial information published by the company.

The Board of Directors may adjust the STIP outcome in special circumstances to adjust the remuneration in accordance with the value created for the shareholders and to ensure that the outcome reflects the company's results fairly.

Additional variable cash remuneration may be paid in exceptional circumstances, provided that such extraordinary arrangements are made only at the individual level either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance over and above the person's ordinary duties. Such remuneration may not exceed an amount equal to 50 percent of the executive's fixed annual cash salary. Decisions on such remuneration shall be made by the Board of Directors as proposed by the Remuneration Committee.

Long-term incentive programmes (LTIP)

The Board of Directors considers it important to offer long-term incentive programmes to attract and retain key personnel and to give them the opportunity to share in the company's success, just as the shareholders do. In this way, the long-term incentive programmes contribute to the company's long-term value creation and earnings. Decisions on share-related and share-price-related programmes are made by the AGM either through separate decisions or by indicating the essential conditions of the programme in the remuneration guidelines.

Note 6, cont.

The long-term incentive programmes that can be offered are share-related or share-price-related programmes and/or long-term cash-based programmes; all are three-year programmes. For all cash-based programmes, there should be a ceiling of a maximum of 80 percent of annual fixed cash salary for the President and CEO and 70 percent of annual fixed cash salary for the remaining members of the Group Executive Management.

Target components, weighting and target levels are determined annually by the Board of Directors to ensure that they support the business strategy and can vary from year to year to reflect business priorities (at present, average EBITA margin and average growth). Details of each programme and how they support the business strategy are presented in the annual remuneration report. After the end of the programme, the Board of Directors reviews the results and determines to what extent each of the targets has been achieved to determine the final level of payment. For additional information on current long-term incentive programmes or those that ended during the year, see AFRY's remuneration report..

Since 2021, there has also been a long-term cash-based incentive programme for the President and CEO. According to the terms of the programme, the President and CEO is entitled to receive a cash amount based on the share price's development on the condition that the President and CEO is still employed by the company at 31 March 2024. The share price's development is measured during the 1 April 2021 to 31 March 2024 period and should exceed 0 percent at a minimum and up to 30 percent at a maximum. Payment will be made on a linear basis if the share price increases between the minimum and maximum level. If the minimum is not reached, no payment will be made and if the maximum is reached, the President and CEO will receive SEK 7,500,000 (gross before tax) corresponding to a total cost to the company of SEK 9,856,500 (including social security fees).

Pension benefits and other benefits

The pension benefits provided reflect relevant market practice and may be adjusted from year to year. Senior executives are covered by pension benefits that reflect market practice in each country of employment, but defined contribution pension plans are preferred. No pension benefits shall be dependent on future employment and may amount to a maximum of 40 percent of the executive's fixed annual cash salary.

Other benefits are provided in accordance with reasonable levels in the country where the individual is employed. The benefits can be adjusted from year to year. Other benefits may include company car, health insurance, private accident and life insurance, as well as business travel insurance and liability insurance. Such benefits may amount to a maximum of 20 percent of the executive's fixed annual cash salary. Regarding employment conditions that are governed by rules other than Swedish, in so far as pension benefits and other benefits are concerned, appropriate adjustments may be made to comply with such compulsory rules or standard local practice, whereby the general purpose of these guidelines should be met as far as possible. Additional benefits and remuneration may be offered in certain circumstances, such as relocation in accordance with the company's policy for international transfers. The President and CEO is entitled to participate in programmes that can be offered to other employees at any given time, such as anniversary gifts etc. Further information on the benefits provided during a given year is available in the annual remuneration report.

Discontinuation of employment

The period of notice for the President and CEO is 12 months with a maximum of twelve (12) fixed cash salaries as severance pay when notice comes from the company and 6 months with no severance pay when notice comes from the President and CEO. For other senior executives, the notice period is never longer than for the President and CEO. Regarding employment conditions that are governed by rules other than Swedish, appropriate adjustments may be made to comply with such compulsory rules or standard local practice, whereby the general purpose of these guidelines should be met as far as possible. The Board of Directors is entitled to decide whether payment should be tied to ongoing incentive programmes for individuals who depart the company and how payment should be handled in the event of leave. Any assessments will be presented in the annual remuneration report.

Salary and terms of employment for employees

In preparing the Board of Directors' proposal for these remuneration guidelines, salaries and terms of employment for the company's employees have been considered by the Remuneration Committee using information on employees' total remuneration, the components of the remuneration, as well as the rate of increase and increase over time of remuneration and have been part of the Remuneration Committee's and the Board of Directors' supporting information for evaluating the reasonableness of the guidelines and their limitations. The development of the distance between remuneration of senior executives and remuneration of other employees will be presented in the remuneration report.

Right to recover remuneration and waive the guidelines

The Board of Directors is entitled to withhold or recover payments within the framework of short- and long-term incentive programmes due to exceptional circumstances or if false information is given regarding the financial results. That type of decision is explained (how the circumstances are defined and how measures are taken) in the annual remuneration report.

The Board of Directors may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons for this in an individual case and a departure is necessary to meet the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, it is part of the Remuneration Committee's tasks to prepare the Board of Directors' decision on remuneration issues, which includes decisions on deviations from the guidelines.

Cost of remuneration for the President and CEO and other members of Group Executive Management (GEM)

Director	President and CEO	Other members of Group Executive Management[1]	Total
Salary including daily allowance	10	37	47
Provisions for annual variable remuneration accrued during current year	6	16	21
Provisions for long-term variable remuneration	5	8	13
Pension costs[2]	4	10	14
Other social expenses	7	15	21
Total	**31**	**85**	**117**

1) Including severance pay 2022.
2) Including statutory charges.

	2021		
Director	President and CEO	Other members of Group Executive Management	Total
Salary including daily allowance	10	29	39
Provisions for annual variable remuneration accrued during current year	5	13	18
Provisions for long-term variable remuneration	4	3	6
Pension costs[1]	4	7	11
Other social expenses	6	10	16
Total	**29**	**62**	**91**

1) Including statutory charges.

President and CEO

The fixed basic salary was SEK 10.2 million (9.7). There is also a company car benefit. Annual variable remuneration is based on the Group's results, as well as several preset targets, and may amount to a maximum of 60 percent of fixed basic salary. The President and CEO also participates in AFRY's long-term incentive programmes, LTI 2020–2022, LTI 2021–2023 and LTI 2022–2024. There is also a special incentive programme for the President and CEO that is tied to the company's share development up to 2024. The amount of remuneration depends on the performance of the share price between 1 April 2021 and 31 March 2024. The President and CEO's retirement benefit plan is defined-contribution, and an annual provision equivalent to 40 percent of the year's basic salary is made for this.

On leaving the company, full salary continues to be payable during the period of notice. A duty to work during the period of notice may apply for no more than one year.

Note 6, cont.

Group Executive Management, excluding the President/CEO

The Group Executive Management team consists of eleven (ten) people, excluding the President and CEO.

The remuneration of Group Executive Management has been based on the "Guidelines for the remuneration of senior executives" as set out above.

AFRY has no outstanding pension obligations to present and former directors or any former President and CEO. On leaving the company, full salary continues to be payable during the period of notice.

Ongoing and concluded long-term variable remuneration

Staff convertibles

The 2018 convertible programme ended in 2022.

In 2018, AFRY AB issued convertible instruments to key staff members totalling SEK 189 million. The loan runs with an annual interest of Stibor 180 and a margin of 0.92 with effect from and including 17 August 2018. Conversion may be called during the period from 15 June 2021 to 15 March 2022. The conversion price is SEK 198.60 (recalculated converted from previous conversion price of SEK 224.60). A commercial interest rate for the corresponding liability without conversion right has been estimated at Stibor 180 and a margin of 3.27.

In 2019, AFRY AB issued convertible instruments to key staff members totalling SEK 171 million. The loan runs with an annual interest of Stibor 180 and a margin of 1.60 with effect from 17 August 2019. Conversion may be called during the period from 15 June 2022 to 15 March 2023. The conversion price is SEK 232.10. A commercial interest rate for the corresponding liability without conversion right has been estimated at Stibor 180 and a margin of 3.64.

In 2020, AFRY AB issued convertibles directed to key staff members totalling SEK 149 million. The loan runs with an annual interest of Stibor 180 and a margin of 2.90 with effect from 17 August 2020. Conversion may be called during the period from 15 July 2023 to 15 March 2024. The conversion price is SEK 212.20. A commercial interest rate for the corresponding liability without conversion right has been estimated at Stibor 180 and a margin of 5.0.

The convertible programmes are not conditional on continued employment during the terms of the convertible programmes. No new convertible programme has been initiated since 2020.

Renumeration ratio

The Company's highest paid employee in terms of fixed base cash salary is the President and CEO. In 2022, the President and CEO received a total fixed base cash salary of 10.2 million SEK. In 2022, the average renumeration on a full time basis for employees of AFRY in terms of fixed base cash salary was 0.58 million SEK (excluding the President and CEO's fixed base cash salary).

This means that the quota between the President and CEO's fixed base cash salary in 2022 and the average renumeration on a full time basis for employees of AFRY (excluding the President and CEO's fixed base salary) in terms of fixed base cash salary during 2022 was 17.6 (10,210,000 SEK / 580,000 SEK = 17.6).

Note 7

Other operating expenses

Group	2022	2021
Exchange rate losses	0	-1
Capital loss on disposal of non-current assets	–	0
Other	0	0
	0	**-1**

Other operating expenses of SEK 329 million (317) in the parent relate primarily to rental charges.

Note 8

Acquisition-related items

Group	2022	2021
Amortisation and impairment of intangible assets	-170	-159
Impairment of business	-66	-17
Revaluation of contingent considerations	14	36
Divestment of business and property	-63	0
	-285	**-139**

To improve analysis between periods, acquisition-related items are reported separately here.

Note 9

Items affecting comparability

Group	2022	2021
Restructuring costs, Infrastructure Division	-80	-10
Restructuring costs, Group functions	-20	–
Cost of adaptation/configuration of cloud-based IT systems	-57	-40
	-157	**-50**

To improve analysis between periods, items affecting comparability are reported separately here.

Note 10

Financial items

Group	2022	2021
Interest income[1]	12	12
Other financial income	12	6
Exchange rate gains	754	224
Financial income	**778**	**242**
Interest expense[1]	-131	-71
Interest expense, discounting of contingent considerations	-3	-5
Interest expense, IFRS 16	-48	-46
Other financial expenses	-22	-27
Exchange rate losses	-798	-222
Financial expenses	**-1,002**	**-371**
Financial items	**-224**	**-129**

Parent	2022	2021
Dividends from Group companies	402	389
Impairment of shares in Group companies	-11	-41
Impairment of receivables/liabilities in Group companies	0	–
Capital gain/loss on intra-group sales of subsidiaries	-1	–
Profit from participations in Group companies	**390**	**348**
Interest income, Group companies	228	140
Interest income[1]	1	1
Exchange rate gains	685	186
Interest income and similar profit/loss items	**914**	**328**
Interest expense, Group companies	-22	-14
Interest expense, discounting of contingent considerations	0	0
Interest expense[1]	-143	-96
Exchange rate losses	-716	-163
Interest expense and similar profit/loss items	**-881**	**-273**
Financial items	**423**	**403**

[1] Includes interest on pension provisions.

Note 11

Appropriations

Parent	2022	2021
Difference between recognised depreciation and depreciation according to plan	-1	19
Group contribution received	300	500
Transfers to tax allocation reserve	—	0
	299	**519**

Note 12

Earnings per share and number of shares

	Basic earnings per share		Diluted earnings per share	
SEK	2022	2021	2022	2021
Earnings per share	8.60	9.97	8.60	9.97

The calculation of the numerators and denominators used in the above calculations of earnings per share is specified below.

Basic earnings per share
The calculation of earnings per share for 2022 is based on the profit for the year attributable to the parent's ordinary shareholders, amounting to SEK 974 million (1,129) and on a weighted average number of outstanding shares in 2022 amounting to 113,247,847 (113,227,458).

Diluted earnings per share
In calculating diluted earnings per share, the weighted number of outstanding ordinary shares was adjusted for the dilution effect of all outstanding potential ordinary shares. In calculating diluted earnings per share, outstanding ordinary shares have been adjusted for a potential dilution effect for shares in outstanding staff convertible programmes. Outstanding convertibles were not diluted in 2022 but may be in the future. See Note 6 for more information on the convertible programmes.

Profit attributable to the parent's diluted ordinary shares

Parent	2022	2021
Profit attributable to the parent's ordinary shares	974	1,129
Reversal of interest expense for staff convertibles	—	—
	974	**1,129**

Weighted average number of diluted ordinary shares outstanding

Parent	2022	2021
Weighted average number of basic ordinary shares during the year	113,247,847	113,227,458
Effect of outstanding staff convertibles	—	—
Weighted average number of diluted ordinary shares during the year	**113,247,847**	**113,227,458**

Total number of shares

2021	Class A shares	Class B shares	Total number of shares	Of which own shares	Total number of outstanding shares
Opening balance 2021	4,290,336	108,733,708	113,024,044	—	113,024,044
Share buy-backs	—	—	—	700,681	-700,681
Cancellation	—	-700,681	-700,681	-700,681	—
Conversion to shares (convertible programme)	—	889,108	889,108	—	889,108
Closing balance 2021	**4,290,336**	**108,922,135**	**113,212,471**	**—**	**113,212,471**

2022	Class A shares	Class B shares	Total number of shares	Of which own shares	Total number of outstanding shares
Opening balance 2022	4,290,336	108,922,135	113,212,471	—	113,212,471
Conversion to shares (convertible programme)	—	39,270	39,270	—	39,270
Closing balance 2022	**4,290,336**	**108,961,405**	**113,251,741**	—	**113,251,741**

The total number of shares is divided into class A shares (10 votes per share) and class B shares (1 vote per share). As per the articles of association, the maximum permitted number of shares is two hundred and eighty million (280,000,000).

Note 13

Financial assets and liabilities

Responsibility for the Group's financial transactions and risks is held centrally by the parent's Treasury Department, which works in compliance with the policy established by the Board of Directors. The finance policy is intended to reduce financial risks at a cost that is reasonable for the Group. The aim is to ensure cost-effective financing while minimising the negative effects of market fluctuations on consolidated profit/loss. The Treasury Department identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units.

The Group is exposed to different kinds of financial risk through its operations, including exchange rate risk, interest rate risk, credit risk financing risk and liquidity risk.

Exchange rate risk

Exchange rate risk is defined as the risk that changes in exchange rates have a negative impact on the consolidated income statement, balance sheet and cash flow. Exchange rate risk can be split into translation and transaction exposures. Transaction exposure is the net of operating and financial inflows and outflows in foreign currencies. Translation exposure consists of the net assets and profit/loss of foreign subsidiaries in foreign currency.

Translation exposure

Translation exposure consists of the net assets and profit/loss of foreign subsidiaries in foreign currency. In line with current policy, the Group does not hedge translation exposure. In connection with major acquisitions, the translation exposure of net assets in foreign currency may be hedged by raising loans in the same currency as corresponding net assets. At the end of 2022, the Group's borrowing totalled SEK 2,962 million, denominated in EUR, of which SEK 2,406 million was designated as net investment hedges.

Transaction exposure

Transaction exposure is the net of operating and financial inflows and outflows in foreign currencies. Transaction exposure is relatively limited in the Group in comparison with sales, as sales and costs are mostly in local currency. Under current policy, payment flows in foreign currencies are hedged using derivatives when the net future payment flow is anticipated to exceed a value of EUR 1,000,000.

The Group's largest operational transaction exposure involves the currency pairs USD/CHF, EUR/SEK and EUR/GBP. An unhedged currency fluctuation of 10 percent in these currencies would affect the Group's operating profit/loss by approximately SEK 31 million, SEK 15 million and SEK 13 million respectively on an annual basis. An unhedged currency fluctuation of 10 percent in these currencies would affect the Group's operating profit/loss by SEK 52 million on an annual basis.

Interest rate risk

Interest rate risk is the risk that changes in interest rates may have a negative impact on the Group's net interest income/expense and cash flow.

The Group's exposure to interest rate risk relates chiefly to outstanding external loans. Under the current policy, the Group raises loans both at fixed and variable interest rates. If necessary, the Group can use interest rate swaps to achieve the desired average fixed interest period. A change of 1 percentage point in market rates in the next twelve months would have an effect of SEK 28 million on the Group's interest expense. At the end of the year, loans and credit facilities consisted of bank loans, bond loans, commercial paper and employee convertibles at both fixed and variable interest rates. Interest swaps are used to convert variable interest rates to fixed interest rates. The Group's cash and cash equivalents are kept in central cash pools or in bank accounts in local banks. There are no other significant interest-bearing assets.

Credit risk

The Group's commercial and financial transactions give rise to credit risks in respect of the Group's counterparties. Credit risk or counterparty risk is the risk of loss if the counterparty does not fulfil its obligations. The credit risk consists of outstanding accounts receivable and rendered but unbilled consulting assignments.

This risk is limited through the Group's credit policy. All new clients are vetted for creditworthiness and project services are invoiced on a pay-as-you-go basis to minimise the risk of bad debts. In addition, prepayments are applied to certain major projects to reduce credit risk.

The Group's ten largest clients, which account for 16 percent of Group sales, are all large multinational companies or publicly owned institutions and companies. The remaining 84 percent of net sales is distributed over a large number of clients. Counterparties to derivative contracts and cash transactions are limited to financial institutions with a high credit rating.

Financing and liquidity risks

The financing risk faced by the Group is the risk of not being able to raise new loans or refinance existing ones on acceptable terms. The Group is also exposed to liquidity risk, which is defined as the risk that it will not be able to meet its immediate payment obligations. The Group's policy is that the company's net debt in relation to EBITDA must not exceed 2.5 over time. For the Group, prudent management of financing risk also means having adequate cash and cash equivalents and committed credit lines. There is a procedure in place to ensure the availability of appropriate lines of credit. In accordance with the current policy, the company is to have cash and cash equivalents and unutilised credit facilities that together correspond to at least 6 percent of annual sales.

Over and above this yardstick, the Group has applied the following liquidity measure since July 2022 to ensure sufficient liquidity: The total of cash and cash equivalents, unutilised credit facilities and approved new issues in relation to liabilities which fall due over the next 12 months, plus forecast dividends over the next 12 months as well as contracted acquisitions must be at least 1.

Closing day rate	2022	2021
CHF	11.29	9.93
DKK	1.50	1.38
EUR	11.12	10.25
NOK	1.06	1.03

Note 13, cont.

Group		2022				2021			
Financial assets	**Level**	**FVPL**	**Fair value via other comprehensive income**	**Amortised cost**	**Total**	**FVPL**	**Fair value via other comprehensive income**	**Amortised cost**	**Total**
Interest rate swaps, hedge accounting applied	2		132		132		44		44
Forward exchange contracts, hedge accounting applied	2		15		15		8		8
Forward exchange contracts, hedge accounting not applied	2	45			45	22			22
Purchased currency options	2	4			4				–
Financial investments				8	8				–
Non-current receivables				12	12			17	17
Accounts receivable				5,205	5,205			4,206	4,206
Revenue generated but not invoiced				2,325	2,325			1,927	1,927
Cash and cash equivalents				1,088	1,088			2,112	2,112
Total		**49**	**147**	**8,638**	**8,835**	**22**	**51**	**8,261**	**8,334**
Financial liabilities									
Interest rate swaps, hedge accounting applied	2		17		17		2		2
Forward exchange contracts, hedge accounting applied	2		18		18		2		2
Forward exchange contracts, hedge accounting not applied	2	54			54	40			40
Sold currency options	2	2			2				–
Contingent considerations	3	197			197	225			225
Bank loans				2,587	2,587			1,012	1,012
Bond loans				2,500	2,500			3,500	3,500
Commercial paper				189	189			600	600
Staff convertibles				316	316			376	376
Lease liabilities				2,203	2,203			2,162	2,162
Work invoiced but not yet carried out				2,134	2,134			1,914	1,914
Accounts payable				1,286	1,286			1,097	1,097
Accrued expenses, subcontractors				268	268			208	208
Total		**252**	**35**	**11,483**	**11,770**	**265**	**4**	**10,868**	**11,138**

Note 13, cont.

Parent		2022				2021			
Financial assets	**Level**	**FVPL**	**Fair value via other comprehensive income**	**Amortised cost**	**Total**	**FVPL**	**Fair value via other comprehensive income**	**Amortised cost**	**Total**
Interest rate swaps, hedge accounting applied	2		132		132		44		44
Forward exchange contracts, hedge accounting applied	2		15		15		8		8
Forward exchange contracts, hedge accounting not applied	2	43			43	18			18
Purchased currency options	2	4			4				—
Non-current receivables				10	10			13	13
Accounts receivable				300	300			223	223
Cash and cash equivalents				308	308			1,155	1,155
Total		**47**	**147**	**617**	**812**	**18**	**51**	**1,392**	**1,461**
Financial liabilities									
Interest rate swaps, hedge accounting applied	2		17		17		2		2
Forward exchange contracts, hedge accounting applied	2		18		18		2		2
Forward exchange contracts, hedge accounting not applied	2	54			54	39			39
Sold currency options	2	2			2				—
Contingent considerations	3	21			21	20			20
Bank loans				2,564	2,564			1,012	1,012
Bonds				2,500	2,500			3,500	3,500
Commercial paper				189	189			600	600
Staff convertibles				316	316			376	376
Lease liabilities				1,040	1,040			—	—
Accounts payable				278	278			229	229
Other current liabilities				1,089	1,089			753	753
Total		**77**	**35**	**7,977**	**8,089**	**58**	**4**	**6,470**	**6,532**

Note 13, cont.

Derivative instruments	Level	Group 2022	Group 2021	Parent 2022	Parent 2021
Forward exchange contracts, hedge accounting not applied					
Total nominal values		2,741	3,362	2,679	2,936
Fair value, gains	2	45	22	43	18
Fair value, loss	2	-54	-40	-54	-39
Fair value, net		**-9**	**-18**	**-11**	**-21**
Forward exchange contracts, hedge reporting applied					
Total nominal values		702	569	702	569
Fair value, gains	2	15	8	15	8
Fair value, loss	2	-18	-2	-18	-2
Fair value, net		**-2**	**6**	**-2**	**6**
Purchased currency options, no hedge accounting					
Total nominal values of purchased options		270	–	–	–
Fair value, gains	2	2	–	–	–
Fair value, loss	2	–	–	–	–
Fair value, net		**2**	**–**	**–**	**–**
Sold currency options, no hedge accounting					
Total nominal values		540	–	–	–
Fair value, gains	2	1	–	–	–
Fair value, loss	2	0	–	–	–
Fair value, net		**1**	**–**	**–**	**–**
Interest rate derivatives, hedge accounting for net investments applied					
Total nominal values		1,850	1,850	1,850	1,850
Fair value, gains	2	31	39	31	39
Fair value, loss	2	-17	–	-17	–
Fair value, net		**14**	**39**	**14**	**39**
Interest rate swaps, cash flow hedge accounting applied					
Total nominal values		1,056	1,513	500	1,000
Fair value, gains	2	101	5	101	5
Fair value, loss	2	–	-2	–	-2
Fair value, net		**101**	**2**	**101**	**2**

Measurement of fair value
Fair value corresponds with carrying amount, except for bond loans. The following provides a summary of the main methods and assumptions used to determine the fair value of the Group's financial instruments.

Derivative instruments
Forward exchange contracts, currency options and interest rate swaps are measured at market value in accordance with level 2, i.e. fair value determined using a measurement method based on directly observable market inputs, either direct (such as price) or indirect (derived from price), and which are not included in level 1 (fair value determined on the basis of quoted prices for the same instruments on active markets).

Non-current and current liabilities to credit institutions
Non-current and current liabilities to credit institutions are carried at amortised cost in the Group and parent.

Commercial paper
Outstanding commercial papers are classified as long-term loans since the certificate programme is secured by underlying credit facilities with a maturity exceeding 12 months.

Bonds
The bonds are listed on Nasdaq Stockholm. The market value is based on the market price at the end of the reporting period.

Contingent consideration
Contingent considerations are measured at fair value in accordance with level 3. The calculation of contingent consideration is dependent on parameters in the relevant agreements. These parameters are mainly linked to expected EBIT for the acquired companies over the next two to three years.

An increase in expected EBIT means a higher liability for contingent consideration. Normally, there is a ceiling on each contingent consideration which limits how large the liability can become (for more information, see Note 3).

Maximum pay-out for contingent considerations totalled SEK 207 million (228) at the end of the reporting period.

Due date structure, financial liabilities

Group	2022 <1 year	1–2 years	3–5 years	> 5 years
Bank loans, SEK	550	50	644	231
Bank loans, EUR	–	–	556	556
Bonds	500	1,000	1,000	–
Commercial paper	–	190	–	–
Staff convertibles	171	149	–	–
Lease liabilities	578	427	804	394
Contingent considerations	75	131	–	–
Accounts payable	1,286	–	–	–
Accrued expenses, subcontractors	268	–	–	–
Interest	151	138	209	18

Group	2021 <1 year	1–2 years	3–5 years	> 5 years
Bank loans, SEK	–	500	–	–
Bank loans, EUR	–	–	–	512
Bonds	1,000	500	2,000	–
Commercial paper	–	–	600	–
Staff convertibles	66	171	149	–
Lease liabilities	423	468	808	462
Contingent considerations	48	80	96	–
Accounts payable	1,097	–	–	–
Accrued expenses, subcontractors	208	–	–	–
Interest	70	57	106	16

Accounts receivable

Age analysis of accounts receivable that are due but not impaired	Group 2022	Group 2021	Parent 2022	Parent 2021
<30 days	467	400	0	–
30–90 days	254	123	2	–
91–180 days	104	89	2	–
> 180 days	566	623	2	–
Total	**1,390**	**1,235**	**5**	**–**

Note 13, cont.

