



Continued growth in a challenging quarter

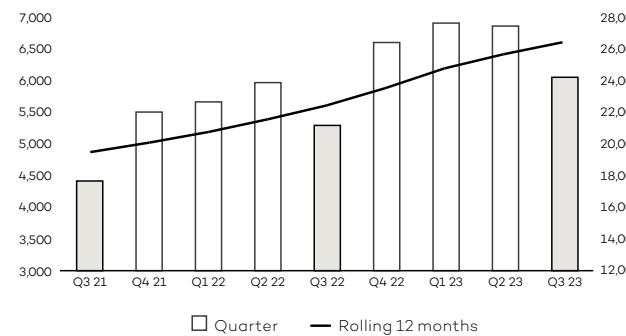
Third quarter 2023

- Net sales increased by 14.3 percent to SEK 6,059 million (5,298)
- Organic growth adjusted for calendar effects was 8.9 percent (10.4)
- EBITA, excl. items affecting comparability, was SEK 326 million (384)
- EBITA margin, excl. items affecting comparability, was 5.4 percent (7.3)
- EBITA totalled SEK 310 million (376)
- EBITA margin was 5.1 percent (7.1)
- EBIT (operating profit) amounted to SEK 270 million (265)
- Basic earnings per share: SEK 1.32 (1.59)

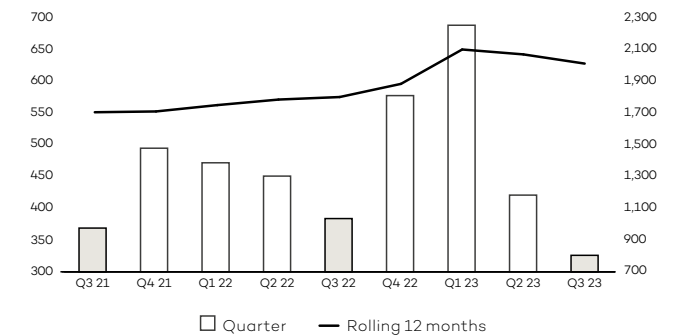
January–September 2023

- Net sales increased by 17.1 percent to SEK 19,843 million (16,943)
- Organic growth adjusted for calendar effects was 11.9 percent (6.9)
- EBITA excl. items affecting comparability was SEK 1,436 million (1,308)
- EBITA margin, excl. items affecting comparability, was 7.2 percent (7.7)
- EBITA totalled SEK 1,396 million (1,167)
- EBITA margin was 7.0 percent (6.9)
- EBIT (operating profit) amounted to SEK 1,278 million (917)
- Basic earnings per share: SEK 6.94 (5.08)

Net sales, SEK million



EBITA¹, SEK million



¹⁾ Excluding items affecting comparability.

Comments from the CEO

The third quarter was characterised by continued organic growth, while the result was impacted by a negative calendar effect and volatility in certain segments, leading to a lower utilisation rate. To strengthen profitability, we have increased the pace and scope of the ongoing improvement programme in Infrastructure and restructured AFRY X.

The market is mixed, with strong underlying demand in the energy sector. For the industrial sector, the uncertainty in the market has increased, which is impacting for example large investment projects within pulp and paper. The development in the real estate segment remains weak.

Net sales during the third quarter came in at SEK 6,059 million, an increase of 14 percent compared with the same period last year. Organic growth was 9 percent, adjusted for calendar effects. All divisions reported positive organic growth, which was particularly strong in Management Consulting and Energy. The order stock remains high and amounted to SEK 20 billion.

EBITA, excluding items affecting comparability, amounted to SEK 326 million (384), which corresponded to an EBITA margin of 5.4 percent (7.3). The result was mainly impacted by a negative calendar effect and lower utilisation rate. Operating cash flow totalled SEK 278 million, which is a clear improvement compared with last year.

Process Industries, Energy and Management Consulting reported continued strong results, while Industrial & Digital Solutions had a weaker performance due to delayed decision processes and project starts.

Infrastructure had a weak performance during the quarter, as the result was impacted by a continued weak real estate market, and a negative project item. Despite implemented measures, the performance remains unsatisfactory. To strengthen profitability and meet a weaker market,

we have under new management expanded the ongoing improvement programme. This entails structural changes and capacity adjustments with a planned reduction of approximately 300 full-time positions, of which 150 positions in Sweden and Finland with estimated restructuring costs of SEK 50 million in the fourth quarter, as well as the remaining 150 positions in the first half of 2024.

The programme also includes measures to strengthen commercial and operational steering and improved resource planning. At the same time, the portfolio review is being intensified in all markets.

In order to optimise the IT-consultancy business and achieve synergies, AFRY X has as of October 1, 2023 been dismantled as a division and integrated into other divisions. This entailed reductions and structural changes of approximately 45 full-time positions and restructuring costs of SEK 16 million in the third quarter. AFRY will continue to have a strong offering within industrial digitalisation, analysis and cyber security.

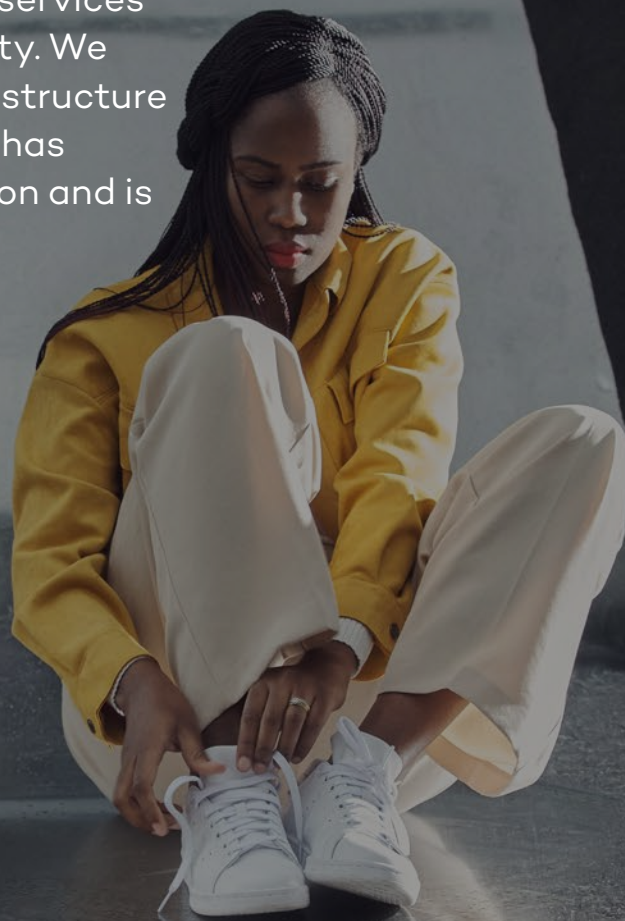
During the quarter, Robert Larsson was appointed as the new Head of Division Infrastructure and Martin Öman as the new Head of Division Industrial & Digital Solutions. I look forward to continuing our collaboration to strengthen profitability and create value for our clients, shareholders and society.

Jonas Gustavsson
President and CEO

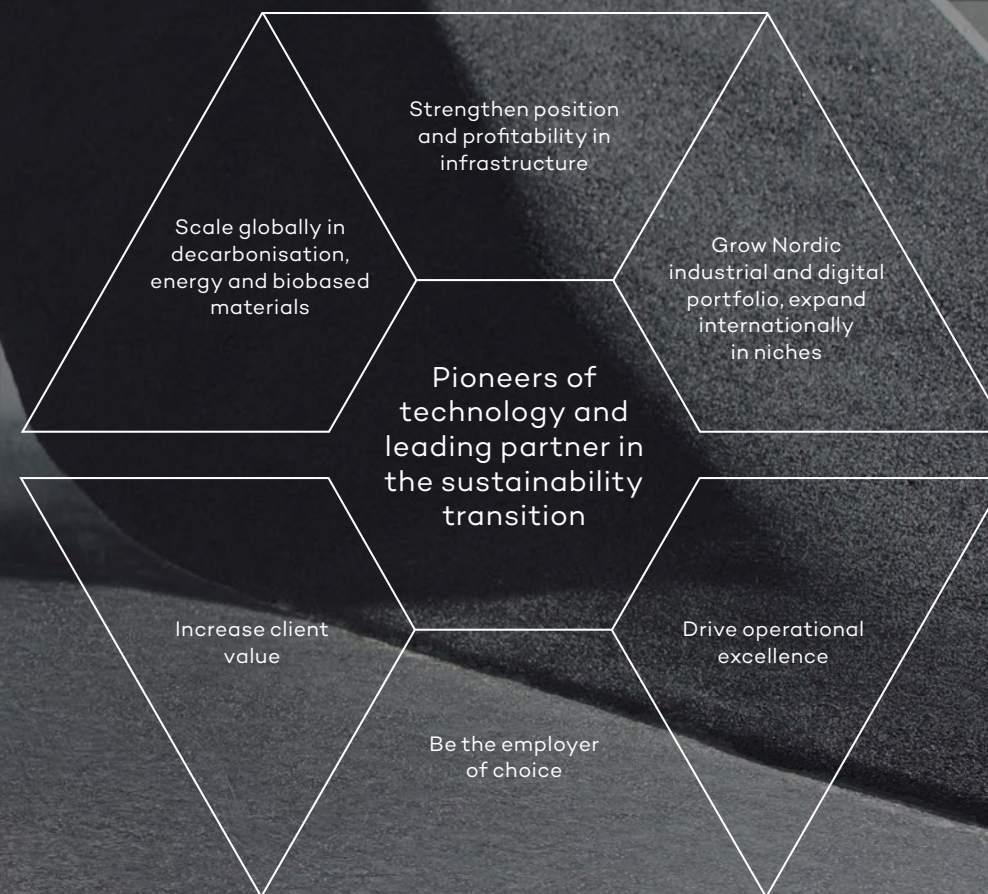


AFRY in short

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 SEK 24 billion and is listed on Nasdaq Stockholm.



