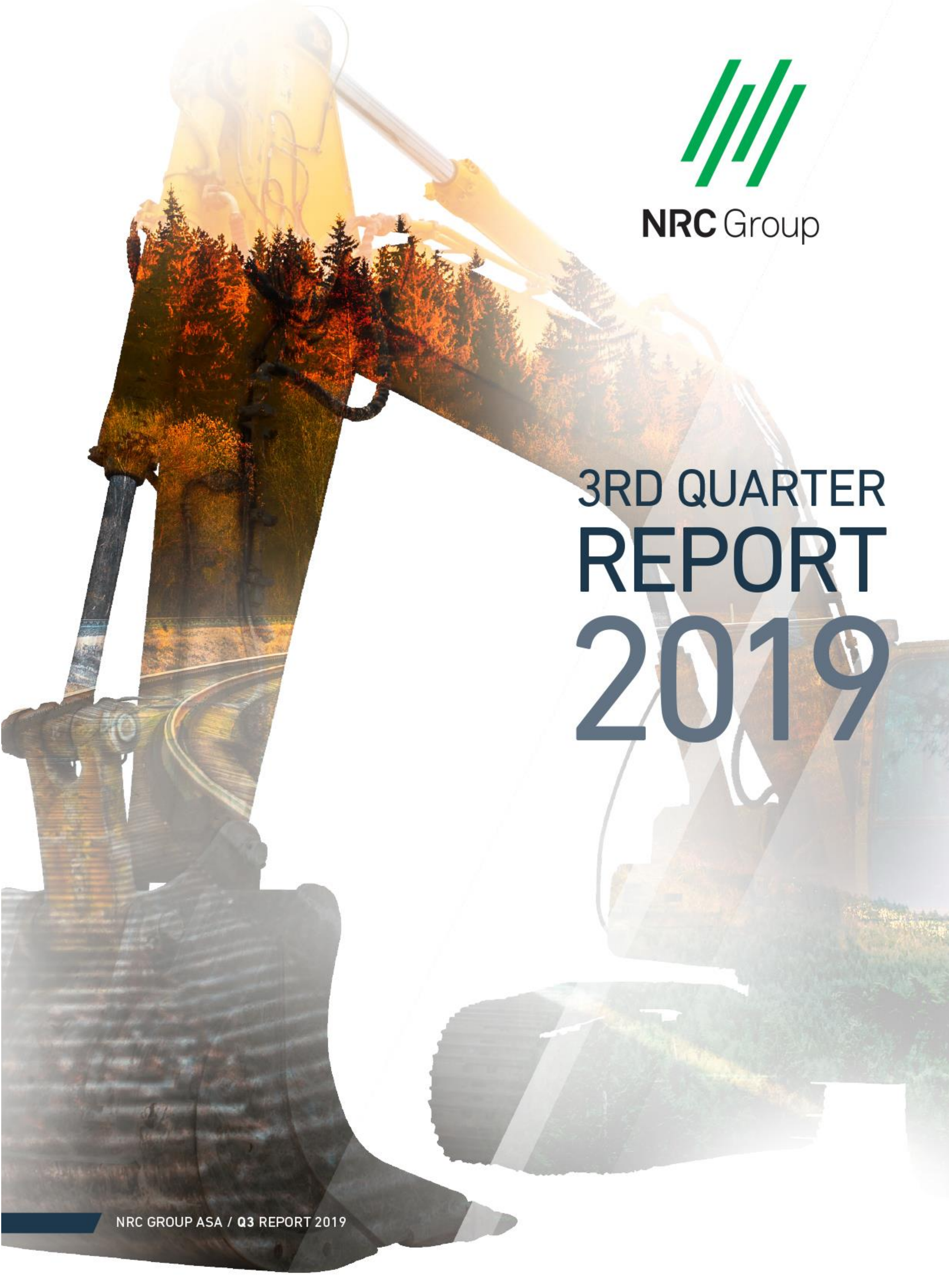

NRC Group

3RD QUARTER REPORT 2019

Highlights

3rd quarter 2019

/ KEY FIGURES Q3 2019

- Revenues of NOK 1,850 million vs NOK 851 million in Q3 2018
- Total EBITDA* of NOK 153 million vs NOK 71 million in Q3 2018
- Order intake in the quarter amounting to NOK 1,135 million
- Order backlog** of NOK 6,852 million

/ KEY EVENTS

- VR Track integration continued as planned
- Successful placement of a NOK 600 million senior unsecured bond to increase financial flexibility
- Subsequent to the quarter, appointed to largest rail contract ever in Norway of NOK 793 million by Bane NOR
- Divestment of Design segment completed on 1 November as planned

* Before other income and expenses (M&A expenses)

**Excluding Design segment which is reported as discontinued operations

NRC Group

NRC Group is the largest specialised rail infrastructure company in the Nordic region following the acquisition of VR Track Oy in January 2019. The Group is a supplier of all rail, road and harbour related infrastructure services, including groundwork, specialised trackwork, safety, electro, telecom and signalling systems, and environmental services.