Provision for doubtful receivables	Group 2022	Group 2021	Parent 2022	Parent 2021
Provision at start of year	126	151	–	–
Provision for anticipated losses	72	33	–	–
Established losses	-12	-9	–	–
Recovered losses	-22	-35	–	–
Acquired businesses	-2	-9	–	–
Exchange differences	9	-5	–	–
Provision at end of year	**171**	**126**	**–**	**–**

Credit quality

Client credit risk is handled in each subsidiary in accordance with the centrally established credit policy. Outstanding accounts receivable are monitored and reported regularly within each company and within the Group. Provisions are made after individual assessment. The assessment of the amount which is expected to be received is based on careful analysis of the clients' ability to pay and the markets they operate in. The Group's ten largest clients, which account for a total of 16 percent of Group net sales, are all large multinational companies or publicly owned institutions and enterprises.

Loans and credit facilities

	Group 2022	Group 2021	Parent 2022	Parent 2021
Non-current liabilities				
Bank loans	2,037	1,012	2,014	1,012
Staff convertibles	146	311	146	311
Bonds	2,000	2,500	2,000	2,500
Commercial paper	189	600	189	600
Lease liabilities	1,625	1,738	810	803
	5,996	**6,161**	**5,159**	**5,226**
Current liabilities				
Bank loans	550	0	550	–
Staff convertibles	171	65	171	65
Bonds	500	1,000	500	1,000
Lease liabilities	578	423	230	180
	1,799	**1,488**	**1,451**	**1,245**

AFRY has a Swedish programme for commercial paper that was established in 2017. In 2019, the programme was expanded from SEK 1,000 million to SEK 2,000 million. The programme enables the issuance of commercial paper with maturities of up to twelve months. As at 31 December 2022, AFRY had issued commercial paper in the amount of SEK 189 million (600).

AFRY has a Swedish medium term note (MTN) programme that was established in May 2018. In 2019, the programme was expanded from SEK 3,000 million to SEK 5,000 million. At 31 December 2022, AFRY had outstanding bonds totalling SEK 2,500 million (3,500).

AFRY raised three bilateral bank loans during the year: one three-year loan of SEK 500 million, one five-year loan of EUR 50 million and one seven-year loan of SEK 500 million. The company repaid a previous bond loan of SEK 1,000 million that fell due in June.

AFRY holds two syndicated revolving credit agreements, Revolving Facility Agreement 2014 (RCF 2020) and Revolving Credit Facility Agreement 2018. The credit facilities are provided in equal parts by Handelsbanken and SEB. At 31 December 2022, AFRY had utilised SEK 0 million (0).

AFRY has two staff convertible loans totalling SEK 316 million.

AFRY has a total of five bank loans, of which SEK 500 million is due for payment in March 2023, SEK 475 million in April 2025, EUR 50 million in April 2027, EUR 50 million in November 2028 and SEK 500 million in June 2029.

The agreements governing the Group's bank loans contain certain financial obligations that must be fulfilled to retain the loans and avoid increased borrowing costs. The most important obligation is net debt/operating profit (EBITDA). During the year, all financial obligations were met.

The Group's unused credit facilities amounted to SEK 3,056 million (2,451).

Conditions and amortisation periods

Group	2022 Nom. amount in original currency	Carrying amount	Year due	Fair value
Non-current liabilities				
Bond loan, SEK	1,000	1,000	2024	997
Bond loan, SEK	1,000	1,000	2026	964
SEK, variable interest rate	425	425	2025	425
SEK, variable interest rate	500	500	2029	500
EUR, variable interest rate	50	556	2027	556
EUR, variable interest rate	50	556	2028	556
Commercial paper	189	189	2023	189
		4,226		**4,187**
Current liabilities				
Bond loan, SEK	500	500	2023	499
SEK, variable interest rate	550	550	2023	550
		1,050		**1,049**

Group	2021 Nom. amount in original currency	Carrying amount	Year due	Fair value
Non-current liabilities				
Bond loan, SEK	500	500	2023	502
Bond loan, SEK	1,000	1,000	2024	1,015
Bond loan, SEK	1,000	1,000	2026	1,003
SEK, variable interest rate	500	500	2023	500
EUR, variable interest rate	50	512	2028	512
Commercial paper	600	600	2022	600
		4,112		**4,132**
Current liabilities				
Bond loan, SEK	1,000	1,000	2022	1,003
Other	0	0	2022	0
		1,000		**1,003**

Contingent considerations (level 3)

Change, contingent considerations	2022	2021
Opening balance	**225**	**269**
Estimated liabilities, acquisitions	18	185
Payments	-44	-204
Changes in value recognised as acquisition related items	-14	-35
Adjustment of preliminary acquisition analysis	-4	-1
Discounting	3	5
Exchange differences	12	6
Closing balance	**196**	**225**

Note 14

Intangible assets

Group	Goodwill 2022	Goodwill 2021	Intangible assets related to acquired businesses 2022	Intangible assets related to acquired businesses 2021	Other intangible assets 2022	Other intangible assets 2021	Total 2022	Total 2021
Cost	14,466	12,845	2,100	1,953	412	352	16,978	15,150
Accumulated amortisation	—	—	-1,002	-781	-350	-293	-1,352	-1,074
Accumulated impairment	-35	-32	—	—	—	—	-35	-32
Carrying amount	**14,431**	**12,814**	**1,098**	**1,172**	**62**	**60**	**15,591**	**14,045**
Opening carrying amount	12,814	11,460	1,172	1,247	60	58	14,045	12,764
Purchases	—	—	—	—	39	27	39	27
Divestments and disposals	—	—	—	—	—	-1	—	-1
Acquired businesses	893	1,059	21	62	—	10	914	1,131
Adjustment of acquisition analysis	-4	-1	—	—	—	—	-4	-1
Amortisation for the year	—	—	-170	-159	-30	-27	-200	-186
Impairment for the year	—	—	—	—	-11	—	-11	—
Exchange differences	728	298	74	23	4	-8	807	312
Closing carrying amount	**14,431**	**12,814**	**1,097**	**1,172**	**62**	**60**	**15,590**	**14,045**

Group
The Group's intangible assets arise primarily from acquired businesses. These acquired intangible assets consist largely of goodwill, as it is mainly human capital in the form of employee skills that constitutes the value of consulting companies. Other intangible assets identified in connection with acquisitions include client relationships. For information on amortisation, see the accounting policies in Note 1.

Goodwill has been allocated to cash-generating units comprising the Group's segments.

Impairment tests on goodwill are carried out annually, during Q4 or when there are indications that an impairment need has arisen, by discounting the anticipated future cash flow by a weighted average cost of capital per cash-generating unit. The present value of cash flows, the value in use, is compared with the carrying amount including goodwill and other intangible assets.

Forecasts used in respect of future cash flows are based on the forecast approved by Group management for the next year supplemented by an individual assessment of a further four years. From that point on, the calculation is based on an annual growth rate of 2 percent.

The forecasts are based on previous experience, internal judgements and external sources of information. The most important variable is operating margin, which is affected by hourly rate, capacity utilisation, payroll expenses and number of employees. No reasonable changes in the assumptions for these variables would lead to impairment.

The weighted average cost of capital is based on assumptions about average interest rates on 10-year government bonds, as well as company-specific risk factors and beta values. The forecast cash flows have been discounted to present value.

Cash-generating unit	Discount rate before tax, % 2022	Discount rate before tax, % 2021
Division Infrastructure	11.0	9.0
Division Industrial & Digital Solutions	11.0	9.0
Division Process Industries	11.0	9.0
Division Energy	11.0	9.0
Division AFRY X	11.0	—
Division Management Consulting	11.0	9.0

Cash-generating unit	Goodwill 2022	Goodwill 2021
Division Infrastructure	4,699	3,761
Division Industrial & Digital Solutions	3,488	3,400
Division Process Industries	1,784	1,691
Division Energy	2,852	2,449
Division AFRY X	619	594
Division Management Consulting	989	918
Total	**14,431**	**12,814**

The comparison figures have been adjusted to account for organisational changes.

Parent	Intangible assets 2022	Intangible assets 2021
Cost	15	14
Accumulated amortisation	-10	-4
Carrying amount	**5**	**9**
Opening carrying amount	9	13
Purchases	1	2
Divestments and disposals	—	—
Amortisation for the year	-5	-5
Closing carrying amount	**5**	**9**

Note 15

Property, plant and equipment

	Equipment, tools, fixtures and fittings		Land and buildings		Total	
Group	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Cost	1,419	1,256	5	251	1,424	1,507
Accumulated depreciation	-1,066	-925	-3	-88	-1,069	-1,012
Carrying amount	**353**	**331**	**3**	**164**	**355**	**495**
Opening carrying amount	331	340	164	199	495	539
Purchases	109	87	1	0	110	87
Sales and disposals	-2	-5	-154	-43	-156	-48
Acquired businesses	8	4	0	—	8	4
Depreciation for the year	-105	-100	-1	-3	-106	-104
Exchange differences	11	6	-7	11	5	17
Closing carrying amount	**353**	**331**	**3**	**164**	**355**	**495**

	Equipment, tools, fixtures and fittings	
Parent	**2022**	**2021**
Cost	352	312
Accumulated depreciation	-219	-188
Carrying amount	**133**	**125**
Opening carrying amount	125	142
Purchases	40	13
Depreciation for the year	-31	-31
Closing carrying amount	**133**	**125**

Note 16

Leasing

Right-of-use asset	**Prem-ises**	**Vehicle**	**Other**	**Total**
Depreciation/amortisation during the year	-502	-51	-1	-555
Closing balance 31 December 2022	1,876	77	1	1,954

The cost for newly acquired rights of use during the year is included in this amount. Additional amounts when reconsidering lease liabilities due to changed payments resulting from the change in the lease term are included in this amount.

Lease liabilities	**2022**	**2021**
Non-current	1,625	1,738
Current	578	423
	2,203	**2,162**

Amounts recognised in profit or loss	**2022**	**2021**
Depreciation of right-of-use assets	555	566
Interest on lease liabilities	48	46
Variable lease payments not included in the valuation of the lease liability	—	18
Income from onward leasing of right-of-use assets	7	11
Cost of short-term leases	32	32
Costs for low-value leases, not short-term leases with low value	105	89

Amount recognised in the statement of cash flows	**2022**	**2021**
Total cash outflows attributable to leases	492	518

Note 17

Participations in associates and joint arrangements

Group	**2022**	**2021**
Carrying amount at start of year	24	21
Participations in associates/joint ventures, profit after tax	8	5
Dividend distribution	—	-4
Divested associates and joint arrangements	-31	—
Exchange differences	-1	2
Carrying amount at end of year	**1**	**24**

During the year, 22 joint arrangements expired.

Note 18

Prepaid expenses and accrued income

	Group		Parent	
	2022	**2021**	**2022**	**2021**
Rent	102	95	87	75
Support and maintenance agreements	115	92	104	79
Insurance	14	11	13	6
Other	81	110	3	2
	311	**308**	**207**	**163**

Note 19

Equity

Group

Holders of ordinary shares are entitled to dividends as approved annually by the Annual General Meeting. All shares have the same rights to the company's residual net assets. The quota value of the shares is SEK 2.50 (2.50).

The proposed dividend has not been recognised in these financial statements.

Dividends	2023[1]	2022	2021
Dividend per share, SEK	5.50	5.50	5.00
Number of shares outstanding	113,251,741	113,212,471	113,110,174
Dividend distribution	**623**	**623**	**566**

[1] Proposed dividend.

Reserves	Translation reserve	Hedge reserve	Fair value reserve	Total reserves
Opening balance, 2021	**-203**	**71**	**20**	**-113**
Translation difference for the year	357	—	—	357
Cash flow hedges	—	16	—	16
Currency swap	—	-12	—	-12
Bank loans	—	-17	—	-17
Interest rate swap	—	2	—	2
Tax	—	0	—	0
Closing balance, 2021	**154**	**60**	**20**	**234**
Opening balance, 2022	**154**	**60**	**20**	**234**
Translation difference for the year	624	—	—	624
Cash flow hedges	—	101	—	101
Interest rate swap	—	101	—	101
Tax	—	-16	—	-16
Closing balance 2022	**778**	**247**	**20**	**1,044**

Capital management

Capital is defined as total equity, which corresponds to equity in the consolidated balance sheet. AFRY's objective is for the Group to maintain a net debt position over time.

Net debt is measured in relation to EBITDA (net debt/EBITDA) and the financial target is 2.5 excl. IFRS 16 - Leases.

At 31 December 2022, net debt/EBITDA excluding IFRS 16 - Leases was 2.5 (2.0).

At 31 December 2022, net debt/EBITDA including IFRS 16 - Leases was 2.8 (2.4).

There are external requirements in the agreements governing the bank loans. Additional information on these is given in Note 13.

There were no changes in capital requirements during the year.

Proposed appropriation of profits

Non-restricted profits of SEK 8,874,463,405 are at the disposal of the AGM. The Board of Directors proposes that these profits be appropriated as follows:

A dividend of SEK 5.50 per share is being paid to the shareholders	622,884,576
To be carried forward	8,251,578,829
Total	**8,874,463,405**

Note 20

Pension obligations

Of the Group's total number of employees at the end of the year, around 9 percent have pensions that are recognised as defined benefit. Other employees within AFRY have pensions that are recognised as defined contribution.

Defined-benefit plans exist in Sweden, Switzerland, Finland, Germany, Austria, Norway, the Philippines, Indonesia and Italy. The plans in Finland, Italy, the Philippines, Indonesia and Norway are not material.

The defined-benefit plans in Sweden and Switzerland are governed by a broadly similar framework of rules. The plans are final salary retirement plans which give employees benefits in the form of a guaranteed level of pension payment during their lives. The plans are exposed, broadly speaking, to similar risks. The Swedish plan, however, covers only pensioners and paid-up pension policyholders, while the Swiss plan covers only active employees. The plan in Switzerland is secured by a fund. The Swedish plan is unfunded. The defined-benefit plans in Germany are individual and partially funded. The company will meet the obligation to make payments for the unfunded plan when it runs out.

Alecta

For white-collar staff in Sweden, the ITP 2 occupational pension plan's defined-benefit pension obligation for retirement and survivor pensions is secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board this is a defined-benefit multiemployer plan. For the financial year, the company has not had access to the information required to recognise this plan as a defined-benefit plan. The ITP supplementary pensions plan for salaried employees' retirement benefits that is secured through insurance with Alecta is, therefore, recognised as a defined-contribution plan.

Contributions during the year for pension insurance with Alecta amounted to SEK 418 million (407). The fees for next year are expected to be in line with this year, adjusted for growth. Alecta's surplus may be allocated to the insurance policy holder and/or the insured. At year-end, Alecta's surplus in the form of the collective funding ratio was 172 percent (172). The collective funding ratio is the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions, which are not in conformity with IAS 19.

If funding is low, one possible action is to raise the agreed price for new entrants and for the extension of existing benefits. If funding is high, one possible action is to reduce premiums.

Group

Defined-benefit plans

	2022	2021
Present value of funded obligations	-2,466	-2,639
Fair value of plan assets	2,730	2,778
	265	**139**
Present value of unfunded obligations	-113	-134
Unrecognised asset due to asset ceiling	-307	-220
Liability recognised in balance sheet	**-155**	**-216**
of which Sweden	*-17*	*-56*
of which Germany	*-86*	*-102*
of which Switzerland	*-11*	*-5*
of which other countries	*-41*	*-42*

Note 20, cont.

Actuarial gains and losses

	2022	2021
Financial assumptions	402	27
Demographic assumptions	0	84
Experience-based adjustments	-55	21
Total	**347**	**132**

Allocation of plan assets

	2022	2021
Cash and cash equivalent assets	66	19
Equity instruments	792	852
Debt instruments	1,316	1,309
Real estate	453	500
Other	104	98
Total	**2,730**	**2,778**

The majority of the assets have a quoted market price.

Assumptions for defined-benefit obligations

Sweden	2022	2021
Discount rate, %	3.7	1.6
Inflation, %	2.0	2.1

Switzerland	2022	2021
Discount rate, %	1.9	0.2
Inflation, %	0.0	0.0
Future increase in pensions, %	0.0	0.0
Future increase in salaries, %	0.5	0.5

Germany	2022	2021
Discount rate, %	3.2	0.8
Inflation, %	2.6	2.0
Future increase in pensions, %	2.6	2.0

The discount rate is equivalent to the market interest rate on mortgage bonds and corporate bonds, respectively, with the duration corresponding to the average remaining term of the obligation.

Change in the defined-benefit net debt

	2022				2021			
Group	**Present value of plan assets**	**Present value of obligations**	**Maximum ceiling, pension fund**	**Total**	**Present value of plan assets**	**Present value of obligations**	**Maximum ceiling, pension fund**	**Total**
Opening balance	2,778	-2,773	-220	-216	2,487	-2,828	—	-341
Current service costs	—	-68	—	-68	—	-71	—	-71
Past service costs	—	15	—	15	—	14	—	14
Change in special employers' contribution (Sweden)	—	0	—	0	—	2	—	2
Interest income/expense	6	-4	—	2	3	-4	—	-1
Return on plan assets (excluding interest)	-292	—	—	-292	207	—	—	207
Actuarial gains/losses	—	402	—	402	—	132	—	132
Exchange rate difference	358	-389	—	-32	180	-184	—	-4
Contributions by employer	73	—	—	73	65	—	—	65
Contributions by plan participants	51	-51	—	0	47	-47	—	0
Benefits paid	-244	248	—	4	-228	232	—	4
Acquisitions	0	10	—	10	17	-19	—	-2
Redemption of pension liability	—	31	—	31				
Effect of asset ceiling on net defined-benefit obligations	—	—	-86	-86	—	—	-220	-220
Closing balance	**2,730**	**-2,579**	**-307**	**-155**	**2,778**	**-2,773**	**-220**	**-216**

Sensitivity analysis of pension obligations

	Sweden		Switzerland		Germany	
	Change in assumptions	**Increase/ decrease**	**Change in assumptions**	**Increase/ decrease**	**Change in assumptions**	**Increase/ decrease**
Discount rate	+/-0.50%	+/- 1	+/-0.50%	+/- 1	+/-0.50%	+3 / -6
Rate of salary increases	—	—	+/-0.50%	+/- 0	—	—

The sensitivity analysis is based on a change in one assumption while all other assumptions remain constant. It is unlikely that this will occur in practice, and changes in several of the assumptions may be correlated. Payments to plans are expected to total SEK 191 million (203) over the coming year. The average remaining term for the Swedish plan is 6 years (13), for the German plan, 11 years (13) and for the Swiss plan, 10 years (16).

Defined-contribution plans

Group	2022	2021
Cost of defined-contribution plans (including Alecta)	965	969

Parent	2022	2021
Cost of defined-contribution plans (including Alecta)	38	31

Defined-benefit plans

Parent	2022	2021
Present value of unfunded obligations	13	15
Net amount recognised for defined-benefit plans	**13**	**15**
Of this, covered by credit insurance via FPG/PRI	13	15

Changes in obligations during the year

Parent	2022	2021
Net present value of pension obligations at start of year	15	17
Cost excluding interest expense charged to profit or loss	-1	0
Interest expense	0	0
Payment of pensions	-2	-2
Net present value of pension obligations at end of year	**13**	**15**

All obligations are for pension provisions under the Pension Obligations Vesting Act.

Note 21

Other provisions

Change in non-current provisions

	Restructuring		Other		Total	
Group	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Carrying amount at start of period	13	17	59	74	72	91
Provisions during the period	9	3	53	40	61	43
Amount utilised during the period	-2	-10	-21	-32	-23	-42
Releases during the period	-3	-1	-5	-26	-8	-26
Transfer from non-current to current	-3	4	0	0	-3	4
Translation differences	1	0	6	2	6	3
Carrying amount at end of period	**15**	**13**	**90**	**59**	**105**	**72**

Change in current provisions

	Restructuring		Other		Total	
Group	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Carrying amount at start of period	13	35	21	39	34	74
Provisions during the period	94	7	14	13	108	21
Amount utilised during the period	-82	-27	-13	-17	-95	-44
Releases during the period	-4	—	-4	-15	-8	-15
Transfer from non-current to current	3	-4	0	0	3	-4
Translation differences	1	1	2	1	3	2
Carrying amount at end of period	**25**	**13**	**20**	**21**	**45**	**34**

Parent
Other provisions

	2022	**2021**
Carrying amount at start of period	20	47
Provisions during the period	3	—
Amount utilised during the period	-3	-28
Releases during the period	—	—
Discounting of contingent considerations	0	0
Translation differences	2	1
Carrying amount at end of period	**21**	**20**

Of the recognised provisions, SEK 21 million (20) is for contingent considerations.

Note 22

Taxes

Recognised in profit or loss

Group	**2022**	**2021**
Current tax		
Tax for the period	-271	-280
Adjustment of tax attributable to previous years	11	-20
Deferred tax		
Deferred tax	15	37
Total recognised consolidated tax	**-246**	**-264**

Parent	**2022**	**2021**
Current tax		
Tax for the period	8	-3
Adjustment of tax attributable to previous years	1	0
Deferred tax		
Deferred tax	1	-16
Total recognised parent tax	**11**	**-19**

Note 22, cont.

Reconciliation of effective tax

Group	2022 (%)	2022	2021 (%)	2021
Profit before tax		1,220		1,393
Tax per parent's applicable tax rate	20.6	251	20.6	287
Effect of other tax rates for foreign subsidiaries	1.3	15	0.9	12
Non-deductible costs	2.3	28	1.4	20
Non-taxable income	-0.2	-3	-0.8	-12
Tax for previous non-capitalised loss carry-forwards	-1.5	-18	-2.3	-32
Effects of losses without corresponding capitalisation of deferred tax	-1.2	-14	-0.1	-2
Effect of changed tax rates	0.0	0	-0.2	-2
Tax attributable to previous years	-0.9	-11	1.5	20
Other	-0.3	-3	-2.0	-28
Recognised effective tax	**20.2**	**246**	**18.9**	**264**

Parent	2022 (%)	2022	2021 (%)	2021
Profit before tax		343		598
Tax per parent's applicable tax rate	20.6	71	20.6	123
Non-deductible costs	2.6	9	2.3	14
Non-taxable income	-24.2	-83	-13.4	-80
Tax attributable to previous years	-0.2	-1	0.0	0
Other	-2	-6	-6	-38
Recognised effective tax	**-3.2**	**-11**	**3.1**	**19**

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax asset		Deferred tax liability		Net	
Group	2022	2021	2022	2021	2022	2021
Non-current assets	26	20	-287	-314	-262	-294
Current receivables and liabilities	18	20	-79	-75	-61	-54
Provisions and non-current liabilities	84	74	0	2	84	76
Untaxed reserves	—	—	-16	4	-16	4
Loss carry-forward	58	54	—	—	58	54
Tax assets/liabilities	**186**	**168**	**-382**	**-383**	**-196**	**-215**
Set-off	15	6	-15	-6	—	—
Net tax assets/liabilities	**201**	**174**	**-397**	**-389**	**-196**	**-215**

Unrecognised deferred tax assets

Deductible temporary differences and loss carry-forwards for tax purposes for which deferred tax assets have not been recognised in profit or loss and balance sheets:

Group	2022	2021
Tax deficit	286	324
	286	**324**

Deferred tax assets were not recognised for these tax deficits, since it has not yet been deemed likely that the Group will be able to utilise them against future taxable profits. The deficits are attributable to AFRY's subsidiaries in Germany, Switzerland, Poland, Brazil, Canada, China, Chile and Mexico. The majority of the deficits do not fall due.

Change in deferred tax in temporary differences and loss carry-forwards

Group	Balance at 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Acquisition/ divestment of business	Reclassification, translation differences etc.	Balance at 31 December 2022
Non-current assets	-294	37	—	—	-5	—	-262
Current receivables and liabilities	-54	-4	—	—	—	-2	-61
Provisions and non-current liabilities	76	-3	14	-15	—	12	84
Untaxed reserves	4	-20	—	—	—	0	-16
Loss carry-forward	54	4	—	—	—	—	58
	-215	**15**	**14**	**-15**	**-5**	**10**	**-196**

Group	Balance at 1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Acquisition/ divestment of business	Reclassification, translation differences etc.	Balance at 31 December 2021
Non-current assets	-317	36	—	—	-13	—	-294
Current receivables and liabilities	-60	23	—	—	—	-17	-54
Provisions and non-current liabilities	56	-7	-24	4	2	45	76
Untaxed reserves	2	2	—	—	—	0	4
Loss carry-forward	71	-17	—	—	—	—	54
	-248	**37**	**-24**	**4**	**-11**	**28**	**-215**

Note 23

Accrued expenses and prepaid income

	Group		Parent	
	2022	2021	2022	2021
Personnel-related liabilities	1,568	1,516	76	32
Project-related liabilities	64	59	32	20
Accrued expenses, subcontractors	268	208	—	—
Other	404	365	30	37
	2,303	**2,148**	**138**	**88**

Note 24

Operating leases

Lease agreements in which the company is the lessee
Operating leases cover rental agreements for real estate, leases for vehicles under which employees assume all the financial risks and benefits associated with the vehicles, and the lease of certain items of office equipment. The cars are leased primarily over three years.

The Group applies IFRS 16 Leases as from 1 January 2019. For the parent, leases are reported according to RFR2.

Non-terminable minimum lease payments

	Premises		Other	
Parent	**2022**	**2021**	**2022**	**2021**
During the year	321	307	3	2
Within one year	297	324	3	2
Between one and five years	935	931[1]	11	8
Longer than five years	127	352	—	—
Total	**1,679**	**1,914**	**17**	**13**

[1] Adjusted due to incorrect calculation in 2021.

Note 25

Pledged assets, contingent liabilities and contingent assets

	Group		Parent	
	2022	2021	2022	2021
Pledged assets				
In the form of pledged assets for own liabilities and provisions	—	—	—	—
Total pledged assets	**—**	**—**	**—**	**—**
Contingent liabilities				
Guarantee commitments in favour of subsidiaries	—	—	198	83
Guarantee commitments	895	614	1	2
Total contingent liabilities	**895**	**614**	**199**	**85**

Guarantee commitments refer primarily to performance guarantees for tenders and the completion of projects.