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

A clear vision

AFRY strives for profitable growth to generate long-term value for our shareholders and the society. The financial targets focus on growth, profitability and a strong financial position. 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.



Financial targets

- Annual growth of 10 percent. The target includes add-on acquisitions
- EBITA margin of 10 percent (excluding items affecting comparability)
- Net debt in relation to EBITDA of 2.5
- Dividend policy of approximately 50 percent of profit after tax excluding capital gains

Sustainability targets

- Increase taxonomy-eligible turnover
- 95 percent completion rate for sustainability training
- Halve CO₂ emissions by 2030 and achieve net zero emissions by 2040
- 95 percent completion rate for training in AFRY's Code of Conduct
- 40 percent female leaders by 2030
- Increase employee engagement

Net sales, billion SEK

24

Taxonomy-eligible net sales

42%

Number of employees

19 000

CO₂ emissions reduction since base year 2019

-31%

Countries with projects

100

Share of female leaders

25%

Numbers refer to full-year 2022

New assignments



Pasi Tiitola / Tampereen Raatitietä Oy

Tram project in Tammerfors

Finnish Tampere Tramway Ltd., the City of Tampere, and the Municipality of Pirkkala, have appointed AFRY as part of an alliance to deliver on the third stage of the Tampere tram network extension, engaging several of AFRY's disciplines. AFRY, together with YIT, NRC and Sweco, and the clients, will form an alliance, which is responsible for the development phase of the third stage of the project.



Wind power project in the Baltics

The Latvian company Latvenergo, has awarded BLIX, part of AFRY, as the Owner's Engineer for the development of several large-scale onshore wind projects. Latvenergo is the biggest energy supplier in the Baltics and when all planned projects are completed, the new wind farms will feed enough clean energy to power approximately 1.3-1.95 million households in the Baltics.



Future Mill in Mariestad, Metsä Tissue

AFRY is working together with Metsä Tissue to build a Future Mill in Mariestad. Metsä Tissue, is investing in world-leading environmental and operational performance in tissue paper production by modernizing and expanding its paper mill in Mariestad. AFRY has been involved in the pre-project and is now a selected partner to deliver several services in the construction phase.

Financial summary

Third quarter

Net sales

Net sales for the quarter amounted to SEK 6,059 million (5,298), an increase of 14.3 percent (19.9). Organic growth was 7.3 percent (10.2) and 8.9 percent (10.4) when adjusted for calendar effects.

EBITA

Adjusted for items affecting comparability, EBITA amounted to SEK 326 million (384). The corresponding EBITA margin was 5.4 percent (7.3). Items affecting comparability amounted to SEK -16 million (-8), which refers to restructuring costs for Division AFRY X. The comparative period relates to costs for the adaption and configuration of cloud-based IT systems.

EBITA and the EBITA margin were SEK 310 million (376) and 5.1 percent (7.1) respectively. The effects of IFRS 16 Leases on EBITDA were SEK 11 million (-3) on EBITA and SEK 173 million (137) on EBITDA.

Capacity utilisation

Capacity utilisation was 72.9 percent (74.1) for the quarter.

Operating profit

EBIT totalled SEK 270 million (265). The difference between EBIT and EBITA consists of acquisition-related non-cash items: amortisation of acquisition-related assets amounting to SEK -46 million (-43) and the change in estimates of future contingent considerations of SEK 6 million (0). The comparative period pertained to the write-down of our business in Russia and capital loss mainly from divestment of a property. For more information, see alternative performance measures for EBITA on page 27.

Financial items

Profit after financial items was SEK 196 million (218) and the profit after tax for the period was SEK 150 million (180). Net financial items for the quarter totalled SEK -74 million (-47).

In addition to increased interest expenses, net financial items were impacted by discount rates related to leasing in accordance with IFRS 16 Leases of SEK -17 million (-13) as well as discounting of contingent considerations of SEK -3 million (-2), which did not impact cash flow.

Income tax

The tax expense amounted to SEK -46 million (-39), corresponding to a tax rate of 23.6 percent (17.7). The tax rate during the comparative period was mainly impacted by the utilisation of previously unrecognised accumulated tax losses.

Cash flow and financial position

Consolidated net debt including IFRS 16 Leases amounted to SEK 7,642 million (7,131).

Consolidated net debt excluding IFRS 16 Leases amounted to SEK 5,611 million (4,979) at the end of the quarter, and SEK 5,708 million (4,792) at the start of the quarter. Cash flow from operating activities impacted net debt by SEK -122 million (37) in the third quarter. During the quarter, the company paid a total of SEK 30 million in contingent considerations for previous acquisitions, thereby increasing net debt. At the end of the third quarter, the company had SEK 700 million in outstanding issued commercial papers under its commercial paper programme.

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales					
Net sales, SEK million	6,059	5,298	19,843	16,943	23,552
Total growth, %	14.3	19.9	17.1	16.1	17.1
(-) Acquired, %	1.5	3.7	1.0	4.8	4.5
(-) Currency effects, %	5.6	6.0	4.7	4.4	4.9
Organic, %	7.3	10.2	11.4	6.9	7.8
(-) Calendar effect, %	-1.7	-0.2	-0.5	-0.1	-0.3
Organic growth adjusted for calendar effects, %	8.9	10.4	11.9	6.9	8.1
Order stock	-	-	20,392	18,831	19,440
Profit					
EBITA excl. items affecting comparability, SEK million	326	384	1,436	1,308	1,886
EBITA margin excl. items affecting comparability, %	5.4	7.3	7.2	7.7	8.0
EBITA, SEK million	310	376	1,396	1,167	1,729
EBITA margin, %	5.1	7.1	7.0	6.9	7.3
Operating profit (EBIT), SEK million	270	265	1,278	917	1,444
Profit after financial items, SEK million	196	218	1,051	745	1,220
Profit after tax, SEK million	150	180	786	576	974
Key ratios					
Basic earnings per share, SEK	1.32	1.59	6.94	5.08	8.60
Diluted earnings per share, SEK	1.32 ¹	1.59 ¹	6.94 ¹	5.08 ¹	8.60 ¹
Cash flow from operating activities, SEK million	278	88	836	641	1,042
Net debt, SEK million ²	-	-	5,611	4,979	4,646
Net debt/equity ratio, percent ²	-	-	44.8	42.5	38.2
Net debt/EBITDA, rolling 12 months, times ²	-	-	2.7	2.8	2.5
Number of employees	-	-	19,281	18,576	18,687
Capacity utilisation, %	72.9	74.1	73.5	74.8	74.7

¹ Issued convertibles did not lead to any dilution during the period.

² Excluding effects of IFRS 16 Leases.

Net debt/EBITDA excluding the effect of IFRS 16 and items affecting comparability over a rolling 12 months was 2.6 (2.5).

Consolidated cash and cash equivalents totalled SEK 853 million (862) at the end of the period and unused credit facilities amounted to SEK 2,980 million (2,806).

Significant events during the quarter

Changes to Group Executive Management
AFRY has announced changes to the Group Executive Management that took effect on September 1, 2023. Robert Larsson was appointed Head of Division Infrastructure and Martin Öman Head of Division Industrial & Digital Solutions.

Changes to business units

As of October 1, 2023, AFRY X was dismantled as a division and current business units were integrated into the Industrial & Digital Solutions, Infrastructure and Management Consulting divisions. The financial reporting structure was changed from six to five divisions.

Acquisitions

No acquisitions were completed during the quarter.

January–September

Net sales

Net sales for the period amounted to SEK 19,843 million (16,943), an increase of 17.1 percent (16.1). Organic growth was 11.4 percent (6.9) and 11.9 percent (6.9) when adjusted for calendar effects.

Order stock at the end of the period amounted to SEK 20,392 million (18,831), an increase of 8.3 percent compared to previous year.