Key figures

(Amounts in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue	1 850	851	4 531	2 206	3 176
EBITDA*	153	71	254	139	132
EBITA*	105	54	102	93	57
EBIT*	87	44	49	74	29
EBITDA* (%)	8,3 %	8,4 %	5,6 %	6,3 %	4,2 %
Other income and expenses	-7	-14	-59	-14	-28
EBITDA	146	58	195	125	104
EBITA	98	40	43	79	29
EBIT	80	30	-10	60	1
Employees	2 126	874	2 126	874	879
Investments	4	140	1 173	150	153
Order backlog	6 852	2 802	6 852	2 802	2 748

Excluding Design segment which is reported as discontinued operations.

* Before other income and expenses (M&A expenses)

Comments on third quarter 2019 results

Strong growth in revenue and profit

Third quarter revenue was NOK 1,850 million, an increase of 117% from the NOK 851 million reported for the same period of 2018, mainly driven by acquisitions. Group EBITDA* was NOK 153 million and the EBITDA* margin was 8.3%. All key numbers exclude Design being reported as discontinued operations.

The Norwegian operation continued to deliver strong growth and good profitability in the third quarter driven by Construction and Environment. Revenue was NOK 683 million compared to NOK 421 million in the third quarter of 2018. The organic growth was 22%. EBITDA* margin was 10.9%.

Revenue from the Swedish operation amounted to NOK 460 million for the quarter compared to NOK 433 million in the third quarter of 2018. The organic growth was -18%. EBITDA* margin was 2.9%. The performance continued to reflect low profitability due to lower revenue and higher costs than normal. The revenue is affected by low order backlog at the start of 2019 and lower number of smaller projects in the market with execution in 2019. Measures have been taken to improve the profitability.

Finland had revenue of NOK 712 million and an EBITDA* margin of 9.8%. The organic growth continued strong, with 19% in the quarter. The growth was mainly driven by the alliance projects, Tampere Light Rail and Jokeri Light Rail. The EBITDA* margin has decreased somewhat in third quarter compared with the same quarter last year. This is due to that a larger share of the revenue is from alliance projects, and that the Jokeri Light Rail project is in the early phase. In addition, there has been lower volume of smaller core rail projects in the market.

Third-quarter order intake was NOK 1,135 million. Announced contracts amounted to NOK 311 million and unannounced order intake was NOK 824 million. New orders included the EUR 20.7 million contract to build 12.5 km double track between Joutseno and Rauha in Finland. The order backlog for own production (excluding Design) was NOK 6.9 billion at the end of September. Approximately 21% of the backlog is estimated for production in 2019.

Subsequent to the quarter, NRC Group was appointed to the largest ever rail contract in Norway by Bane NOR. The contract is estimated to NOK 793 million and is for a new double track between Nykirke and Barkåker at the Vestfold line as part of the InterCity project.

Following the acquisition of VR Track and the subsequent restructuring of the Swedish operation announced in January 2019, NRC Group stated an expectation of total Group revenue of approximately NOK 6.5 billion, excluding Design, for 2019. Adjusting for the lower-than-expected activity in Sweden, Group revenue is now expected to be in the range of NOK 6.0 billion to NOK 6.2 billion for the full year.

On 12 August, NRC Group entered an agreement for the sale of its Finnish design division, including the subsidiaries Nordic Infrapro AB in Sweden and NRC Arcus Oy in Finland (the operating segment Design) to Sweco for an enterprise value of EUR 42.5 million on a cash and debt free basis with normalised working capital. The divestment was a strategic step to focus on NRC Group's core business, and release resources to drive growth in other business areas. The transaction was closed 1 November. Based on the agreement, the operating segment in the third quarter report has been reclassified to discontinued operations, presented on a single line in the profit and loss accounts. The net proceeds from the transaction has been used to repay parts of NRC Group’s bank debt.

On 29 August, NRC Group announced that the Company had successfully completed an issuance of a NOK 600 million 5-year senior unsecured bond to increase the Group’s financial flexibility. The net proceeds from the bond issue was used to refinance existing short-term bank debt. The transaction was substantially oversubscribed.

