

Increased growth and strengthened position in digitalisation

Fourth quarter 2021

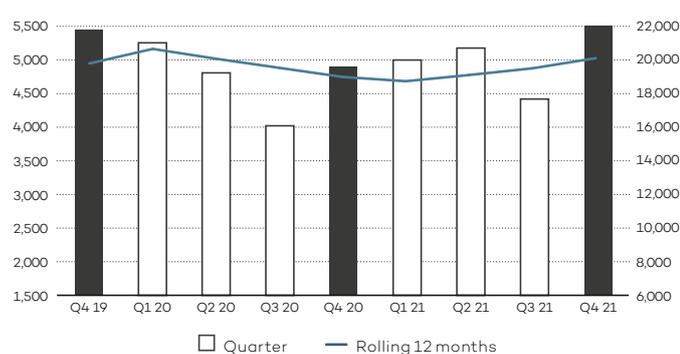
- Net sales amounted to SEK 5,509 million (4,907)
- EBITA, excl. items affecting comparability, was SEK 495 million (490)
- The EBITA margin, excl. items affecting comparability, was 9.0 percent (10.0)
- EBITA totalled SEK 465 million (453)
- The EBITA margin was 8.4 percent (9.2)
- EBIT (operating profit) amounted to SEK 416 million (459)
- Basic earnings per share: SEK 2.66 (2.99)

January–December 2021¹

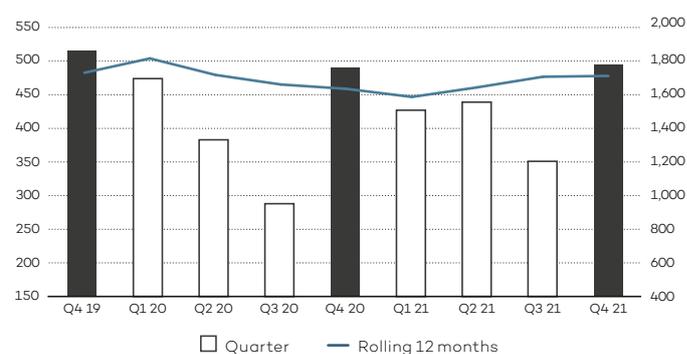
- Net sales amounted to SEK 20,104 million (18,991)
- EBITA, excl. items affecting comparability, was SEK 1,712 million (1,635)
- The EBITA margin, excl. items affecting comparability, was 8.5 percent (8.6)
- EBITA totalled SEK 1,662 million (1,509)
- The EBITA margin was 8.3 percent (7.9)
- EBIT (operating profit) amounted to SEK 1,523 million (1,382)
- Basic earnings per share: SEK 9.97 (8.29)
- The Board of Directors proposes a dividend for 2021 of SEK 5.50 (5.00).

“The fourth quarter resulted in strong growth, good results in our industry segments and a continued high acquisition rate. We have strengthened our position in digitalisation with the newly established division AFRY X. SEK 100 million in cost savings are being implemented in 2022 to further improve profitability.”

Net sales, SEK MILLION



EBITA², SEK MILLION



¹ Previously reported financial information has been restated due to changed accounting principles "IFRS IC's - Cloud computing arrangements", presented on page 14.

² Excluding items affecting comparability

Comments by the CEO

2021 was another eventful year for AFRY where we strengthened our position in sustainable and digital solutions. Net sales for the full year amounted to SEK 20,104 million, which corresponds to an organic growth adjusted for calendar effects of 5.3 percent. The EBITA margin, excluding items affecting comparability, was 8.5 percent. We announced 18 acquisitions with annual sales of SEK 1.2 billion. During the year, we continued to develop AFRY's digital offer with our new division AFRY X, invested in structural improvements and continued to implement our system platform. The next step is planned cost savings of approximately SEK 100 million on an annual basis focused mainly on the Infrastructure Division in order to further improve efficiency and profitability.

Strong organic growth in the fourth quarter

Net sales in the fourth quarter amounted to SEK 5,509 million (4,907), which corresponds to a total growth of 12.3 percent. When adjusted for calendar effects, organic growth amounted to 6.9 percent. Growth was driven by a high demand and strong performances from the Industrial & Digital Solutions, Process Industries and Management Consulting divisions. We have had good growth in the recruitment of consultants and the order stock has strengthened during the quarter.

EBITA, excluding items affecting comparability, was SEK 495 million (490), and the corresponding EBITA margin was 9.0 percent (10.0). A strong results trend had a positive effect on the margin in four of our divisions that target the industry segment; they all delivered a margin over 10 percent. As previously announced, the method for allocating payroll expenses to a period was altered, which had a positive effect of SEK 31 million on EBITA in the fourth quarter. The change had a neutral effect on the full year. The ongoing pandemic led to more sick leave than normal, which had a negative effect of approximately SEK 40 million on the results. This will most likely also impact the first quarter of 2022.

Performance in the divisions

The Infrastructure Division reported a slightly negative growth and lower results compared to the same quarter previous year. A high number of sick leave at the end of the quarter and uncertain market conditions in the real estate segment impacted the results. However, the situation has stabilised compared with the previous quarter.



The Industrial & Digital Solutions Division showed strong growth with an EBITA margin over 10 percent. Demand was high in all segments, but especially in Food & Life Science, and our improved position in Automotive continues its positive trend.

The Process Industries Division showed strong growth and results during the quarter, particularly in Sweden, Russia and Asia. The market is stable, especially in our service offering and for smaller projects, while at the same time large CAPEX projects have started.

The Energy Division reported strong results. However, growth was negative mainly due to the pandemic's continued effect on decision-making processes. With the stability that has been created, the division has a clear focus on growth.

The Management Consulting Division, which had a very strong 2021, showed robust growth and strong results, driven by increased demand for strategic consulting services within the energy and bio industries.

Stronger position for AFRY

During the quarter, we were awarded several new projects focused on sustainability, for example, with Renewcell to digitalise textile recycling and with Neoen for the analysis and measurement of wind power. In line with the strategy, AFRY continues to grow organically and via strategic acquisitions. Since October we have welcomed Zert, Trivalo, Vivento and Svea Power. To take the next step in AFRY's strategic efforts to accelerate the transition to a sustainable society, Henrik Tegnér was appointed as the new Head of Strategy & Sustainability and is now part of the Group executive management.

Since the merger of ÅF and Pöyry, we have worked intensely on strengthening our position and developing our operations. Today, we are a leading player in the bio industry and have a world-leading position in the pulp and paper segment. Thanks to a successful repositioning, the Energy Division has become more profitable, which also applies to Industrial & Digital Solutions, where we have improved our position in the automotive business. The Management Consulting Division continues to strengthen its position with strong growth and profitability. Our position is strong in Division Infrastructure, but because of weaker results a systematic improvement programme has been launched. Before the end of the year, the acquisition of Vahanen and its 500 employees was approved. The company will be part of the Infrastructure Division and will further strengthen our Finnish operations.

Cost savings for improved profitability

To improve efficiency and profitability in the Infrastructure Division and to benefit from administrative efficiency improvements in our larger countries, cost savings of SEK 100 million on an annual basis have been identified. Of this amount, approximately SEK 80 million will be directed to Infrastructure and approximately SEK 20 million to administrative functions and processes. The estimated restructuring cost amount to SEK 100 million, which is planned to impact the first quarter. The full effect of the cost savings is expected during the second half of 2022.

A leader in digitalisation

AFRY strives to be a leader in industrial digitalisation in the Nordics and to be the main player in applying digital technology in our core sectors. We have strengthened our position in digitalisation in 2021 through both organic growth and strategic acquisitions. On 1 January 2022, AFRY X was established as a new division with around 800 digital experts and approximately SEK 1 billion in net sales. Per Kristian Egseth leads the new division and is part of Group executive management. As a next step, we will develop and scale up software services and solutions in IoT, AI, cyber security and design.

Outlook

We continue to navigate through the macroeconomic factors that impact us as well as the effects of the ongoing pandemic.