Contingent assets
The Group has determined that no contingent assets exist.

Note 26

Related party transactions

The parent has a related party relationship with its subsidiaries (see Note 27).

Summary of transactions with related parties

The ÅForsk Foundation, which holds 33.4 percent of the votes in AFRY AB, senior executives, associates and joint ventures, is classified as a related party. Transactions with these parties took place on commercial terms.

Group	Year	Sale of services to related parties	Purchase of services from related parties	Receivables from related parties at 31 Dec	Liabilities to related parties at 31 Dec
Joint venture	2022	0	–	–	–
Joint venture	2021	0	–	–	–
Senior executives	2022	–	–	–	34
Senior executives	2021	–	–	–	40
ÅForsk Foundation	2022	1	–	–	–
ÅForsk Foundation	2021	1	–	–	–

In 2022, in addition to the above, the Group received SEK 0 million (0) in appropriations from the ÅForsk Foundation. For details of other remuneration to senior executives, please see Note 6.

Parent	Year	Sale of services to related parties	Purchase of services from related parties	Receivables from related parties at 31 Dec	Liabilities to related parties at 31 Dec
Subsidiaries	2022	1,320	293	10,304	3,287
Subsidiaries	2021	1,214	303	8,238	2,253
Senior executives	2022	–	–	–	15
Senior executives	2021	–	–	–	15
ÅForsk Foundation	2022	1	–	–	–
ÅForsk Foundation	2021	0	–	–	–

Note 27

Group companies

Comprehensive list of all Group subsidiaries

			2022	
	Corp. ID number	Registered office	Participating interest, %[1]	Carrying amount in parent
AFRY Group Sweden AB	556158-1249	Sweden	100	374
ÅF Digital Solutions AB	556866-4444	Sweden	100	–
Cervino Consulting AB	556908-6183	Sweden	100	–
Cervino Consulting Kommanditbolag	969764-2420	Sweden	50	–
Cervino Consulting Kommanditbolag	969764-2420	Sweden	50	–
Alteco AB	556550-2209	Sweden	100	–
Ingenjörsprojekt i Sverige AB	556487-7164	Sweden	100	–
ÅF-Infrastructure AB	556185-2103	Sweden	100	–
ÅF Sandellsandberg arkitekter AB	556464-9308	Sweden	100	–
Koncept Arkitektur och Design ÅF AB	556496-2941	Sweden	100	–
Sonny Svenson Konsult AB	556338-1267	Sweden	100	–
AB Sonny Svenson Konsult i Norrtälje	556705-9786	Sweden	100	–
ÅF-Industry AB	556224-8012	Sweden	100	–
AF Engineering & Design Pty Ltd	2018/414610/07	South Africa	100	–
EKOM AB	556890-0822	Sweden	100	–
Facilia AB	556766-3611	Sweden	100	–
Lexter Ljuddesign AB	556738-2931	Sweden	100	–
Pöyry Sweden AB	556850-0515	Sweden	100	–
AF Engineering (Chengdu) Co. Ltd.	91510100MA6C7ARL8F	China	100	–
ProTAK Systems AB	556586-0664	Sweden	100	–
Zert AB	556445-1812	Sweden	100	–
AFRY X AB	559297-0379	Sweden	100	–
Gärderup Byggkonstruktion AB	556507-0314	Sweden	100	–
Evolve Technology Sweden AB	559094-3527	Sweden	100	–
Trivalo AB	559145-3294	Sweden	100	–
TM Konsult AB	556331-8012	Sweden	100	–
Collage Arkitekter AB	556843-2214	Sweden	100	–
Teknisk Merkantil Konsult AB	559088-3467	Sweden	100	–
AFRY Group Denmark A/S	42301256	Denmark	100	–
Gottlieb Paludan Architects A/S	18 35 59 49	Denmark	100	–
AFRY ApS	20 24 66 93	Denmark	100	–
ÅF Buildings Denmark P/S	34 07 48 01	Denmark	100	–
Komplementaranpartsselskabet Midtconsult	33 58 46 36	Denmark	100	–
LK Consultants Ltd.	0191285	Gibraltar	100	–
AFRY Denmark A/S	13 59 08 85	Denmark	100	–
Weop AB	556813-7060	Sweden	100	–
Swedish Electrical and Power Control AB	559016-6152	Sweden	100	–
AFRY Ukraine LLC	42703305	Ukraine	100	0
Light Bureau Limited	05333484	UK	100	4
ÅF-Consult AB	556101-7384	Sweden	100	0
ÅF-Teknik & Miljö AB	556534-7423	Sweden	100	0
Epsilon Holding AB	556421-6884	Sweden	100	3
LeanNova Engineering AB	556880-7233	Sweden	100	0
AF Engineering (Shanghai) Co. Ltd.	913100000 7482378XN	China	100	–
AFRY ENGINEERING INDIA PRIVATE LIMITED	U74999DL2019FTC347883	India	1	–
AFRY Group Norway AS	911 567 989	Norway	100	668
AFRY Norway AS	915 229 719	Norway	100	–
Advansia AS	883 889 762	Norway	100	–
AFRY Consult AS	934 948 262	Norway	100	–
ÅF-Consult Oy	1800189-6	Finland	100	46
ÅF-Consulting AS	10 449 422	Estonia	100	–
UAB AF-Consult	135 744 077	Lithuania	100	–
AFRY Estonia OÛ	11 297 301	Estonia	100	8
AFRY CZ s.r.o.	453 06 605	Czech Republic	100	106
ÅF Infrastructure Polska Sp. z o.o.	0000751808	Poland	100	1
AF Consult do Brazil Ltda	108.307.539/0001-08	Brazil	84.95	8
AFRY Solutions Spain, S.A.U.	A2004 9870	Spain	100	12
AFRY ENGINEERING INDIA PRIVATE LIMITED	U74999DL2019FTC347883	India	99	0

Note 27, cont.

	Corp. ID number	Registered office	2022 Participating interest, %[1]	2022 Carrying amount in parent
AFRY Group Finland Oy	1009321-2	Finland	100	7,085
AFRY Austria GmbH	FN95496k	Austria	100	–
AFRY (Beijing) Company Limited	91110105772553297R	China	100	–
AFRY Engineering (Suzhou) Co., Ltd.	91320281094420443X	China	100	–
Kiinteistö Oy Manuntori	0599822-8	Finland	34.2	–
AFRY Finland Oy	0625905-6	Finland	100	–
Pöyry Shandong Engineering and Consulting Company Limited	004356 Jinan Shandong	China	100	–
Salamanca Proyectos Llave en Mano S.L.	C.I.F. B86087558	Spain	100	–
Pilowin S.A.	5356865	Uruguay	100	–
Pöyry Soluções em Projetos Ltda	12.051.324/0001-38	Brazil	99	–
EPP - Empresa de Pagamentos Planejados Ltda	14.576.556/0001-35	Brazil	33	–
Pöyry Latin America S.L.U.	C.I.F. B85525699	Spain	100	–
AFRY (Chile) Limitada	76.389.454-1	Chile	99.9	–
AFRY (Peru) S.A.C.	20492556671	Peru	99.9996	–
Pöyry Soluções em Projetos Ltda	12.051.324/0001-38	Brazil	1	–
Pöyry Consultoria em Gestao e Negocios Ltda	81.679.268/0001-01	Brazil	1	–
Poyry Consultoria e Projetos Ltda.	07.885.917/0001-60	Brazil	1	–
Pöyry Tecnologia Ltda.	50.648.468/0001-65	Brazil	0.02	–
Mifecor S.A.	6826148	Uruguay	100	–
PT AFRY Indonesia	01.869.762.3-058.000	Indonesia	1	–
AFRY Solutions (Mexico) S.A. de C.V.	357161	Mexico	0.01	–
AFRY (Chile) Limitada	76.389.454-1	Chile	0.1	–
AFRY (Peru) S.A.C.	20492556671	Peru	0.0004	–
PT AFRY Indonesia	01.869.762.3-058.000	Indonesia	94	–
AFRY Management Consulting Oy	2302276-3	Finland	100	–
AFRY Management Consulting Austria GmbH	FN368887g	Austria	100	–
AFRY France S.A.S.	429 750 300 R.C.S. Paris	France	100	–
Cordoba Management Consulting S.L.	C.I.F. B86011814	Spain	100	–
Pöyry Consultoria em Gestao e Negocios Ltda	81.679.268/0001-01	Brazil	99	–
Iptim Inc.	99-0385808	USA	100	–
Simosol Vietnam Ltd.	0402057447	Vietnam	100	–
DigiTapio Oy	3010774-9	Finland	50	–
AFRY Management Consulting S.r.l.	03357900962	Italy	100	–
AFRY Deutschland GmbH	HRB 704261	Germany	100	–

	Corp. ID number	Registered office	2022 Participating interest, %[1]	2022 Carrying amount in parent
AFRY Management Consulting GmbH	HRB 50407	Germany	100	–
AFRY ERŐTERV ZRt.	Cg. 01-09-940929	Hungary	98.94	–
AFRY Italy S.r.l.	03684000106	Italy	100	–
AFRY Malaysia Sdn Bhd	551240-M	Malaysia	100	–
AFRY Poland sp. z o.o.	150659	Poland	100	–
Poyry Infra Sp. z o.o.	68184	Poland	100	–
AFRY Rus LLC	1147847070007	Russia	100	–
Poyry Management Consulting (Singapore) Pte. Ltd.	199200145K	Singapore	100	–
Valencia Engineering S.L.	C.I.F. B85756310	Spain	100	–
Pöyry Tecnologia Ltda.	50.648.468/0001-65	Brazil	99.98	–
EPP - Empresa de Pagamentos Planejados Ltda	14.576.556/0001-35	Brazil	34	–
Pöyry Consultoria e Projetos Ltda..	07.885.917/0001-60	Brazil	99	–
EPP - Empresa de Pagamentos Planejados Ltda	14.576.556/0001-35	Brazil	33	–
AFRY Vietnam Ltd	0109293058	Vietnam	100	–
AFRY Group Switzerland AG	CHE-340.373.992	Switzerland	100	–
AF-Consult Switzerland AG	CHE-105.949.521	Switzerland	100	–
AFRY South-East Asia Ltd	3011879733	Thailand	100	–
AFRY India Private Limited	U74140DL2009FTC197507	India	100	–
AF Consult do Brazil Ltda	108.307.539/0001-08	Brazil	15.05	–
AF-Consult Energy doo Beograd	20,801,298	Serbia	100	–
AF-Iteco AG	CHE-108.035.698	Switzerland	100	–
ITECO Nepal (Pvt.) Ltd	2616/043-44	Nepal	66.6	–
PT AF-Consult Energy Indonesia	4018020131100230	Indonesia	95	–
Power Design International Ltd	224 309	Uganda	100	–
AFRY Management Consulting AG	CHE-108.336.384	Switzerland	100	–
AFRY Schweiz AG	CHE-108.100.605	Switzerland	100	–
AFRY Philippines, Inc.	A199718934	Philippines	40	–
AFRY Contracting Philippines, Inc	CS201417557	Philippines	40	–
Pöyry Infra Ltd.	0105534110367	Thailand	49	–
AFRY (Thailand) Ltd	0105539109073	Thailand	49.4985	–
AFRY Group (Thailand) Ltd.	0105549127651	Thailand	100	–
AFRY (Thailand) Ltd	0105539109073	Thailand	50.499	–
Pöyry Infra de Venezuela, S.A.	(RIF) J-31047947-0	Venezuela	100	–

Note 27, cont.

	Corp. ID number	Registered office	2022 Participating interest, %[1]	2022 Carrying amount in parent
Poyry (B) Sdn Bhd	BN	Brunei Darussalam	90	–
AFRY Solutions (Mexico) S.A. de C.V.	357161	Mexico	99.99	–
IFEC Ingegneria SA	CHE-436.940.173	Switzerland	100	–
Poyry Energy Nigeria Limited	2573801	UK	0.1	–
AFRY Solutions UK Limited	1192469	UK	100	–
Poyry Energy Nigeria Limited	RC 1479096	Nigeria	99.9	–
AFRY Management Consulting (UK) Limited	2573801	UK	100	–
AFRY Capital Limited	3639550	UK	100	–
AFRY Group USA Inc.	049137, FEIN 39-1925989	USA	100	–
AFRY USA LLC	FEIN 39-1909415	USA	100	–
AFRY Management Consulting Inc.	FEIN 98-0442806	USA	100	–
AFRY Canada Inc.	404505-0	Canada	100	–
AFRY South Africa (Pty) Ltd	1997/011722/07	South Africa	100	–
Vahanen Monitoring Services Oy	2911977-7	Finland	100	–
Vahanen Eesti Ou	10965460	Estonia	100	–
Vahanen Rakennuttaminen Oy	2706032-9	Finland	100	–
Vahanen Jyväskylä Oy	2063324-3	Finland	100	–
Vahanen Talotekniikka Oy	0590831-7	Finland	100	–
Vahanen Romania S.R.L.	RO13591049	Romania	100	–
Vahanen Suunnittelupalvelut Oy	2210772-2	Finland	100	–
Vahanen Rakennusfysiikka Oy	2725717-2	Finland	100	–
RTC Vahanen Turku Oy	1643714-3	Finland	100	–
Leppävaaran Invest Oy	3103379-6	Finland	100	–
CGMM Renewable Holdings Limited	587928	Ireland	100	–
AFRY Ireland Limited	404893	Ireland	100	–
AFRY Australia Pty Ltd	663 425 090	Australia	100	–
AFRY Netherlands B.V.	864706492	Netherlands	100	–
JAAKKO POYRY SOUTHERN AFRICA (PTY) LTD	2005 / 043571 / 07	South Africa	100	–

Specification of changes in carrying amounts for the year

Parent	2022	2021
Opening carrying amount	8,328	8,369
Internal share transfer	–	–
Divestment	-1	–
Impairment	-11	-41
Shareholders' contribution	–	–
Closing carrying amount	**8,316**	**8,328**

Note 28

Untaxed reserves

Parent	2022	2021
Accumulated additional depreciation		
Opening balance 1 January	97	116
Depreciation for the year, equipment	1	-19
Closing balance 31 December	**98**	**97**
Transfers to tax allocation reserve		
Opening balance 1 January	4	4
Reversal for the year	–	–
Provisions for the year	–	0
Closing balance 31 December	**4**	**4**
Total untaxed reserves	**103**	**101**

Note 29

Statement of cash flows

Interest paid and dividends received

	Group 2022	Group 2021	Parent 2022	Parent 2021
Dividends received	—	—	402	389
Group contribution received	—	—	—	—
Interest received	12	12	229	141
Interest paid	-130	-71	-143	-89
	-118	**-59**	**487**	**440**

Adjustment for items not included in cash flow

	Group 2022	Group 2021	Parent 2022	Parent 2021
Depreciation/amortisation	861	856	36	36
of which IFRS 16 Leases	*555*	*566*	—	—
Changed estimated contingent considerations	-16	-36	—	—
Restructuring reserve	-25	-27	—	—
Impairment of shares in subsidiaries	—	—	11	41
Transaction costs	7	8	—	—
Unrealised exchange rate differences	103	121	-3	9
Other	74	-47	7	7
	1,005	**874**	**51**	**93**

Cash and cash equivalents

	Group 2022	Group 2021	Parent 2022	Parent 2021
Cash and bank balances	651	703	2	25
Balance in Group account with the parent	305	1,357	305	1,130
Investments in securities etc., equivalent to cash and cash equivalents	132	52	—	—
Total according to balance sheet	**1,088**	**2,112**	**308**	**1,155**

Reconciliation of liabilities arising from financing activities

		Cash flows		Changes that do not affect cash flow			
Group	**Opening balance**	**Cash receipts**	**Cash disbursements**	**Conversion**	**Translation differences**	**Other**	**Closing balance**
Long-term bank loans	1,012	983	-25	—	66	—	2,036
Bond loans	3,500	—	-1,000	—	—	—	2,500
Short-term bank loans	—	550	—	—	—	—	550
Commercial paper	600	189	-599	—	—	—	189
Staff convertibles	376	—	—	—	—	-59	316
Lease liabilities	2,162	—	-492	—	-2	535	2,203
Other	—	—	—	—	—	-1	0
Total liabilities arising from financing activities	**7,650**	**1,722**	**-2,117**	**—**	**64**	**475**	**7,795**

		Cash flows		Changes that do not affect cash flow			
Parent	**Opening balance**	**Cash receipts**	**Cash disbursements**	**Conversion**	**Translation differences**	**Other**	**Closing balance**
Long-term bank loans	1,012	983	-25	—	43	—	2,014
Bond loans	3,500	—	-1,000	—	—	—	2,500
Short-term bank loans	—	550	—	—	—	—	550
Commercial paper	600	189	-599	—	—	—	189
Staff convertibles	376	—	—	—	—	-59	316
Total liabilities arising from financing activities	**5,488**	**1,722**	**-1,624**	**—**	**43**	**-59**	**5,569**

Note 30

Events after end of the reporting period

Acquisitions after the end of the reporting period
After the end of the reporting period, AFRY acquired the following companies: BLIX Consultancy B.V., the Netherlands, with annual sales of around SEK 50 million and 25 employees. XPRO AS, Norway, with annual sales of around SEK 70 million and 40 employees.

Note 31

Critical accounting estimates

Noteworthy sources of uncertainty in estimates

The Group makes estimates and assumptions about the future. The resulting accounting estimates will rarely correspond to the actual outcome. Estimates and judgements are reviewed regularly and are based on historical experience and other factors, including the expected outcomes of future events that are considered reasonable under the circumstances.

The main features of the estimates and assumptions which represent a significant risk of material adjustments to the carrying amounts of assets and liabilities during the coming financial year are presented below.

Impairment test of goodwill

When calculating the recoverable amount of cash-generating units, several assumptions about future circumstances and estimates of parameters have been made. Changes to these assumptions and estimates could affect the carrying amount of goodwill (see Note 14).

A declining growth rate and reduced operating margin would result in a lower recoverable amount. The reverse applies if the calculation of the recoverable amount is based on a higher growth rate or margin. Were future cash flows to be discounted at a higher rate of interest, the recoverable amount would be lower. Conversely, the recoverable amount would be higher with a lower discount rate. The impairment test for the year did not give rise to any material impairment in respect of goodwill.

Contingent considerations

A contingent consideration linked to an acquisition is frequently dependent on the future economic development of the business acquired. The actual outcome may deviate from these assumptions and the effect of this will be to change the size of the previously recognised contingent consideration.

Pension assumptions

The Group's net obligations concerning defined-benefit plans are calculated separately for each plan by estimating the future payment which the employees earned through employment in previous periods. This payment is discounted to present value. The calculation of the size of the Group's total pension commitments is based on several assumptions (see Note 20). Were a lower discount rate to be used, the obligations would increase and have a negative effect on consolidated equity. The reverse applies if a higher discount rate is used.

Judgement on forecast and stage of completion of contracts

The Group recognises income based on fulfilment of performance obligations over time and as the service is provided. Revenue recognition is based on costs with accumulated costs set in relation to total estimated costs. This means that the Group must perform multiple estimates of the percentage of total expenditures represented by accrued expenditures at the end of the reporting period. The forecasts for each assignment also represent an estimate of final income and expenditure.

Disputes

There is a risk that disputes may arise in the course of AFRY doing business, such as in client assignments and in conjunction with acquisitions. At year-end, the Group recognised provisions based on a best judgement. The most material disputes in 2022, both in progress and settled, are summarised below.

Disputes arising from the construction of the Brazilian nuclear power plant Angra 3

Legal proceedings are currently being held in Brazil concerning accusations of corruption relating to the awarding of contracts in connection with the procurement of the Brazilian nuclear power plant Angra 3. The previous Brazilian president Michel Temer is the focus of the proceedings, but accusations of corruption have also been lodged against several other people and companies, including some of AFRY's foreign subsidiaries. A former employee of AF Consult Brazil has been charged with embezzlement of public funds. In June 2019 the Brazilian prosecutor brought a civil suit against certain subsidiaries of the AFRY Group as well as other parties, which included claims for damages. The Brazilian prosecutor's arguments include that AFRY's subsidiaries ÅF Consult OY and AF Consult Brazil were awarded the Angra 3 contract as part of an arrangement to facilitate the transfer of benefits to the former president from one of AFRY's clients. AFRY has disputed the accusations and the prosecution. Most of the process has taken place via written correspondence between the judge, prosecutor and defendant in 2022 and is expected to continue in 2023. The Angra 3 contract is furthermore being examined by the Court of Auditors in Brazil, and arbitration proceedings have been initiated by AF Consult Brazil.

Contraloria proceedings in Peru

The Office of the Comptroller General of the Republic of Peru (Spa. La Contraloria General De La Republica, here referred to as "Contraloria") has initiated several legal proceedings concerning the Metro Lima project in Peru against a consortium in which an AFRY subsidiary participated. In 2013 Contraloria brought an action in court in Lima, Peru, with a claim of a total of USD 54 million, concerning alleged harm caused by the consortium, particularly concerning certain alleged failures to perform contracted undertakings. A judgement was delivered in the first instance in October 2022, in which Contraloria's motion was rejected. This judgement has been appealed by Contraloria.

Dispute in Latvia

The Latvian Prosecutor's Office has brought charges in a Latvian court against AF-Consult Switzerland and two former ÅF employees. The action concerns suspected influence peddling in 2010 via AF-Consult Switzerland's previous agent in Latvia in connection with a project to renovate a power plant in Riga. AF-Consult Switzerland has disputed the accusations and the prosecution. The main proceedings began in summer 2019 but have been severely delayed due to the Covid-19 pandemic. They are expected to continue in 2023.

Note 32

Information on parent

AFRY AB is a Swedish public limited company domiciled in Stockholm. The parent's shares are listed on Nasdaq Stockholm. The postal address to the company's head office is AFRY AB, SE-169 99 Stockholm, Sweden.

The consolidated financial statements for 2022 comprise the parent and its subsidiaries, which together form the Group. The Group also includes participations in associates.

Signatures

The undersigned declare that the consolidated accounts and annual report were prepared in accordance with IFRS, as approved by the EU, and with generally accepted accounting practices, and give a fair presentation of the position and performance of the Group and the company, and that the Group administration report and the administration report give a fair review of the progress of the Group's and the company's operations, position and performance, as well as describing the material risks and uncertainty factors to which the companies that are members of the Group are exposed.

Stockholm, 31 March 2023

Tom Erixon
Chairman of the Board

Gunilla Berg
Director

Henrik Ehrnrooth
Director

Carina Håkansson
Director

Neil McAthur
Director

Joakim Rubin
Director

Kristina Schauman
Director

Tuula Teeri
Director

Jessica Åkerdahl
Director,
employee representative

Fredrik Sundin
Director,
employee representative

Jonas Gustavsson
President and CEO

Our Audit Report was presented on 31 March 2023

KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of AFRY AB, corp. id 556120-6474

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AFRY AB for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 49–95 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue and cost recognition for fixed price projects

See disclosure 2, 31 and accounting principles on page 65 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Some of the Group's revenues originate from customer projects where the Group has undertaken to execute the project for a fixed price. For fixed-price projects, the Group recognises revenue and costs as the projects are completed in relation to the degree of completion, which is calculated based on costs incurred in relation to estimated total costs at the completion of the projects. Anticipated losses are expensed in their entirety as soon as they are known.

Revenue and income recognition are based on estimates of the total cost and revenue of each project. Changed assessments during the implementation of the projects may cause a significant impact on the Group's profit/loss and financial position. Project forecasts are regularly evaluated by the Group during the duration of each project and adjusted as needed.

Remodelling and extra work as well as requirements are considered when the Group deems it likely that the amount will be received from the client and when the amount can be reliably measured.

Response in the audit

We have kept ourselves informed about and evaluated the Group's process for reviewing projects, including procedures for identifying loss projects and/or high-risk projects, as well as the process for assessing revenue and costs (including assessment of changes and expansion work).

We have selected a sample of the projects in order to asses the most important estimates. For these projects, we have discussed and challenged management's assessments in the form of estimated final forecasts, we have assessed whether the projects' risks and opportunities have been reflected in a balanced way in the project evaluations and we have assessed loss contracts and whether loss risk reserves reflect the risks of the projects.

We have furthermore evaluated reports from legal experts, both the Group's own legal experts and externally engaged, concerning disputes, and we have assessed whether and how these disputes have been taken into consideration in the project forecasts.

Evaluation of goodwill and the parent's participations in Group companies

See disclosure 14, 27 and 31 and accounting principles on pages 64 and 66 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The consolidated carrying amount of intangible assets in the form of goodwill amounted to SEK 14,431 million at 31 December 2022, which is approximately 52 percent of total assets. Intangible assets with an indefinite useful life should be tested for impairment annually or upon indication of a decline in value. An impairment test is complex and relies upon a significant number of assessments.

According to IFRS, an impairment test must be performed using a certain technique where the senior management must make forecasts about both internal and external conditions and plans. Examples of such assessments are future cash flows and the discount rate that should be used to consider the fact that future estimated payments are associated with risk.

The parent recognised SEK 8,361 million in participations in Group companies as at 31 December 2022. If there are indications of significant impairment needs, for example if the value of the shares exceeds the consolidated value, the same type of testing is performed, using the same technique and initial values described above.

Response in the audit

We have taken part in and assessed the impairment test to ensure that it has been carried out in accordance with the technique prescribed by IFRS.

Furthermore, we have assessed the reasonableness of future cash flows and the assumed discount rate by taking part in and evaluating senior management's written documentation and plans. We have also evaluated previous assessments in relation to actual outcomes. An important part of our work has also been to evaluate how changes in assumptions can affect valuation.