EBITA

Adjusted for items affecting comparability, EBITA amounted to SEK 1,436 million (1,308). The corresponding EBITA margin was 7.2 percent (7.7). Items affecting comparability amounted to SEK -39 million (-141), relating to the premature termination of leases for facilities and restructuring costs for AFRY X Division. The comparative period pertained to costs for the adaptation and configuration of cloud-based IT systems, as well as restructuring costs for the Infrastructure Division and Group functions. For more information, see alternative performance measures for EBITA on page 28.

EBITA and the EBITA margin were SEK 1,396 million (1,167) and 7.0 percent (6.9) respectively. The effects of IFRS 16 Leases on EBITDA were SEK 11 million (-15) on EBITA and SEK 496 million (398).

Capacity utilisation

Capacity utilisation was 73.5 percent (74.8) for the period.

Operating profit

EBIT totalled SEK 1,278 million (917). The difference between EBIT and EBITA consists of acquisition-related non-cash items: amortisation of acquisition-related assets amounting to SEK -134 million (-127) and the change in estimates of future contingent considerations of SEK 15 million (5). The comparative period was charged with the divestment of our business in Russia and capital loss mainly from divestment of a property. For more information, see alternative performance measures for EBITA on page 28.

Financial items

Profit after financial items was SEK 1,051 million (745) and the profit after tax for the period was SEK 786 million (576). Net financial items for the period totalled SEK -227 million (-172).

Net financial items, in addition to interest expenses, were impacted by discount rates related to leases in accordance with IFRS 16 Leases, amounting to SEK -51 million (-34) and discounting of contingent considerations of SEK -8 million (0) that did not affect cash flow.

Income tax

The tax expense amounted to SEK -265 million (-169), corresponding to a tax rate of 25.2 percent (22.7). The tax rate during the period was affected by the divestment of operations in Russia and tax attributable to the previous year.

Parent company

Parent company's operating income totalled SEK 1,180 million (1,048) and relates primarily to internal services within the Group. Profit after net financial items was SEK 50 million (142). Cash and cash equivalents amounted to SEK 98 million (91). The tax rate for the period was affected by non-taxable income in the form of dividends from subsidiaries.

Gross investments in intangible assets and property, plant and equipment totalled SEK 40 million (27).

Number of employees

The average number of full-time employees (FTEs) was 18,226 (17,172). The total number of employees at the end of the period was 19,281 (18,576).

Calendar effects

The number of normal working hours during 2023, based on a 12-months' sales-weighted business mix, is broken down as follows.

	2023	2022	Difference
Q1	511	504	7
Q2	476	482	-7
Q3	517	526	-10
Q4	498	502	-4
Full year	2,001	2,014	-13

Shares

The AFRY share price was SEK 128.40 (140.30) at the end of the reporting period.

Class A shares	4,290,336
Class B shares	108,961,405
Total number of shares	113,251,741
<i>of which own Class B shares</i>	-
Number of votes	151,864,765

Significant events after the end of the reporting period

The improvement programme for the Infrastructure Division entails structural changes and capacity adjustments with a planned reduction of approximately 300 full-time positions, of which 150 positions in Sweden and Finland with estimated restructuring costs of SEK 50 million in the fourth quarter, as well as the remaining 150 positions in the first half of 2024.

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.

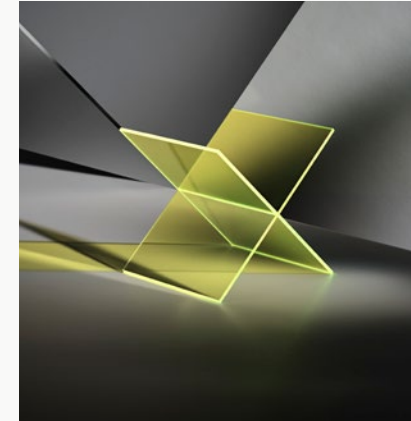
37% of net sales, 32% of EBITA



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. Key sectors are industry, energy and the public sector. The division operates predominantly in the Nordic region. As of October 1, 2023, AFRY X was dismantled as a division and current business units were integrated into the Industrial & Digital Solutions, Infrastructure and Management Consulting divisions.

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.

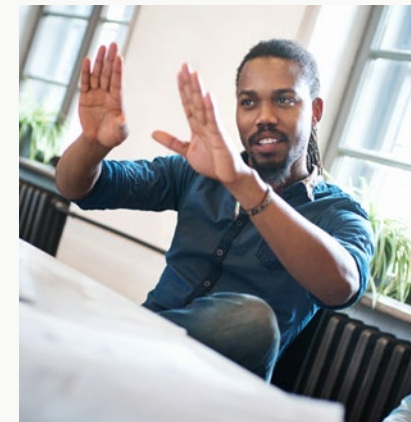
22% of net sales, 21% of EBITA



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

Division Infrastructure

Net sales

Net sales during the third quarter amounted to SEK 2,219 million (1,946), an increase of 14.0 percent. Adjusted for calendar effects, organic growth was 8.9 percent. The growth was driven by increased average fees and higher attendance. The order stock remains at a stable level.

EBITA and EBITA margin

EBITA amounted to SEK 67 million (120), which corresponds to a margin of 3.0 percent (6.2). The margin was negatively impacted by calendar effect and a continued weak real estate market, as well as a negative project item.

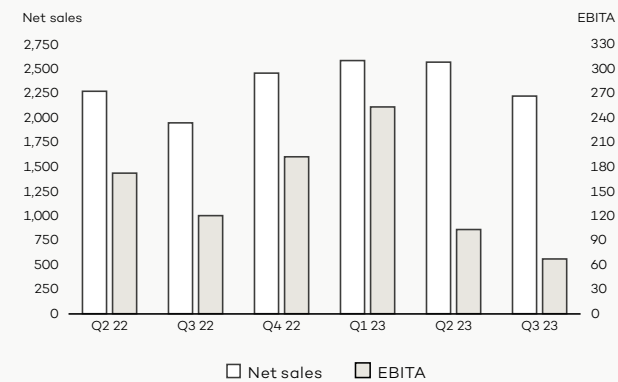
To strengthen the profitability in the division, the ongoing improvement program has been expanded.

This entails structural changes and capacity adjustments with a planned reduction of approximately 300 full-time positions, of which 150 positions in Sweden and Finland with estimated restructuring costs of SEK 50 million in the fourth quarter, as well as the remaining 150 positions in the first half of 2024.

Market development

Public investments in infrastructure and the transition towards sustainable transport are at a stable level in all markets. The real estate market remains weak, especially in Finland and Sweden. Investments in the industrial and energy segments are strong. Demand for the division's solutions in water and the environment remains strong overall and across several sectors.

Net sales and EBITA, SEK million



Key ratios

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales, SEK million	2,219	1,946	7,365	6,446	8,899
EBITA, SEK million	67	120	423	474	666
EBITA margin, %	3.0	6.2	5.7	7.4	7.5
Order stock	-	-	9,002	8,010	8,133
Average full-time equivalents (FTEs)	6,795	6,398	6,780	6,406	6,443
Organic growth					
Total growth, %	14.0	19.3	14.3	14.5	15.9
(-) Acquired, %	1.0	6.4	0.8	6.9	6.6
(-) Currency effects, %	5.4	4.9	4.1	3.6	3.9
Organic, %	7.6	8.0	9.4	3.9	5.4
(-) Calendar effect, %	-1.4	-0.4	-0.5	0.0	-0.3
Organic growth adjusted for calendar effects, %	8.9	8.5	10.0	3.9	5.6

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

Division Industrial & Digital Solutions

Net sales

Net sales during the third quarter amounted to SEK 1,260 million (1,191), an increase of 5.7 percent. Adjusted for calendar effects, organic growth was 6.1 percent. The growth was driven by continued good demand in defence, manufacturing and automotive. The order stock is at a continued stable level.

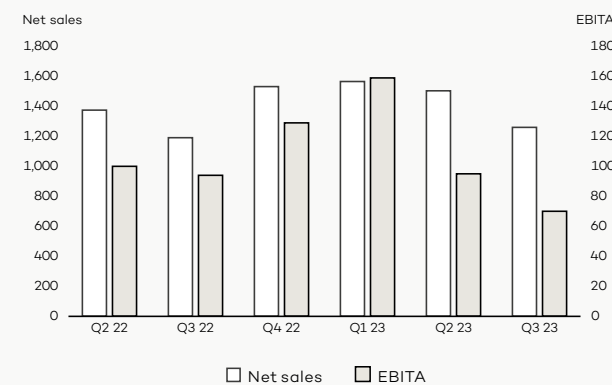
EBITA and EBITA margin

EBITA amounted to SEK 70 million (94) and the corresponding margin was 5.5 percent (7.9). The margin was negatively impacted by a lower utilisation rate primarily driven by delayed project starts but also canceled projects in the quarter and negative calendar effect. Higher average fees had a positive effect on the margin.