We see strong drivers to accelerate the transition in society and we are ready to meet the demand with a position and offering stronger than ever. A big thank you to our customers, partners and employees for a fantastic collaboration during the year and now we look forward to an exciting 2022.

Stockholm, 4 February 2022

Jonas Gustavsson
President and CEO

Net sales and earnings 2021

October–December

Net sales for the quarter amounted to SEK 5,509 million (4,907), an increase of 12.3 percent (-9.9). Organic growth was 8.2 percent (-5.5) and 6.9 percent (-6.5) when adjusted for calendar effects.

During the comparative period, the Group received state aid to the value of SEK 31 million, which was reported as other income.

Adjusted for items affecting comparability, EBITA amounted to SEK 495 million (490). The corresponding EBITA margin was 9.0 percent (10.0). Items affecting comparability totalled SEK -30 million (-37) and relates to costs for adaption or configuration of cloud-based IT systems and restructuring costs for the Infrastructure Division. The comparative period concerned costs for

adaption or configuration of cloud-based IT systems and restructuring costs for the Industrial & Digital Solutions Division. For more information, see table on page 20.

EBITA and the EBITA margin were SEK 465 million (453) and 8.4 percent (9.2) respectively. The effects of IFRS 16 Leases were SEK -2 million (9) on EBITA and SEK 139 million (136) on EBITDA.

During the year, the method for allocating payroll expenses was altered, and had a positive effect on EBITA of approximately SEK 31 million in the quarter. Adjusted for this change the EBITA margin excluding items affecting comparability amounted to 8.4 percent. On a full-year basis the impact on EBITA is neutral. The effect per quarter for 2021 is presented in the table on page 13.

	Oct–Dec 2021	Oct–Dec 2020 ¹	Full year 2021	Full year 2020 ¹
Net sales				
Net sales, SEK million	5,509	4,907	20,104	18,991
Total growth, %	12.3	-9.9	5.9	-4.0
Acquired, %	3.6	-0.8	2.1	4.2
Currency effects, %	0.5	-3.7	-1.8	-1.9
Organic, %	8.2	-5.5	5.6	-6.4
Organic growth adjusted for calendar effects, %	6.9	-6.5	5.3	-7.1
of which calendar effect, %	1.3	1.0	0.3	0.8
Earnings				
EBITA excl. items affecting comparability, SEK million	495	490	1,712	1,635
EBITA margin excl. items affecting comparability, %	9.0	10.0	8.5	8.6
EBITA, SEK million	465	453	1,662	1,509
EBITA margin, %	8.4	9.2	8.3	7.9
Operating profit (EBIT), SEK million	416	459	1,523	1,382
Profit/loss after financial items, SEK million	371	410	1,393	1,196
Profit/loss after tax, SEK million	301	338	1,130	932
Key ratios				
Basic earnings per share, SEK	2.66	2.99	9.97	8.29
Diluted earnings per share, SEK	2.66 ²	2.98	9.97 ²	8.29 ²
Cash flow from operating activities, SEK million	925	735	1,498	2,004
Net debt, SEK million ³	-	-	3,565	2,756
Net debt/equity ratio, % ³	-	-	32.4	27.5
Net debt/EBITDA, rolling 12 months, times ⁴	-	-	2.0	1.7
Number of employees	-	-	17,019	15,871
Capacity utilisation, %	74.9	75.2	74.7	75.6

¹Previously reported financial information has been restated due to changed accounting principles "IFRS IC's - Cloud computing arrangements", presented on page 14.

²Issued convertibles do not result in dilution during the period.

³Excluding effects of IFRS 16 Leases.

⁴Net debt/EBITDA excluding the effect of IFRS 16 and items affecting comparability over a rolling 12 months was 1.9 (1.6).

Capacity utilisation was 74.9 percent (75.2) in the quarter.

EBIT totalled SEK 416 million (459). The difference between EBIT and EBITA consists of acquisition-related non-cash items: amortisation of acquisition-related non-current assets amounting to SEK -41 million (-40), the change in estimates of future contingent considerations amounting to SEK 8 million (42), write-down of surplus value on property of SEK -17 million (0) and capital gains from divestment of operations of SEK 0 million (5).

Profit after financial items was SEK 371 million (410) and profit after tax for the period was SEK 301 million (338). Net financial items totalled SEK -45 million (-48) in the quarter.

Net financial items were also affected by discount rates related to leases in accordance with IFRS 16 Leases amounting to SEK 13 million (13) and discounting of contingent considerations totalling SEK 1 million (2) that did not affect cash flow.

The tax expense amounted to SEK 70 million (72), corresponding to a tax rate of 18.8 percent (17.6).

January–December

Net sales for the period amounted to SEK 20,104 million (18,991), an increase of 5.9 percent (-4.0). Organic growth was 5.6 percent (-6.4) and 5.3 percent (-7.1) when adjusted for calendar effects.

During the comparative period, the Group received state aid to the value of SEK 188 million, which was reported as other income.

Adjusted for items affecting comparability, EBITA amounted to SEK 1,712 million (1,635). The corresponding EBITA margin was 8.5 percent (8.6). Items affecting comparability totalled SEK -50 million (-126) and relates to costs for adaption or configuration of cloud-based IT systems and restructuring costs for the Infrastructure Division. The comparative period concerned costs for adaption or configuration of cloud-based IT systems and restructuring costs for the Energy Division and the Industrial & Digital Solutions Division. For more information, see table on page 20.

EBITA and the EBITA margin were SEK 1,662 million (1,509) and 8.3 percent (7.9) respectively. The effects of IFRS 16 Leases were SEK -3 million (33) on EBITA and SEK 564 million (554) on EBITDA.

Capacity utilisation was 74.7 percent (75.6) for the period.

EBIT totalled SEK 1,523 million (1,382). The difference between EBIT and EBITA consists of acquisition-related non-cash items: amortisation of acquisition-related non-current assets amounting to SEK -159 million (-184), the change in estimates of future contingent considera-

tions amounting to SEK 36 million (62), write-down of surplus values on property of SEK -17 million (0) and capital gains from divestment of operations of SEK 0 million (-6).

Profit after financial items was SEK 1,393 million (1,196) and profit after tax for the period was SEK 1,130 million (932). Net financial items amounted to SEK -129 million (-185) during the period, with the change mainly attributable to lower interest expenses and reduced currency effects.

Net financial items were also affected by discount rates related to leases in accordance with IFRS 16 Leases amounting to SEK 46 million (55) and discounting of contingent considerations totalling SEK 5 million (9) that did not affect cash flow.

The tax expense amounted to SEK 264 million (264), corresponding to a tax rate of 18.9 percent (22.1). The tax rate for the year was affected by utilisation of accumulated losses, lowered corporation tax in Sweden and reduced non-deductible costs.

Cash flow and financial position

Consolidated net debt including IFRS 16 Leases amounted to SEK 5,726 million (5,193).

Consolidated net debt excluding IFRS 16 Leases amounted to SEK 3,565 million (2,756) at the end of the quarter, and SEK 4,219 million (3,523) at the start of the quarter. Cash flow from operating activities reduced net debt by SEK 798 million (603) in the fourth quarter. Three acquisitions were made during the quarter that increased net debt by SEK 186 million, along with contingent considerations paid for previous acquisitions totalling SEK 46 million.

During the quarter, a loan of EUR 81 million that fell due in December was repaid through an SEK 1,000 million obligation issued by the company within its MTN programme and a new seven-year loan of EUR 50 million was raised. The company issued commercial papers in late December to the value of SEK 600 million.

Consolidated cash and cash equivalents totalled SEK 2,112 million (1,930) at the end of the period and unused credit facilities amounted to SEK 2,451 million (3,050).

Acquisitions and divestments

The following companies were acquired during the quarter:

Zert AB, Sweden, with annual sales of SEK 16 million and nine employees.

Trivalo AB, Sweden, with annual sales of SEK 40 million and 22 employees.

Vivento AS, Norway, with annual sales of SEK 90 million and 50 employees.