The Norwegian market remains active with several ongoing tenders for larger projects covering several special competencies. This is in line with the Group’s strategic positioning in recent years. The 2020 national budget confirmed broad political support to improving the national railway system. Nearly NOK 27 billion is allocated to the railway sector in 2020, up 4.5% from the revised 2020 budget. New investments are expected to increase 8% in 2020 to NOK 13.2 billion on higher construction activity. The budget for operations, maintenance and renewal was up 3% to NOK 8.7 billion, including ERTMS investments of NOK 1.4 billion and at least NOK 2.2 billion in renewal projects. The planned investment, maintenance and renewal spending remains below the average annual level of the 2018-29 National Transport Plan (NTP) for a third consecutive year. The maintenance backlog is expected to increase further to NOK 21 billion at the end of 2020 as renewal investments of NOK 3.5 billion are required to offset actual wear on existing infrastructure. These factors indicate continued growth in railway infrastructure investments and activity in Norway.

Tendering activity in Sweden has increased in 2019 and several projects are expected to be awarded to the market in the late fourth quarter and into first quarter 2020. There will however be a lag before new orders come to execution and impact revenue and margin. In Sweden, the national budget for 2020 forecasts SEK 13.6 billion in new investments, up 30% from revised 2019 figures, and maintenance investments of SEK 10.2 billion, an increase of 1% from revised 2019 spending. In 2021, new investments and maintenance spending are expected to grow by 20% and 18%, respectively. The sum of planned new investments and maintenance spending for the three coming years is estimated to exceed the average annual level for the NTP plan period.

In Finland, the addressable market is expected to grow from an estimated EUR 0,59 billion in 2019 to an estimated EUR 0,89 billion in 2020. The main drivers for the growth are light rail projects, where NRC Group is already part of the projects in the market, and an expected increase in the renewal and reinvestment, based on Governmental decisions in 2019. In addition, there will be a permanent increase of EUR 300 million in the basic transport infrastructure to reduce the maintenance backlog, on top of the existing budget. NRC Group is estimating that EUR 100 million of the 2020-2022 budgets will be allocated to rail yearly. Maintenance is expected to be quite stable in 2020, with 1% growth.

Cash flow

Net cash flow from operating activities for the third quarter 2019 was NOK -24 million compared to NOK 7 million in 2018. The operating cash flow was significantly impacted by increased net working capital and other accruals having a negative impact of NOK -167 million, compared to NOK -47 million in 2018. This is due to high activity during the quarter combined with the impact of new business acquired. Year-to-date cash flow from operating activities was NOK -46 million compared NOK -35 million in 2018.

Net cash flow from investing activities for the third quarter 2019 was NOK -4 million, reflecting only minor investments, compared to NOK -138 million in 2018 which included the acquisitions of Gunnar Knutsen and NSS Holding. The year-to-date net cash from investing activities amounted to NOK -1,364 million which is mainly related to the acquisition of VR Track Oy in January. NOK -218 million relates to discontinued operations and has been reclassified correspondingly.

Net cash flow from financing activities for the third quarter of 2019 was NOK -112 million compared to NOK 98 million in 2018. In September, the Company raised NOK 600 million through the issuance of a 5-year senior unsecured bond with maturity on 13 September 2024. The net proceeds from the bond issue were used to refinance existing bank debt, which combined with ordinary instalments led to net repayment of borrowings of NOK 48 million in the third quarter. In the third quarter of 2018, the Group received NOK 145 million in acquisition related borrowings and paid NOK 30 million of ordinary instalments of bank debt.

Third quarter lease payments were NOK 40 million compared to NOK 13 million in 2018. The change is related to increased activity and the impact of business acquired, as well as the implementation of IFRS 16 and the inclusion of operating lease payments. Total interest payments amounted to NOK 28 million, up from NOK 4 million in 2018 due to the debt financing of the acquisitions and one-time fees related to the bond issue. Proceeds from issuing new shares and treasury shares under the management option plan and employee share programme amounted to NOK 7 million.

Year-to-date cash flow from financing activities was NOK 1,108 million, mainly due to debt raised to finance the acquisition of VR Track.

The cash position at 30 September was NOK 84 million, of which NOK 1 million was restricted cash, including discontinued operations.

Financial position

Intangible assets decreased by NOK 203 million to NOK 2,757 million during the quarter. Subsequent adjustments to the purchase price accounting of VR Track and NSS have increased the goodwill by NOK 40 million. The decision to dispose the Design segment caused a reclassification of intangible assets to assets classified as held for sale of NOK 268 million. Total amortisation of intangible assets for the quarter amounted to NOK 18 million. The remaining increase is related to currency adjustments.

Tangible assets reduced by NOK 12 million to NOK 280 million in the quarter. The change mainly consists of additions of NOK 5 million offset by depreciation in the period. The decrease from NOK 418 million from the end of last year is mainly related to reclassification of financial lease agreements to right-of-use assets effective from 1 January 2019 as well as acquired fixed assets as part of the VR Track acquisition.