Market development

Demand for design and development of products, services and production capacity was good during the quarter. Clients have displayed continued high ambitions and needs driven by the transition towards a sustainable society, while there is a continued caution linked to the uncertainty in the market. During the quarter, the defence industry showed continued high demand, while demand within automotive, manufacturing and life science, is at a stable level.

Net sales and EBITA, SEK million



Key ratios

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales, SEK million	1,260	1,191	4,330	3,922	5,454
EBITA, SEK million	70	94	324	315	444
EBITA margin, %	5.5	7.9	7.5	8.0	8.1
Order stock	-	-	2,577	2,527	2,572
Average full-time equivalents (FTEs)	3,351	3,233	3,337	3,194	3,230
Organic growth					
Total growth, %	5.7	9.2	10.4	11.5	11.6
(-) Acquired, %	0.0	1.5	0.0	2.0	1.7
(-) Currency effects, %	1.3	1.8	1.1	1.0	1.1
Organic, %	4.5	6.0	9.3	8.4	8.8
(-) Calendar effect, %	-1.7	-0.1	-0.6	0.0	0.0
Organic growth adjusted for calendar effects, %	6.1	6.0	9.9	8.4	8.8

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

Division Process Industries

Net sales

Net sales in the third quarter amounted to SEK 1,282 million (1,107), an increase by 15.8 percent. Adjusted for calendar effects, organic growth was 8.4 percent. The growth was driven by steady performance in all business areas, especially in Finland, North America and Central Europe. The order stock is in line with last year.

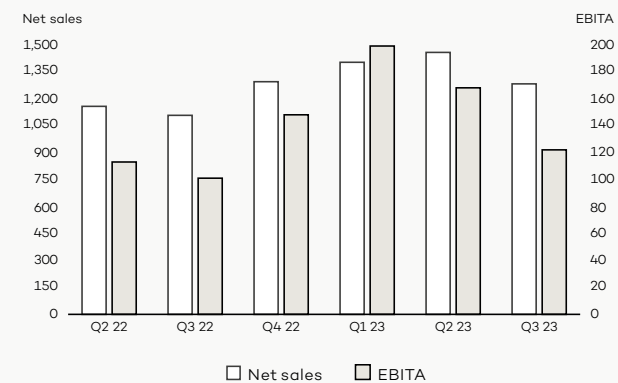
EBITA and EBITA margin

EBITA amounted to SEK 122 million (101), and the corresponding margin was 9.5 percent (9.2). The margin was positively impacted by good project performance but also by good cost control.

Market development

Overall, activities continued to remain on a high level in the quarter. However, investment decision delays are seen especially in Pulp & Paper CAPEX investments due to global pulp price decrease. The market remains good for CAPEX projects in chemicals, biorefining and mining & metals sectors as well as in new growth sectors like hydrogen, battery sector, regenerated textile fibers and plastics recycling. The demand in operational phase services, technical consulting and efficiency improvement project remains high in all process industry sectors.

Net sales and EBITA, SEK million



Key ratios

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales, SEK million	1,282	1,107	4,140	3,324	4,617
EBITA, SEK million	122	101	489	337	486
EBITA margin, %	9.5	9.2	11.8	10.2	10.5
Order stock	-	-	3,251	3,295	3,428
Average full-time equivalents (FTEs)	4,334	4,202	4,370	4,051	4,116
Organic growth					
Total growth, %	15.8	30.1	24.6	21.0	21.0
(-) Acquired, %	3.2	0.0	1.4	1.5	1.1
(-) Currency effects, %	6.3	10.9	6.4	7.7	8.6
Organic, %	6.4	19.1	16.8	11.8	11.3
(-) Calendar effect, %	-2.1	0.0	-0.3	-0.4	-0.5
Organic growth adjusted for calendar effects, %	8.4	19.1	17.1	12.2	11.8

Division Energy



Net sales

Net sales in the third quarter amounted to SEK 869 million (726), an increase by 19,7 percent. Adjusted for calendar effects the organic growth was 9,5 percent. All segments reported positive organic growth. The order stock is at a continued high level.

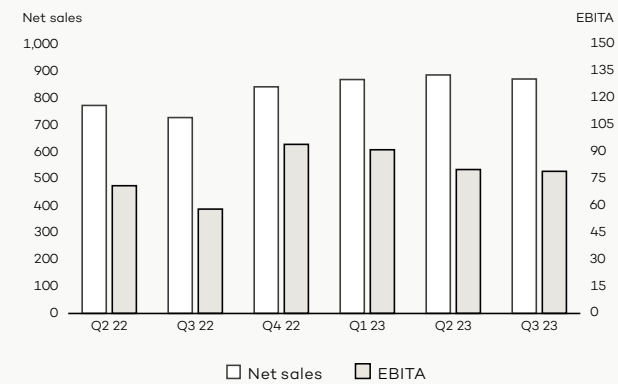
EBITA and EBITA margin

EBITA amounted to SEK 79 million (58) and the corresponding margin was 9,1 percent (8,0). The margin was positively impacted by tight cost control and a continued strong performance in all segments.

Market development

The general outlook for the energy sector is strong in most areas and green capex industry investment drive the clean energy transition. There is a strong focus on solar and wind projects, both on-shore and off-shore, on hydro and nuclear, waste-to-energy projects, pump storage projects as well as green ammonia/hydrogen. There is also a strong market for electrical power grids to connect new energy production, but also to strengthen the existing grids. There is a definite trend towards modernisation, upgrades and maintenance of existing production capacity across the world. However, inflationary pressures and the fight for talent are expected to continue to influence short term client decision making.

Net sales and EBITA, SEK million



Key ratios

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales, SEK million	869	726	2,620	2,192	3,032
EBITA, SEK million	79	58	250	200	294
EBITA margin, %	9.1	8.0	9.5	9.1	9.7
Order stock	-	-	4,985	4,424	4,798
Average full-time equivalents (FTEs)	1,906	1,783	1,888	1,733	1,754
Organic growth					
Total growth, %	19.7	25.0	19.5	11.7	13.0
(-) Acquired, %	3.0	3.8	3.5	2.1	2.1
(-) Currency effects, %	8.9	8.1	7.8	5.7	6.6
Organic, %	7.8	13.1	8.3	3.9	4.3
(-) Calendar effect, %	-1.7	-0.3	-1.1	0.4	-0.6
Organic growth adjusted for calendar effects, %	9.5	13.4	9.4	3.5	4.9

Division AFRY X

Net sales

Net sales in the third quarter amounted to SEK 254 million (250), an increase by 1.4 percent. Adjusted for calendar effects the organic growth was 2.4 percent. The growth was mainly supported by price increases and an increased use of sub-consultants.

EBITA and EBITA margin

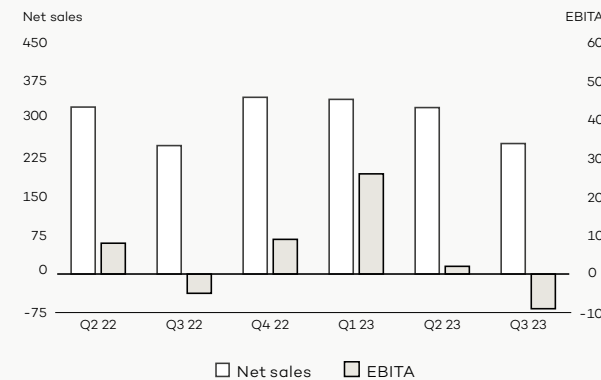
EBITA amounted to SEK -9 million (-5) and the corresponding margin was -3.7 percent (-2.2). The result was negatively impacted by lower utilisation due to lost assignments during the quarter, a softer market, and a negative calendar effect.

Market development

The demand for digital services is at a stable level overall, however the market for IT consultants has continued to weaken during the quarter resulting in postponement and longer decision-making processes.

As of October 1, 2023 AFRY X was dismantled as a division and current business units will be integrated in existing divisions. This has led to reductions and structural changes of 45 full-time positions. AFRY will continue to have a strong offering in industrial digitalisation, analysis, and cyber security.

Net sales and EBITA, SEK million



Key ratios

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales, SEK million	254	250	918	879	1,222
EBITA, SEK million	-9	-5	18	4	13
EBITA margin, %	-3.7	-2.2	1.9	0.5	1.1
Order stock	-	-	164	219	204
Average full-time equivalents (FTEs)	658	743	675	754	745
Organic growth					
Total growth, %	1.4	24.8	4.5	30.4	24.6
(-) Acquired, %	0.0	10.6	0.9	24.2	18.3
(-) Currency effects, %	0.5	4.4	0.1	1.5	1.5
Organic, %	0.9	9.8	3.5	4.7	4.9
(-) Calendar effect, %	-1.5	0.3	-0.4	0.0	0.7
Organic growth adjusted for calendar effects, %	2.4	9.4	3.8	4.7	4.2

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

Division Management Consulting



Net sales

Net sales in the third quarter amounted to SEK 366 million (293), an increase by 24,9 percent. Adjusted for calendar effects the organic growth was 13,4 percent. The growth reflects the continued strong consulting market driven by the energy and sustainability transitions.