Parent

Parent company operating income for the January–December period totalled SEK 1,278 million (1,289) and relates mainly to internal services within the Group. Profit after net financial items was SEK 79 million (302). The change is mainly attributable to dividend issued by subsidiaries. Cash and cash equivalents amounted to SEK 1,155 million (889). Gross investments in intangible non-current assets and property, plant and equipment totalled SEK 85 million (98).

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

Number of employees

The average number of full-time employees (FTEs) was 15,647 (15,271). The total number of employees at the end of the period was 17,019 (15,871).

Significant events during the quarter

Henrik Tegnér was appointed as Head of Strategy & Sustainability and is part of Group executive management as of 1 January 2022.

From 1 January 2022, AFRY X is a new division with approximately SEK 1 billion in sales. The historic figures for 2021 will be available before publication of the interim report for the first quarter of 2022. Per Kristian Egseth has been head of AFRY X since May 2021 and is part of Group executive management as of 1 January 2022.

The Finnish Competition and Consumer Authority has approved AFRY's acquisition of all shares in Vahanen Group. The acquisition was approved for completion as of 4 January 2022 with consolidation into AFRY as of 1 January 2022.

Significant events after end of reporting period

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



The Infrastructure Division provides technical solutions for buildings and infrastructure, in areas such as road and rail, as well as water and environment. The division also operates in the fields of architecture and design. The division's strengths include its in-depth knowledge of sustainable, high-tech solutions, and its clients are primarily within the property and urban development sectors. The division is led by Malin Frenning and operates in the Nordic region and Central Europe.



The Industrial & Digital Solutions Division conducts engineering operations in the field of product development and production systems, as well as IT and defence technology. The division is active in all industry sectors and works with both private and public sector clients. Technical capabilities include project management, industrial design, mechanical product development, automation, quality assurance and digitalisation services for various industries to develop and connect systems and products and create the society of the future. Services encompass the entire value chain and the assignments are project-based or end-to-end solutions for specific functions. The division is led by Robert Larsson and operates primarily in the Nordic region.



The Process Industries Division provides engineering and consulting services, project management and implementation services to clients in the process industry. Its clients are primarily in the forest, chemical and biorefinery industries, as well as the metal and mining industries. Focus sectors extend from pulp and paper to chemicals and biorefining, metals and mining and other process industries, and the division delivers solutions for both new investment projects and reconstruction of existing plants. The division, led by Nicholas Oksanen, delivers solutions globally and operates primarily in the Nordic region and South America.



The Energy Division provides international engineering and consulting services to clients in over 80 countries. The division has expertise in the transmission and distribution of all types of electricity generated from various energy sources, such as water, gas, bio- and waste fuel, nuclear power and renewable energy sources, and holds a leading position in hydro. The division has a high level of technical capability when it comes to complex environmental aspects. Owing to the division's ability to cover the entire spectrum of power generation as well as the complete investment life cycle, it can offer its clients comprehensive expertise. The division, led by Richard Pinnock, delivers solutions globally and operates primarily in the Nordic region, Switzerland, Czech Republic and Southeast Asia.



The Management Consulting Division provides strategic and operational advisory services across the value chain, underpinned by in-depth expertise and market insights. Core services encompass a wide range of consulting services and include corporate and business strategies; resource, technology and investment strategies; operational and organizational excellence; market insights and modelling; sales and supply chain strategies; M&A and due diligence; as well as innovation management and digitalisation. The services are primarily aimed at the energy sector, the forest industry and bio-based industries. The division is led by Roland Lorenz and has operations in 17 offices across three continents.

Division Infrastructure

Net sales

Net sales in the fourth quarter amounted to SEK 2,058 million (1,982), an increase by 3.9 percent. Adjusted for currency effects and acquisitions, the organic growth was 1.4 percent. Adjusted for calendar effects the negative organic growth was -0.5 percent. Increased public spending in the Nordics and Central Europe contribute to the results, while the real estate market is still impacted by the pandemic. The year ended with a high degree of sick leave that affected both top line and EBITA negatively. The order stock is at a stable level.

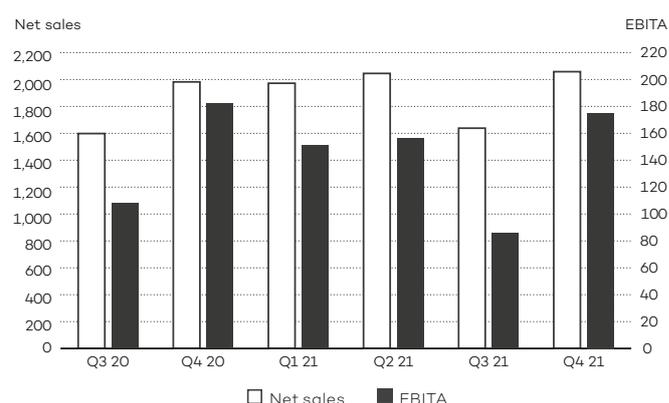
EBITA and margin

EBITA amounted to SEK 175 million (182) and the corresponding margin was 8.5 percent (9.2). The margin was negatively impacted by a high degree of sick leave in the end of the quarter and by uncertain market conditions in the real estate segment. The margin was positively impacted by a change of salary accounting method for Swedish entities. Adjusted for this change the margin was 7.5 percent.

Market development

The market for infrastructure services is mixed. Within real estate the pandemic continues to create uncertainty, while there is a stable long-term underlying demand for transport infrastructure services. Competition remains high in all segments. In transport infrastructure, economic recovery plans and increased public spending, particularly within public transport and rail, provide a foundation for a positive long-term outlook. The real estate market reflects the covid impact on society; investments in industrial and logistics buildings, data centers and hospitals increase, while segments like offices, retail and hospitality are more challenged. However, the development of the pandemic, rising construction costs and inflation, make for uncertain forecasts. Sustainability advisory services are in increased demand, fueled by regulations and global focus.

Net sales and EBITA, SEK million



Key ratios¹

	Oct–Dec 2021	Oct–Dec 2020	Full year 2021	Full year 2020
Net sales, SEK million	2,058	1,982	7,714	7,650
EBITA, SEK million	175	182	568	652
EBITA-margin, %	8.5	9.2	7.4	8.5
Average number of fulltime employees (FTEs)	5,997	5,868	5,914	5,915
Total growth, %	3.9	-5.9	0.8	-0.3
Acquired, %	1.5	0.1	1.2	3.1
Currency, %	1.0	-2.6	-0.8	-1.5
Organic, %	1.4	-3.3	0.4	-1.9
Organic growth adjusted for calendar effects, %	-0.5	-4.4	0.0	-2.8
of which calendar effect, %	2.0	1.1	0.4	0.9

¹⁾ Excluding effects of IFRS 16 Leases, which are recognised under Group Common item.

Division Industrial & Digital Solutions

Net sales

Net sales in the fourth quarter amounted to SEK 1,632 million (1,335), an increase by 22.2 percent. Adjusted for currency effects and acquisitions, the organic growth was 18.3 percent. Adjusted for calendar effects the organic growth was 16.8 percent. Growth was driven by continued strong demand across all segments, but especially within Food & Life Science and Automotive. Sales activities continue to be on a high level within all the division's core markets.

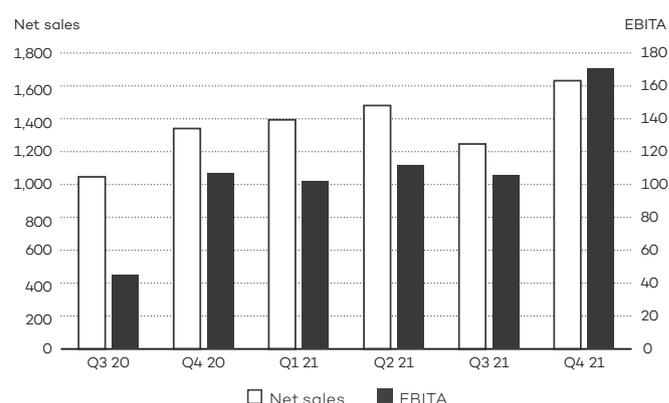
EBITA and margin

EBITA amounted to SEK 171 million (106) and the corresponding margin was 10.5 percent (8.0). The margin was positively impacted by the volume growth, a continued good cost control and a favourable sales mix. The margin was also positively impacted by a change of salary accounting method for Swedish entities. Adjusted for this change the margin was 10.1 percent.