Right-of-use assets increased by NOK 12 million to NOK 576 million during the quarter. The increase consists of new lease agreements in the period, netted of by depreciation. Right-of-use assets were reported upon implementation of IFRS 16 effective from 1 January 2019. The assets consist of the net present value of financial lease agreements being reclassified from tangible assets as well as capitalised operating lease agreements. Significant additions were made to the right-of-use assets as part of the VR Track acquisition.

Inventory is related to operation in Finland and decreased by NOK 16 million in the quarter.

Total receivables increased by NOK 149 million to NOK 1,741 million during the quarter, mainly due to increased activity netted of by the reclassification of assets held for sale (Design) of NOK 109 million.

As part of signing the agreement to sell the Design segment, all assets related to Design has been combined and reclassified to assets held for sale, amounting to NOK 419 million. Intangible assets amount to NOK 268 million and receivables NOK 109 million. The rest is right-to-use assets and cash.

The equity ratio is 34% and has not changed during the quarter.

Interest-bearing debt consists of bank loans, bond and discounted cash flow related to lease agreements, including operating lease agreements (mainly real estate rents) under IFRS 16. Short-term interest-bearing financial debt is reduced by NOK 559 million to NOK 198 million during the quarter, mainly due to an acquisition loan of NOK 550 being repaid in full. Short- and long-term lease liability have in total increased by NOK 53 million due to new lease contracts exceeding the depreciations for the period. NOK 27 million was reclassified to discontinued operations, leaving a net increase of NOK 26 million. Long-term financial debt is increased by NOK 518 million to NOK 1,454 million during the quarter. This is related to the bond issue and repayments of bank loans.

Employees

NRC Group employees have a high level of competence. They represent the foundation for growth. As of 30 September 2019, 2,467 people were employed in the Group, including discontinued operations.

Health, safety and environmental considerations are priority areas. NRC Group has adopted HSE policies and implemented guidelines to comply with applicable local regulations and to maintain and develop its HSE standards. NRC Group's HSE efforts are managed on both central and regional levels. NRC Group is highly focused on ESG. The Group align their strategies with the UN Sustainable Development Goals to be able to adjust to global society's future needs and ensure a sustainable business with value creation for its stakeholders. NRC Group is building sustainable infrastructure and will actively seek a minimum of environmental impact in its activities.

The process of improving and updating Group policies, internal routines, risk management procedures and compliance functions is continuous.

Risks

NRC Group is exposed to operational, financial and market risks. Operational risks include risk assessment and contingency appraisal in project tendering, project execution and resource optimisation following fluctuations in seasonal demand in the business of NRC Group.

NRC Group aims to undertake operational risk that the business units can influence and control. NRC Group has developed risk management processes that are well adapted to the business. This includes analysis of project risk from the tendering phase through to completion to ensure appropriate pricing and risk management. NRC Group also seeks to minimise the exposure to risk that cannot be managed.

Financial risks include financial market risk, credit risk and liquidity risk. Financial market risks most relevant for the Group are currency risk and interest rate risk. A Group risk management policy for hedging is implemented to manage this risk. By having operational units in different functional currencies, NRC Group is exposed to currency translation risks related to subsidiaries in Sweden (SEK) and Finland (EUR). The Group uses currency loans to hedge net investments in foreign currencies. Most transactions in the Group are in functional currencies. Significant transactions in other currencies are assessed and hedging instruments are considered to limit the risks associated with foreign exchange. The bond issued in September carries an interest of 3 months NIBOR + 4% until maturity 13 September 2024. The 3 months NIBOR has been hedged to a fixed rate of 1.838% for the full period. The agreement to sell Design was signed 12 August 2019 with an expected closing 1 November 2019 at an enterprise value of EUR 42.5 million. The amount was hedged for the full period at a forward rate of EUR 10.0525.

Liquidity risk is the risk that the Group will be unable to meet its financial obligations when they are due. The Group has total short-term liabilities at the end of September amounting to NOK 2,013 million and current assets of NOK 2,409 million. Total cash amounts to NOK 84 million including discontinued operations in addition to an unused credit facility of NOK 200 million. In August, an agreement for the sale of the Design segment was signed at an enterprise value of EUR 42.5 million. Closing took place 1 November and the net cash proceeds has been utilised for the payment of short-term and long-term interest-bearing liabilities. The central management team and the local managers of the subsidiaries monitor the Group's liquid resources and credit facilities through revolving forecast based on expected cash flow. The cash flow is impacted by seasonal fluctuations.

Work in progress and trade receivables are set out contractually, which means that the amount of capital committed is determined by the credit terms of the contracts. NRC Group's liquidity reserves will normally be at its lowest in the spring and summer due to the seasonality in the business

NRC Group's customers are primarily municipalities or government agencies, or companies or institutions where municipalities or government agencies have a dominant influence. NRC Group considers the risk of potential future bad debt losses from this type of customer to be low.