EBITA and EBITA margin

EBITA amounted to SEK 44 million (41) and the corresponding margin was 12,0 percent (13,9). The continued high margin was a result of strong demand for the division's consulting services.

Market development

Security of energy supply has been in even stronger focus during the quarter due to the continuing geopolitical uncertainties. As a result, companies are adapting their strategies and demand for organisational and digital transformation services is high. The shift towards sustainable practices is continuously increasing need for bio-based alternatives and circular solutions and is in turn driving demand for consulting services. At the same time, companies in the traditional bioindustry sectors of pulp and paper are showing slower decision-making processes.

Net sales and EBITA, SEK million



Key ratios

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net sales, SEK million	366	293	1,075	863	1,195
EBITA, SEK million	44	41	137	124	165
EBITA margin, %	12.0	13.9	12.8	14.4	13.8
Order stock	-	-	413	356	304
Average full-time equivalents (FTEs)	686	570	661	544	560
Organic growth					
Total growth, %	24.9	17.0	24.6	21.3	22.8
(-) Acquired, %	0.0	0.0	0.0	0.0	0.0
(-) Currency effects, %	12.7	9.3	10.8	8.5	9.5
Organic, %	12.2	7.7	13.8	12.8	13.3
(-) Calendar effect, %	-1.2	-1.1	-0.6	-0.1	-0.2
Organic growth adjusted for calendar effects, %	13.4	8.8	14.4	12.9	13.6

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

Auditor's review report

For AFRY AB (publ) Corp. ID no. 556120-6474

Introduction

We have conducted a review of the condensed interim financial information (interim report) for AFRY AB (publ) at 30 September 2023 and the nine-month period there ended. The Board of Directors and Chief Executive Officer are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A limited assurance engagement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review engagement is different

and substantially less in scope than an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden. The procedures performed during a review do not enable us to obtain assurance that we would become aware of all significant circumstances that might be identified in an audit. The opinion expressed based on a review engagement does not therefore provide the same level of assurance as a conclusion based on an audit.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not, in all material aspects, been prepared in accordance with IAS 34 and the Annual Accounts Act for the Group, and in accordance with the Annual Accounts Act for the parent company.

Stockholm, Sweden – 27 October 2023

KPMG AB

Joakim Thilstedt

Authorised Public Accountant

Financial statements

Condensed consolidated income statement

SEK million	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022	Oct 2022– Sep 2023
Net sales	6,059	5,298	19,843	16,943	23,552	26,452
Staff costs	-3,713	-3,189	-12,039	-10,534	-14,428	-15,933
Purchases of services and materials	-1,234	-1,162	-4,035	-3,462	-4,897	-5,470
Other costs	-606	-450	-1,788	-1,339	-1,903	-2,352
Other income	4	49	4	64	98	38
Profit/loss attributable to participations in associates	–	2	–	5	8	3
EBITDA	509	549	1,985	1,677	2,430	2,738
Depreciation/amortisation and impairment of non-current assets ¹	-200	-173	-589	-511	-702	-780
EBITA	310	376	1,396	1,167	1,729	1,958
Acquisition-related items ²	-40	-111	-118	-250	-285	-154
Operating profit (EBIT)	270	265	1,278	917	1,444	1,805
Financial items	-74	-47	-227	-172	-224	-279
Profit from financial items	196	218	1,051	745	1,220	1,526
Tax	-46	-39	-265	-169	-246	-342
Profit for the period	150	180	786	576	974	1,184
Attributable to:						
Shareholders of the parent company	149	180	786	576	974	1,184
Non-controlling interest	0	0	0	0	0	0
Profit for the period	150	180	786	576	974	1,184
Basic earnings per share, SEK	1.32	1.59	6.94	5.08	8.60	
Diluted earnings per share, SEK	1.32 ³	1.59 ³	6.94 ³	5.08 ³	8.60 ³	
Number of shares outstanding	113,251,741	113,251,741	113,251,741	113,251,741	113,251,741	
Average number of basic shares outstanding	113,251,741	113,251,741	113,251,741	113,246,549	113,247,847	
Average number of diluted shares outstanding	113,251,741	113,251,741 ³	113,251,741	113,246,549 ³	113,247,847 ³	

Statement of consolidated comprehensive income

SEK million	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Profit for the period	150	180	786	576	974
Items that have been or will be reclassified to profit/loss for the period					
Change in translation reserve	-148	174	222	571	624
Change in hedging reserve	-11	30	-19	190	202
Tax	-1	0	0	-13	-16
Items that will not be reclassified to profit/loss for the period					
Revaluation of defined-benefit pension plans	-5	-13	-9	-13	-11
Tax	1	13	2	13	27
Other comprehensive income	-165	204	196	749	826
Comprehensive income/loss for the period	-15	384	982	1,325	1,800
Attributable to:					
Shareholders of the parent company	-15	384	982	1,325	1,800
Non-controlling interest	0	0	0	0	0
Total	-15	384	982	1,325	1,800

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

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 operations. For more details, see Note 5, Note 6 and alternative performance measures for EBITA on page 27.

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

Condensed consolidated balance sheet

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	16,153	15,481	15,590
Property, plant and equipment	386	346	355
Other non-current assets	2,064	2,258	2,272
Total non-current assets	18,604	18,084	18,217
Current assets			
Current receivables	8,842	8,024	8,690
Cash and cash equivalents	853	862	1,088
Total current assets	9,695	8,886	9,778
Total assets	28,298	26,971	27,996
EQUITY AND LIABILITIES			
Equity			
Attributable to shareholders of the parent company	12,535	11,701	12,176
Attributable to non-controlling interest	2	1	2
Total equity	12,537	11,703	12,178
Non-current liabilities			
Provisions	591	619	657
Non-current liabilities	5,813	6,199	6,139
Total non-current liabilities	6,404	6,818	6,797
Current liabilities			
Provisions	53	66	45
Current liabilities	9,304	8,384	8,975
Total current liabilities	9,357	8,450	9,021
Total equity and liabilities	28,298	26,971	27,996

Condensed statement of change in consolidated equity

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Equity at start of period	12,178	10,993	10,993
Comprehensive income/loss for the period	982	1,325	1,800
Dividends paid	-623	-623	-623
Conversion of convertible bonds into shares	-	8	8
Equity at end of period	12,537	11,703	12,178

Condensed statement of consolidated cash flows

SEK million	Q3 2023	Q3 2022	Jan–Sep 2023	Jan–Sep 2022	Full year 2022
Profit after financial items	196	218	1,051	745	1,220
Adjustment for non-cash items, etc.	267	212	846	955	1,005
Income tax paid	-37	-20	-293	-241	-385
Cash flow from operating activities before change in working capital	426	411	1,603	1,459	1,840
Cash flow from change in working capital	-148	-323	-767	-819	-797
Cash flow from operating activities	278	88	836	641	1,042
Cash flow from investing activities	-68	-117	-618	-865	-873
Cash flow from financing activities	-478	-230	-389	-817	-1,012
Cash flow for the period	-268	-260	-170	-1,042	-843
Opening cash and cash equivalents	1,079	1,187	1,088	2,112	2,112
Exchange difference in cash and cash equivalents	42	-65	-65	-208	-180
Closing cash and cash equivalents	853	862	853	862	1,088

Change in consolidated net debt (excluding IFRS 16)

SEK million	Q3 2023	Q3 2022	Jan–Sep 2023	Jan–Sep 2022	Full year 2022
Opening balance	5,708	4,792	4,646	3,565	3,565
Cash flow from operating activities (excl. IFRS 16)	-122	37	-382	-280	-550
Investments	40	31	130	9	46
Acquisitions/divestments and contingent considerations	30	81	492	853	817
Dividend distribution	-	-	623	623	623
Other	-45	39	102	209	147
Closing balance	5,611	4,979	5,611	4,979	4,646

Parent company income statement

SEK million	Q3 2023	Q3 2022	Jan–Sep 2023	Jan–Sep 2022	Full year 2022
Net sales	274	254	828	754	1,020
Other operating income	110	101	352	294	397
Operating income	384	354	1,180	1,048	1,417
Staff costs	-90	-66	-290	-235	-328
Other costs	-382	-354	-1,181	-1,076	-1,431
Depreciation/amortisation	-10	-9	-30	-27	-37
Operating profit/loss	-99	-75	-321	-290	-379
Financial items	75	43	371	432	423
Profit/loss after financial items	-24	-31	50	142	44
Appropriations	-	-	0	-	299
Profit/loss before taxes	-24	-31	50	142	343
Tax	10	5	37	50	11
Profit/loss for the period	-14	-26	87	191	353
Other comprehensive income	4	21	8	74	73
Comprehensive income/loss for the period	-11	-5	95	265	427

Parent company balance sheet

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	3	6	5
Property, plant and equipment	145	127	133
Financial assets	14,148	14,147	14,142
Total non-current assets	14,296	14,280	14,281
Current assets			
Current receivables	5,279	4,748	5,033
Cash and cash equivalents	98	91	308
Total current assets	5,377	4,839	5,340
Total assets	19,672	19,119	19,622
EQUITY AND LIABILITIES			
Equity	8,677	9,042	9,204
Untaxed reserves	103	101	103
Provisions	14	36	36
Non-current liabilities	4,310	4,422	4,349
Current liabilities	6,569	5,517	5,930
Total equity and liabilities	19,672	19,119	19,622

Notes

Note 1

Accounting policies

This report was prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies conform with International Financial Reporting Standards (IFRS), as well as with the EU-approved interpretations of the relevant standards, the International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting policies and methods of calculation as those in AFRY's Annual and Sustainability Report 2022 (Note 1).