Market development

The strong demand within the automotive industry continues. The largest clients have continued high ambitions within product development and during the quarter also an increasing demand for production capacity development. Within the manufacturing industry there is a high demand for product development, while some production capacity projects are postponed due to Covid-19 pandemic. The demand within Food & Life Science continues to be strong.

Net sales and EBITA, SEK million



Key ratios¹

	Oct–Dec 2021	Oct–Dec 2020	Full year 2021	Full year 2020
Net sales, SEK million	1,632	1,335	5,781	5,074
EBITA, SEK million	171	106	490	325
EBITA-margin, %	10.5	8.0	8.5	6.4
Average number of fulltime employees (FTEs)	3,679	3,453	3,533	3,576
Total growth, %	22.2	-12.9	13.9	-12.2
Acquired, %	3.8	0.3	2.1	0.7
Currency, %	0.1	-0.8	-0.1	-0.4
Organic, %	18.3	-12.4	11.9	-12.5
Organic growth adjusted for calendar effects, %	16.8	-14.1	11.5	-13.3
of which calendar effect, %	1.6	1.7	0.4	0.8

The historical figures above are adjusted for organizational changes.

¹⁾ Excluding effects of IFRS 16 Leases, which are recognised under Group Common item.

Division Process Industries

Net sales

Net sales in the fourth quarter amounted to SEK 1,070 million (895), an increase by 19.6 percent. Adjusted for currency effects and acquisitions, the organic growth was 13.6 percent. The growth was mainly driven by a continued good development in Sweden, Russia and Asia as well as a stable business in Finland. Large CAPEX projects have been awarded in Latin America, replacing the ones ended earlier in 2021. The order stock remains strong and increased during end of the year with some large new orders.

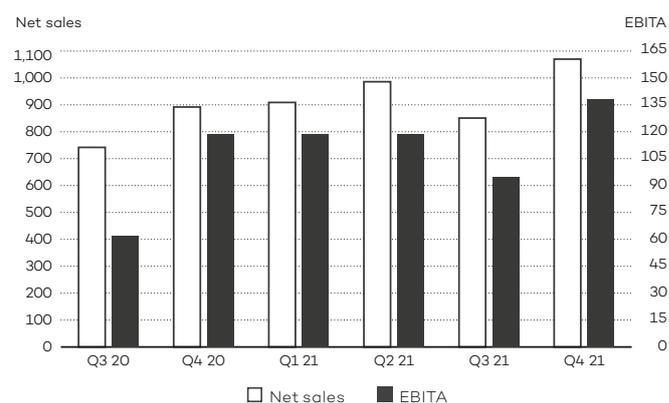
EBITA and margin

EBITA amounted to SEK 138 million (119) and the corresponding margin was 12.9 percent (13.3). The margin was positively impacted by a strengthened development in all business sectors and continued focus on efficiency improvement and cost savings. The margin was slightly negatively impacted by currency effects and cost increases in certain projects.

Market development

The market remained stable, especially within AFRY's service offering and smaller scale projects, but also new large CAPEX projects were started. Construction material shortage and component disruption is still slowing down investment plans especially in bigger CAPEX projects. The most important drivers of many projects continue to be sustainability, health & safety and digitalisation. New growth sectors and advanced technologies like battery sector and Power-to-X are growing rapidly. Bio-transition and industrial circularity solutions, such as plastics and textiles recycling continues to grow.

Net sales and EBITA, SEK million



Key ratios¹

	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Net sales, SEK million	1,070	895	3,817	3,441
EBITA, SEK million	138	119	470	363
EBITA-margin, %	12.9	13.3	12.3	10.6
Average number of fulltime employees (FTEs)	3,735	3,350	3,592	3,243
Total growth, %	19.6	-2.7	10.9	12.9
Acquired, %	6.3	-0.5	3.6	13.3
Currency, %	-0.3	-7.8	-3.9	-5.5
Organic, %	13.6	5.6	11.2	5.2
Organic growth adjusted for calendar effects, %	13.6	5.9	10.9	4.6
of which calendar effect, %	0.0	-0.3	0.3	0.5

The historical figures above are adjusted for organizational changes.

¹⁾ Excluding effects of IFRS 16 Leases, which are recognised under Group Common item.

Division Energy

Net sales

Net sales in the fourth quarter amounted to SEK 721 million (765), a decrease by -5.8 percent. Adjusted for currency effects and acquisitions, the negative organic growth was -5.9 percent. Adjusted for calendar effects, the negative organic growth was -10.1 percent. The growth was negatively impacted by supply chain disruptions and by continued delays as a result of the pandemic. The order stock is at a solid level.

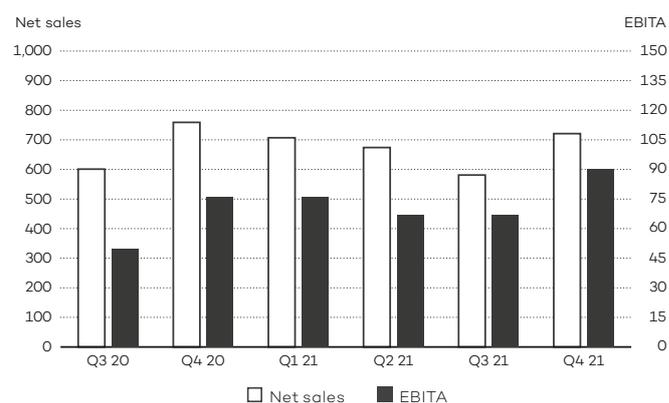
EBITA and margin

EBITA amounted to SEK 90 million (76) and the corresponding margin was 12.5 percent (10.0). The improved margin was a result of continued tight cost control and strong performances in all business areas, and due to well-executed major projects.

Market development

The pandemic continued to have an impact on the division during the quarter with slower start-up of new projects mainly in the hydro, thermal & renewable and contracting business sectors. Travel restrictions continued to effect projects especially in the hydro sector, preventing specialist mission based assignments. The general outlook for the energy sector is improving in most areas. However, the ongoing pandemic will continue to affect the division during the short to medium term perspective as the recovery in Asia and Latin America operations is expected to be slower. Supply chain disruptions and inflationary pressures are also expected to influence short term client decision making. The division has a clear focus on growth.

Net sales and EBITA, SEK million



Key ratios¹

	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Net sales, SEK million	721	765	2,683	2,796
EBITA, SEK million	90	76	301	257
EBITA-margin, %	12.5	10.0	11.2	9.2
Average number of fulltime employees (FTEs)	1,603	1,735	1,683	1,767
Total growth, %	-5.8	-12.9	-4.1	-7.6
Acquired, %	0.7	-4.7	0.7	2.0
Currency, %	-0.5	-4.6	-3.3	-1.3
Organic, %	-5.9	-3.6	-1.4	-8.4
Organic growth adjusted for calendar effects, %	-10.1	-3.5	-2.0	-9.3
of which calendar effect, %	4.1	-0.1	0.6	0.9

The historical figures above are adjusted for organizational changes.

¹⁾ Excluding effects of IFRS 16 Leases, which are recognised under Group Common item.

Division Management Consulting

Net sales

Net sales in the fourth quarter amounted to SEK 284 million (220), an increase by 29,1 percent. Adjusted for currency effects and acquisitions, the organic growth was 12.2 percent. Adjusted for calendar effects, the organic growth was 12.8 percent. Growth was driven by the positive market environment in the energy and bioindustry sectors across our service portfolio together with strong contributions from the new acquisitions.