We have also verified the completeness of the disclosures in the annual report and assessed whether they are consistent with the assumptions that senior management has applied in its valuation, and whether they essentially correspond to the disclosures to be provided in accordance with IFRS.

Change in contingent considerations from acquisitions

See disclosure 3, 13 and 31 and accounting principles on page 66 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The Group may agree with the seller on a contingent consideration for acquisitions, which usually means that parts of the consideration depend on the financial performance of the acquired business. The value is calculated based on the terms of the agreements and includes estimates of future sales growth and the operating margin that has been calculated at present value. The calculation of the value depends on significant estimates. If the actual outcome deviates from these assumptions or if the assumptions about the future financial performance of an acquired business change, this means a change in the value of recognised contingent considerations which are recognised in the income statement as they arise.

Liabilities for contingent considerations are measured at fair value in the balance sheet and amounted to SEK 196 million at 31 December 2022. Maximum contingent consideration paid totalled SEK 207 million at the end of the reporting period.

Response in the audit

In our audit, we analysed a selection of agreements from completed acquisitions and the parameters on which the conditional considerations are based. We also assessed the Group's assumptions regarding future earnings trends and thus the amount of conditional purchase prices.

We have also verified the completeness of the disclosures in the annual report and assessed whether they are consistent with the assumptions that senior management has applied in its valuation, and whether they essentially correspond to the disclosures to be provided in accordance with IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–37, 99–123 and 125–131. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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 annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. 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 the company's internal control relevant to our 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors 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, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AFRY AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

– has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
– in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for AFRY AB for year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of AFRY AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden 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 the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of AFRY AB by the general meeting of the shareholders on the 28 april 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2017.

Stockholm, 31 March 2023

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Sustainability notes

Contents

Note S1

About the sustainability report

The sustainability report, which is also consistent with AFRY's statutory sustainability report in accordance with Chapter 6 of the Swedish Annual Accounts Act, is covered on pages 12 (sustainability targets), 16 (value creation), 17–25 (strategy), 26–30 (sustainability), 31–35 (employees), 38–42 (corporate governance report), 43–44 (Board of Directors' report on internal control relating to sustainability), 53–55 (risks linked to the environment and climate, corruption, human rights and employees) and 99–123 (sustainability notes). The sustainability report covers the companies in the AFRY Group, in accordance with the same principles applied to financial reporting.

AFRY annually publishes a sustainability report. AFRY's sustainability report for the 2022 financial year is prepared in accordance with the Global Reporting Initiative (GRI) Standards and has been reviewed by a third party. See the auditor's Limited Assurance Report on the sustainability report and statement on the Statutory Sustainability Report on page 124.

Reported sustainability information and data applies to the entire Group and is valid as at 31 December 2022 unless specified otherwise. Statistics on employees refer to number of head counts (and not FTEs) and have been consolidated from the HR system as at 31 December 2022 for all companies in the Group unless otherwise stated.

Changes compared to the previous year
No significant changes were made to the company's size, organisation, ownership or supply chain during the year. The content of this year's report was established based on the results of the materiality assessment conducted in the autumn of 2020. Within the process of setting science-based targets with the Science Based Targets initiative, recalculation criteria have been established to recalculate base year and historical emissions in line with the Greenhouse Gas Protocol and Science Based Targets initiative's criteria. Otherwise, no major changes have been made to the report's frameworks or recalculations.

Contact point
Inquiries about the sustainability report should be directed to: Henrik Tegnér, EVP and Head of Strategy and Sustainability, +46 10 505 00 00.

Note S2

Stakeholder engagement and materiality assessment

A close dialogue with our stakeholders is central to AFRY's sustainability work. The dialogue is ongoing in all projects, meetings and other contacts that we have with the most important stakeholders. Sustainability topics are often part of the dialogue, not least in connection with client assignments. This integrated annual and sustainability report provides an ongoing description of how AFRY meets the demands and expectations of stakeholders. The table on this page lists our most important stakeholders, how we conduct an ongoing dialogue and what topics the various stakeholders regard as most important. These stakeholders are significant to AFRY because they have a major impact on the company and are affected by the company's operations.

How we engage in dialogue and important topics

Stakeholders	How we engage in dialogue	Important topics
Clients	Client meetings, project meetings, follow-up interviews after project conclusion, website, participation in client events	Business ethics, satisfaction, perceived quality, prices, contracts, procurement, deliveries, sustainability where environmental impact including climate impact is of major importance, consultants' sustainability expertise, quantification of climate impact in the tender stage
Employees	Performance reviews, intranet, workplace meetings, conferences, internal training, leadership programmes, newsletters, AFRY's Youth Panel	Well-being, salary, business ethics, work environment and professional development, type of assignment, management of assignments in industries with a high climate impact
Partners	Planning meetings, project meetings, website	Prices, agreements, business ethics
Shareholders	Investment events, such as in connection with quarterly reports, capital market days, annual general meeting, interviews, website, newsletters, meetings	Growth, profitability, business ethics, risk and control, sustainability and macrotrends as drivers of profitability and new business opportunities, how strategic sustainability efforts develop, the EU Taxonomy
Suppliers	Supplier meetings, follow-up meetings, requests for quotes and procurement, interviews and surveys	Contract negotiations, compliance with our Business Partner Criteria
Media, students, authorities and organisations, universities and colleges	Website, mail, attendance at conferences, counselling on specific issues	Topics on how sustainability efforts are developing, the offering and business associated with industries that have a climate impact

Cont. Note S2

Materiality assessment
In 2020, AFRY conducted a materiality assessment which included a pre-study including a benchmark, a stakeholder dialogue – as a complement to the ongoing dialogue with important stakeholders as described above – as well as an assessment of AFRY's impact on society within each on the sustainability topics. This provided the foundation for identifying our material sustainability topics and further developing our sustainability initiatives.

The stakeholder dialogue consisted of a survey sent to both external stakeholder groups and all employees, as well as in-depth interviews with members of the Board of Directors and Group Executive Management to understand how stakeholders prioritise different topics of relevance to AFRY's sustainability efforts. The sustainability topics included in the assessment are presented in the illustration to the right. The survey was answered by 5,887 people, of whom 5,601 were employees. The survey was also answered by clients, suppliers, students, shareholders, investors and stakeholder associations.

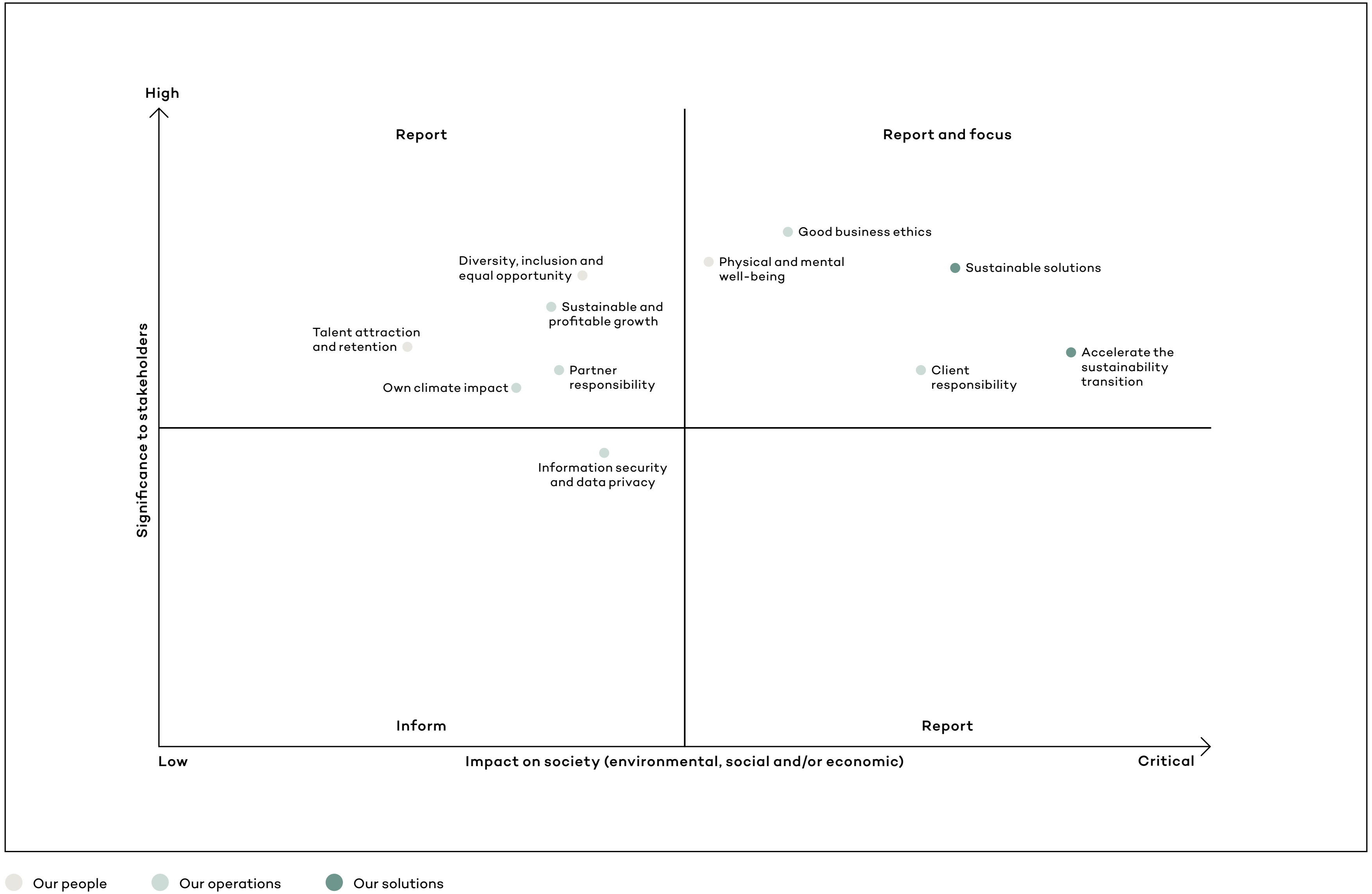
The results of the stakeholder dialogue, including the analysis of the in-depth interviews with members of the Board of Directors and Group Executive Management and dialogues with the entire Group Executive Management, form the basis of the outcome significance to stakeholders. The result is presented in the y-axis in the illustration to the right.

AFRY's impact on society was assessed in a workshop where AFRY's Group sustainability team and other sustainability experts participated. Each sustainability topic was assessed in relation to potential or actual impact on the environmental, social and economical dimension. The outcome of the assessment was validated in discussions with selected members of the Group Executive Management. The result is presented in the x-axis in the illustration to the right.

The materiality principle was applied using a weighted assessment of the results of the stakeholder dialogue, along with assessment of AFRY's impact on society. The most material sustainability topics according to the materiality assessment are:
– Good business ethics
– Physical and psychological well-being
– Sustainable solutions
– Accelerate the sustainability transition
– Client responsibility

The result of the materiality assessment is presented in the illustration to the right. Delimitations for each sustainability topic are described in the report in the next section.

Materiality matrix



Note S3

Sustainability objectives and targets

AFRY's sustainability ambitions encompass our most important sustainability topics throughout our value chain and encompass our people, our own operations and our solutions. Sustainability targets and key indicators are set for our material topics and form the basis of operational governance.

External evaluations of our sustainability initiatives

Studies and evaluations of our sustainability initiatives are important tools for clients, investors and other stakeholders. AFRY participates, both voluntarily and at the request of clients and investors, in several studies and evaluations of our sustainability initiatives.

In 2022, AFRY received top ratings from several evaluations of our sustainability initiatives which demonstrates our continuous improvement and commitment to sustainability. In the EcoVadis evaluation AFRY was awarded the Platinum level, the highest level, with a score of 79/100, which places us among the top one percent of all companies evaluated by Ecovadis.

In the global environmental disclosure system CDP, AFRY was ranked to be in the highest category for the Climate Change Questionnaire, the Leadership category, with an A- score. This score demonstrates climate leadership from AFRY. To read more about external evaluations of our sustainability initiatives, see page 10.

AFRY's Sustainability targets and outcome	Our solutions	Our own operations	Our people
Objective	Increase our net positive impact and fully integrate sustainability in our solutions to generate long-term value for our shareholders, our clients, society and the planet.	Conduct business responsibly and ethically. Set ambitious targets and reduce our emissions in line with the 1.5°C ambition.	Promote brave leadership, inclusion and diversity. Safeguard well-being, health and safety. Attract the best people to continue to improve our operations and solutions.
Sustainability topics	• Sustainable solutions • Accelerate the sustainability transition	• Good business ethics • Client responsibility • Partner responsibility • Information security and data privacy • Sustainable and profitable growth • Own climate impact	• Physical and mental well-being • Diversity, inclusion and equal opportunity • Talent attraction and retention
Governance	• Code of Conduct • Sustainability Policy • Risk Management Policy • Sales and delivery process	• Code of Conduct • Sustainability Policy • Health, Safety, Environment and Quality Policy • Compliance and Ethics Policy • Business Partner Criteria • Human Rights and Modern Slavery Statement • Information and IT Security Policy	• Code of Conduct • Health, Safety, Environment and Quality Policy • People Policy • Equal Treatment and Diversity Policy
Strategy pillar	• Increase client value • Scale globally in decarbonisation, energy and biobased materials • Strengthen position and profitability in infrastructure • Grow Nordic industrial and digital portfolio, expand internationally in niches	• Drive operational excellence	• Be the employer of choice
Overarching Group Sustainability targets & outcome 2022 (2021)	• Increase taxonomy-eligible turnover Outcome: 42% (48%) • 95% completion rate for sustainability training[1] Outcome: 88.3% (78.4% as of 28 February 2022)	• Halve CO_2 emissions by 2030 and achieve net zero emissions by 2040[2] Outcome: -31% (-51%) • 95% completion rate for training in AFRY's Code of Conduct[1] Outcome: 96.5% (96.8%)	• 40% female leaders by 2030[1] Outcome: 25.3% (23.5%) • Increase employee engagement[3] Outcome: - (78)
Supportive KPI:s & outcome 2022 (2021)	• Employees' awareness of their contribution to accelerating the sustainability transition through their assignments or daily work[3] Outcome: - (65%)	• Absolute emissions (tonnes CO_2) Outcome: 14,841 (10,428) • Emission intensity (kg CO_2/employee) Outcome: 839 (641) • Average emission level for company cars (g CO_2/km) Outcome: 52 (65)[4] • Employees' perception of line manager setting a good example[3] Outcome: - (90%)	• Female employees[1] Outcome: 29.6% (28.5%) • Employees' perception of equal opportunities for all[3] Outcome: - (91%) • Employees' perception of line manager actively promoting inclusion and diversity[3] Outcome: - (88%) • Leadership index[3] Outcome: - (82) • Organisational and Social work environment Index (OSI)[3] Outcome: - (80) • Lost Time Injury Frequency (LTIF) Outcome: 0.26 (0.63) • Sickness absence Outcome: 2.97% (2.31%)
Read more	Pages 102–110	Pages 111–115	Pages 116–120

1) Permanent employees
2) Base year 2019 (21,491 tonnes CO_2). CO_2 emissions from own operations (business travel and facility energy usage). SBTs (science-based targets) approved by SBTi in May 2022.
3) Outcome from the Employee Engagement Survey. Survey was not performed in 2022.
4) Concerns vehicles in Swedish operations.

Note S4

Strategic partnerships and initiatives

AFRY is active in and is a member of several initiatives and strategic partnerships to empower, influence and drive sustainable development. Our sustainability policy states that we are to work to share knowledge and expertise by investing in collaborations and partnerships. Some of AFRYs initiatives, partnerships and membership associations in which AFRY participated in 2022 are named below.

- UN Global Compact: AFRY is a signatory member of the UN Global Compact since 2014 and adopted the UN Global Compact 10 principles on human rights, labour, environment and anti-corruption in 2009.
- CLC: Membership in CLC, Climate Leadership Coalition – Europe's largest non-profit network for a more sustainable society. CLC is supported by companies, universities, researchers and private individuals, among others.
- Gapminder: This collaboration focuses on identifying knowledge gaps in society to share new knowledge and accelerate change. AFRY have together with Gapminder organised lectures in Stockholm and Gothenburg with a focus on global development and the importance of being aware of what is happening in the surrounding world.
- Exponential Roadmap Initiative: This initiative focuses on exponential climate action and solutions across sectors and value chains. The initiative developed the 1.5ºC Business Playbook to support companies in rapid decarbonisation and the Exponential Roadmap that highlights existing and scalable solutions to halve global greenhouse gas emissions by 2030.
- UNICEF: AFRY donates to UNICEF to support their work to strengthen children's rights and opportunities for a happy childhood.
- Royal Swedish Academy of Engineering Sciences (IVA): AFRY takes part in the Royal Swedish Academy of Engineering Sciences' Tekniksprånget internship programme, which contributes to long-term talent management in Sweden. Its aim is to inspire young adults to undertake engineering studies in higher education via internships. We also participate in the national academic programme Jobbsprånget, in which we open our operations to newly arrived academics and offer them support from mentors and their first professional experience in Sweden.
- Government collaboration programmes: EVP and Head of Infrastructure Division Malin Frenning is participating in the Swedish government's collaboration programme to promote collaboration between the government, private sector and academia as part of ongoing efforts to achieve a better climate.
- Immigrated Competence: The company has been offering a trainee programme since 2016 aimed at engineers who have recently immigrated to Sweden as a way of bringing valuable skills to the company.
- Norrsken: Partnership to increase knowledge of important social issues and interaction around the development, digitalisation and scaling up of solutions vital for the transition.
- Diversity Charter: Member of Diversity Charter, which works to create a world in which different ideas, expertise, experiences and skills count and where difference is seen as a resource.
- RenewAfrica: AFRY is one of 27 organisations supporting RenewAfrica, which aims to promote investments in renewable energy in Africa.
- LFM30: AFRY is an active and energetic member of the financial association LFM30 (local roadmap for a climate-neutral construction sector in Malmö by 2030).

OUR SOLUTIONS

Our solutions are means to overcome the global challenges that the world faces today and enable the sustainability transition. This occurs through our client assignments, that is, via deliveries of engineering and design services, capex-projects, digital and software solutions and advisory services. The market trends driving our business – decarbonisation, electrification, circularity and digitalisation – stem from international agreements on how to address the global challenges and the technological and innovative advancements we have experienced in recent years. Read more about market trends and our client offering on pages 8, 13–14.

Our best opportunity to have a positive impact and to contribute to the transition to a sustainable society in line with the 1.5°C ambition is through our assignments, and one of AFRY's sustainability objectives is to increase the net positive impact of our client assignments to accelerate the sustainability transition. AFRY's solutions create values such as greater energy efficiency, increased use of renewable energy, resource efficiency, safe workplaces, improved health and safety, streamlined production processes, circular resource flows, increased accessibility, greater traffic safety, secure and inclusive societies and improved air and water quality. These values are reflected in the UN's 17 Sustainable Development Goals. Read more about our contribution to the 2030 Agenda on pages 19, 21, 23 and 28.

AFRY's material sustainability topics of delivering sustainable solutions and accelerating the sustainability transition relate to the impact of our assignments from two dimensions. One is to ensure that sustainability aspects are identified and managed in our client assignments to maximise the net positive impact from the solutions delivered. The second is to actively seek out business opportunities, strengthen our offering and grow in sectors where innovation, emerging technologies and scalable solutions will accelerate the transition. A holistic approach, the assessment of both positive and negative impacts and the value chain perspective are central elements to addressing sustainability in our assignments. This is controlled through AFRY's business strategy, which is the foundation for AFRY's mission to accelerate the transition to a sustainable society. Read more about this on pages 17–25 and about our sustainability work on pages 26–30.

Possibility to influence

The sustainability performance of our assignments is strongly linked to what the client defines and orders, and the opportunity to influence decisions early in the development process – already in the design phase – are crucial if AFRY is to be able to maximise positive values and minimise negative impact. Thanks to acquisitions of some of the most profiled design and architecture companies in the Nordics and a strong offering in strategic advisory services, we can enter our clients' strategy and development processes at an early stage, deliver more value and maximise the sustainability performance of our solutions.

Digitalisation is an important enabler of greater resource efficiency and circular business models, and by strengthening our digitalisation offering we can drive the transition even more effectively via sustainable digital solutions in the segments that are facing major digitalisation.

Note S5

Sustainable solutions

We aim to fully integrate sustainability into all assignments to generate long-term value for clients, the environment and society. It is expressed in AFRY's sustainability policy that we should increase our employees' knowledge and awareness of how they can contribute to sustainability through their daily work and through their assignments, that we should develop solutions and encourage our clients to implement solutions that contribute to the sustainability transition and the Global Goals, and that the precautionary approach shall be applied. This is critical to being able to increase the net positive impact of client assignments. The Code of Conduct Assessment process supports that risks and opportunities for potential assignments are to be assessed based on the UN Global Compact's 10 principles, the UN's 17 Sustainable Development Goals and the 1.5°C ambition. Read more about the Code of Conduct Assessment process on pages 43, 53 and 111–112.

Our employees' awareness of how they contribute to accelerating society's sustainability transition through their assignments is monitored via the annual employee survey. In 2022, an employee engagement survey was not conducted and instead focus lied on revising the way we systematically follow up on engagement with our employees. The employee survey for 2021 showed that 65 percent of respondents responded positively to the question of whether they are aware of their contribution to AFRY's sustainability performance through their assignments or daily work, with 76 percent feeling that AFRY is working on and promoting sustainability topics.

In 2022, a new group wide learning programme, the Sustainability Learning Programme, was launched with focus on sustainability. The new group wide Sustainability Learning Programme is a central for us to fully integrate sustainability in solutions to generate long-term value for our shareholders, our clients, society and the planet, where the first part consists of a mandatory e-learning that was launched in January 2022. The sustainability e-learning was rolled out in 2022 and by the end of the year 88 percent of all permanent employees had completed the e-learning (see table below). The second part of the Sustainability Learning Programme that focuses on sustainability in respective area of deep sector knowledge was introduced and in-depth workshops were conducted by the divisions.

Sustainability training

	Managers		Consultants		Administrative staff		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Sweden	913	84.7%	5,186	85.6%	210	86.1%	6,309	85.5%
Finland	282	92.8%	1,642	92.9%	94	90.4%	2,018	92.8%
Switzerland	118	89.4%	585	87.2%	42	82.4%	745	87.2%
Norway	130	78.3%	611	75.0%	25	78.1%	766	75.6%
Denmark	88	92.6%	544	92.2%	25	89.3%	657	92.1%
Other	444	96.9%	2,733	94.7%	153	82.7%	3,330	94.3%
Total	**1,975**	**88.4%**	**11,301**	**88.4%**	**549**	**85.2%**	**13,825**	**88.3%**

Permanent employees who have completed the new Group wide, mandatory e-learning course in sustainability.

Note S6

Accelerate the sustainability transition

AFRY's sustainability policy points out that we should actively seek transformative and innovative assignments to accelerate the sustainability transition and that we are to actively strive to pioneer a more sustainable future through transforming our offering in line with the global challenges and the best available techniques. We aim to provide long-term value for generations to come by delivering scalable, cross-functional and sustainable solutions that accelerate the transition towards a sustainable society. We do this by combining our design and engineering solutions in our areas of deep sector knowledge with our capabilities in digitalisation and our sustainability expertise. In addition to this, our global presence enhances our ability to scale disruptive, transformative and innovative technology.

Our strategy targets three strategic areas that reflect the direction of our divisions where we can utilise the momentum of scalable solutions with exponential impact in support of our mission. This includes supporting the transformation from fossil-based energy, materials and industries to a low-carbon, bio-based and circular economy. It also focuses on providing clean water, air and food for people's health and well-being, as well as securing clean and effective transportation to secure inclusive communities. You can read more about the strategic pillars on pages 17–26.

Positioning our offering

AFRY has since before taken the strategic decision not to take on any new projects on new-build coal fired power plants (decision effective from January 2021), and we will continuously evaluate our position and make strategic decisions in areas of our operations where we can make the biggest impact or with complex considerations to further increase our net positive impact.

Exponential climate action and solutions

As a member of the Exponential Roadmap Initiative, AFRY is committed to enable the shift from incremental to exponential climate action and solutions. It is in our assignments we have the greatest possibility to tackle climate change and contribute to a resilient future in line with the 1.5°C ambition. We do this by supporting innovators, disruptors and transformers in implementing climate solutions and scaling the climate impact exponentially. The Exponential Roadmap, a report developed by the Exponential Roadmap Initiative, highlights 36 scalable solutions with the potential to halve global greenhouse gas emissions by 2030. The highlighted solutions are within the energy, transport, buildings, food, and nature-based sources and sinks, all of which are within the scope of AFRY's offerings.

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. It is part of the EU Green Deal and an important element to steer capital flows towards sustainable activities, focusing on establishing a science-based definitions to guide policy makers, industry and investors in their decision-making processes. AFRY supports the ambitious goals set by the EU Commission to make Europe the first climate-neutral continent by 2050, safeguard biodiversity, establish a circular economy and eliminate pollution.

The EU Taxonomy outlines 6 environmental objectives (climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems) and currently includes economic activities relating to the first two environmental objectives (climate change mitigation and climate change adaptation) within 13 sectors. For the currently included economic activities, the EU Taxonomy outlines performance thresholds for when the activity is considered as sustainable based on criteria for substantial contribution to at least one of the six environmental objectives, do no significant harm to any of the other environmental objectives and the minimum safeguards.

AFRY sees the EU Taxonomy as a opportunity to drive business within sectors facing decarbonisation with the EU Taxonomy providing the blueprint for what is needed in each sector. We conduct assignments in most of the sectors covered by the EU Taxonomy, and we are well positioned as an enabler to support our clients in aligning their activities with the criteria in the EU Taxonomy. AFRY's services supports companies in assessing and increasing the performance of existing assets as well as to design new assets that perform in line with the EU Taxonomy. During the year we have experienced an increase in demand for these types of services in certain sectors as well as certain clients embedding the taxonomy criteria into bid requests.