New or revised IFRS standards that came into force in 2023 did not have any material impact on the Group. Regarding the amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction that the International Accounting Standards Board (IASB) published in May 2021, the change is that the exception at the time of accounting does not apply to transactions where equal amounts of deductible and taxable temporary differences occur. 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 the net effect will not have a significant impact on the financial statements.

The parent company complies with the Swedish Financial reporting Board's Recommendation RFR 2, which requires that the parent company's annual reports apply all IFRS standards and interpretations approved by the EU as far as possible within the constraints of the Annual Accounts Act and the Pension Obligations Vesting Act (Tryggandelagen), and while considering the relationship reporting and taxation. Disclosures according to IAS 34.16A can partly be found on the pages preceding the condensed consolidated income statement.

Note 3

Income

Net sales according to the business model

SEK million	Jan-Sep 2023		
	Project Business	Professional Services	Total
Infrastructure	7,171	194	7,365
Industrial & Digital Solutions	1,740	2,591	4,330
Process Industries	3,046	1,094	4,140
Energy	2,185	435	2,620
AFRY X	371	547	918
Management Consulting	1,054	21	1,075
Group common/eliminations	-443	-163	-606
Group	15,123	4,720	19,843

The Group applies the 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 in which the client manages and runs the project, while AFRY provides suitable expertise at the appropriate time.

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.

Note 2

Risks and uncertainties

The significant risks and uncertainties to which the AFRY Group is exposed include strategic risks linked to the market, acquisitions, sustainability and IT, and operational risks related to projects and the ability to recruit and retain qualified employees. In addition, the Group is exposed to several financial risks, such as currency risks, interest-rate risks and credit risks. The risks to which the Group is exposed are described in detail in AFRY's Annual and Sustainability Report 2022.

Geopolitical and macroeconomic uncertainties

Geopolitical tensions and uncertainties in the economic situation entail various risks for AFRY and mainly pertain to delayed decision processes and project launches.

Contingent liabilities

Reported contingent liabilities reflect one part of the AFRY Group's exposure to risk. AFRY provides clients with both corporate and bank guarantees when clients request them. This typically involves tender guarantees, advance payment guarantees or performance guarantees. Corporate guarantees are mainly provided by the parent company, AFRY AB, and bank guarantees by AFRY's banks. At 30 September 2023, the Group's corporate guarantees amounted to SEK 537 million (379) and bank guarantees to SEK 677 million (590). The guarantee amounts do not include pension guarantees, advance payment guarantees or leasing, as these are already reported on the debt side in the balance sheet.

Order stock

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Infrastructure	9,002	8,010	8,136
Industrial & Digital Solutions	2,577	2,527	2,572
Process Industries	3,251	3,295	3,428
Energy	4,985	4,424	4,798
AFRY X	164	219	204
Management Consulting	413	356	301
Group	20,392	18,831	19,440

Note 4

Quarterly information by division

	2021		2022				2023		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales, SEK million									
Infrastructure	1,638	2,058	2,232	2,268	1,946	2,453	2,581	2,565	2,219
Industrial & Digital Solutions	1,099	1,382	1,355	1,375	1,191	1,532	1,566	1,504	1,260
Process Industries	851	1,070	1,060	1,157	1,107	1,294	1,402	1,457	1,282
Energy	581	721	695	771	726	840	867	884	869
AFRY X	193	293	303	325	250	344	340	324	254
Management Consulting	245	253	263	307	293	332	343	366	366
Group common/eliminations	-187	-269	-240	-228	-215	-185	-184	-231	-191
Group	4,419	5,509	5,670	5,975	5,298	6,609	6,916	6,869	6,059

	2021		2022				2023		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
EBITA, SEK million									
Infrastructure	86	175	183	172	120	192	253	103	67
Industrial & Digital Solutions	92	139	121	100	94	129	159	95	70
Process Industries	95	138	123	113	101	148	199	168	122
Energy	68	90	72	71	58	94	91	80	79
AFRY X	-5	15	2	8	-5	9	26	2	-9
Management Consulting	52	30	34	49	41	41	45	48	44
Group common/eliminations	-21	-122	-176	-80	-32	-51	-84	-98	-63
Group	367	465	359	432	376	562	689	398	310

	2021		2022				2023		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
EBITA margin, %									
Infrastructure	5.3	8.5	8.2	7.6	6.2	7.8	9.8	4.0	3.0
Industrial & Digital Solutions	8.4	10.1	8.9	7.3	7.9	8.4	10.2	6.3	5.5
Process Industries	11.1	12.9	11.6	9.8	9.2	11.5	14.2	11.5	9.5
Energy	11.6	12.5	10.3	9.2	8.0	11.2	10.5	9.0	9.1
AFRY X	-2.6	5.1	0.5	2.4	-2.2	2.6	7.5	0.5	-3.7
Management Consulting	21.4	12.1	13.1	15.9	13.9	12.3	13.2	13.1	12.0
Group	8.3	8.4	6.3	7.2	7.1	8.5	10.0	5.8	5.1

As a result of organisational changes, comparative figures have been adjusted to provide a better reflection of the business.

¹⁾ The calculation of the average number of FTEs has changed in connection with organisational changes. This has led to a more accurate and weighted calculation of the number of available hours for all divisions.

	2021		2022				2023		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Average number of employees									
Infrastructure	5,901	5,998	6,408	6,414	6,398	6,554	6,699	6,853	6,795
Industrial & Digital Solutions	2,999	3,141	3,141	3,206	3,233	3,340	3,322	3,337	3,351
Process Industries	3,684	3,734	3,870	4,072	4,202	4,314	4,394	4,383	4,334
Energy	1,678	1,603	1,676	1,738	1,783	1,819	1,851	1,907	1,906
AFRY X	643	702	751	770	743	716	690	678	658
Management Consulting	451	485	512	550	570	609	629	668	686
Group functions	414	432	468	514	488	492	506	515	524
Group	15,770	16,096	16,826	17,265	17,418	17,843	18,091	18,341	18,253

	2021		2022				2023		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Number of working days									
Sweden only	66	63	63	60	66	63	64	59	65
All countries	66	63	63	60	66	63	64	59	65

Note 5

Acquisitions and divestments

The following acquisitions have been made during the period

Consolidated from	Company ¹	Country	Division	Annual net sales, SEK million	Average number of employees
March	BLIX Consultancy B.V.	Netherlands	Energy	50	25
March	XPRO AS	Norway	Infrastructure	71	40
April	Grünenfelder + Keller Winterthur	Switzerland	Infrastructure	19	11
May	KSH Solutions Inc.	Canada	Process Industries	180	130
Total				320	206

¹⁾ Company name at time of acquisition.

Acquired companies

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 23 million.

Holdback

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

Other intangible assets

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

Transaction costs

Transaction costs are recognised in Other external costs in the income statement. Transaction costs amounted to SEK 10 million for the period.

Revenue and profit/loss from acquired companies

The acquired companies are expected to contribute net sales of approximately SEK 320 million and operating profit of roughly SEK 56 million over a full year.

Since their acquisition dates, acquired companies have contributed SEK 153 million to consolidated revenue and SEK 19 million to operating profit.

Divestments

During the second quarter, AFRY finalised the divestment of its Russian subsidiary to the local management team. The business includes around 125 employees and accounts for less than 1 percent of AFRY's total sales. The Group's estimated capital losses amounted to SEK -64 million, of which SEK -66 million impacted net profit in 2022, as a result of the write-down of our business in Russia. The divestment had an impact on the Group's cash flow of SEK -107 million.

Acquisitions after the end of the reporting period

After the end of the reporting period, no acquisitions have been concluded.