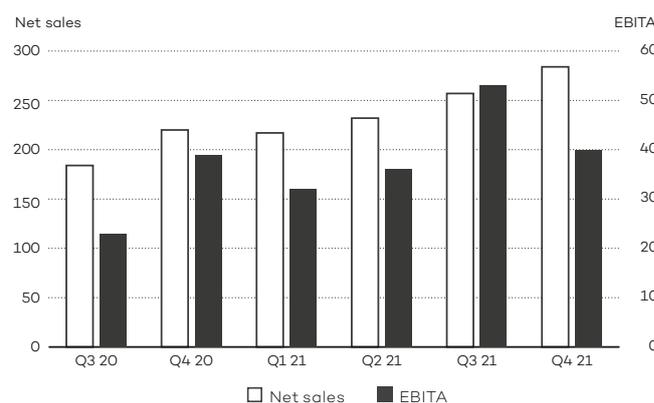
EBITA and margin

EBITA amounted to SEK 40 million (39) and the corresponding margin was 14.2 percent (17.8). The high margin is a result of high volumes and travel cost savings. The decrease compared to last year reflect the timing of success fees.

Market development

Overall, there is a stable demand in both the energy and bioindustry sectors. Clients are forming their strategies in response to the industry transitions and are looking for new opportunities to invest. This results in a growing demand for consulting services, particularly in the areas of strategy, market analysis and transactions, as well in operational and digital transformation, where AFRY is reinforcing capabilities in selected markets.

Net sales and EBITA, SEK million



Key ratios¹

	Oct–Dec 2021	Oct–Dec 2020	Full year 2021	Full year 2020
Net sales, SEK million	284	220	990	813
EBITA, SEK million	40	39	161	104
EBITA-margin, %	14.2	17.8	16.2	12.8
Average number of fulltime employees (FTEs)	567	425	491	419
Total growth, %	29.1	4.4	21.8	21.8
Acquired, %	15.5	-0.6	5.9	18.3
Currency, %	1.4	-7.3	-3.6	-3.0
Organic, %	12.2	12.2	19.5	6.6
Organic growth adjusted for calendar effects, %	12.8	12.3	19.8	9.0
of which calendar effect, %	-0.6	-0.1	-0.3	-2.4

¹ Excluding effects of IFRS 16 Leases, which are recognised under Group Common item.

Risks and uncertainties

The significant risks and uncertainties to which the AFRY Group is exposed include strategic risks linked to the market, acquisitions, sustainability and IT, and operational risks related to projects and the ability to recruit and retain qualified employees. In addition, the Group is exposed to several financial risks, such as currency risks, interest-rate risks and credit risks. The risks to which the Group is exposed are described in detail in AFRY's Annual Report for 2020.

The Covid-19 pandemic

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

Calendar effects

The number of normal working hours during 2021, based on a twelve months' sales-weighted business mix, is broken down as follows.

	2022	2021	2020	Difference ¹⁾
Q1	507	498	507	-9
Q2	484	488	480	8
Q3	526	528	528	-1
Q4	504	507	500	7
Full year	2,020	2,021	2,015	6

¹⁾ Refers to 2021 vs. 2020

Effect of altered payroll method

The change in payroll reporting entails an altered method for allocating payroll expenses to periods between the quarters with a neutral impact across the year. The new method means that the actual payroll expenses are reported, instead of the previous method of payroll expenses based on employees' hours of attendance. The outcome of EBITA effects is distributed per quarter below.

2021	SEK million
Q1	-28
Q2	-60
Q3	57
Q4	31
Full year	0

The share

The AFRY share price was SEK 255.00 (251.20) at the end of the reporting period.

Class A shares	4,290,336
Class B shares	108,922,135
Total number of shares	113,212,471
of which own Class B shares	-
Votes	151,825,495

Shares were converted during the quarter as per the 2018 staff convertible programme, increasing the number of Class B shares by 11,578. The share reduction implemented in the quarter reduced the number of B shares by 700,681.

Dividend

The Board of Directors proposes a dividend for 2021 of SEK 5.50 (5.00).

Accounting policies

This report was prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies conform with International Financial Reporting Standards (IFRS), as well as with the EU-approved interpretations of the relevant standards, the International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting policies and methods of calculation as those in the Annual Report for 2020 (Note 1).

New or revised IFRS standards that came into force in 2021 did not have any material impact on the Group. The parent complies with the Swedish Financial Reporting Board's Recommendation RFR 2, which requires that the parent's annual report apply all IFRS standards and interpretations approved by the EU as far as is possible within the constraints of the Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen), and while considering the relationship between reporting and taxation. Disclosures according to IAS 34 16A can partly be found on the pages preceding the condensed consolidated income statement.

The IBOR reform

AFRY applies hedge accounting to interest rate derivatives. The upcoming IBOR reform, when implemented, will impact future cash flows as regards interest income and interest expenses. AFRY expects continued hedge effectiveness with no material net interest impact. The nominal value of outstanding debt with a STIBOR interest rate is SEK 4.4 billion, of which SEK 2.7 billion is hedged at a fixed interest rate. The nominal value of outstanding debt with a EURIBOR interest rate is SEK 0.5 billion, all of which is hedged at a fixed EUR interest rate. AFRY will continue to monitor any changes to the STIBOR and EURIBOR reference rates and update the relevant financial agreements accordingly, together with counterparties, when these changes occur.

Related party transactions

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

Accounting policies, continued

New and amended accounting policies

The IFRS Interpretations Committee (IFRS IC) published an agenda decision in April 2021 regarding configuration or adaptation costs in cloud computing arrangements. This refers to services where the supplier offers access to a specific product while controlling the underlying infrastructure and software. During the quarter, AFRY completed a review of the effects on the consolidated accounts of the IFRS IC's decision and found

that some previously recognised intangible assets no longer fulfil the requirements for recognition as intangible assets. Adjustments were made retrospectively in accordance with the rules for amending accounting policies in IAS 8 and previous periods have been recalculated. The effect of this change has been classified in the income statement as items affecting comparability, see page 20. The effects are presented below.

Consolidated balance sheet, transition effect IFRS IC's – Cloud computing arrangement costs

SEK MILLION	Reported full year 2019	Adjustments	Adjusted reported full year 2019
Intangible assets	13,355	-49	13,306
Other non-current assets	2,929	17	2,946
<i>of which deferred tax</i>		8	
Equity	9,369	-31	9,338

Consolidated balance sheet, IFRS IC's – Cloud computing arrangement costs

SEK MILLION	Reported full year 2020	Adjustments	Adjusted reported full year 2020
Intangible assets	12,912	-148	12,764
Other non-current assets	2,567	58	2,624
<i>of which deferred tax</i>		23	
Equity	10,096	-91	10,005

Consolidated income statement, IFRS IC's – Cloud computing arrangement costs

SEK MILLION	Reported full year 2020	Adjustments	Adjusted reported full year 2020	Reported Q4 2020	Adjustments	Adjusted reported Q4 2020
Net sales	18,991		18,991	4,907		4,907
Staff costs	-11,860		-11,860	-2,978		-2,978
Purchases of services and materials	-3,811		-3,811	-1,044		-1,044
Other costs	-1,269	-81	-1,350	-278	-26	-306
Other income	198		198	35		35
Share of profits of associates	5		5	1		1
EBITDA	2,253	-81	2,172	643	-26	616
Depreciation/amortisation and impairment of non-current assets	-670	7	-663	-165	2	-163
EBITA	1,584	-74	1,509	478	-24	453
Acquisition-related items	-128		-128	6		6
Operating profit (EBIT)	1,456	-74	1,382	484	-24	459
Net financial items	-185		-185	-48		-48
Profit/loss after financial items	1,270	-74	1,196	435	-24	410
Tax	-279	15	-264	-78	5	-72
Profit/loss for the period	991	-59	932	358	-19	338

New and amended accounting policies, continued

Consolidated cashflow, IFRS IC's – Cloud computing arrangement costs

SEK MILLION	Reported full year 2020	Adjustments	Adjusted reported full year 2020	Reported Q4 2020	Adjustments	Adjusted reported Q4 2020
Cash flow from operating activities	2,085	-81	2,004	762	-26	735
Cash flow from investing activities	-345	81	-264	-72	26	-45
Cash flow from financing activities	-987		-987	-158		-158
Cash flow for the period	753	-	753	532	-	532