Outlook

The positive investment outlook for Nordic infrastructure, and especially the railway segment, is supported by strong macro trends and political commitment. The markets in Norway, Sweden and Finland look strong in the coming years.

Combining NRC Group and VR Track has created the largest specialised rail infrastructure company in the Nordic region, with strong capabilities across the entire railway value chain and leading positions in the attractive Norwegian, Swedish and Finnish markets. With a broader operational scope and combining the extensive construction and maintenance expertise, the combined Group will be in a favourable position to capitalise on these positive market trends.

Oslo, 4 November 2019

The Board of Directors of NRC Group ASA

Helge Midttun Chairman of the BoD	**Brita Eilertsen** Board member
Kjersti Kanne Board member	**Harald Arnet** Board member
Mats Williamson Board member	**Rolf Jansson** Board member
Eva Nygren Board member	**Henning Olsen** CEO NRC Group ASA

Interim condensed consolidated statement of profit or loss

(Amounts in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue	1 850	851	4 531	2 206	3 176
Operating expenses	1 697	779	4 277	2 067	3 044
EBITDA before other income and expenses	**153**	**71**	**254**	**139**	**132**
Other income and expenses	-7	-14	-59	-14	-28
EBITDA	**146**	**58**	**195**	**125**	**104**
Depreciation	48	18	152	46	75
Operating profit/loss before amortisation (EBITA)	**98**	**40**	**43**	**79**	**29**
Amortisation	18	10	53	20	28
Operating profit/loss (EBIT)	**80**	**30**	**-10**	**60**	**1**
Net financial items	-17	-4	-53	-5	-11
Profit/loss before tax (EBT)	**63**	**26**	**-63**	**54**	**-10**
Taxes	-14	6	-3	-2	10
Net profit/loss from continuing operations	**49**	**32**	**-66**	**53**	**0**
Net profit from discontinued operations	2	0	14	0	0
Net profit/loss	**50**	**32**	**-52**	**53**	**0**
Profit/loss attributable to:					
Shareholders of the parent	50	32	-52	52	0
Non-controlling interests	0	0	0	0	0
Net profit / loss	**50**	**32**	**-52**	**53**	**0**
EARNINGS PER SHARE IN NOK (ordinary)					
From continuing operations	0,90	0,77	-1,23	1,25	0,01
From discontinued operations	0,03	0,00	0,27	0,00	0,00
From net profit/loss	**0,93**	**0,77**	**-0,97**	**1,25**	**0,01**
EARNINGS PER SHARE IN NOK (diluted)					
From continuing operations	0,89	0,76	-1,22	1,24	0,01
From discontinued operations	0,03	0,00	0,26	0,00	0,00
From net profit/loss	**0,92**	**0,76**	**-0,96**	**1,24**	**0,01**

Interim condensed consolidated statement of comprehensive income

(Amounts in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Net profit / loss	**50**	32	**-52**	53	0
Translation differences	17	6	4	-54	-20
Net gain on hedging instruments	5	0	-12	0	18
Total comprehensive profit/loss	**72**	**38**	**-60**	**-2**	**-2**
Total comprehensive profit/loss attributable to:					
Shareholders of the parent	72	38	-60	-2	-2
Non-controlling interests	0	0	0	0	0
Total comprehensive profit/loss	**72**	**38**	**-60**	-2	-2

Interim condensed consolidated statement of financial position

(Amounts in NOK million)

ASSETS	30.09.2019	30.09.2018	31.12.2018
Deferred tax assets	41	85	45
Goodwill	2 581	1 131	1 192
Customer contracts and other intangible assets	134	46	39
Intangible assets	**2 757**	**1 262**	**1 275**
Tangible assets	280	414	418
Right-of-use assets	576	0	0
Other non-current assets	9	23	11
Total non-current assets	**3 622**	**1 700**	**1 703**
Total inventories	168	0	0
Total receivables	1 741	1 059	819
Cash and cash equivalents	74	189	396
Other current financial assets	7	0	23
Assets classified as held for sale	419	0	0
Total current assets	**2 409**	**1 248**	**1 237**
Total assets	**6 031**	**2 948**	**2 940**

EQUITY AND LIABILITIES	30.09.2019	30.09.2018	31.12.2018
Equity			
Paid-in-capital	1 717	1 053	1 053
Other equity	327	387	387
Total equity attributable to owners of the parent	**2 043**	**1 440**	**1 440**
Non-controlling interests	3	2	2
Total equity	**2 046**	**1 443**	**1 442**
Liabilities			
Pension obligations	15	0	0
Long-term leasing liabilities	420	149	152
Other non-current interest-bearing liabilities	1 454	319	287
Deferred taxes	29	41	20
Other non-current liabilities	54	0	25
Total non-current liabilities	**1 972**	**509**	**486**
Short-term leasing liabilities	172	84	89
Other interest-bearing current liabilities	198	84	86
Other current liabilities	1 549	829	838
Liabilities directly associated with assets held for sale	94	0	0
Total current liabilities	**2 013**	**997**	**1 012**
Total equity and liabilities	**6 031**	**2 948**	**2 940**