Acquired companies' net assets on acquisition date

SEK million	Jan-Sep 2023
Intangible assets	-
Property, plant and equipment	4
Right-of-use assets	6
Financial assets	0
Trade and other receivables	74
Deferred tax asset	0
Cash and cash equivalents	57
Trade payable, loans and other liabilities	-70
Net identifiable assets and liabilities	72
Goodwill	337
Fair value adjustment, intangible assets	13
Fair value adjustment, non-current provisions	-3
Purchase consideration including estimated contingent consideration	419
Transaction costs	10
Less:	
Cash (acquired)	57
Estimated contingent consideration	20
Holdback	10
Net cash outflow	342

Note 6

Financial instruments

Valuation principles and classification of the Group's financial assets and liabilities, as described in Note 13 of AFRY's 2022 Annual and Sustainability Report, have been applied consistently throughout the reporting period.

Financial assets and liabilities

SEK million	Level	30 Sep 2023	30 Sep 2022	31 Dec 2022
Financial assets measured at fair value				
Interest rate derivatives, hedge accounting applied	2	110	160	132
Forward exchange contracts, hedge accounting applied	2	22	4	15
Forward exchange contracts, hedge accounting not applied	2	35	60	45
Bought foreign exchange options	2	0	–	4
Total		167	224	197
Financial assets not recognised at fair value				
Trade receivables		4,346	4,372	5,205
Revenue generated but not invoiced		3,264	2,414	2,325
Financial investments		9	8	8
Non-current receivables		9	13	12
Cash and cash equivalents		853	862	1,088
Total		8,481	7,669	8,638

SEK million	Level	30 Sep 2023	30 Sep 2022	31 Dec 2022
Financial liabilities measured at fair value				
Interest rate derivatives, hedge accounting applied	2	85	13	17
Forward exchange contracts, hedge accounting applied	2	23	18	18
Forward exchange contracts, hedge accounting not applied	2	53	82	54
Sold foreign exchange options	2	2	–	2
Contingent considerations	3	182	203	197
Total		345	315	287
Financial liabilities not recognised at fair value				
Bank loans		2,981	2,665	2,587
Bonds		2,500	2,500	2,500
Commercial paper		693	200	189
Staff convertibles		147	315	316
Lease liabilities		2,031	2,152	2,203
Work invoiced but not yet carried out		1,983	2,054	2,134
Trade payables		1,039	960	1,286
Total		11,374	10,845	11,214

Fair value of financial assets and liabilities

Recognised and fair values of the Group's financial assets and liabilities are presented in the table on the left. The fair value of derivatives is based on level 2 of the fair value hierarchy. Contingent considerations are valued at market value in accordance with level 3. Derivative instruments where hedge accounting is not applied are measured at fair value through profit or loss, and derivatives where hedge accounting is applied are measured at fair value through other comprehensive income. All other financial assets and liabilities are measured at amortised cost. Compared with 2022, no switches have been made between different levels in the fair value hierarchy for derivatives or loans. Nor have any significant changes been made in terms of valuation techniques, inputs or assumptions.

Contingent considerations

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

SEK million	30 Sep 2023
Opening balance 1 January 2023	197
Acquisitions for the year	20
Payments	-34
Changes in value recognised in income statement	-15
Adjustment of preliminary acquisition analysis	–
Discounting	8
Translation differences	5
Closing balance	182

Note 6, cont.

Derivative instruments

SEK million	Level	30 Sep 2023	30 Sep 2022	31 Dec 2022
Forward exchange contracts, hedge accounting not applied				
Total nominal values		3,238	3,028	2,741
Fair value, profit	2	35	60	45
Fair value, loss	2	-53	-82	-54
Fair value, net		-18	-22	-9
Forward exchange contracts, cash flow hedging reporting				
Total nominal values		762	504	702
Fair value, profit	2	22	4	15
Fair value, loss	2	-23	-18	-18
Fair value, net		-1	-14	-2
Bought foreign exchange options, no hedge accounting				
Total nominal values		127	-	270
Fair value, profit	2	-	-	2
Fair value, loss	2	-1	-	-
Fair value, net		-1	-	2

SEK million	Level	30 Sep 2023	30 Sep 2022	31 Dec 2022
Sold currency options, no hedge accounting				
Total nominal values		250	-	540
Fair value, profit	2	0	-	1
Fair value, loss	2	-1	-	0
Fair value, net		-1	-	1
Cross currency rate swaps, hedge accounting for net investments applied				
Total nominal values		1,850	1,850	1,850
Fair value, profit	2	-	61	31
Fair value, loss	2	-85	-13	-17
Fair value, net		-85	49	14
Interest rate swaps, cash flow hedge accounting applied				
Total nominal values		1,376	1,045	1,056
Fair value, profit	2	110	98	101
Fair value, loss	2	-	-	-
Fair value, net		110	98	101

Note 7

Related party transactions

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

Note 8

Significant events after the end of the reporting period

The improvement programme for the Infrastructure Division entails structural changes and capacity adjustments with a planned reduction of approximately 300 full-time positions in total, of which 150 positions in Sweden and Finland with estimated restructuring costs of SEK 50 million in the fourth quarter, as well as the remaining 150 positions in the first half of 2024.

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.

Definitions

The key ratios and alternative performance measures (APMs) used in this report are defined in AFRY's Annual and Sustainability Report 2022 and on our website: <https://afry.com/en/investor-relations/>.

Organic growth

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

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group ¹	
	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
%														
Total growth	14.0	19.3	5.7	9.2	15.8	30.1	19.7	25.0	1.4	24.8	24.9	17.0	14.3	19.9
(-) Acquired	1.0	6.4	0.0	1.5	3.2	0.0	3.0	3.8	0.0	10.6	0.0	0.0	1.5	3.7
(-) Currency effect	5.4	4.9	1.3	1.8	6.3	10.9	8.9	8.1	0.5	4.4	12.7	9.3	5.6	6.0
Organic	7.6	8.0	4.5	6.0	6.4	19.1	7.8	13.1	0.9	9.8	12.2	7.7	7.3	10.2
(-) Calendar effect	-1.4	-0.4	-1.7	-0.1	-2.1	0.0	-1.7	-0.3	-1.5	0.3	-1.2	-1.1	-1.7	-0.2
Organic growth adjusted for calendar effects	8.9	8.5	6.1	6.0	8.4	19.1	9.5	13.4	2.4	9.4	13.4	8.8	8.9	10.4
SEK million														
Total growth	273	317	68	102	175	256	143	145	4	48	73	42	760	879
(-) Acquired	20	105	0	16	35	0	22	22	0	21	0	0	77	164
(-) Currency effect	106	80	15	20	70	93	65	47	1	9	37	23	298	264
Organic	147	132	53	65	70	163	56	76	2	19	36	19	385	452
(-) Calendar effect	-26	-7	-20	-1	-23	0	-13	-2	-4	1	-3	-3	-88	-9
Organic growth adjusted for calendar effects	174	139	73	66	93	162	69	78	6	18	39	21	472	461

¹The Group includes eliminations.

Organic growth cont.

	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group ¹	
	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022
%														
Total growth	14.3	14.5	10.4	11.5	24.6	21.0	19.5	11.7	4.5	30.4	24.6	21.3	17.1	16.1
(-) Acquired	0.8	6.9	0.0	2.0	1.4	1.5	3.5	2.1	0.9	24.2	0.0	0.0	1.0	4.8
(-) Currency effect	4.1	3.6	1.1	1.0	6.4	7.7	7.8	5.7	0.1	1.5	10.8	8.5	4.7	4.4
Organic	9.4	3.9	9.3	8.4	16.8	11.8	8.3	3.9	3.5	4.7	13.8	12.8	11.4	6.9
(-) Calendar effect	-0.5	0.0	-0.6	0.0	-0.3	-0.4	-1.1	0.4	-0.4	0.0	-0.6	-0.1	-0.5	-0.1
Organic growth adjusted for calendar effects	10.0	3.9	9.9	8.4	17.1	12.2	9.4	3.5	3.8	4.7	14.4	12.9	11.9	6.9
SEK million														
Total growth	919	818	408	406	817	577	428	230	39	199	212	148	2,900	2,348
(-) Acquired	49	391	0	72	45	41	76	42	8	158	0	0	177	703
(-) Currency effect	263	204	43	36	213	212	170	111	1	10	93	59	791	641
Organic	607	223	365	298	558	325	182	77	30	31	119	89	1,931	1,003
(-) Calendar effect	-35	1	-23	0	-9	-11	-24	8	-3	0	-5	-1	-93	-11
Organic growth adjusted for calendar effects	643	222	388	299	567	336	206	69	34	31	124	90	2,024	1,014

¹The 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.