Key ratios

SEK MILLION	Reported full year 2020	Adjustments	Adjusted reported full year 2020
EBITA margin, %	8.3	-0.4	7.9
Basic earnings per share, SEK	8.81	-0.52	8.29
Diluted earnings per share, SEK	8.81	-0.52	8.29
Return on equity, %	10.1	-0.6	9.5
Return on capital employed, %	8.1	-0.4	7.7
Equity ratio, %	42.8	-0.3	42.5
Equity per share, SEK	89.32	-0.8	88.52

Condensed consolidated income statement

SEK MILLION	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Net sales	5,509	4,907	20,104	18,991
Staff costs	-3,225	-2,978	-12,266	-11,860
Purchases of services and materials	-968	-1,044	-3,918	-3,811
Other costs	-714	-306	-1,623	-1,350
Other income	37	35	58	198
Share of profits of associates	1	1	5	5
EBITDA	640	616	2,359	2,172
Depreciation/amortisation and impairment of non-current assets ¹	-175	-163	-698	-663
EBITA	465	453	1,662	1,509
Acquisition-related items ²	-49	6	-139	-128
Operating profit (EBIT)	416	459	1,523	1,382
Net financial items	-45	-48	-129	-185
Profit/loss after financial items	371	410	1,393	1,196
Tax	-70	-72	-264	-264
Profit/loss for the period	301	338	1,130	932
Attributable to:				
Shareholders in the parent company	301	338	1,129	933
Non-controlling interest	0	0	0	0
Profit/loss for the period	301	338	1,130	932
Basic earnings per share, SEK	2.66	2.99	9.97	8.29
Diluted earnings per share, SEK	2.66 ³	2.98	9.97 ³	8.29 ³
Number of shares outstanding	113,212,471	113,024,044	113,212,471	113,024,044
Average number of basic shares outstanding	113,206,428	112,909,670	113,227,458	112,544,514
Average number of diluted shares outstanding	113,206,428	114,655,860	113,227,458	112,544,514

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

² Acquisition-related items are defined as depreciation/amortisation and impairment of goodwill and acquisition-related intangible non-current assets, revaluation of contingent considerations and gains/losses on divestment of companies and operations. See page 23 for further details.

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

Statement of consolidated comprehensive income

SEK MILLION	Oct–Dec 2021	Oct–Dec 2020	Full year 2021	Full year 2020
Profit/loss for the period	301	338	1,130	932
Items that have been or will be reclassified to profit/loss for the period				
Change in translation reserve	165	-372	357	-501
Change in hedging reserve	2	92	-10	72
Tax	-1	-10	0	-6
Items that will not be reclassified to profit/loss for the period				
Pensions	125	27	130	32
Tax	-23	-11	-24	-10
Other comprehensive income	268	-274	452	-413
Comprehensive income for the period	569	64	1,582	519
Attributable to:				
Shareholders in the parent company	568	64	1,581	520
Non-controlling interest	0	0	0	0
Total	569	64	1,582	519

Condensed consolidated balance sheet

SEK MILLION	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible non-current assets	14,045	12,764
Property, plant and equipment	495	539
Other non-current assets	2,317	2,624
Total non-current assets	16,857	15,928
Current assets		
Current receivables	6,944	5,662
Cash and cash equivalents	2,112	1,930
Total current assets	9,056	7,592
Total assets	25,913	23,520
EQUITY AND LIABILITIES		
Equity		
Attributable to shareholders in the parent	10,992	10,005
Attributable to non-controlling interest	1	1
Total equity	10,993	10,005
Non-current liabilities		
Provisions	676	894
Non-current liabilities	6,338	5,420
Total non-current liabilities	7,014	6,314
Current liabilities		
Provisions	34	74
Current liabilities	7,871	7,126
Total current liabilities	7,905	7,200
Total equity and liabilities	25,913	23,520

Condensed statement of change in consolidated equity

SEK MILLION	31 Dec 2021	31 Dec 2020
Equity at start of period	10,005	9,369
Effect of changed accounting policy on cloud computing	-	-31
Adjusted equity at start of period	-	9,338
Comprehensive income for the period	1,582	519
Dividend paid	-566	-
Conversion of convertible bonds into shares	176	142
Value of conversion option	-	7
Share buy-backs	-205	-
Equity at end of period	10,993	10,005

Condensed statement of consolidated cash flows

SEK MILLION	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Profit/loss after financial items	371	410	1,393	1,196
Adjustment for items not included in cash flow and other	228	-12	874	460
Income tax paid	-39	39	-229	-163
Cash flow from operating activities before change in working capital	560	437	2,038	1,493
Cash flow from change in working capital	365	298	-540	511
Cash flow from operating activities	925	735	1,498	2,004
Cash flow from investing activities	-226	-45	-1,213	-264
Cash flow from financing activities	609	-158	-12	-987
Cash flow for the period	1,308	532	274	753
Opening cash and cash equivalents	852	1,299	1,930	997
Exchange difference in cash and cash equivalents	-48	98	-92	180
Closing cash and cash equivalents	2,112	1,930	2,112	1,930

Change in consolidated net debt (excl. IFRS 16)

SEK MILLION	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Opening balance	4,219	3,523	2,756	4,424
Cash flow from operating activities (excl. IFRS 16)	-798	-603	-981	-1,586
Investments	4	47	52	174
Acquisitions and contingent considerations	232	32	1,159	159
Dividend	-	-	566	-
Share buy-backs	-	-	205	-
Other	-93	-242	-192	-415
Closing balance	3,565	2,756	3,565	2,756

Consolidated net debt (excl. IFRS 16)

SEK MILLION	31 Dec 2021	31 Dec 2020
Loans and credit facilities	5,471	4,344
Net pension liability	205	341
Cash and cash equivalents	-2,112	-1,930
Group	3,565	2,756

Consolidated net debt (incl. IFRS 16)

SEK MILLION	31 Dec 2021	31 Dec 2020
Loans and credit facilities	7,633	6,782
Net pension liability	205	341
Cash and cash equivalents	-2,112	-1,930
Group	5,726	5,193

Consolidated key ratios

SEK MILLION	Full year 2021	Full year 2020
Return on equity, %	10.8	9.5
Return on capital employed, %	8.6	7.7
Equity ratio, %	42.4	42.5
Equity per share, SEK	97.09	88.52
Interest-bearing liabilities, SEK million	7,865	7,142
Average number of full-time employees (FTEs)	15,647	15,271

Items affecting comparability

SEK MILLION	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Restructuring costs, Energy Division	-	-	-	-17
Restructuring costs, Industrial & Digital Solutions Division	-	-12	-	-35
Restructuring costs, Infrastructure Division	-10	-	-10	-
Costs for adaption/configuration of cloud-based IT systems	-20	-25	-40	-74
Total	-30	-37	-50	-126

Income

Net sales January–December 2021 according to business model

SEK MILLION	Infrastructure	Industrial & Digital Solutions	Process Industries	Energy	Management Consulting	Group Common/ eliminations	Total Group
Project Business	7,485	2,247	2,463	2,166	946	-520	14,788
Professional Services	228	3,534	1,354	517	44	-361	5,316
Total	7,714	5,781	3,817	2,683	990	-880	20,104

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

Invoicing in Project Business takes place as work proceeds in accordance with agreed terms and conditions, either periodically (monthly) or when contractual mile-

stones 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.