The Taxonomy Regulation also outlines the statutory requirement for AFRY to report on how our business activities are associated with the EU Taxonomy. Those EU Taxonomy activities where AFRY's business activity is explicitly expressed in the description of the economic activity could be defined as relevant for AFRY according to the strict definitions in the regulation. AFRY has a broad and diversified portfolio including the provision of services within management consulting, engineering, design, architecture, technical consultancy, research and development, technical testing and analysis, computer programming and construction. AFRY's business activities are reflected in several of the defined economic activities and within certain sectors in the EU Taxonomy, such as energy, water supply, transport, construction and real estate, information and communication and professional, scientific and technical activities.

However, for certain sectors where AFRY is providing its solutions, the operations phase is included in the economic activities, but not the design, engineering and construction phase meaning that AFRY's activities in these are not represented. One example is within the manufacturing sector where AFRY is contributing to the design and construction phases within the establishment of new manufacturing sites – such as manufacturing of fossil-free steel and batteries – as well as for improvements of existing manufacturing sites. This means that the turnover from AFRY's assignments relating to these sectors could not be included in AFRY's taxonomy-disclosure.

Due to this, we conclude that taxonomy-eligible and taxonomy-aligned turnover to a limited extent describes our potential and actual contribution to climate change mitigation and adaptation and the goal of sustainable development under the prevailing definitions in the activities included in EU Taxonomy. The EU Taxonomy also contains parts that are subject to considerable uncertainties and interpretation.

With this is mind, we welcome a future development of the Delegated Acts to include the design and construction stages for all sectors where relevant, so that the full life cycle of the activities is reflected, to better incorporate the value chain perspective as well as to support the overarching ambition of the EU Taxonomy to support assessments of the greenness of companies' business activities.

For the parts of AFRY's business activities that now is included in the EU Taxonomy, it will support us in our efforts to understand which assignments are in line with what is defined as environmentally sustainable by the EU, to develop our business in line with the criteria and anticipated changed client behaviour as well as to better understand our impact.

Six environmental objectives

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Substantially contribute to at least one of the six environmental objectives + **Do no significant harm** to any of the other five environmental objectives + Comply with **minimum safeguards**

Cont. Note S6

Outcome
In the subsequent chapters, the share of our turnover, capital expenditure (capex) and operating expenditure (opex) for the reporting period 2022 is presented, which are associated with the economic activities defined for the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with the Taxonomy Regulation.

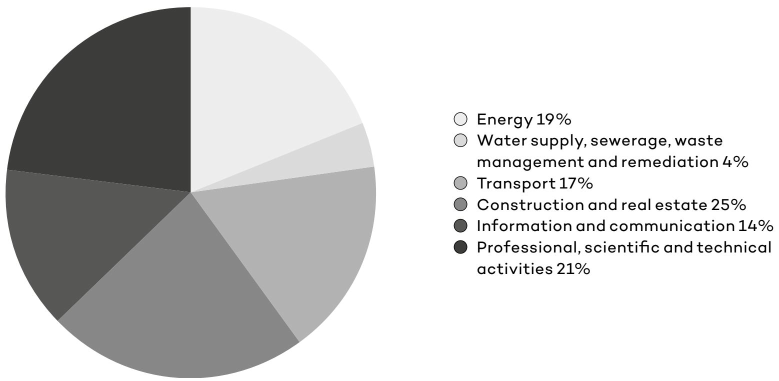
For the financial year 2021, AFRY reported on eligibility on an aggregated level. AFRY has for the financial year 2022 focused on securing a comprehensive eligibility disclosure in line with the extended requirements. AFRY's conclusion is that taxonomy-aligned turnover could not be reported for the 2022 financial year due to limitations in data availability, mainly due to AFRY being reliant on our clients' data readiness do conduct alignment assessments of our assignments based on the technical screening criteria in the taxonomy. AFRY hence reports 0 percent taxonomy-aligned turnover for the 2022 financial year. AFRY's reported taxonomy-eligible turnover is 42 percent.

Our analysis shows that AFRY's taxonomy-eligible turnover primarily comes from assignments within the sectors energy, transport, construction and real estate, information and communication and professional, scientific and technical activities.

Taxonomy-eligible capex is 90 percent and consists of leasing of vehicles and offices. No taxonomy-aligned capex is reported for the 2022 financial year. No taxonomy-eligible or taxonomy-aligned opex has been identified.

The results are presented in the tables on the coming pages.

Distribution of taxonomy-eligible turnover per EU Taxonomy sector



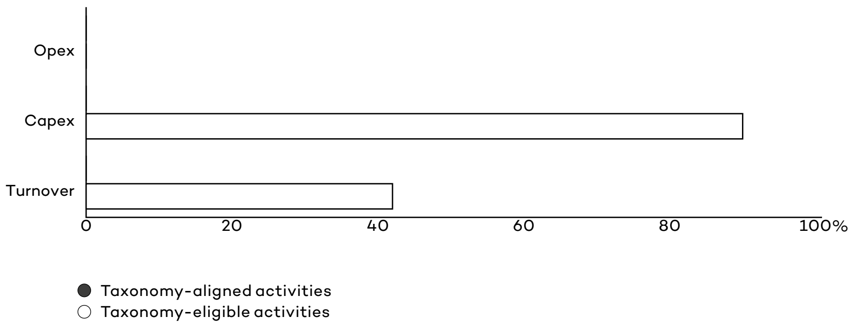
Accounting principles
According to Article 8 of the Taxonomy Regulation and the underlying delegated acts, AFRY shall report the proportion of taxonomy-eligible and taxonomy-aligned activities based on turnover, capital expenditures (capex) and operating expenditures (opex) for the 2022 financial year. Of the six environmental objectives covered in the taxonomy, criteria have been defined by the EU Commission initially for the first two environmental objectives on climate change mitigation and climate change adaptation. These criteria form the foundation of AFRY's taxonomy-disclosure.

AFRY has carefully reviewed the delegated acts and the EU Commission's notices in the work with interpreting the regulation and further developing AFRY's approach. AFRY applies the precautionary principle and bases its assessments on actual data, in line with the EU Commissions ambition to avoid greenwashing and to increase data availability in relation to sustainability performance.

For the 2022 financial year, the reporting requirements have been extended compared to the previous year. A more comprehensive reporting of taxonomy-eligibility shall be included, and it shall be presented according to a predefined format as specified in the Disclosures Delegated Act. Furthermore, it is a requirement to report on taxonomy-alignment. The Complementary Climate Delegated Act, expanding the taxonomy with nuclear and gas activities contribution to the climate objectives, is also into force.

The Group Sustainability, Group Accounting, Group Controlling, Group Compliance & Ethics functions as well as divisional representatives have been involved in the process of analysing the taxonomy and calculating the proportion of operations that are eligible according to the Taxonomy Regulation.

Share of taxonomy-eligible and taxonomy-aligned activities



Minimum safeguards criteria
The minimum safeguards criteria include that procedures shall be implemented to evaluate the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

An assessment of AFRY's compliance with the minimum safeguards criteria has been performed on Group level based on the existing commitments, principles, policies, processes, internal controls as well as potential breaches against the criteria in the minimum safeguards. The conclusion is that the minimum safeguards criteria are fulfilled.

Read more about how AFRY complies with the minimum safeguards in sustainability notes S7–S9, S11 and S13–S15, in section Sustainability in the Corporate Governance Report on page 41, in the Directors' Report on Internal Controls 43 as well as in the risk section on pages 53–55. AFRY will continue to further embed these commitments and principles into policies, Group wide processes and operating systems as well as internal controls.

Turnover
Methodology development
For AFRY's operating model, the reporting requirements implies an assignment-based approach to assess taxonomy-eligible and taxonomy-aligned turnover. This means that assignments where AFRY's business activity corresponds to the description of an economic activity in the taxonomy (taxonomy-eligible assignments) as well as assignments that perform in line with the performance thresholds (taxonomy-aligned assignments) need to be identified. A bottom-up approach is necessary to classify assignments with the relevant economic activity, if applicable, as well as to support the necessary assessments in relation to the substantial contribution and do no significant harm criteria.

AFRY's approach to eligibility-assessments is based on a mapping between the EU Taxonomy economic activities and AFRY's categorisation in our CRM and ERP systems. This mapping is used to support the classification of assignments against the relevant economic activity. The mapping that laid the foundation for 2021 eligibility-assessment has been validated to align with emerging best industry practice and notices from the EU Commission, with the result that fewer economic activities have been defined as relevant for AFRY compared to the 2021 assessment. As an example, economic activities within sector manufacturing have been removed since the design and construction phase is not included.

AFRY's conclusion is that alignment could not be reported for the financial year 2022 due to limitations in data availability. The assessment against the performance thresholds needs to be based on information that for many assignments is not limited to parts that AFRY has control over or insight into depending on the scope of the client assignment. AFRY's ability to assess if a client assignment is aligned many times relies on data or information from the client or from a third party involved in the project.

Cont. Note S6

Definitions

– *Taxonomy-eligible turnover* is defined as turnover from assignments that have been classified against an economic activity. Each assignment could be classified against one economic activity and the total generated annual turnover from the assignment is counted as taxonomy-eligible turnover. The classification is made based on if AFRY's activity within the scope of the assignment fulfils the description of the economic activity and irrespective of whether the assignment meets any or all of the technical screening criteria for the economic activity it has been classified against.
– *Taxonomy-aligned turnover* is defined as turnover from assignments that fulfil the technical screening criteria (substantial contribution, do no significant harm and minimum safeguards criteria) for the economic activity that the assignment has been classified against and for the applicable (one) environmental objective. This eliminates the possibility of double counting of taxonomy-aligned turnover.
– *Total turnover* equals to AFRY's total turnover, i.e. reported net sales (refer to page 9).

Calculation process

AFRY's taxonomy-eligible turnover has been assessed through a combination of bottom-up assessments on assignment level performed by business representatives in Infrastructure and Energy Divisions and assessments per assignment performed by sustainability experts in dialogue with business representatives for the remaining four divisions. The main focus for this year's divisional engagement and training activities was on the Infrastructure and Energy Divisions since last year's assessment showed that the majority of AFRY's taxonomy-eligible turnover was generated in those divisions. The assessments implied classifying assignments against the relevant economic activity, if applicable, and was based on the predefined mapping between AFRY's CRM sub-sectors and the EU Taxonomy economic activities.

Eligibility-assessments were made for assignments with annual turnover above 500 000 SEK based on Q3 data. By the end year, the assessments were validated against the full-year data and additional eligibility-assessments were made to secure an adequate coverage of assessed assignments in relation to the total turnover. The assignments classified through this process correspond to about 70 percent of AFRY's total turnover.

The remaining share of the total turnover in the data set has been taken into account in the reported taxonomy-eligible turnover by extrapolation on CRM sub-sector level based on the resulting distribution of eligibility per sub-sector based on the eligibility-assessments. An assessment of the validity of the extrapolation has been performed for selected sub-sectors.

The data set used in the calculations is a consolidation of projekt data and financial data from AFRY's largest ERP systems and cover about 96 percent of AFRY's total turnover. The outcome from the turnover assessment for the 2022 financial year is presented in the table on the coming pages.

Future development of AFRY's approach and methodology

During 2022, AFRY's CRM system have been prepared to support classification of assignments with the relevant economic activity based on the predefined mapping and to report if the assignment is aligned. This will increase the data coverage for AFRY's follow-up and reporting in relation to the turnover KPI as well as support the business in driving taxonomy-related sales. The system support and Group requirements alongside with the necessary processes, guidelines, trainings, capacity building will be further developed during 2023 to support the taxonomy-related assessments.

AFRY will continue to closely follow anticipated guidance from the EU Commission and EU's Platform on Sustainable Finance as well as the expansion of the taxonomy including the release of Delegated Acts relating to the four remaining environmental objectives.

Capital and operating expenditures

Economic activities related to capital expenditures (capex) and operating expenditures (opex), as they are defined in the taxonomy, are limited for AFRY's business operations since AFRY does not have any significant investments that are directly linked to the company's proportion of taxonomy-eligible and taxonomy-aligned turnover. The taxonomy-eligible and taxonomy-aligned capex and opex was analysed based on defined accounting standards as well as the definitions in the Taxonomy Regulation and only material expenses have been included.

Capex

Capex that were analysed include the categories property, plant and equipment; internally developed intangible assets; investment properties; agriculture; and leases. The conclusion is that the relevant and material taxonomy-eligible capex relate to new leased vehicles and new leased office space, the latter being added as taxonomy-eligible capex compared to last year's report.

For the 2022 financial year, the approach for calculating taxonomy-eligible and taxonomy-aligned capex relating to new leased vehicles was further developed to in support for compilation of taxonomy-alignment for new leased vehicles. Information about expenses for new leased vehicles as well as the leasing companies' alignment with the technical screening criteria was collected for the Swedish and Finish operations.

As for the taxonomy-eligible capex from new lease office space it should be noted that the majority relates to leasing contracts that have been added to the Group through acquisitions. AFRY has not assessed taxonomy-alignment for new lease office space for the 2022 financial year.

The remaining expenses that constitute the numerator to calculate the proportion of taxonomy-eligible and taxonomy-aligned capex was collected through AFRY's existing accounting. The outcome from the capex assessment for the 2022 financial year is presented in the table on the coming pages.

Measures will be put in place to increase the coverage and reporting processes for the taxonomy-related capex.

Opex

Opex that were analysed include the categories non-capitalised costs for research and development; property renovation; short-term leases; maintenance and repairs; and maintenance of property, plant and equipment. No material taxonomy-eligible Opex were identified based on the taxonomy's prevailing definition.

Turnover KPI

				Substantial contribution criteria						DNSH criteria										
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)"	Water and marine resources (7)"	Citcular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Citcular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimun safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A1. Environmentally sustainable activities (taxonomy-aligned)																				
-	-	-	-	-	-					-	-	-	-	-	-	-	-	-		
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1.)		**0**	**0%**	**0%**	**0%**											**Y**	**0%**	**-**		
A2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Electricity generation using solar photovoltaic technology	4.1	50	0.2%																	
Electricity generation using concentrated solar power (CSP) technology	4.2	7	0.0%																	
Electricity generation from wind power	4.3	92	0.4%																	
Electricity generation from hydropower	4.5	557	2.4%																	
Electricity generation from renewable non-fossil gaseous and liquid fuels	4.7	6	0.0%																	
Electricity generation from bioenergy	4.8	78	0.3%																	
Transmission and distribution of electricity	4.9	491	2.1%																	
Storage of electricity	4.10	10	0.0%																	
Storage of thermal energy	4.11	39	0.2%																	
Storage of hydrogen	4.12	5	0.0%																	
District heating/cooling distribution	4.15	18	0.1%																	
Cogeneration of heat/cool and power from bioenergy	4.20	90	0.4%																	
Production of heat/cool from solar thermal heating	4.21	7	0.0%																	
Production of heat/cool from renewable non-fossil gaseous and liquid fuels	4.23	3	0.0%																	
Production of heat/cool from bioenergy	4.24	3	0.0%																	
Production of heat/cool using waste heat	4.25	14	0.1%																	
Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle	4.26	26	0.1%																	
Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies	4.27	327	1.4%																	

Cont. Turnover KPI

				Substantial contribution criteria						DNSH criteria										
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)"	Water and marine resources (7)"	Citcular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Citcular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimun safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
Electricity generation from nuclear energy in existing installations	4.28	46	0.2%																	
Electricity generation from fossil gaseous fuels	4.29	29	0.1%																	
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30	1	0.0%																	
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31	24	0.1%																	
Construction, extension and operation of water collection, treatment and supply systems	5.1	48	0.2%																	
Renewal of water collection, treatment and supply systems	5.2	60	0.3%																	
Construction, extension and operation of waste water collection and treatment	5.3	69	0.3%																	
Renewal of waste water collection and treatment	5.4	186	0.8%																	
Underground permanent geological storage of CO_2	5.12	7	0.0%																	
Infrastructure for personal mobility, cycle logistics	6.13	148	0.6%																	
Infrastructure for rail transport	6.14	1,125	4.8%																	
Infrastructure enabling low-carbon road transport and public transport	6.15	415	1.8%																	
Infrastructure enabling road transport and public transport	6.15A	16	0.1%																	
Infrastructure enabling low carbon water transport	6.16	3	0.0%																	
Infrastructure enabling water transport	6.16A	1	0.0%																	
Low carbon airport infrastructure	6.17	7	0.0%																	
Construction of new buildings	7.1	1,807	7.7%																	
Renovation of existing buildings	7.2	645	2.7%																	
Data-driven solutions for GHG emissions reductions	8.2	40	0.2%																	
Computer programming, consultancy and related activities	8.2A	1,335	5.7%																	
Close to market research, development and innovation	9.1/ 9.2A	1,612	6.8%																	
Professional services related to energy performance of buildings	9.3	36	0.2%																	

Cont. Turnover KPI

				Substantial contribution criteria						DNSH criteria										
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)"	Water and marine resources (7)"	Citcular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Citcular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimun safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
Engineering activities and related technical consultancy dedicated to adaptation to climate change	9.1A	414	1.8%																	
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**9,898**	**42.0%**																	
Total (A.1+A.2)		**9,898**	**42.0%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of taxonomy-non-eligible activities		**13,654**	**58.0%**																	
Total A+B		**23,552**	**100%**																	

Capex KPI

				Substantial contribution criteria						DNSH criteria										
Economic activities (1)	Codes (2)	Absolute capex (3)	Proportion of capex (4)	Climate change mitigation (5)	Climate change adaptation (6)"	Water and marine resources (7)"	Citcular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Citcular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimun safeguards (17)	Taxonomy-aligned propor-tion of capex, year 2022 (18)	Taxonomy-aligned propor-tion of capex, year N-1 (19)	Category (enabling activity or) (20)	Category (tran-sitional activity) (21)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A1. Environmentally sustainable activities (taxonomy-aligned)																				
-	-	-	-	-	-					-	-	-	-	-	-	-	-	-		
Capex of environmentally sustainable activities (taxonomy-aligned) (A.1.)		**0**	**0%**	**-**	**-**					**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**	**-**		
A2. Taxonomy-Eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	12	3.1%																	T
Acquisition and ownership of buildings	7.7	320	86.6%																	
Capex of Taxonomy-eligible but not environmentally sustainable activities (not taxono-my-aligned activities) (A.2)		**332**	**89.8%**																	
Total (A.1+A.2)		**332**	**89.9%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of taxonomy non-eligible activities (B)		**38**	**10.2%**																	
Total (A+B)		**369**	**100%**																	

Opex KPI

				Substantial contribution criteria						DNSH criteria										
Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)'	Water and marine resources (7)'	Citcular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Citcular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimun safeguards (17)	Taxonomy-aligned proportion of opex, year 2022 (18)	Taxonomy-aligned proportion of opex, year N-1 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A1. Environmentally sustainable activities (taxonomy-aligned)																				
-	-	-	-	-	-					-	-	-	-	-	-	-	-	-		
Opex of environmentally sustainable activities (taxonomy-aligned) (A.1.)		**0**	**0%**	**-**	**-**					**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**	**-**		
A2. Taxonomy-Eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
-	-	-	-																	
Opex of Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**0**	**0%**																	
Total (A.1+A.2)		**0**	**0%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Opex of taxonomy non-eligible activities (B)		**487**	**100%**																	
Total (A+B)		**487**	**100%**																	

OUR OPERATIONS

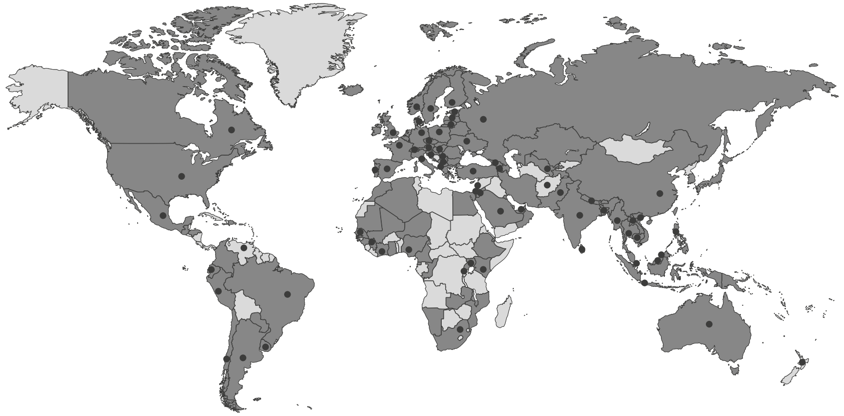
Our operations are managed in line with strict principles concerning business ethics, client and partner responsibilities, information security and data privacy, tax compliance and taking responsibility for the climate impact we have through our operations.

AFRY is a decentralised organisation with offices in nearly 70 countries and assignments in over 120 countries. A key part of our strategy is to drive operational excellence which enables us to deliver sustainable solutions to our clients efficiently and ethically. The combination of local and global expertise as well as cooperation across our company, enables us to provide solutions where a combination of services from different parts of AFRY are included. Read more about our operational excellence on pages 25.

Countries where AFRY has offices and projects, 2022

Countries with projects

Countries with offices



Note S7

Good business ethics

The material sustainability topic of good business ethics encompasses responsible business conduct, which includes areas such as anti-corruption, fair competition and human rights, both in our own operations and in relation to our clients, business partners, employees and other stakeholders. Support for this is found principally in AFRY's Code of Conduct and Business Partner Criteria, but also in supplementary policies, guidelines, functions and training courses.

One of AFRY's sustainability objectives is to ensure ethical operations. We follow up on this objective by several complementary mechanisms, including by monitoring the number of employees who have taken the mandatory e-training course on AFRY's Code of Conduct, reviewing whistleblowing reports, workshops with key employees in the operations tasked with supporting implementation of group directives, and targeted questions in surveys and employee dialogs. The employee survey includes a question about whether employees feel their team is ensuring compliance with our Code of Conduct, and 86 percent responded positively to this question in the most recent employee survey in 2021. Targeted questions are also found within the framework of AFRY's tool for performance reviews called Career Model. The objective is also monitored by enterprise risk management process and the Code of Conduct Assessment process (see page 43 and 53) and by the degree to which business partners that have been identified as high risk have undergone appropriate due diligence.

Training

AFRY's sustainability efforts are based on all employees understanding how the integration of sustainability aspects are relevant to them in their daily work and how they should manage situations that arise, and it is mandatory for all employees to complete the Code of Conduct course. At year's end, 96.5 percent of all permanent employees had completed the course. Targeted training initiatives are held on a continuous basis to develop an understanding of corruption risks and other sustainability-related risks and opportunities in particular operational areas. Introduction to AFRY's sustainability initiatives and Code of Conduct is also a significant part of AFRY's induction of new employees and of the Group's leadership training. In 2021 we added awareness-raising advanced courses in data protection and information security.

Training in AFRY's Code of Conduct

	Managers		Consultants		Administrative staff		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Sweden	1,052	96.7%	5,890	96.3%	237	96.7%	7,179	96.4%
Finland	303	99.3%	1,750	98.8%	104	98.1%	2,157	98.8%
Switzerland	132	100.0%	664	99.0%	45	88.2%	841	98.5%
Norway	155	93.4%	730	89.5%	25	78.1%	910	89.7%
Denmark	92	96.8%	580	98.0%	27	96.4%	699	97.8%
Other	455	99.3%	2,802	96.8%	160	86.0%	3,417	96.5%
Total	**2,189**	**97.5%**	**12,416**	**96.5%**	**598**	**92.3%**	**15,203**	**96.5%**

Permanent employees who have completed the mandatory e-learning course on AFRY's Code of Conduct.

Follow-up on the Code of Conduct Assessment process

Continuous evaluations are conducted of how AFRY is adhering to the Code of Conduct Assessment process within the framework of the Group wide internal quality audit programme. Any deviations are reported to the risk manager, the person responsible for the bid and the division's quality control function for follow-up. The quality audits conducted in 2022 confirmed that a Code of Conduct assessment had been documented in 50 percent of the reviewed high risk assignments (those approved by BA level and above). System support was rolled out in early 2021 in the new Group wide CRM system for follow-up of risk assessments in high-risk assignments. Since the launch of the Code of Conduct Assessment process, the Compliance & Ethics function has been consulted on compliance issues relating to tenders on 20 occasions on average per quarter compared to 30 consultations in 2021. Assessment of corruption risks occurs in nearly all assignments that are analysed by the Compliance & Ethics function within the framework of the Code of Conduct Assessment process.

Anti-corruption

At AFRY there is zero tolerance for corruption and other forms of anti-competitive activities such as fraud. This is governed by our compliance and ethics policy and Code of Conduct along with our anti-corruption directive and other guidelines for preventive measures. Assignments that entail risks related to corruption are identified within the context of the Code of Conduct Assessment process (see page 43 and 53). To assess the corruption risk in countries where we are operating, we use a risk management tool adapted for AFRY. New employees undergo mandatory training in anti-corruption and prevention of conflicts of interest. All members of Group Executive Management have taken the e-training course on AFRY's Code of Conduct that contains anti-corruption training. Read more about corruption risks in the risk section on page 53–55 and in the dispute section on page 94.

Human rights

It is fundamental for AFRY that human rights are respected throughout our operations and we uphold our commitment by applying the UN Guiding Principles on Business and Human Rights. Our commitment to respect human rights permeates our governing steering instruments including our Compliance and Ethics Policy, Code of Conduct, Human Rights Policy and Human Rights & Modern Slavery Statement and People Policy. AFRY works actively with human rights through several group wide programs and initiatives including the right to integrity and privacy through the Data Privacy program, right to dignity and equality through our Diversity & Inclusion program and right to safe work environment through our Health and Safety program. The risk of violations against human rights within our supply chain is assessed to be relatively low as AFRY is a services company without any production centres. Risks may arise in association with our employees' rights in some countries where protections for human rights are weak and in certain types of assignments. For AFRY it is important that international guidelines are followed and we have integrated human rights due diligence in the Code of Conduct Assessment process (see page 43 and 53). To the extent that we can influence, we propose the Equator Principles and the IFC Performance Standards. When applicable, the results of the Environmental and Social Impact Assessment (ESIA) are used as the basis for project planning. See the risk section on page 53–55 to read more about risks related to human rights.