Interim condensed consolidated statement of cash flows

(Amounts in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Profit/loss before tax	63	26	-63	54	-10
Depreciation and amortisation	66	28	205	65	103
Taxes paid	0	-4	-26	-14	-28
Net financial items	17	4	53	5	11
Change in working capital and other accruals	-167	-47	-269	-146	131
Net cash flow from operating activities - cont. oper.	**-21**	**7**	**-100**	-35	**206**
Net cash flow from operating activities - disc. oper.	**-4**	**0**	**-55**	0	**0**
Net cash flow from operating activities	**-24**	**7**	**-46**	-35	**206**
Purchase of property, plant and equipment	-4	-1	-22	-10	-14
Acquisition of companies, net of cash acquired	0	-139	-1 151	-139	-139
Net proceeds from sale of property, plant and equipment	0	2	27	4	8
Net cash flow from investing activities - cont. oper.	**-4**	**-138**	**-1 146**	-145	**-146**
Net cash flow from investing activities - disc. oper.	**0**	**0**	**-218**	5	**5**
Net cash flow from investing activities	**-4**	**-138**	**-1 364**	-141	**-140**
Proceeds from issue of shares	5	0	7	0	0
Proceeds from borrowings	600	145	2 022	145	145
Repayments of borrowings	-648	-30	-735	-59	-81
Payments of lease liabilities	-40	-13	-110	-29	-48
Net interest paid	-28	-4	-59	-9	-15
Net proceeds from acquisition/sale of treasury shares	2	0	-8	-3	-3
Dividend paid	0	0	0	-73	-73
Net cash flow from financing activities - cont. oper.	**-109**	**98**	**1 118**	-30	**-76**
Net cash flow from financing activities - disc. oper.	**-4**	**0**	**-9**	0	**0**
Net cash flow from financing activities	**-112**	**98**	**1 108**	-30	**-76**
Net change in cash and cash equivalents	**-141**	**-33**	**-301**	-206	**-10**
Cash and cash equivalents at the start of the period	**226**	**221**	**396**	408	**408**
Translation differences	-1	0	-11	-14	-3
Cash and cash equivalents at the end of the period	**84**	**189**	**84**	189	**396**
Hereof presented as:					
Free cash	83	177	83	177	377
Restricted cash	1	12	1	12	19
Cash and cash equivalents - continuing operations	74	189	74	189	396
Cash and cash equivalents - discontinued operations	10	0	10	0	0

Interim condensed consolidated statement of changes in equity

(Amounts in NOK million)	Share capital	Treasury shares	Other paid-in capital	Hedge reserve	Translation differences	Reserve of disposal group held for sale	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2018	**42**	**0**	**927**		**14**		**374**	**1 357**		**1 357**
Profit/loss for the period							52	52	0	53
Other comprehensive income					-54			-54		-54
IFRS 15 implementation effect							1	1		1
Increase share capital	1		126					127		127
Costs related to capital increase			0					0		0
Dividend paid			-73					-73		-73
Share-based payments			1				0	1		1
Non-controlling interests								0	2	2
Acquisition and sale of treasury shares		0	29					30		30
Total changes in equity	**1**	**0**	**82**	**0**	**-54**		**53**	**83**	**2**	**85**
Equity at 30 September 2018	**43**	**0**	**1 010**	**0**	**-40**	**0**	**427**	**1 440**	**2**	**1 442**
Equity at 1 January 2019	**44**	**0**	**1 009**	**18**	**-6**	**0**	**375**	**1 440**	**2**	**1 442**
Profit/loss for the period							-52	-52	0	-52
Other comprehensive income				-12	4			-8		-8
Discontinued operations				-5	1	5		0		0
Increase share capital	10		654					664		664
Costs related to capital increase			-3					-3		-3
Employee share program			12					12		12
Share-based payments			3					3		3
Acquisition of treasury shares		0	-12					-12		-12
Total changes in equity	**10**	**0**	**654**	**-18**	**5**	**5**	**-52**	**604**	**0**	**604**
Equity at 30 September 2019	**54**	**0**	**1 663**	**0**	**-1**	**5**	**323**	**2 043**	**3**	**2 046**

Notes to the interim condensed consolidated financial statement

General information

The legal and commercial name of the company is NRC Group ASA.

The company is a public limited liability company incorporated in Norway under the Norwegian Public Limited Liability Companies Act with registration number 910 686 909. The company address is Lysaker Torg 25, 1366 Lysaker, Norway.