Quarterly information by division

Net sales (SEK million)	2020					2021				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	2,084	1,986	1,598	1,982	7,650	1,972	2,045	1,638	2,058	7,714
Industrial & Digital Solutions	1,444	1,244	1,051	1,335	5,074	1,394	1,481	1,274	1,632	5,781
Process Industries	917	888	742	895	3,441	909	986	851	1,070	3,817
Energy	717	713	601	765	2,796	707	674	581	721	2,683
Management Consulting	203	206	184	220	813	217	232	257	284	990
Group Common/eliminations	-111	-227	-155	-290	-784	-201	-241	-182	-257	-880
Group	5,255	4,808	4,021	4,907	18,991	4,999	5,177	4,419	5,509	20,104

EBITA (SEK million)	2020					2021				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	189	173	108	182	652	151	156	86	175	568
Industrial & Digital Solutions	111	62	46	106	325	102	112	106	171	490
Process Industries	99	84	62	119	363	119	119	95	138	470
Energy	66	65	50	76	257	76	67	67	90	301
Management Consulting	21	21	23	39	104	32	36	53	40	161
Group Common/eliminations ¹	-25	-67	-31	-70	-193	-65	-56	-58	-149	-329
Group	461	337	258	453	1,509	414	434	349	465	1,662

EBITA margin (%)	2020					2021				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	9.1	8.7	6.8	9.2	8.5	7.6	7.6	5.3	8.5	7.4
Industrial & Digital Solutions	7.7	5.0	4.4	8.0	6.4	7.3	7.5	8.3	10.5	8.5
Process Industries	10.8	9.4	8.4	13.3	10.6	13.1	12.0	11.1	12.9	12.3
Energy	9.2	9.2	8.2	10.0	9.2	10.7	10.0	11.6	12.5	11.2
Management Consulting	10.1	10.3	12.6	17.8	12.8	14.6	15.5	20.5	14.2	16.2
Group	8.8	7.0	6.4	9.2	7.9	8.3	8.4	7.9	8.4	8.3

Average number of full-time employees (FTEs)	2020					2021				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Infrastructure	5,935	6,013	5,851	5,868	5,915	5,801	5,955	5,901	5,997	5,914
Industrial & Digital Solutions	3,732	3,633	3,506	3,453	3,576	3,430	3,465	3,553	3,679	3,533
Process Industries	3,180	3,205	3,234	3,350	3,243	3,421	3,518	3,684	3,735	3,592
Energy	1,824	1,808	1,704	1,735	1,767	1,669	1,791	1,678	1,603	1,683
Management Consulting	415	422	416	425	419	428	475	494	567	491
Group functions	330	395	358	311	351	371	410	443	515	435
Group	15,416	15,476	15,069	15,143	15,271	15,120	15,614	15,753	16,096	15,647

Number of working days	2020					2021				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Sweden only	63	60	66	63	252	62	61	66	63	252
All countries	63	60	66	63	252	62	61	66	63	253

As a result of a small internal redistribution in 2020, comparative figures have been adjusted to provide a better reflection of operations.

¹Including IFRS 16 Leases as of 2019, which is recognised under the Group Common item.

Acquisitions 2021

The following acquisitions were made during the period

Period	Company ¹	Country	Division	Annual net sales, SEK million	Average no. of employees
Jan-Mar	ITE Østerhus AS	Norway	Process Industries	40	22
Jan-Mar	ProTAK Systems AB	Sweden	Process Industries	13	9
Jan-Mar	EKOM AB	Sweden	Energy	5	3
Jan-Mar	Gärderup Byggkonstruktion AB	Sweden	Infrastructure	8	6
Apr-Jun	Insinööritoimisto Suunnittelukide Oy	Finland	Infrastructure	34	25
Apr-Jun	Evolve Technology Sweden AB	Sweden	Industrial & Digital Solutions	85	56
Apr-Jun	Optima Nexus Consulting AG	Switzerland	Industrial & Digital Solutions	37	17
Apr-Jun	TM Konsult AB	Sweden	Infrastructure	100	112
Apr-Jun	Pinja Industry Oy	Finland	Process Industries	140	150
Apr-Jun	Simosol Oy	Finland	Management Consulting	20	22
Apr-Jun	Numerola Oy	Finland	Energy	12	10
Apr-Jun	MosaicMill Oy	Finland	Management Consulting	4	2
Jul-Sep	Insuco ApS	Denmark	Infrastructure	13	11
Jul-Sep	Cubiq Analytics Oy	Finland	Management Consulting	67	60
Oct-Dec	Zert AB	Sweden	Industrial & Digital Solutions	16	9
Oct-Dec	Trivola AB	Sweden	Industrial & Digital Solutions	40	22
Oct-Dec	Vivento AS	Norway	Industrial & Digital Solutions	90	50
Total				724	586

¹Company name at time of acquisition.

Acquired companies' net assets on acquisition date

SEK million	Jan-Dec 2021
Intangible non-current assets	10
Property, plant and equipment	5
Right-of-use assets	0
Financial assets	15
Accounts receivable and other receivables	184
Cash and cash equivalents	139
Accounts payable, loans and other liabilities	-189
Net identifiable assets and liabilities	164
Goodwill	1,059
Fair value adjustment, intangible assets	62
Fair value adjustment, non-current provisions	-12
Purchase consideration including estimated contingent consideration	1,272
Transaction costs	8
Less:	
Cash (acquired)	139
Estimated contingent consideration	185
Net cash outflow	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

Total undiscounted contingent consideration for the companies acquired during the year is a maximum of SEK 198 million.

Goodwill

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

Other intangible non-current assets

Outstanding orders and client relationships are identified and measured in conjunction with the completed acquisition.

Acquisition-related costs

Transaction costs are recognised in other external costs in profit or loss. Transaction costs amount to SEK 8 million during the year.

Acquisitions 2021, continued

Revenue and profit/loss from acquired companies

The acquired companies are expected to contribute to net sales of approximately SEK 724 million and operating profit of around SEK 102 million over a full year.

Since acquisition date, acquired companies have contributed SEK 381 million (6) to consolidated revenue and SEK 50 million (1) to operating profit.

Acquisitions after the end of the reporting period

The work related to establishing the acquisition analysis for events after the reporting period is ongoing.

Vahanen International Oy

As of 4 January 2022 all shares in Vahanen International Oy were acquired for SEK 690 million. The operating profit along with the assets and liabilities of the acquired company are consolidated from 1 January 2022.

When the financial report was approved for issue AFRY had not yet completed the reporting of the acquisition. Distribution of the surplus value is ongoing, preliminarily the full amount of the surplus value is allocated to goodwill.

Transaction costs of SEK 5 million will be reported as other external costs in the income statement 2022.

Recognised amounts (preliminary fair values) of identifiable acquired assets and assumed liabilities in Vahanen International Oy per acquisition date.

Acquired net assets at date of acquisition of Vahanen International Oy

SEK million	
Intangible non-current assets	64
Property, plant and equipment	5
Right-of-use assets	34
Accounts receivable and other receivables	81
Deferred tax asset	4
Cash and cash equivalents	44
Accounts payable, loans and other liabilities	-173
Net identifiable assets and liabilities	59
Goodwill	631
Purchase consideration including estimated contingent consideration	690
Transaction costs	5
Less:	
Cash (acquired)	44
Net cash outflow	651

Change in contingent considerations

SEK million	31 Dec 2021
Opening balance 1 January 2021	269
Acquisitions for the year	185
Payments	-204
Changes in value recognised in income statement	-35
Adjustment of preliminary acquisition analysis	-1
Discounting	5
Translation differences	6
Closing balance	225

Measurement of fair value

Contingent considerations are measured at fair value and attributable to level 3. The calculation of contingent consideration is dependent on parameters in the relevant agreements. These parameters are chiefly linked to expected EBIT for the acquired companies over the next two to three years. The change in the balance sheet items is recognised in the table.

As regards other financial assets and liabilities, no significant changes in fair value measurement have been made since the 2020 Annual Report. Fair values are essentially consistent with carrying amounts.