Whistleblowing function, investigations and measures

AFRY urges all of its employees to report misconduct, unethical behaviour, suspected violations of laws, rules or regulations and violations of our Code of Conduct. A Group wide whistleblowing function named Listen Up has been made available to the entire Group and to external parties via the website. The platform is hosted by an independent third party and enables anonymous and confidential reporting, and supports the group's Human Rights Grievance Mechanism. All reports through this channel are received by the Chief Compliance & Ethics Officer who is overall responsible for the investigation of the reports and to give feedback to the whistleblower. A fundamental aspect of the management of the whistleblowing function is to ensure that any harm the organisation has been linked to is remediated. Since 2020, reporting of all whistleblowing, compliance matters and material security incidents have been integrated. Critical reports are immediately escalated to the most senior manager of the concerned unit and a summary of reports are presented on an annual basis to the Group Executive Management and Audit Committee. From 2023, we will increase the

Cont. Note S7

frequency of the reporting to senior management with a view to strengthen root cause analysis and lessons learned. The table below presents the number of internal matters that have been reported.

Reported internal matters

Type of matter	No. of cases
Security incident	12
HR matter	20
Compliance violation	18
Conflict of interest	3
Third-party fraud	5
Social aspects	2
Total	**60**

Note S8

Client responsibility

AFRY takes proactive client responsibility and wants to serve as a role model, influencing clients to take a sustainable direction as much possible. We expect them to adhere to the same ethical principles, including respect for human rights, working conditions, the environment and anti-corruption. AFRY can have a major positive influence on society by influencing clients in a sustainable direction or by not taking on assignments involving clients who do not adhere to our values, for example, businesses that have an undue impact on the environment, society or individuals due partly through their own operations or through their products or services. An active standpoint is ensured, for example, by conducting appropriate due diligence on high-risk clients, which occurs via the Code of Conduct Assessment process, which is based on the 10 principles of the UN Global Compact and our sustainability policy (see page 43 and 53).

Note S9

Partner responsibility

AFRY works actively with partner responsibility, which has a positive effect on the industries and contexts in which we operate. Partner responsibility is managed through AFRY's Business Partner Criteria based on the Global Compact's 10 principles. This was updated in 2020 and complemented in 2021 with a training course. The Business Partner Criteria ensure that AFRY's requirements relating to business ethics, health and safety, environmental responsibility, human rights and information security are clear to all of our business partners. The group requires that the Business Partner Criteria is attached to all of AFRY's agreements with subcontractors, suppliers and business partners. AFRY will not hesitate to discontinue a collaboration if the partner does not respect and live up to our criteria. AFRY applies a risk-based partner analysis to evaluate partners linked to high-risk projects and transactions and Business Partner due diligence forms part of the Code of Conduct Assessment process.

Number of active subconsultants in our largest markets

	Sub-consultants
Sweden	2,370
Finland	428
Switzerland	67
Norway	44
Denmark	45
Other	251
Total	**3,205**

Number of active sub-consultant in AFRY's system for overview of subconsultants, SubCon App, which includes partners in the AFRY partner network.

AFRY partner network

The AFRY Partner Network is for independent consultants, self-employed and employees of mid or major sized consulting companies who would like to collaborate with AFRY's organisation and clients. Partners are time or project based consultants within the scope of our offerings. The AFRY partner network mainly consists of partners in Sweden. In 2022, the AFRY Partner Network consisted of approximately 34,000 partners and 1,900 contracted partners. The AFRY Partner Network has grown from approximately 32,000 partners in 2021, which is an increase with about 6 percent.

Procurement and suppliers

Procurement is governed through AFRY's procurement policy, the Sourcing Directive. Evaluation and selection of suppliers is to be based on a weighted assessment of environmental and climate impact, quality, costs and social aspects, in which the Business Partner Criteria are a basic requirement. As a service provider of engineering and design solutions, most of our purchases are for office equipment, facility management services, IT equipment, licences, travel and services. We receive deliveries from about 30 centrally managed suppliers of products and services relating to office management, travel, IT and communications, occupational healthcare and workwear, with whom we have framework agreements. In 2022, purchases from the centrally managed framework agreements where the Business Partner Criteria has been applied amounted to around SEK 1,100 million. AFRY's largest suppliers are in Sweden and include Microsoft, Tieto and Telia.

Note S10

Information security and data privacy

AFRY has a responsibility towards clients, individuals and our operating environment in the digital environment. The increasing pace of digitalisation continues to push the industry further into the cloud and a reliance on information technology for nearly all aspects of project delivery. Both hostile state actors and cybercriminals have been increasing their capabilities to take advantage of this. The ongoing war in Europe has provided both additional threats but also cover for other threat actors.

AFRY's focus on sustainability reaches into this space as well, driving a continued increase in its security capabilities, both outwardly, but also to protect its own assets. Initiatives to classify valuable data and information, further strengthen the protection of this data, increase cybersecurity training of our employees, prevent and detect attacks and data leaks, ensure our business continuity and manage disasters have been initiated during the latest years. Additions to the responsibilities laid out in AFRY's Information- and IT Security policy, aligned with ISO/IEC 27001, as well as clarifications to guidelines and AFRY's Management system further support these goals. Finally, we have begun looking at traditional security challenges from an environmental perspective, to allow synergies in IT initiatives.

Note S11

Sustainable and profitable growth

AFRY strives for sustainable and profitable growth to generate long-term value for our shareholders, society and the planet. We do this by delivering sustainable solutions to our clients, being an attractive employer for our employees and the economic value created for the local communities where AFRY conducts business. Read more in our value creation model on page 16.

Direct economic value and tax

AFRY creates value through the solutions we deliver to our clients. Net sales comprise most of the economic value generated. The distributed economic value is allocated among suppliers, employees, lenders, society and owners. The largest portion of our distributed economic value is employee wages and benefits.

Cont. Note S11

Table: Economic value creation

Economic value generated, SEK million	2022	2021	2020
Net sales	23,552	20,104	18,991
Distributed economic value, SEK million			
Operating costs, incl. depreciation/ amortisation	-7,769	-6,445	-5,857
Employee wages and benefits	-12,315	-10,503	-10,113
Income tax and employer's contributions	-2,359	-2,027	-2,026
Dividend	-623	-566	-
Interest on loans	-130	-71	-97
Interest on pensions	-1	0	-1
Value of societal investment[1]	-5	-3	-2
Economic value retained	351	490	895

[1] Only Group wide sponsorship and contributions.

Tax policy

AFRY is a global tax payer that complies with the OECD guidelines for multinational companies and applicable local tax legislation and regulations in the countries in which we operate. AFRY seeks to pay the correct tax to the correct jurisdiction at the correct time to ensure transparent tax activity. Any mistakes caused by human error and/or regulation interpretations are communicated openly and reported to the relevant authorities. AFRY operates as a good citizen and does not engage in, nor abet others to engage in, any form of money laundering or tax evasion. All documents are stored to accurately reflect business transactions and facilitate audits. AFRY's principles for responsible tax compliance are governed by our compliance and ethics policy and AFRY's tax manual.

Note S12

Own climate impact

The sustainability topic of our own climate impact concerns the reduction of our operations' climate impact, which is mainly from carbon dioxide emissions due to business travel, energy use in offices and purchased goods and services. AFRY shall lead by example through high energy efficiency and low emissions intensity. AFRY has an environmental management system certified in line with ISO 14001 which ensures systematic environmental efforts, and management is ensured via the sustainability policy, travel directive and the health, safety, environment and quality policy and purchasing policy. AFRY's carbon dioxide emissions are measured annually to follow up AFRY's climate targets. The results of the climate calculations and the Group's climate efforts are reported annually to the CDP in the Climate Change category. In 2022, AFRY received a leadership score (A-) in the CDP climate change questionnaire, demonstrating climate leadership.

AFRY's emission reduction targets for its own climate impact are to halve carbon dioxide emissions by 2030 using 2019 as the base year (21,491 tonnes CO_2) and to achieve net zero emissions by 2040 (Scope 1 and Scope 3 emissions from business travel and Scope 2 emissions from energy use in offices). In 2021, AFRY set an additional climate target, the supplier engagement target, that targets upstream emissions in AFRY's supply chain. The supplier engagement target steers towards more suppliers setting their own science-based climate targets contributing to decarbonisation of the goods and services purchased for AFRY's operations' such as IT hardware, IT software, IT services, telecom, office-related purchases and professional services.

Science-based targets

In 2020, AFRY committed to establish science-based targets in line with the 1.5°C ambition and in 2022 these were validated by the Science Based Targets initiative (SBTi). The science-based targets are based on a greenhouse gas emission inventory and require an emission reduction pathway in line with the 1.5°C ambition. AFRY's science-based targets are to reduce our greenhouse gas emissions from business travel (scope 1 and scope 3 category 6) and energy consumption in offices (scope 2) by 36 percent by 2027, and commits that 87 percent of its suppliers by spend covering purchased goods and services and capital goods (scope 3 category 1 and 2) will set science-based targets by 2027.

AFRY's climate targets in line with carbon law

Halve CO_2 emissions from energy consumption in offices (Scope 2) and business travel (Scope 1 and Scope 3) by 2030 with 2019 as a base year.

AFRY's science-based targets

AFRY commits to reduce absolute scope 1 and 2 GHG emissions 36% by 2027 from a 2019 base year. AFRY also commits to reduce absolute scope 3 GHG emissions from business travel 36% within the same timeframe. AFRY further commits that 87% of its suppliers by spend covering purchased goods and services and capital goods will set science-based targets by 2027.

Net Zero by 2040

Within the process of setting science-based targets with the SBTi, recalculation criteria have been established to recalculate base year and historical emissions in line with the Greenhouse Gas Protocol and Science Based Targets initiative's criteria. The recalculation criteria considers structural changes such as acquisitions, identified data leakages and methodological changes. The base year for AFRY's climate targets and science-based targets is 2019, which is suitable since it is after ÅF's acquisition of Pöyry (that together became AFRY), before the Covid-19 pandemic and recent enough to fulfill the requirements by the SBTi. AFRY's science-based targets, emission reduction target for 2030 and net zero target for 2040 all follow the same emission reduction trajectory, reinforcing AFRY's commitment to decarbonise business operations.

AFRY 1.5ºC Roadmap

In May 2020, AFRY joined the Exponential Roadmap Initiative, whose purpose is to help organisations and companies take measures in line with the 1.5ºC ambition. This is amongst other ways done by employing the 1.5ºC Business Playbook, the world's first framework for exponential climate action towards net zero emissions. The framework includes own emissions, emissions in the value chain, integrating climate in the business strategy and influencing climate action in society. In 2022, AFRY presented the AFRY 1.5ºC Roadmap (see pages 29–30 and afry.com), which formalises and supports AFRY's climate action based on the 1.5ºC Business Playbook. The AFRY 1.5ºC Roadmap is a roadmap for how AFRY should achieve its climate targets and to take climate action to the next level.

In 2022, AFRY initiated the work with setting clear milestones focusing on AFRY's largest markets and three additional strategically chosen markets in support of our Group climate targets. The milestones are to encompass activities relating to emissions stemming from the vehicle fleet (scope 1) and energy consumption in offices (scope 2), which are managed on a market level. The climate milestones will cover more than 85 percent of AFRY's CO_2 emissions based on 2022 figures. Each market is to define milestones according to a coherent framework. Each market is to plan for and implement local emission reduction activities required to meet the milestones, focusing on energy and space efficiency, energy contracts, sustainable travel practices and decarbonisation of vehicle fleet.

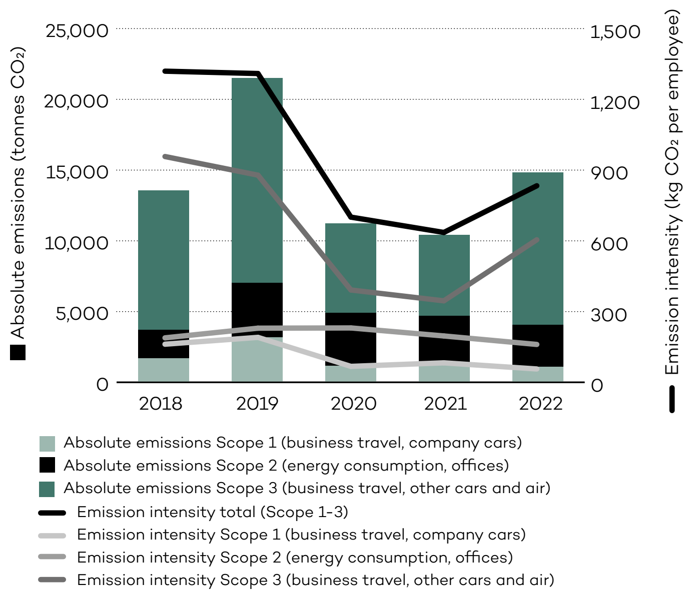
Outcome

In 2022, AFRY's total calculated emissions amounted to 14,841 tonnes CO_2, which is an increase with 42 percent compared to the previous year (10,428 tonnes CO_2 in 2021) but yet a reduction with 31 percent compared to the base year (21,491 tonnes CO_2 in 2019). The emission reduction compared to the base year is in line with the emission reduction trajectory determined by AFRY's climate targets. Emissions per employee amounted to 839 kg CO_2/employee, which is a reduction of 36 percent compared with the base year. The increase compared to previous year is primarily explained by an increase in emissions from business travel by air and vehicles other than company controlled cars (scope 3). This is primarily driven by the removed travel restrictions after the Covid-19 pandemic. Compared to the previous year, emissions per employee for business travel by air increased by 108 percent. Emissions per employee from energy consumption in offices decreased by around 18 percent compared with the previous year.

The first year result of including follow-up of the new supplier engagement target amounted to at least 30 percent of AFRY's supplier by spend covering purchased goods and services and capital goods to have science-based targets that have been approved by SBTi. In addition to following up on the outcome of the supplier engagement target, AFRY also reached out to managed suppliers with a formal letter informing about our target and how to take climate action in line with the 1.5 degree ambition.

Cont. Note S12

Greenhouse gas emissions



Greenhouse gas emissions

Scope according to Greenhouse Gas Protocol	Absolute emissions (tonne CO_2)				Emission intensity[1] (kg CO_2/employee)			
	2022[2]	2021	2020	2019	2022[2]	2021	2020	2019
Scope 1	1,106	1,428	1,165	3,198	62	88	73	196
Scope 2	2,944	3,283	3,750	3,835	166	202	236	235
Scope 3	10,791	5,718	6,298	14,457	610	351	397	884
Total	**14,841**	**10,428**	**11,214**	**21,491**	**839**	**641**	**706**	**1,315**

AFRY's target is to cut carbon dioxide emissions in half by 2030 compared to the 2019 base year (21,491 kg CO_2) and achieve net zero emissions by 2040.

[1] Based on all types of employment.
[2] The number of employees (17,700) and distribution between division and office location used in the climate calculations for 2022 differs from reported head count (18,687). This is estimated to have a marginal effect on calculated total emissions since activity data has been collected for the geographies with a deviation in number of employees. The effect is also considered to be within the margin of error of the climate calculations. Calculated emission intensity is affected negatively, meaning that the emission intensity would be lower for the affected divisions and countries based on actual head count.

Absolute greenhouse gas emissions reduction

	Progress throughout the year	Progress since the base year
Absolute CO_2 emission reduction	**2021–2022**	**2019–2022**
Absolute CO_2 emissions Scope 1 (business travel, company cars)	-23%	-65%
Absolute CO_2 emissions Scope 2 (energy consumption, offices)	-10%	-23%
Absolute CO_2 emissions Scope 3 (business travel, other cars and air)	89%	-25%
Absolute CO_2 emissions total (Scope 1–3)	42%	-31%

Reduction in greenhouse gas emissions intensity

	Progress throughout the year	Progress since the base year
Reduced emission intensity	**2021–2022**	**2019–2022**
Emission intensity Scope 1 (business travel, company cars)	-29%	-68%
Emission intensity Scope 2 (energy consumption, offices)	-18%	-29%
Emission intensity Scope 3 (business travel, other cars and air)	74%	-31%
Emission intensity total (Scope 1–3)	31%	-36%

Greenhouse gas emissions per employee in our largest markets

kg CO_2/employee[1, 2]	2022	2021	2020
Sweden	623	429	560
Finland	1,029	689	875
Switzerland	1,006	831	1,003
Norway	641	584	375
Denmark	784	678	571
AFRY total	**839**	**641**	**711**

[1] Based on all types of employment.
[2] Figures for countries other than Sweden and Finland should be read with caution due to uncertain data quality. Comparability between years is limited due to organisational changes and the development of the methodology.

Emission of carbon dioxide from business travel

Emissions of carbon dioxide from business travel account for a large part of AFRY's total emissions as the Group is a large organisation with employees who have assignments all over the world. One challenge for AFRY is that the more the business expands, the more travel increases. We have a global travel directive that aims to reduce emissions from business travel. We are also working to expand the use of virtual meeting solutions wherever possible, instead of physically traveling to meetings.

Local initiatives relating to sustainable mobility solutions are being implemented based on local conditions and needs, such as bike share, electric car share schemes, and public transit cards that can be borrowed for business trips. In the Swedish part of the business there has been a vehicle policy in place since 2018 (see below).

The climate calculations show that in 2022 emissions from business travel with vehicles covered by the vehicle policy per employee increased by just over 29 percent compared to the previous year. In 2022, the average emission level for vehicles used in business travel in the Swedish part of the business was 53 g CO_2/km, which is roughly a 20 percent reduction from 2021. Emissions per employee from business travel by car increased by about 27 percent, while emissions from business travel by air increased by around 108 percent compared to 2021. The increase emission from business travel by air is related to the lifted restrictions after the Covid-19 pandemic. However, new working methods seem to still have an effect since emissions from business trevel is reduced by almost 40 percent since 2019.

In 2022, control and system support for climate efforts were advanced to handle emissions from business travel. This includes developing a business intelligence dashboard for calculation, analysis and visualisation of CO_2 emissions. The platform collects activity and spend data from our travel expense management systems and travel agency, calculates greenhouse gas emissions and presents consolidated results. In 2023, the development of the business intelligence dashboards continues with focus on improving data quality and coverage as well as conducting further verifications.

Greenhouse gas emissions per employee and division, business travel

kg CO_2/employee[1]	Car travel	Air travel
AFRY X	230	210
Infrastructure	339	258
Industrial & Digital Solutions	418	140
Process Industries	410	399
Energy	588	369
Management Consulting	167	764
Group Common	56	250
AFRY total	**378**	**294**

Based on actual data (>85%) and interpolated data for completeness as per the Greenhouse Gas Protocol. Car travel concerns business travel via company cars, privately-owned cars or rental cars.
[1] Based on all types of employment.

Travel directive

The travel directive, which constitutes AFRY's policy for business travel, was updated in 2021. The travel directive conveys clear global guidelines for planning, booking and undertaking business travel. The aim of the directive is to ensure that the company's business travel is conducted in an efficient way and that the environmental impact and travel-related risks linked to employees' well-being are minimised. The basic principle is that all business travel must be justified, in the sense that there needs to be a clear business purpose for the trip. The potential for a virtual collaboration must always be evaluated with the aim of reducing climate impact, travel-related risks and costs. The new directive also covers group arrangements, which must be planned and implemented in a sustainable way that balances environmental, social and financial dimensions.

Vehicle policy in Sweden
AFRY's vehicle policy regulates the choice of on-demand, personnel and company cars for the Swedish part of the business, with the aim of transitioning to a fossil-free and injury-free fleet of vehicles by 2030. The emissions limit for new contracts in 2022 was 50 g CO_2/km (WLTP). The average emission level for vehicles covered by the vehicle policy was 21 g CO_2/km for new vehicles and 52 g CO_2/km for all vehicles. The emissions and safety requirements are being tightened in 2023 to a maximum of 40 g CO_2/km in line with our long-term goal, meaning we will continue to be below the EU's 2023 target, and only models rated with five stars by EuroNCAP from 2018 onwards will be approved.

Energy use in offices
AFRY's offices cause CO_2 emissions from energy consumption in form of electricity, heating and cooling. Electricity encompasses both facility electricity for ventilation and lights as well as operational electricity that runs our computers, screens and virtual meeting technology. We aim to reduce the emissions stemming from the energy consumption in our offices by reducing energy consumption, through space and energy efficiency, and by reducing the emission intensity of consumed energy, by striving for fossil free energy contracts. AFRY leases its offices which means that AFRY does not always control the choice of energy supplier or stand for investments in the office facility. Therefore, we strive to cooperate with our landlords to reduce the CO_2 emissions stemming from our offices.

In the Swedish part of the business and where AFRY controls the choice of electricity supplier, we have since eight years back centrally procured electricity contracts with entirely renewable energy sources (as defined in EU Directive 2009/28/EC). The agreements cover an estimated 47 percent of AFRY's total office space in Sweden. In 2022, 35 percent of the energy used in offices in Sweden came from renewable energy sources, which is an increase with 2 percent compared to 2020. In the scope of the annual climate calculations, we monitor and measure energy use in seven additional countries, meaning that the data covers the eight countries where the majority of AFRY's employees are stationed. Actual energy use for office space in other countries is not measured. Energy use for offices in these countries is instead calculated using standard amounts based on data for countries other than Sweden and Finland.

Energy use in offices amounted to 34,000 MWh in 2022, of which 16,400 MWh was electricity and 17,400 MWh was heating and cooling. The climate calculations show that total emissions from energy consumption at offices decreased by around 3 percent in 2022 across the entire Group. Energy consumption per employee decreased by around 18 percent compared to the previous year. Compared to the 2019 base year, energy consumption per employee for the entire Group decreased by around 29 percent.

Energy consumption in our largest markets

Energy consumption in AFRY's largest markets	Electricity, MWh	Heating and cooling, MWh
	2022	2022
Sweden	7,939	7,024
Finland	4,888	5,067
Switzerland	593	937
Norway	233	364
Denmark	599	972
AFRY total	16,403	17,412

Energy sources and energy intensity

	2022
Energy from renewable sources, MWh	6,063
Energy from non-renewable sources, MWh	27,753
Energy intensity[1], kWh/employee	1,190

[1] Energy for electricity, heating and cooling included, from both renewable and non-renewable sources.

Calculation methods for greenhouse gas emissions
The calculations of AFRY's greenhouse gas emissions follow the guidelines of the Greenhouse Gas Protocol. AFRY's greenhouse gas accounting and reporting encompasses carbon dioxide emissions, CO_2, and uses the global warming potential (GWP) 1. Data is collected from the eight countries: Sweden, Finland, Switzerland, Norway, Brazil, Germany, the UK and Denmark. The aggregated data is used as a basis for estimating AFRY's total emissions, including those countries from which data have not been collected. AFRY uses the consolidation approach operational control. For 2022, recalculation of the base year has not been applied as changes in business context did not meet the criteria established, based on the Greenhouse Gas Protocol and Science Based Targets initiative's criteria.

AFRY's emissions under Scope 1 refer to direct emissions of greenhouse gases generated from our business travel with company cars operated by employees: account-, benefit- and service cars. The Swedish operation's account-, benefit- and service cars are based on calculated, detailed emission data per car from AFRY's supplier of vehicle administrative services. For other countries, data is collected from our travel expense management systems as kilometres driven or cost for fuel. It is assumed that detailed emissions data collected through the travel expense management systems is correct and is specified manually or using threshold values (0 g CO_2/km, <95 g CO_2/km and >95 g CO_2/km).

AFRY's emissions under Scope 2 refer to indirect emissions of greenhouse gases generated from our energy consumption in our offices, more specifically electricity, heating and cooling. The market-based method was used to calculate energy-related emissions, which means that the calculations consider whether the purchased electricity was origin-labelled. For electricity use in Sweden and Finland, the emission factor for origin guarantees is used where such is purchased (0 g CO_2/kWh), otherwise residual mix is used (371.19 g CO_2/kWh). For other Nordic countries, Nordic electricity mix is used (50 g CO_2/kWh). For countries outside the Nordics, European electricity mix is used (432 g CO_2/kWh). The source of the electricity mixes are Energiföretagen outside the Nordics and Energimarknadsinspektionen for residual mix. In cases where district heating is used in Sweden, emissions are calculated from the local production mix. For offices in Finland, Norway and Denmark using district heating, the same emission is assumed as from average Swedish district heating production. Offices outside the Nordics are assumed to be heated with electricity.

AFRY's estimated emissions under Scope 3 concern other indirect emissions of greenhouse gases and include our business travel (scope 3 category 6). Business travel in scope 3 include privately owned-, rental- and pool cars as well as air travel. Emissions data relating to air travel for Sweden, Finland, Switzerland, Norway, Germany and Denmark are obtained from our travel agency, supplemented with data from our travel expense management systems. Emission data provided by our travel agency is based on standard values from the Network for Transport and Environment (NTM). Emissions per kilometre flown are assumed to be the same as the average for trips booked via the travel agency. Air travel emissions are not adjusted for high altitude effects using the RFI factor. For rental and pool cars, emissions data is supplied from travel agencies, supplemented with data from our travel expense management systems. For privately owned cars, the Swedish Environmental Protection Agency's emission factors are used (0.112–0.172 kg CO_2/km depending on vehicle type). For the Finnish operations, data is used for kilometres travelled from the accounting system and from the car hire supplier together with the Environmental Protection Agency's emission factor for general passenger cars in Finland (0.17 kg CO_2/km). Data from other operations that were measured are obtained as driven kilometres through questionnaires from the administrative function in each country, where the Swedish Environmental Protection Agency's standard values for calculating greenhouse gas emissions are used. The structure of existing systems makes the quality of information from countries other than Sweden and Finland unreliable.