The company is listed at Oslo Børs under the ticker “NRC” and with ISIN NO0003679102.

Accounting policies and basis for preparation

The condensed consolidated financial statements as per 30 September 2019 are prepared in accordance with IFRS and comprise NRC Group ASA and its subsidiaries. The interim financial report is presented in accordance with IAS 34, Interim Financial Reporting. The accounting principles applied in the interim report are the same as those described in the consolidated accounts for 2018 except for what further described regarding IFRS 16 lease agreements and the classification of interests paid in the cash flow statement. As described in the annual report of 2018, NRC Group has implemented IFRS 16 with effect from 1 January 2019. Upon the new acquisition financing in 2019 and the bond issue in September, the financing activities of the Group have increased significantly. Based on the change, it was decided in the third quarter to reclassify interests paid from operating to financing activities to better reflect the underlying activities in the cash flow statement.

The interim accounts do not contain all the information that is required in complete annual accounts, and they should be read in connection with the consolidated accounts for 2018. The report has not been audited.

The selected historical consolidated financial information set forth in this section has been derived from the company’s consolidated, unaudited interim financial reports for 2018 and audited financial report for the full year of 2018.

In 2019, following the acquisition of NRC Group Finland, the new segments Finland and Design were added to the existing operating segments Norway and Sweden. While the segments Norway, Sweden and Finland are based on the geographical location of the subsidiaries, the segment Design was established to include the specific engineering and consulting services which is distinctly separated from the business in the other segments. In August, an agreement to divest Design was signed and based on this reported as discontinued operations.

Change in accounting principles

This note explains the impact of changes made to the Group's accounting principles implemented in 2019.

Cash flow statement

Upon the acquisition financing in 2019 and the bond issue in September, the financing activities of the Group have increased significantly. Previously, the interest expenses have been considered as part of profit before tax and differences between interest expense and interest paid were included in "Change in working capital and other accruals". To better reflect the underlying activities in the cash flow statement, the interests paid have been reclassified from operating activities and presented under a separate line under financing activities. Interests received are immaterial and therefore interests are presented net. Comparable numbers from prior period have been restated such as:

(Amounts in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Net financial items	19	4	54	5	11
Change in working capital and other accruals	11	0	6	4	4
Changes in net cash flow from operating activities	**29**	**4**	**60**	**9**	**15**
Net interest paid	-29	-4	-60	-9	-15
Changes in net cash flow from financing activities	**-29**	**-4**	**-60**	**-9**	**-15**
Net change in cash and cash equivalents	**0**	**0**	**0**	**0**	**0**

Adjustments recognised on adoption of IFRS 16

The Group has adopted IFRS 16 by applying the modified retrospective approach, which requires the recognition of the cumulative effect of initially applying IFRS 16, as of 1 January 2019, to the retained earnings and not restate prior years. When doing so, the Group also made use of the practical expedient to not recognise a right-of-use asset or a lease liability for leases for which the lease term ends within 12 months of the date of the initial application. Since the Group recognised the right-of-use asset at the amount equal to the lease liabilities (as per IFRS 16.C8 (b)ii), there was no impact on retained earnings.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.04% for Norway and 2.94% for Sweden.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. No measurement adjustments were identified.

The following reconciliation to the opening balance for the operating lease liabilities due to implementation of IFRS 16 as at 1 January 2019 is based upon the operating lease obligations as at 31 December 2018:

(Amounts in NOK million) **Reconciliation**	
Operating lease obligations at 31 December 2018, ref. note 20 in annual report	89
Relief option for short-term assets and low-value assets	-4
Gross lease liabilities at 1 January 2019	**85**
Effect of discounting	-9
Lease liabilities at 1 January 2019	**76**
Of which are:	
Current lease liabilities	19
Non-current lease liabilities	57

Including the financial leased assets already presented as part of the consolidated statement of financial position (NOK 253 million) in 2018, the right-of-use assets as of 1 January 2019 consisted of:

(Amounts in NOK million) **Groups of right-of-use assets**	**Financial lease**	**Adjust.**	**IFRS 16**
Right-of-use: Intangible assets		5	5
Right-of-use: Land, offices and buildings		62	62
Right-of-use: Machinery, cars and equipment	253	9	262
Total right-of-use assets at 1 January 2019	**253**	**76**	**329**

Development of right-of-use assets YTD 2019:

(Amounts in NOK million) **Groups of right-of-use assets**	**30 September 2019**	**1 January 2019**
Right-of-use: Intangible assets	2	5
Right-of-use: Land, offices and buildings	223	62
Right-of-use: Machinery, cars and equipment	377	262
Total right-of-use assets	**602**	**329**
Right-of-use assets discontinued operations	26	0
Right-of-use assets continuing operations	**576**	**329**