Acquisition-related items

SEK million	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Amortisation of intangible assets	-41	-40	-159	-184
Write-down surplus value of properties	-17	-	-17	-
Revaluation of contingent considerations	8	42	36	62
Divestment of operations	0	5	0	-6
Total	-49	6	-139	-127

Parent company income statement

SEK MILLION	Oct-Dec 2021	Oct-Dec 2020	Full year 2021	Full year 2020
Net sales	232	262	919	986
Other operating income	93	75	360	303
Operating income	325	336	1,278	1,289
Staff costs	-60	-57	-232	-184
Other costs	-374	-372	-1,334	-1,213
Depreciation/amortisation	-10	-8	-36	-34
Operating profit/loss	-119	-102	-323	-142
Net financial items	0	493	403	444
Profit/loss after financial items	-119	391	79	302
Appropriations	519	-38	519	-38
Profit/loss before tax	399	353	598	264
Tax	-55	14	-19	26
Profit/loss for the period	344	367	579	290
Other comprehensive income	9	5	15	-8
Comprehensive income for the period	353	372	595	281

Parent company balance sheet

SEK MILLION	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible non-current assets	9	13
Property, plant and equipment	125	142
Financial assets	14,202	14,255
Total non-current assets	14,336	14,410
Current assets		
Current receivables	2,746	2,072
Cash and bank balances	1,155	889
Total current assets	3,902	2,961
Total assets	18,238	17,371
EQUITY AND LIABILITIES		
Equity	9,393	9,397
Untaxed reserves	101	120
Provisions	36	66
Non-current liabilities	4,423	3,489
Current liabilities	4,285	4,299
Total equity and liabilities	18,238	17,371

Definitions

The key ratios and alternative performance measures used in this report are defined in AFRY's Annual Report for 2020 and on our website: <https://afry.com/en/investor-relations/>.

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.

Organic growth (%)	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		Management Consulting		Group ¹	
	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020
Total growth	3.9	-5.9	22.2	-12.9	19.6	-2.7	-5.8	-12.9	29.1	4.4	12.3	-9.9
Acquired	1.5	0.1	3.8	0.3	6.3	-0.5	0.7	-4.7	15.5	-0.6	3.6	-0.8
Currency effect	1.0	-2.6	0.1	-0.8	-0.3	-7.8	-0.5	-4.6	1.4	-7.3	0.5	-3.7
Organic	1.4	-3.3	18.3	-12.4	13.6	5.6	-5.9	-3.6	12.2	12.2	8.2	-5.5
Organic growth adjusted for calendar effects	-0.5	-4.4	16.8	-14.1	13.6	5.9	-10.1	-3.5	12.8	12.3	6.9	-6.5
of which calendar effect	2.0	1.1	1.6	1.7	0.0	-0.3	4.1	-0.1	-0.6	-0.1	1.3	1.0

¹Group's total growth includes eliminations.

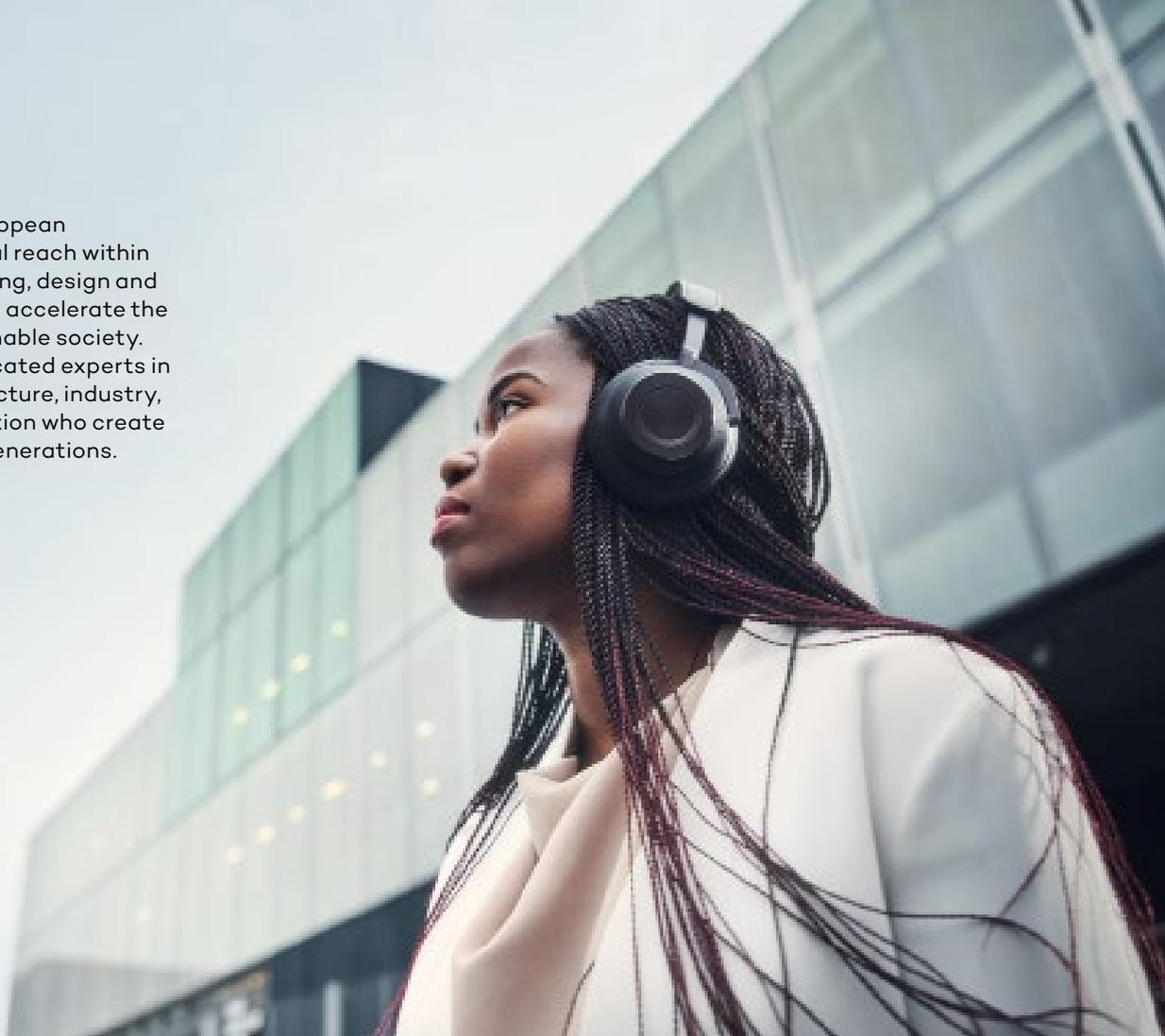
Organic growth (SEK million)	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		Management Consulting		Group ¹	
	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020
Total growth	77	-123	297	-199	175	-25	-44	-112	64	9	602	-540
Acquired	29	2	51	5	56	-5	5	-41	34	-1	176	-44
Currency effect	20	-55	1	-12	-3	-72	-4	-40	3	-15	22	-202
Organic	28	-69	245	-191	122	51	-45	-31	27	26	404	-300
Organic growth adjusted for calendar effects	-11	-93	224	-217	122	54	-77	-30	28	26	337	-354
of which calendar effect	39	23	21	26	0	-3	32	-1	-1	0	66	54

¹Group's total growth includes eliminations.

Other information

AFRY is a leading European company with a global reach within sustainable engineering, design and advisory services. We accelerate the transition to a sustainable society. We have 17,000 dedicated experts in the areas of infrastructure, industry, energy and digitalisation who create solutions for future generations.

Making Future



Stockholm, 4 February 2022

AFRY AB (publ)
Jonas Gustavsson
President and CEO

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

This information fulfils AFRY AB's (publ) disclosure requirements under the provisions of the EU's Market Abuse Regulation and the Swedish Securities Markets Act. This information was released, through the agency of the above-mentioned contact person, for publication on 4 February 2022 at 07.00 CET.

All forward-looking statements in this report are based on the company's best assessment at the time the report was written. As is the case with all assessments of the future, such assumptions are subject to risks and uncertainties, which may mean that the actual outcome differs from the anticipated result.

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Investor presentation

Time:	4 February 2022 at 10.00 CET
Webcast:	https://youtu.be/_sWstk3HwzY
For analysts/investors:	Click here to join the meeting With the opportunity to ask questions

Calendar

Q1 2022	28 April 2022
Annual General Meeting	28 April 2022
Q2 2022	14 July 2022
Q3 2022	28 October 2022
Q4 2022	10 February 2023