Other scope 3 emissions are also generated from AFRY's supply chain, but they are not measured. Emissions from purchased goods and services (scope 3 category 1 and 2) have been identified as a material emissions source during the greenhouse gas inventory performed in 2021, and are included in AFRY's supplier engagement target, which steers towards more suppliers setting their own climate targets. AFRY estimates share of spend stemming from suppliers with set science-based targets and aims for this share to increase. The definition of science-based targets is targets that follow the criteria, scope and methodology of the Science Based Targets initiative. There is also some impact from other categories like waste, but because they account for a marginal part of our overall impact and data collection requires considerable resources, we prioritise the most significant source of Scope 3 emissions where we have the best opportunity to make a difference.

OUR PEOPLE

Our people are our greatest asset and therefore it is a key part of our strategy to be the employer of choice. For us it is important to provide a work environment where our employees are safe, healthy and where they can achieve work-life balance. We aim to attract and retain the best people by offering interesting assignments where our employees and their teams' can deliver sustainable solutions in collaboration with our clients. By investing in our employees and leadership, working proactively with diversity, equality and inclusion, we safeguard access to the competence required to accelerate the sustainability transition. Read more on pages 25 and 31–35.

Number of employees by type of employment and gender in our largest markets

	Permanent employment				Other temporary				All forms of employment			
AFRY's largest markets	Women	Men	Other	Total	Women	Men	Other	Total	Women	Men	Other	Total
Sweden	2,185	5,299	3	7,487	222	567	1	790	2,407	5,866	4	8,277
Finland	714	1,469	4	2,187	160	450	1	611	874	1,919	5	2,798
Switzerland	198	656	0	854	31	57	0	88	229	713	0	942
Norway	340	675	0	1,015	3	17	0	20	343	692	0	1,035
Denmark	185	531	0	716	10	13	0	23	195	544	0	739
Other	1,059	2,490	3	3,552	259	1080	5	1,344	1,318	3,570	8	4,896
Total	**4,681**	**11,120**	**10**	**15,811**	**685**	**2184**	**7**	**2,876**	**5,366**	**13,304**	**17**	**18,687**

Number of head counts and for all forms of employment. Non-guaranteed employees is not applicable for AFRY's business.

Number of employees by capacity utilisation rate and gender in our largest markets

	Full-time employees				Part-time employees				All employees			
AFRY's largest markets	Women	Men	Other	Total	Women	Men	Other	Total	Women	Men	Other	Total
Sweden	2,166	5,435	4	7,605	241	431	0	672	2,407	5,866	4	8,277
Finland	783	1,817	2	2,602	91	102	3	196	874	1,919	5	2,798
Switzerland	111	523	0	634	118	190	0	308	229	713	0	942
Norway	320	663	0	983	23	29	0	52	343	692	0	1,035
Denmark	157	499	0	656	38	45	0	83	195	544	0	739
Other	1,125	3,365	8	4,498	193	205	0	398	1,318	3,570	8	4,896
Total	**4,662**	**12,302**	**14**	**16,978**	**704**	**1,002**	**3**	**1,709**	**5,366**	**13,304**	**17**	**18,687**

Number of head counts and for all forms of employment.

Leadership and culture
AFRY has a strong values-based culture grounded in our core values Brave, Devoted Team players where sustainability and responsible business are important guiding principles for employees. All managers in the Group have particular accountability to live up to the values and principles described in our Code of Conduct and to ensure employees have understood and are complying with it in their areas of responsibilities. Serving as a good role model is part of AFRY's "brave leadership" criteria.

During 2022, AFRY launched a new Group wide leadership development program targeting our approximately 1,500 line managers. The purpose is to inspire and support leaders to become ambassadors of a great leadership culture. It is a flexible program journey with interactive virtual workshops mixed with self-paced activities and practice in the flow of work. Focus in brief are on the role of the leader and building key leadership capabilities, how to create engagement in others, sustain a business mindset and how to activate our brave leadership criteria in everyday work. To date, approximately 300 managers have participated across all divisions.

All managers are also responsible for considering relevant goals, risks and opportunities linked to health, safety, environment and quality when planning and monitoring their business unit or function. How employees perceive the culture at AFRY is followed up regularly through Employee Engagement Survey. On the question of whether the employee thinks that AFRY's employees act in accordance with the company's values, 82 percent replied positively in 2021.

Our yearly Group Employee Engagement survey is a powerful tool for employees to provide feedback and be included in identifying change and development activities. Engagement is key for us as a company to get a better understanding of motivation, satisfaction and engagement in the organization and in teams. In 2022 we have focused on improved ways of working with future engagement surveys and in 2023 we are launching a new, dynamic platform to measure engagement. Therefore, the engagement data referred to are from the 2021 survey. During 2022, all employees, teams and managers have been encouraged to continue building a culture of feedback through deepen 1-to-1 discussions and follow up on the targets set in the performance and development dialogues conducted.

Note S13

Physical and mental well-being

At AFRY, our employees are our greatest asset. This is why we work proactively to ensure that all those who work at AFRY, whether they are a manager, employee or sub-consultant, have a positive, safe and healthy work environment and that our employees feel they have a good work-life balance. Health and safety are important to management, employees, partners and other stakeholders, as a good work environment for AFRY's employees ensures both sustainable results and long-term relationships.

AFRY's health, safety, environment and quality policy forms the basis of our global health and safety initiatives. The policy covers every aspect of these initiatives and is updated as changes arise in our operating environment. When entering each new agreement or business opportunity, AFRY places requirements both on its own and its clients' health and safety. A fundamental part of our work is that clients' health and safety and values also reflect AFRY's values, and this is something on which we

Cont. Note S13

place strict requirements. During the year, we have continued to strengthen AFRY's overall framework for health and safety. The main efforts have focused on establishing platforms for involvement, collaboration, implementation and follow-up of AFRY´s H&S Framework and performance. A forum with representatives from different parts of the organisation has been established to ensure sharing learnings and anchoring of the improvement process of the H&S structure. An important task for the forum is to create a common minimum level for H&S, for example H&S Manual for countries, procedure for severe incidents, management review, roles and responsibilities, etc. To enhance collaboration, visualization and accessibility of the H&S area, an initiative to update the landing page for H&S on the intranet, with easy assessable information, learnings and governance documents.

Preventive working method

AFRY has a health and safety management system that includes routines for communication, reporting, risk identification and safety inspections. Within the framework of the management system, global follow-ups are conducted each quarter of the work being done on health and safety, which is presented to Group Executive Management and the Board of Directors. Managers, employees and subconsultants engage in the health and safety work by attending joint forums, meetings and activities. There are also employees present in each country who are specialised in work environment issues and who continuously develop, inform and manage issues linked to this area. It is important for anyone who works at AFRY to have thorough knowledge of work environment issues. To ensure that employees and business partners have access to and skills within this area, information is available via AFRY's "Quick guide to occupational health and safety" and courses in occupational health and safety.

Good health and well-being

One of AFRY's sustainability objectives is to safeguard employees' health at work and their work-life balance. The need to ensure AFRY is well positioned to meet future talent needs and adapt to the future of work is clear, also the need to focus more on employee well-being as one of the organisational tools. Solutions are defined and co-created locally between HR and business management team, to meet the local challenges. Today we have processes for follow-up, health-checks, train our leaders, regular employees survey´s, etc. There are also procedures governing how matters relating to alcohol and drug problems are to be managed and clear procedures for how rehabilitation and preventive health measures are to be carried out. In the countries in which AFRY operates, we make various efforts to incorporate the work environment guidelines named in our health, safety, environment and quality policy. This also applies to the arrangement surrounding occupational health services, which includes health checks and wellness contributions.

To strengthen our ability in this area we have established a clear approach for wellbeing with the purpose to leverage on current efforts and enhance capability over time through transparency, structure and collaboration. The defined focus areas for employee wellbeing in AFRY will act as guidelines and support activities within countries and regions, Division & Group, depending on needs, capacity and cost.

Outcome

Our measurements of the physical work environment are based on Total Recordable Injuries (TRI) and related sub-categories, for example Restricted Work Case (RWC), Medical Treatment Injury (MTI), Minor Injury, Lost Time Injury (LTI) and Fatalities (F). The accident level is still very low, and we continue to improve our KPI´s in this area. Despite this, it is still very relevant for AFRY to continue to focus on the injuries to avoid that our employees get injured a work.

To make the collection of data more efficient, accurate and quality assured, a system for data collection will be implemented with the start of next year.

Health, safety and sickness absence

	2022	2021
LTIF[1]	**0.26**	**0.63**
Accidents with fatal outcome (F)	0	0
High consequence LTI [3]	0	0
LTI[2] total	9	20
TRIF[3]	0.82	1.20
Hours worked (million)	34.08	31.34
Sickness absence[5] (%)	**2.96**	**2.31**

All forms of employment. The coverage of the OH&S statistics is about 99%, meaning that about 255 persons are not included. The total hours worked has been reduced accordingly.
1) LTIF (Lost Time Injury Frequency) defined as (F+LTI)/million hours worked.
2) LTI (Lost Time Injury), number of work-related accidents entailing absence longer than one day from the day following the accident.
3) LTI with serious consequences, defined as the number of work-related accidents with a fatal outcome or with an actual or expected absence of longer than six months.
4) TRIF (Total Recordable Injury Frequency), defined as (F+LTI+RWC+MTI)/million hours worked.
5) Based on the total number of reported hours (34.92 million in 2022 and 31.62 million in 2021).

Note S14

Diversity, inclusion and equal opportunity

AFRY strives to increase inclusion and gender balance to get the best people, secure long-term growth and profitability, and to create a good working environment and high-performance teams. Read more about our inclusion, diversity and equal opportunity initiatives on pages 31-35. The foundation of AFRYs work within this area is based on the discrimination grounds, that can be found in the majority of Discrimination Laws globally. The discrimination grounds are sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation and age. One of AFRY's sustainability objectives is to increase inclusion and diversity of background and culture, including achieving gender balance among all employees and reaching 40 percent women in leading positions by 2030. The outcome for 2022 is presented on page 118. Efforts have been intensified by way of training sessions in diversity, tools about unconscious bias, inclusive communication, and inclusive recruitment for managers and recruiters. Going forward, focus will be on equal opportunities in relation to professional and leadership development regardless of background and gender, and on active efforts to strengthen our employer brand and highlight AFRY as an inclusive employer. To demonstrate that AFRY stands up for a world in which the human rights of all LGBTQI+ persons are respected, work on increasing familiarity with and awareness and knowledge of LGBTQI+ issues was strengthen in 2022. Initiatives taking place was launching a LGBTQI+ network, improving guides and checklists and AFRY also participated in Stockholm Pride Parade 6 August 2022. Several other initiatives also took place, for example in Denmark and Norway. In addition the toolbox for Inclusion & Diversity have been improved and updated with more content. The toolbox is for both managers and employees and will be a platform for education and inspiration, where everyone will be able to receive training in how to be an ambassador for inclusion and diversity. The content is based on all seven discrimination criteria with particular focus on increasing the proportion of female and non-binary employees and managers. In addition AFRY's biggest event Inclusion & Diversity week was arranged 7-11 March 2022. The aim of the week is to cherish and celebrate our multitude of unique team players at AFRY globally, we are organising events to get inspired and learn more about all aspects of inclusion and diversity.

Harassment is totally unacceptable at AFRY and there is zero tolerance for discrimination just as there is for other human rights violations. All employees should know this, and anyone affected should know where they can turn for help and to initiate an investigation. AFRY's equal treatment and diversity policy, People Policy, Code of Conduct procedures and guidelines all address forms of harassment such as bullying or discrimination. It is essential that AFRY's equal treatment and diversity policy is followed and for harassment and discrimination not to be tolerated in any form. Inappropriate behaviour, including harassment and discrimination within AFRY, is handled by the local units' HR managers and managers in charge according to national law, and necessary measures are taken in accordance with the law and AFRY's policies. Matters reported via the whistleblowing function are managed locally and followed up by the Chief Compliance & Ethics Officer. In 2022, 16 cases relating to inappropriate behaviour were reported via the whistleblowing function (see page 112).

The annual employee survey includes questions about areas such as discrimination, equal opportunities and how employees perceive their line managers' efforts to ensure inclusion and diversity. During 2022 AFRY decided to investigate and improve the Employee Engagement Survey tool. Therefore was the annual Employee Engagement Survey was paused. In 2022 we have instead focused on improved ways of working with future engagement survey's and are launching a new, dynamic platform in 2023 to measure and follow up on engagement. Meanwhile, all employees, teams and managers are encouraged to continue building a culture of feedback through deepen 1-to-1 discussions and follow up on the targets set in the performance & development dialogs conducted. Devoted and engaged people is the foundation to our common success. AFRY's yearly Group Employee Engagement survey is a powerful tool for employees to provide feedback and be included in identifying change and development activities. Engagement is key for us as a company to get a better understanding of motivation, satisfaction and engagement in the organization and in teams.

Cont. Note S14

Gender and age distribution

	2022						2021				
Distribution in %	**Women**	**Men**	**Other**	**Age <30**	**30–50**	**>50**	**Women**	**Men**	**Age <30**	**30–50**	**>50**
Board of Directors[1]	50.0	50.0	0.0	0.0	0.0	100.0	37.5	62.5	0.0	0.0	100.0
Group management	41.7	58.3	0.0	0.0	50.0	50.0	40.0	60.0	0.0	40.0	60.0
Managers	25.3	74.6	0.0	1.2	66.3	32.5	23.5	76.5	1.1	65.5	33.3
Consultants	28.1	71.9	0.1	18.1	58.3	23.6	27.0	73.0	17.3	59.3	23.4
Administrative staff	74.2	25.5	0.3	13.7	51.7	34.6	72.7	27.3	13.6	52.2	34.2
Total	**29.6**	**70.3**	**0.1**	**15.5**	**59.1**	**25.3**	**28.5**	**71.5**	**14.9**	**59.9**	**25.2**

Number of head counts and for permanent employees.
Excluding employee records without data on age due to local regulation (87).
[1] Excluding employee representatives. The proportion of women on the Board of Directors, including ordinary employee representatives, is 50,0% for 2022 and 41,7% for 2021.

Percentage of women per division

Share of women in %	**Consultants**	**Managers**	**Administrative staff**	**Total**
AFRY X	30.0	32.0	77.8	30.9
Energy	20.1	17.1	53.3	22.0
Industrial & digital solutions	21.3	23.8	87.1	23.2
Infrastructure	33.2	24.8	84.3	33.1
Management consulting	35.2	29.0	50.0	34.1
Process industries	23.0	17.5	79.5	23.5
Group common	62.8	57.1	69.3	64.9
Total	**27.2**	**24.9**	**72.0**	**28.7**

Number of head counts and for all forms of employment.

Age distribution

	2022			2021		2020	
Age distribution in %	**Women**	**Men**	**Other**	**Women**	**Men**	**Women**	**Men**
–29	6.3	10.9	0.0	6.3	10.7	5.7	10.5
30–39	10.1	21.9	0.0	9.7	22.4	9.4	22.3
40–49	6.5	16.3	0.0	6.3	16.7	6.3	17.2
50–59	4.4	13.7	0.0	4.2	14.0	4.3	14.4
60–	1.4	8.4	0.0	1.5	8.3	1.4	8.5
Total	**28.7**	**71.2**	**0.1**	**27.9**	**72.1**	**27.1**	**72.9**

Number of head counts and for all forms of employment.
Excluding employee records without data on age (99) due to local regulation.

Note S15

Talent attraction and retention

AFRY's people policy states that AFRY should work towards responsible, healthy, safe and fair working conditions with equal opportunities for all of our employees. Diversity and inclusion are at the core of our personnel policy, and with bold leadership, where our employees are provided with opportunities for long-term development and broad career opportunities, we strive to be and be perceived as a good, attractive employer to retain and recruit committed employees and the best talent. Read more on pages 31-35.

Employee turnover

	2022															
	Women		Men		Other		Total		Age <30		30–50		>50		Total	
Largest markets	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Sweden	440	20.1%	1,165	22.0%	2	66.7%	1,607	21.5%	229	22.4%	1,156	25.2%	221	11.7%	1,606	21.5%
Finland	60	8.4%	152	10.3%	0	0.0%	212	9.7%	41	13.4%	140	11.2%	31	4.9%	212	9.7%
Switzerland	27	13.6%	90	13.7%	0	0.0%	117	13.7%	31	19.3%	66	13.5%	20	9.9%	117	13.7%
Norway	38	11.2%	85	12.6%	0	0.0%	123	12.1%	14	12.3%	77	13.8%	32	9.3%	123	12.1%
Denmark	14	7.6%	67	12.6%	0	0.0%	81	11.3%	10	9.7%	43	10.3%	28	14.5%	81	11.3%
Other	121	11.4%	273	11.0%	1	33.3%	395	11.1%	99	13.6%	254	12.6%	30	4.1%	383	11.0%
Total	**700**	**15.0%**	**1,832**	**16.5%**	**3**	**30.0%**	**2,535**	**16.0%**	**424**	**17.4%**	**1,736**	**18.6%**	**362**	**9.1%**	**2,522**	**16.0%**

Number of head counts and for permanent employees.
Excluding records where age is unknown (13).

New hires by gender and age group

	2022															
	Women		Men		Other		Total		Age <30		30–50		>50		Total	
Largest markets	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Sweden	382	17.5%	922	17.4%	3	100.0%	1,307	17.5%	228	22.3%	849	18.5%	228	12.1%	1,305	17.4%
Finland	191	26.8%	399	27.2%	0	0.0%	590	27.0%	109	35.6%	364	29.1%	116	18.5%	589	26.9%
Switzerland	28	14.1%	105	16.0%	0	0.0%	133	15.6%	57	35.4%	61	12.4%	15	7.4%	133	15.6%
Norway	100	29.4%	176	26.1%	0	0.0%	276	27.2%	46	40.4%	166	29.7%	64	18.7%	276	27.2%
Denmark	57	30.8%	135	25.4%	0	0.0%	192	26.8%	48	46.6%	104	24.8%	39	20.2%	191	26.7%
Other	354	33.4%	767	30.8%	7	233.3%	1,128	31.8%	389	53.6%	575	28.6%	130	17.8%	1,094	31.5%
Total	**1,112**	**23.8%**	**2,504**	**22.5%**	**10**	**100.0%**	**3,626**	**22.9%**	**877**	**36.0%**	**2,119**	**22.8%**	**592**	**14.9%**	**3,588**	**22.8%**

Number of head counts and for permanent employees.
Excluding records where age is unknown (38).

Employee engagement and development dialogues

To create clarity around expectations and goals, address well-being and identify development activities, each employee and manager should have goal and development dialogues. In the Employee Engagement Survey 2021, 84 percent responded that they had had performance reviews with individual development plans during the past 12 months. The Career Model tool also provides structured support for the dialogue, where reflection and feedback on leadership, values and ethical behaviour is also expected. At least one conversation per year that includes goals and a development plan should be registered in the tool.

Our sustainability objective includes to empower brave leadership and increase employee engagement. These are followed up within the framework of the annual employee survey through the index for engagement, leadership and attractive employer.

Outcome from the annual Employee Engagement Survey

	Target	2022[3]	2021
Engagement index[1]	>80	-	78
Leadership index[1]	>82	-	82
Attractive employer index[2]	>25	-	29

[1] Scale of 0 to 100. Based on average value of targeted questions on engagement and leadership.
[2] Scale of -100 to +100. Based on Employee Net Promoter Score question.
[3] Group wide survey was not conducted in 2022.

Regular performance reviews

Employees who received regular evaluation and follow-up of their performance and career development (%)	**Women**	**Men**	**Other**
Managers	57.3	63.7	100.0
Consultants	62.4	65.5	83.3
Administrative staff	56.3	60.7	0.0
Total	**61.1**	**65.2**	**66.7**

Permanent employees.
268 employees were excluded..

Professional development

Hours of training/employee	**2022**	**2021[1]**	**2020**
Hours of training	667,203	514,300	452,874
Average full-time equivalents (FTEs)	17,340	15,659	15,271
Total hours of training/employee	**38.5**	**34.6**	**29.7**

Permanent employees.
[1] Figures adjusted compared to the 2021 report.

Cont. Note S15

Collective bargaining agreements
A total of 11,239 employees (of which 8,224 in Sweden) were covered by collective agreements at year-end, which is 60.1 percent of all employees. In the entire business, employment conditions are competitive in the local market and comply with local regulations.

Collective bargaining agreements in our largest markets

	2022		2021	
	Number	**Percent**	**Number**	**Percent**
Sweden	8,224	99.4%	8,103	99.6%
Finland	2,408	86.1%	2,114	94.0%
Switzerland	0	0.0%	0	0.0%
Norway	84	8.1%	95	10.3%
Denmark	195	26.4%	155	24.3%
Other	328	6.7%	17	0.4%
Total	**11,239**	**60.1%**	**10,484**	**61.6%**

Number of head counts and for all forms of employment.

GRI index

AFRY has reported in accordance with the GRI Standards for the period 1st of January 2022 to 31st of December 2022. The GRI index below lists the GRI Standards used, all with publication year and latest updates in 2016, 2018 and 2021, and reported general and specific disclosures.

GENERAL DISCLOSURES

				OMISSION		
GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE REFERENCE	Omissions from	Reason	Expla-nation
GRI 2: General disclosures 2021	THE ORGANIZATION AND ITS REPORTING PRINCIPLES					
	2-1	Organizational details	38, 90–92, 111			
	2-2	Entities included in the organization's sustainability reporting	90–92, 99, 115			
	2-3	Reporting period, frequency and contact point	99			
	2-4	Restatements of information	99			
	2-5	External assurance	97, 124			
	ACTIVITIES AND WORKERS					
	2-6	Activities, value chain, and other business relationships	6, 8, 111			
	2-7	Employees	112, 116			
	2-8	Workers who are not employees	112			
	GOVERNANCE					
	2-9	Governance structure and composition	38, 40, 42, 45–46			
	2-10	Nomination and selection of the highest governance body	39–41			
	2-11	Chair of the highest governance body	39, 45–46			
	2-12	Role of the highest governance body in overseeing the management of impacts	42, 100			
	2-13	Delegation of responsibility for managing impacts	42			
	2-14	Role of the highest governance body in sustainability reporting	42			
	2-15	Conflicts of interest	40			
	2-16	Communication of critical concerns	111–112			
	2-17	Collective knowledge of the highest governance body	45–48			
	2-18	Evaluation of the performance of the highest governance body	40			
	2-19	Remuneration policies	40–41, 72–73			
	2-20	Process to determine remuneration	40–41			
	2-21	Annual total compensation ratio	72, 74–75			

				OMISSION		
GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE REFERENCE	Omissions from	Reason	Expla-nation
GRI 2: General disclosures 2021	STRATEGY, POLICIES AND PRACTICES					
	2-22	Statement on sustainable development strategy	5			
	2-23	Policy commitments	10, 42, 104, 111–112			
	2-24	Embedding policy commitments	42, 101, 104, 111–112			
	2-25	Processes to remediate negative impacts	43–44, 111–112			
	2-26	Mechanisms for seeking advice and raising concerns	42, 111–112			
	2-27	Compliance with laws and regulations	38, 112–113			
	2-28	Membership associations	102			
	STAKEHOLDER ENGAGEMENT					
	2-29	Approach to stakeholder engagement	99–100			
	2-30	Collective bargaining agreements	120			

TOPIC-SPECIFIC DISCLOSURES

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE REFERENCE	OMISSION Omissions from	Reason	Expla-nation
GRI 3: Material topics 2021	3-1	Process to determine material topics	99-100			
	3-2	List of material topics	100			
ACCELERATE THE SUSTAINABILITY TRANSITION, SUSTAINABLE SOLUTIONS						
GRI 3: Material topics 2021	3-3	Management of material topics	26-28, 42, 99-100, 102, 103-104, 114			
	Company-specific disclosure	Positive contribution to the UN's global goals	27-28, 102			
GOOD BUSINESS ETHICS, CLIENT RESPONSIBILITY AND PARTNER RESPONSIBILITY						
GRI 3: Material topics 2021	3-3	Management of material topics	42, 53-54, 111-112			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	53-54, 111-112			
	205-2	Communication and training about anti-corruption policies and procedures	101, 111-112			
	205-3	Confirmed incidents of corruption and actions taken	94, 112			
GRI 412: Human rights assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	53-54, 111-112			
OWN CLIMATE IMPACT						
GRI 3: Material topics 2021	3-3	Management of material topics	29-30, 42, 99-100, 113-114			
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	115			
	302-3	Energy intensity organization	115			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	113-115			
	305-2	Energy indirect (Scope 2) GHG emissions	113-115			
	305-3	Other indirect (Scope 3) GHG emissions	113-115			
	305-4	GHG emissions intensity	114-115			
	305-5	Reduction of GHG emissions	113-115			

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE REFERENCE	OMISSION Omissions from	Reason	Expla-nation
PHYSICAL AND MENTAL WELLBEING						
GRI 3: Material topics 2021	3-3	Management of material topics	31-34, 42, 116-117			
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	117			
	403-2	Hazard identification, risk assessment, and incident investigation	54, 116-117			
	403-3	Occupational health services	116-117			
	403-4	Worker participation, consultation, and communication on occupational health and safety	116-117			
	403-5	Worker training on occupational health and safety	117			
	403-6	Promotion of occupational health	116-117			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	116-117			
	403-9	Work-related injuries	117			
DIVERSITY, EQUAL OPPORTUNITY AND INCLUSION, ATTRACT AND RETAIN TALENT						
GRI 3: Material topics 2021	3-3	Management of material topics	31-34, 42, 117			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	119			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	119	Not reported by gender or job classification	Technical collection limitations	
	404-3	Percentage of employees receiving regular performance and career development reviews	119			
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	118			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	117			
SUSTAINABLE AND PROFITABLE GROWTH						
GRI 3: Material topics 2021	3-3	Management of material topics	38-44, 112-113			
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	113			

TCFD index

TCFD RECOMMENDATIONS

	PAGE REFERENCE	COMMENT
GOVERNANCE		
Describe the Board of Directors' oversight of climate-related risks and opportunities.	38–43, 53	
Describe management's role in assessing and managing climate-related risks and opportunities.	38–43, 53	
STRATEGY		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	13–14, 19, 21, 23, 27–30, 53–55	AFRY's first three strategic pillars describe climate-related opportunities.
Describe the impact of climate-related risks and opportunities in the organisation's businesses, strategy and financial planning.	13–14, 19, 21, 23, 27–30, 53–55	AFRY's first three strategic pillars describe climate-related opportunities.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	27–30, 53	AFRY plans to conduct quantitative climate scenario analyses. In the annual strategy and risk process, climate scenarios where included in the background material to the divisions.
RISK MANAGEMENT		
Describe the organisation's processes for identifying and assessing climate-related risks.	43, 53, 102, 111–115	
Describe the organisation's processes for managing climate-related risks.	43, 53–55, 102	
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	43, 53–55, 102	
METRICS AND TARGETS		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	53, 101–110, 111	
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	30, 113–114	
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	30, 113–114	

Audit statement

Auditor's Limited Assurance Report on AFRY AB's Sustainability Report and statement regarding the Statutory Sustainability Report.