SEK million	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group ¹	
	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
EBIT (operating profit/loss)	67	120	70	94	122	101	79	58	-9	-5	44	41	270	265
Acquisition-related items														
Amortisation and impairment of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	46	43
Revaluation of contingent considerations	-	-	-	-	-	-	-	-	-	-	-	-	-6	0
Divestment of operations	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Impairment of business	-	-	-	-	-	-	-	-	-	-	-	-	0	66
Profit/loss (EBITA)	67	120	70	94	122	101	79	58	-9	-5	44	41	310	376
Items affecting comparability														
Restructuring costs AFRY X Division	-	-	-	-	-	-	-	-	-	-	-	-	16	-
Cost of customisation/configuration of cloud-based IT systems	-	-	-	-	-	-	-	-	-	-	-	-	-	8
EBITA excl. items affecting comparability	67	120	70	94	122	101	79	58	-9	-5	44	41	326	384
%														
EBIT margin	3.0	6.2	5.5	7.9	9.5	9.2	9.1	8.0	-3.7	-2.2	12.0	13.9	4.5	5.0
Acquisition-related items														
Amortisation and impairment of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	0.8	0.8
Revaluation of contingent considerations	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	0.0
Divestment of operations	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0
Impairment of business	-	-	-	-	-	-	-	-	-	-	-	-	0.0	1.2
Profit/loss (EBITA margin)	3.0	6.2	5.5	7.9	9.5	9.2	9.1	8.0	-3.7	-2.2	12.0	13.9	5.1	7.1
Items affecting comparability														
EBITA margin excl. items affecting comparability	3.0	6.2	5.5	7.9	9.5	9.2	9.1	8.0	-3.7	-2.2	12.0	13.9	5.4	7.3

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

¹⁾ The Group includes eliminations.

EBITA/EBITA excluding items affecting comparability cont.

SEK million	Infrastructure		Industrial & Digital Solutions		Process Industries		Energy		AFRY X		Management Consulting		Group ¹	
	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Sep 2023	Jan-Sep 2022
EBIT (operating profit/loss)	423	474	324	315	489	337	250	200	18	4	137	124	1,278	917
Acquisition-related items														
Amortisation and impairment of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	134	127
Revaluation of contingent considerations	-	-	-	-	-	-	-	-	-	-	-	-	-15	-5
Divestment of operations	-	-	-	-	-	-	-	-	-	-	-	-	0	62
Impairment of business	-	-	-	-	-	-	-	-	-	-	-	-	-	66
Profit/loss (EBITA)	423	474	324	315	489	337	250	200	18	4	137	124	1,396	1,167
Items affecting comparability														
Costs for the premature termination of leases for facilities	-	-	-	-	-	-	-	-	-	-	-	-	23	-
Restructuring costs AFRY X Division	-	-	-	-	-	-	-	-	-	-	-	-	16	-
Restructuring costs Infrastructure Division	-	-	-	-	-	-	-	-	-	-	-	-	-	80
Restructuring costs Group functions	-	-	-	-	-	-	-	-	-	-	-	-	-	20
Cost of customisation/configuration of cloud-based IT systems	-	-	-	-	-	-	-	-	-	-	-	-	-	41
EBITA excl. items affecting comparability	423	474	324	315	489	337	250	200	18	4	137	124	1,436	1,308
%														
EBIT margin	5.7	7.4	7.5	8.0	11.8	10.2	9.5	9.1	1.9	0.5	12.8	14.4	6.4	5.4
Acquisition-related items														
Amortisation and impairment of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.7
Revaluation of contingent considerations	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	0
Divestment of operations	-	-	-	-	-	-	-	-	-	-	-	-	0	0.3
Impairment of business	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4
Profit/loss (EBITA margin)	5.7	7.4	7.5	8.0	11.8	10.2	9.5	9.1	1.9	0.5	12.8	14.4	7.0	6.9
Items affecting comparability	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.8
EBITA margin excl. items affecting comparability	5.7	7.4	7.5	8.0	11.8	10.2	9.5	9.1	1.9	0.5	12.8	14.4	7.2	7.7

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

¹⁾ The Group includes eliminations.

Net debt

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

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

Consolidated net debt (excl. IFRS 16)

SEK million	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023
Loans and credit facilities	5,471	4,913	5,771	5,667	5,580	5,947	6,631	6,312
Net pension liability	205	206	207	174	155	156	155	152
Cash and cash equivalents	-2,112	-902	-1,187	-862	-1,088	-1,162	-1,079	-853
Total net debt	3,565	4,217	4,792	4,979	4,646	4,941	5,708	5,611

Net debt/equity ratio

SEK million	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023
Net debt	3,565	4,217	4,792	4,979	4,646	4,941	5,708	5,611
Equity	10,993	11,420	11,318	11,703	12,178	12,602	12,552	12,537
Net debt/equity ratio, %	32.4	36.9	42.3	42.5	38.2	39.2	45.5	44.8

Consolidated net debt (incl. IFRS 16)

SEK million	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023
Loans and credit facilities	7,633	7,022	7,903	7,819	7,783	8,136	8,763	8,343
Net pension liability	205	206	207	174	155	156	155	152
Cash and cash equivalents	-2,112	-902	-1,187	-862	-1,088	-1,162	-1,079	-853
Total net debt	5,726	6,326	6,923	7,131	6,849	7,130	7,839	7,642

Net debt/EBITDA excl. IFRS 16 rolling 12 months

SEK million	Full year 2021	Apr 2021–Mar 2022	Jul 2021–Jun 2022	Oct 2021–Sep 2022	Full year 2022	Apr 2022–Mar 2023	Jul 2022–Jun 2023	Oct 2022–Sep 2023
Profit/loss (EBITA)	1,662	1,602	1,623	1,632	1,729	2,059	2,025	1,958
Depreciation/amortisation and impairment of non-current assets.	697	703	695	685	702	727	753	780
EBITDA	2,359	2,305	2,318	2,317	2,430	2,786	2,778	2,738
Lease expenses	-564	-554	-543	-535	-540	-577	-614	-650
EBITDA excl. IFRS 16	1,796	1,751	1,775	1,783	1,890	2,209	2,164	2,088
Net debt	3,565	4,217	4,792	4,979	4,646	4,941	5,708	5,611
Net debt/EBITDA, excl. IFRS 16, rolling 12 months, times	2.0	2.4	2.7	2.8	2.5	2.2	2.6	2.7
Items affecting comparability	50	150	165	171	157	44	47	55
EBITDA excl. IFRS 16 and items affecting comparability	1,846	1,901	1,940	1,953	2,047	2,253	2,212	2,143
Net debt	3,565	4,217	4,792	4,979	4,646	4,941	5,708	5,611
Net debt/EBITDA, excl. IFRS 16 and items affecting comparability, rolling 12 months, times	1.9	2.2	2.5	2.5	2.3	2.2	2.6	2.6

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 the return on the owners' invested capital, which gives an indication of the business's ability to create value for its owners.

SEK million	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023
Profit after tax, rolling 12 months	1,130	1,062	945	877	974	1,187	1,214	1,184
Average equity	10,433	10,715	10,872	11,171	11,522	11,844	12,071	12,314
Return on equity, %	10.8	9.9	8.7	7.8	8.5	10.0	10.1	9.6

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	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023
Profit after financial items rolling 12 months	1,393	1,324	1,196	1,116	1,220	1,498	1,549	1,526
Financial expenses, rolling 12 months	148	167	162	117	206	247	306	322
Profit/loss	1,542	1,491	1,358	1,233	1,426	1,746	1,855	1,848
Average balance sheet total	24,383	24,831	25,373	25,912	26,711	27,211	27,961	28,238
Average other current liabilities	-6,020	-6,164	-6,386	-6,496	-6,853	-6,964	-7,184	-7,163
Average other non-current liabilities	-200	-216	-229	-235	-237	-232	-210	-177
Average deferred tax liability	-229	-219	-210	-197	-190	-184	-186	-185
Capital employed	17,934	18,232	18,547	18,985	19,432	19,831	20,382	20,712
Return on capital employed, %	8.6	8.2	7.3	6.5	7.3	8.8	9.1	8.9

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 business is reviewing its financing structure or is utilising its equity to finance an expansion.

SEK million	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023
Equity	10,993	11,420	11,318	11,703	12,178	12,602	12,552	12,537
Balance sheet total	25,913	25,762	26,917	26,971	27,996	28,411	29,513	28,298
Equity ratio, %	42.4	44.3	42.0	43.4	43.5	44.4	42.5	44.3

Making Future



Stockholm, Sweden – 27 October 2023

AFRY AB (publ)
Jonas Gustavsson
President and CEO

This information fulfils the disclosure requirements of AFRY AB (publ) 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 27 October 2023, 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:	27 October 2023 10.00 CET
Webcast:	https://youtube.com/live/bFKGRC6_uRs
For analysts/investors:	Click here to connect to the meeting With the opportunity to ask questions

Calendar

Q4 2023	2 February 2024
Q1 2024	23 April 2024
Annual General Meeting	23 April 2024
Q2 2024	16 July 2024
Q3 2024	25 October 2024