To AFRY AB, Corp. Id. 556120-6474

Introduction
We have been engaged by the Board of Directors and the Managing Director of AFRY AB to undertake a limited assurance engagement of AFRY ABs Sustainability Report for the year 2022. AFRY AB has defined the scope of the Sustainability Report that also is the Statutory Sustainability Report on page 99.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 99 in the Sustainability Report and are part of the Sustainability Reporting Standards published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Revisorns ansvar
Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information (revised). A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of AFRY AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Managing Director as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions
Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 31 March 2023
KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Karin Sivertsson
Expert Member of FAR

Five-year financial summary

1 January – 31 December (SEK million)	2022	2021	2020	2019	2018
Net sales and earnings					
Net sales	23,552	20,104	18,991	19,792	13,975
EBITA excluding items affecting comparability	1,886	1,712	1,635	1,731	1,268
EBITA	1,729	1,662	1,509	1,368	1,243
Operating profit, EBIT	1,444	1,523	1,382	1,276	1,203
Profit after financial items	1,220	1,393	1,196	1,039	1,103
Profit for the year	974	1,130	932	821	850
Capital structure					
Non-current assets	18,217	16,857	15,928	16,872	8,432
Current assets	9,778	9,056	7,592	7,502	4,776
Equity including non-controlling interest	12,178	10,993	10,005	9,369	5,465
Non-current liabilities	6,797	7,014	6,314	8,240	3,718
Current liabilities	9,021	7,905	7,199	6,767	4,026
Balance sheet total	27,996	25,913	23,520	24,375	13,208
Equity (average)	11,522	10,435	9,766	7,740	5,279
Total capital (average)	26,711	24,385	23,948	21,833	12,063
Capital employed (average)	19,432	17,920	17,534	15,507	8,388
Net debt	4,646	3,565	2,756	4,424	3,455
Key ratios					
EBITA margin excluding items affecting comparability	8.0	8.5	8.6	8.7	9.1
EBITA margin, %	7.3	8.3	7.9	6.9	8.9
Operating margin, %	6.1	7.6	7.3	6.4	8.6
Profit margin, %	5.2	6.9	6.3	5.2	7.9
Equity ratio, %	43.5	42.4	42.5	38.4	41.4
Net debt/EBITDA, times	2.5	2.0	1.7	3.0	2.5
Net debt/equity ratio, %	38.2	32.4	27.5	47.2	63.2
Current ratio, times	1.1	1.1	1.1	1.1	1.2
Return on equity, %	8.4	10.8	9.5	10.6	16.1
Return on total capital, %	5.1	6.1	5.4	5.5	9.9
Return on capital employed, %	7.3	8.6	7.7	8.3	14.4
Interest cover, times	6.9	10.4	8.7	5.2	11.6

1 January – 31 December (SEK million)	2022	2021	2020	2019	2018
Shares					
Basic earnings per share, SEK	8.60	9.97	8.29	8.07	10.98
Diluted earnings per share, SEK	8.60[1]	9.97[1]	8.29[1]	7.99	10.76
Dividend yield, %	3.2	2.2	2.0	–	3.1
Equity per share, SEK	107.53	97.10	88.52	83.51	70.42
Diluted equity per share, SEK	107.53[1]	97.09	88.52[1]	83.51[1]	68.06
Cash flow from operating activities per basic share, SEK	9.20	13.23	17.81	19.59	11.30
Cash flow from operating activities per diluted share, SEK	9.20[1]	13.23[1]	17.81[1]	19.16	10.92
Market price on 31 December, SEK	170.90	255.00	251.20	218.60	160.40
Market capitalisation	19,355	28,869	28,392	24,521	12,411
Ordinary dividend per share, SEK	5.50[2]	5.50	5.00	–	5.00
Other					
Cash flow from operating activities	1,042	1,498	2,004	1,993	874
Cash flow from investing activities	-873	-1,213	-264	-5,290	-1,153
Cash flow from financing activities	-1,012	-12	-987	4,066	306
Capacity utilisation, %	74.7	74.7	75.6	75.8	77.2
Average number of FTEs excluding associates	17,340	15,647	15,271	14,680	10,037

1) Issued convertibles do not result in dilution during the year.
2) Proposed dividend.

Alternative performance measures

Definitions
The key ratios and alternative performance measures used in this report are defined on page 129 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 reporting 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 performance 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.

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.

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group[1]	
%	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total growth	15.9	0.8	11.6	13.9	21.0	10.9	13.0	-4.1	24.6	—	22.8	21.8	17.1	5.9
(-) Acquired	6.6	1.2	1.7	2.1	1.1	3.6	2.1	0.7	18.3	—	0.0	5.9	4.5	2.1
(-) Currency effects	3.9	-0.8	1.1	-0.1	8.6	-3.9	6.6	-3.3	1.5	—	9.5	-3.6	4.9	-1.8
Organic	**5.4**	**0.4**	**8.8**	**11.9**	**11.3**	**11.2**	**4.3**	**-1.4**	**4.9**	**—**	**13.3**	**19.5**	**7.8**	**5.6**
(-) Calendar effects	-0.3	0.4	0.0	0.4	-0.5	0.3	-0.6	0.6	0.7	—	-0.2	-0.3	-0.3	0.3
Organic growth adjusted for calendar effects	**5.6**	**0.0**	**8.8**	**11.5**	**11.8**	**10.9**	**4.9**	**-2.0**	**4.2**	**—**	**13.6**	**19.8**	**8.1**	**5.3**

[1] The Group includes eliminations.

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group[1]	
SEK million	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total growth	1,225	63	572	707	801	375	349	-113	233	—	216	177	3,448	1,113
(-) Acquired	509	94	83	107	41	124	57	18	173	—	0	48	896	391
(-) Currency effects	302	-64	56	-4	329	-135	177	-93	14	—	90	-30	980	-336
Organic	**414**	**33**	**434**	**605**	**431**	**386**	**116**	**-39**	**46**	**—**	**126**	**159**	**1,572**	**1,058**
(-) Calendar effects	-21	31	-2	20	-19	10	-16	17	6	—	-2	-2	-59	54
Organic growth adjusted for calendar effects	**435**	**2**	**436**	**585**	**450**	**376**	**132**	**-56**	**40**	**—**	**128**	**161**	**1,632**	**1,004**

[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 comparable 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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
EBIT (operation profit/loss)	665	569	445	399	486	470	294	301	12	44	166	152	1,444	1,523
Acquisition-related items														
Amortisation and impairment of intangible assets	–	–	–	–	–	–	–	–	–	–	–	–	170	159
Revaluation of contingent considerations	–	–	–	–	–	–	–	–	–	–	–	–	-14	-36
Divestment of operations	–	–	–	–	–	–	–	–	–	–	–	–	63	–
Impairment of operations	–	–	–	–	–	–	–	–	–	–	–	–	66	17
Profit/loss (EBITA)	**665**	**569**	**445**	**399**	**486**	**470**	**294**	**301**	**12**	**44**	**166**	**152**	**1,729**	**1,662**
Items affecting comparability														
Restructuring costs, Infrastructure Division	–	–	–	–	–	–	–	–	–	–	–	–	80	10
Restructuring costs, Group functions	–	–	–	–	–	–	–	–	–	–	–	–	20	–
Cost of customisation/configuration of cloud-based IT systems	–	–	–	–	–	–	–	–	–	–	–	–	57	40
EBITA excl. items affecting comparability	**665**	**569**	**445**	**399**	**486**	**470**	**294**	**301**	**12**	**44**	**166**	**152**	**1,886**	**1,712**

1) The Group includes eliminations.

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group[1]	
%	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
EBIT margin	7.4	7.4	8.1	8.1	10.5	12.3	9.7	11.2	1.0	4.6	14.3	16.1	6.1	7.6
Acquisition-related items														
Amortisation and impairment of intangible assets	–	–	–	–	–	–	–	–	–	–	–	–	0.7	0.8
Revaluation of contingent considerations	–	–	–	–	–	–	–	–	–	–	–	–	-0.1	-0.2
Divestment of operations	–	–	–	–	–	–	–	–	–	–	–	–	0.3	–
Impairment of operations	–	–	–	–	–	–	–	–	–	–	–	–	0.3	0.1
Profit/loss (EBITA)	**7.4**	**7.4**	**8.1**	**8.1**	**10.5**	**12.3**	**9.7**	**11.2**	**1.0**	**4.6**	**14.3**	**16.1**	**7.3**	**8.3**
Items affecting comparability	–	–	–	–	–	–	–	–	–	–	–	–	0.7	0.2
EBITA excl. items affecting comparability	**7.4**	**7.4**	**8.1**	**8.1**	**10.5**	**12.3**	**9.7**	**11.2**	**1.0**	**4.6**	**14.3**	**16.1**	**8.0**	**8.5**

1) The Group includes eliminations.

Net debt exclusive IFRS 16, Net debt/EBITDA exclusive IFRS 16 and Net debt/equity ratio

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).

Net debt excl. IFRS 16

SEK million	2022	2021
Loans and credit facilities	5,580	5,471
Net pension liability	155	205
Cash and cash equivalents	-1,088	-2,112
Total net debt	**4,646**	**3,565**

Net debt/EBITDA, excl. IFRS 16

SEK million	2022	2021
Operating profit (EBITA)	1,729	1,662
Depreciation, amortisation and impairment of non-current assets	702	697
EBITDA	**2,430**	**2,359**
Lease expenses	-540	-564
EBITDA excl. IFRS 16	**1,890**	**1,796**
Net debt	4,646	3,565
Net debt/EBITDA, excl. IFRS 16, times	**2.5**	**2.0**
Items affecting comparability	157	50
EBITDA excl. IFRS 16 and items affecting comparability	**2,047**	**1,846**
Net debt	4,646	3,565
Net debt/EBITDA, excl. IFRS 16 and items affecting comparability, times	**2.3**	**1.9**

Net debt/equity ratio

SEK million	2022	2021
Net debt	4,646	3,565
Equity	12,178	10,993
Net debt/equity ratio, %	**38.2**	**32.4**

Return on equity

Return on equity is the business'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	2022	2021
Profit after tax	974	1,130
Average equity	11,522	10,433
Return on equity, %	**8.5**	**10.8**

Return on capital employed

Return on capital employed shows the business's profit/loss after financial items, adjusted for interest expenses in relation to average interest-bearing capital in the business'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	2022	2021
Profit after financial items	1,220	1,393
Financial expenses	206	148
Profit	**1,426**	**1,542**
Average balance sheet total	26,711	24,383
Other current liabilities	-6,853	-6,020
Other non-current liabilities	-237	-200
Deferred tax liability	-190	-229
Capital employed	**19,432**	**17,934**
Return on capital employed, %	**7.3**	**8.6**

Interest cover

Interest cover shows profit/loss after financial items adjusted for interest expenses in relation to interest expenses. The key ratio shows the operation's ability to cover its interest expense during the period. A negative interest coverage ratio indicates that the company is making a loss, or that interest expense is greater than the profit for the period.

SEK million	2022	2021
Profit after financial items	1,220	1,393
Profit after financial items, excl. interest expenses	1,426	1,542
Interest expenses	206	148
Interest cover, times	**6.9**	**10.4**

Equity ratio

The equity ratio shows the business's equity in relation to total capital and describes how large a proportion of the business's assets are not matched by liabilities. The equity ratio can be seen as the business's ability to pay in the long term. The key ratio is impacted by profitability during the period and by how the business 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 business'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	2022	2021
Equity	12,178	10,993
Balance sheet total	27,996	25,913
Equity ratio, %	**43.5**	**42.4**

Current ratio

The current ratio shows current assets in relation to current liabilities and gives an indication of the operation's ability to cover its current liabilities. The key ratio also shows the operation's efficiency in utilising short-term funds. A current ratio over 1 suggests that the company is able to cover its current liabilities.

SEK million	2022	2021
Current assets	9,778	9,056
Current liabilities	9,021	7,905
Current ratio, times	**1.1**	**1.1**

Definitions

Financial definitions

Number of employees – Total number of employees at end of reporting period.

Average number of FTEs – Average number of FTEs during the year converted to the equivalent number of year-long, full-time positions. The actual number of employees is higher, owing to part-time employment and the fact that some employees work for only part of the year.

Acquisition-related items – Depreciation/amortisation and impairment of goodwill and acquisition-related intangible assets, revaluation of contingent considerations and gains/losses on divestment of companies and operations.

Items affecting comparability – Refers mainly to costs of restructuring and costs for major acquisitions. Other one-off items may also be reported as items affecting comparability in cases where this gives a fairer picture of the underlying operating profit.

Rolling twelve-month sales and operating profit – Net sales and operating profit for the most recent twelve-month period.

Operating profit (EBIT) – Profit/loss before net financial items and tax (earnings before interest and tax).

Operating profit excl. items affecting comparability – Operating profit/loss adjusted for items affecting comparability.

EBITA – Earnings before interest, taxes and amortisation. Operating profit/loss with restoration of acquisition-related items.

EBITDA – Earnings before interest, taxes, depreciation and amortisation. Operating profit/loss before interest, taxes, impairment, depreciation/amortisation and acquisition-related items.

Capacity utilisation – Time invoiced to clients in relation to total time all employees are present at work.

Outstanding orders – Opening balance of order value for the period less settlements from this recognised as income for the period.

Key ratios

Operating margin – Operating profit in relation to net sales.

Operating margin excl. items affecting comparability – Operating margin adjusted for items affecting comparability.

EBITA margin – EBITA in relation to net sales.

Profit margin – Profit/loss after financial items, in relation to net sales.

Return on total capital – Profit/loss after financial items and restoration of financial expenses, in relation to average balance sheet total.

Alternative performance measures

Current ratio – Current assets in relation to current liabilities.

Equity ratio – Equity including non-controlling interests in relation to balance sheet total.

Net debt – Interest-bearing liabilities (excluding contingent considerations) and pension provisions less cash, cash equivalents and interest-bearing receivables.

Net debt/equity ratio – Net debt in relation to equity including non-controlling interests.

Interest cover – Profit/loss after financial items, adjusted for interest expenses, in relation to interest expenses.

Dividend yield – Dividend per share in relation to share price at end of reporting period.

Adjusted EBITA margin – EBITA margin excluding items affecting comparability.

Cash flow per share – Cash flow from operating activities in relation to average number of outstanding shares.

Equity per share – Equity attributable to the parent's shareholders relative to total number of outstanding shares.

Earnings per share – Earnings attributable to the parent's shareholders in relation to average number of outstanding shares. Own shares are not regarded as outstanding shares.

Return on equity – Profit/loss after tax in relation to average shareholders' equity including non-controlling interests.

Return on capital employed– Profit/loss after financial items and restoration of interest expenses in relation to average balance sheet total less non-interest-bearing liabilities and net deferred tax.

Total shareholder return – Share price development including re-invested dividend.

Growth–total – Growth between two periods presented as a change in value or percentage. Calculation: Value (net sales minus net sales in the comparative period) and percentage (net sales minus net sales in the comparative period divided by net sales in the comparative period).

Growth–acquired – Net growth between net sales in acquired operations and divested operations between two periods presented as a change in value or percentage. The net sales of the acquired or divested unit are included in the calculation 12 months from the date on which the acquisition or divestment impacted results. Calculation: Value (net sales in the acquired operation minus sales in the divested operation minus the corresponding calculation in the comparative period) and percentage (net sales in the acquired operation minus sales in the divested operation minus the corresponding calculation in the comparative period divided by sales in the comparative period).

Growth–currency effect – Growth between two periods presented as a change in value or percentage. Calculation: Value (net sales minus the corresponding net sales translated using the comparative period's exchange rates) and percentage (net sales minus the corresponding net sales translated at a comparative period's exchange rates divided by sales in the comparative period).

Growth–organic – Growth adjusted for acquisitions, divestments and currency effects between two periods presented as a change in value or percentage. Calculation: Value (net sales minus net sales for acquired operations, divested operations and currency effects) and percentage (net sales minus net sales for acquired operations, divested operations and currency effects divided by net sales in the comparative period).

Growth–calendar effect – The calendar effect between two periods presented as a change in value or percentage. Calculation: Value (difference in working hours between two periods divided by the total number of working hours in the comparative period multiplied by total net sales in the comparative period) and percentage (difference in working hours between two periods divided by the total number of working hours in the comparative period multiplied by total net sales in the comparative period divided by net sales in the comparative period).

Growth–organic, adjusted for calendar effects – Organic growth adjusted for calendar effects between two periods presented as a change in value or percentage. Calculation: Value (organic growth minus the calendar effect) and percentage (organic growth minus the calendar effect divided by net sales in the comparative period).

ARR (Annual Recurring Revenue) – Recurring revenue from subscriptions or commitments such as maintenance and support contracts, normalized on an annual basis.

Sustainability definitions

The 1.5 degree ambition – That the global average temperature does not rise by more than 1.5°C compared to pre-industrial levels.

Greenhouse Gas Protocol (GHG Protocol) – A global greenhouse gas measuring and accounting standard.

Net zero – When unavoidable greenhouse gas emissions are neutralised by corresponding greenhouse gas capture and storage, taking account of heating effects, timescale and duration. AFRY has accepted the definition of net zero developed by the Science Based Targets initiative (Corporate Net Zero Standard).

Science-Based Targets (SBTs) – Science-based climate targets that are reviewed and validated by the Science Based Targets initiative (SBTi).

SDGs (Sustainable Development Goals) – The global goals in the UN's 2030 Agenda for Sustainable Development. The global goals cover 17 interlinked development goals and 169 targets.

United Nations Global Compact (UNGC) – A principle-based framework for businesses covering human rights, rights at work, the environment and anticorruption.

Shares

Over the last five-year period, 2017–2021, the AFRY B share's return was 71 percent compared with 94 percent for the OMX Stockholm PI.

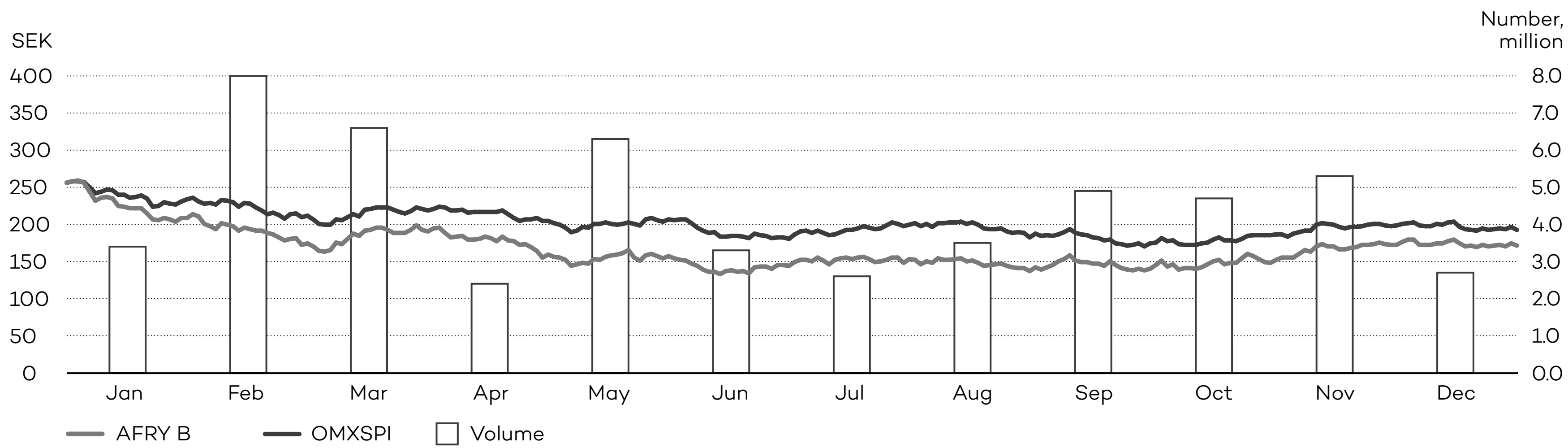
AFRY's B shares have been listed on Nasdaq Stockholm since January 1986. Since January 2017, AFRY's shares have been trading on the Nasdaq Stockholm Large Cap. AFRY AB has issued two classes of shares: Class A shares and Class B shares. Each Class A share is entitled to 10 votes, and each Class B share to 1 vote. At 31 December 2022 was 4,290,336 and the number of B shares was 108,961,405. The Group had no holdings in own shares at the end of the financial year. Total number of shares was 113,251,741. At the year-end, the combined market value, including A shares, was SEK 19,355 million (28,869).

Price trend and share turnover
At the end of 2022, the AFRY B share price was SEK 170.90 (255.0). The return on the share, that is, its price performance, was -33 percent during the year, while the OMX Stockholm PI index was -25 percent. Over the last five-year period, 2018–2022, the AFRY B share's return was 71 percent compared with 94 percent for the OMX Stockholm PI. The diagram on the next page shows the price performance for AFRY B compared to the index. In 2022, a total of 54 million shares (44) were traded on Nasdaq Stockholm for an aggregate value of SEK 9,060 million (11,552). The average turnover per trading day was 211,952 shares (172,808), corresponding to SEK 36 million (46). The share was traded on all trading days.

Dividend policy and dividend
The Board of Directors has adopted a dividend policy according to which the dividend corresponds to approximately 50 percent of consolidated profit after tax excluding capital gains. For the 2022 financial year, the Board of Directors proposes a dividend of SEK 5.50 (5.00) per share.

Long-term communication with the stock market
The company has an ongoing long-term communication strategy towards the capital market, and interest in the share remained strong in 2022. The President and CEO and CFO have held many digital and in-person meetings with investors and analysts, and given presentations at digital investment seminars. In addition, there are regular online conferences with investors, analysts and the media when interim reports are published.

Price trend and volume 2022



Key ratios per share

SEK	2022	2021	2020	2019	2018
Share price 31 December	170.9	255.0	251.2	218.6	160.4
Basic earnings	8.60	9.97	8.29	8.07	10.98
Diluted earnings	8.60[3]	9.97	8.29	7.99	10.76
Equity attributable to shareholders in the parent	107.51	97.09	88.52	83.51	70.42
Dividend yield, %[1]	3.2	2.2	2.0	0.0	3.1
Dividend[2]	5.50	5.50	5.00	0.00	5.00
Market capitalisation, SEK million	19,355	28,869	28,392	24,521	12,411

1) Based on proposed dividend.
2) Proposed dividend.
3) Issued convertibles do not entail any dilution during the year.

Analyst

Name	Company
Johan Sundén	Carnegie
Erik Elander	Handelsbanken
Raymond Ke	Nordea
Johan Dahl	Danske Bank
Dan Johansson	SEB
Stefan Knutsson	ABG Sundal Collier

Shareholders in Sweden and abroad

31 Dec 2022	Number of known shareholders	Holding, %
Sweden	19,413	74.26
USA	41	9.33
Norway	66	3.99
Luxembourg	7	3.18
UK	27	3.12
Other countries	631	4.98
Country unknown	0	1.14
Total	**20,186**	**100.00**

Ownership by holding

31 Dec 2022	Number of known shareholders	Holding, %
1–500	16,297	1.42
501–1,000	1,663	1.09
1,001–	2,226	96.36
Size of holding unknown	0	1.14
Total	**20,186**	**100.00**

Ten largest shareholders, 31 December 2022

Owners	Holding, %	Votes, %	Class A shares	Class B shares
ÅForsk Foundation	10.79	33.38	4,274,336	7,942,837
SEB Fonder	10.54	7.86		11,933,574
Handelsbanken Fonder	7.55	5.63		8,548,868
Swedbank Robur Fonder	6.30	4.70		7,138,044
Didner & Gerge Fonder	5.81	4.34		6,584,644
EQT	5.00	3.73		5,658,199
Fourth Swedish National Pension Fund	4.27	3.18		4,835,159
Corbis S.A.	3.10	2.32		3,515,996
Vanguard	3.04	2.27		3,444,275
Mondrian Investment Partners	2.84	2.11		3,211,487
Total ten largest shareholders	**59.24**	**69.51**	**4,274,336**	**62,813,083**
Total other	40.76	30.49	16,000	46,148,322
Total shares	**100.00**	**100.00**	**4,290,336**	**108,961,405**

Source: Modular Finance

Calendar 2023

Q1 2023
27 April 2023

Annual General Meeting
27 April 2023

Q2 2023
18 July 2023

Q3 2023
27 October 2023

Q4 2023
2 February 2024

AFRY provides engineering, design, digital and advisory services to accelerate the transition towards a sustainable society. We are 19,000 devoted experts in industry, energy and infrastructure sectors, creating impact for generations to come. AFRY has Nordic roots with a global reach, net sales of 24 BSEK and is listed on Nasdaq Stockholm.

Making Future