The following table shows the movements in the net book values of right-of-use of leased assets and lease liabilities for the period ended 30 September 2019:

(Amounts in NOK million)	**Right-of-use 2019**	**Lease liabilities 2019**
Net book value on January 1	**329**	**-317**
Translation differences	-6	7
Acquisitions of subsidiaries	284	-284
Net additions	115	-24
Depreciation	-119	
Net book value on September 30	**602**	**-618**
Net book value discontinued operations	26	-26
Net book value continuing operations	**576**	**-592**

Practical expedients applied

The Group has elected to use the two exemptions proposed by the standard on the following contracts:

- Lease contracts with a duration of equal to or less than 12 months
- Lease contracts for which the underlying asset has a value when new below NOK 100,000

Options (extension / termination) on lease contracts have been considered on a case by case basis following a regular management assessment. The borrowing rates used for IFRS 16 purposes have been defined based on the underlying countries and asset classes related risks. The Group's expected weighted average incremental borrowing rate is 2.86%.

The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, machinery, equipment and cars. Rental contracts are typically made for fixed periods of 3 to 10 years but may have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment, small items of office furniture and barracks.

Significant estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and assumptions are evaluated continuously and based on historical experience and other factors, including expectations of future events that are regarded as probable under the current circumstances. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

Revenue from contracts with customers
The Group's business mainly consists of execution of projects. The complexity and scope of our projects mean that the project has an inherent risk that the results may differ from expected results. The Group recognises revenue over time using the input method, e.g. contract costs incurred, resources consumed, or hours spent in relation to the total expected input to fulfil the performance obligation. For projects in progress, the uncertainty is mainly linked to the estimate of total expenses and value of any project modifications including any disputes and contractual disagreements.

Goodwill and other intangible assets
The Group performs annual tests to assess the impairment of goodwill, or more frequently if there is an indication of impairment. In the impairment test the carrying amount is measured against the recoverable amount of the cash generating unit to which the asset is allocated. The recoverable amount of cash generating units is determined by calculating its value in use. These calculations require the use of assumptions and estimates related to future cash flows and discount rate. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future net cash inflows and the growth rate used for extrapolation purposes.

Purchase price allocation and accounting for contingent consideration in business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the assets that are contributed as consideration for the acquisition, equity instruments that are issued and liabilities that are assumed. Identifiable acquired assets, liabilities and contingent liabilities that are assumed to be inherent in a business combination are assessed at their fair value. Estimating the fair value of acquired assets, liabilities and contingent liabilities require determination of all facts and information available and how this will impact on the calculations. These calculations require the use of assumptions and estimates related to future cash flows and discount rate.

Contingent consideration to be transferred will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is subsequently measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. The contingent consideration can include facts and circumstances not available at the balance sheet date or assumptions related to future events such as meeting earning targets. Estimating the fair value of contingent consideration require determination of all facts and information available and how this will impact on the calculations. The key assumption is to consider the most likely outcome based on the current state of the target.

Business combinations

VR Track Oy
On 7 January 2019, NRC Group completed the transaction to acquire VR Track Oy at an estimated net settlement of NOK 2,027 million based on an enterprise value of EUR 225 million on a cash and debt free basis with a normalised working capital. VR Track Oy was a Finnish company engaged in the business of railway construction, maintenance services and design with operations in Finland and Sweden. Allocation of the purchase prices were prepared using the acquisition method according to IFRS 3. The allocations in VR Track were not finalised by the date of the quarterly report. Preliminary estimates are made regarding certain aspects of the opening balance sheet and the estimated purchase price.

The acquisition of VR Track OY was financed by cash and issuance of 9,877,953 consideration shares in NRC Group at a fixed price of NOK 75.31. The fair value of the consideration shares on the transaction day amounted to NOK 659 million. The estimated cash settlement amounted to NOK 1,458 million. The cash amount was mainly financed with a EUR 89 million and a NOK 550 million (exchanged to a fixed exchange rate forward contract at 9.5535) loan in Danske Bank. The acquisition of VR Track Oy resulted in an estimated goodwill of NOK 1,601 million. Goodwill is related to the expected synergies arising from the acquired entities' competence within project - and site management as well as construction technique within the groundworks segment. Additionally, it will improve the Group's competence within maintenance and design. The acquisition will strengthen the NRC Group's overall capabilities, enabling the NRC Group to undertake larger, more complex and simultaneous projects. The acquisition will also improve the competitiveness of the Group's Finnish and Swedish operations.

Intangible assets related to the acquisition of VR Track Oy include customer contracts acquired through the business combination of NOK 112 million. They are recognised at their fair value at the date of acquisition and are subsequently amortised according to the straight-line method over their estimated useful life. The allocation of the purchase price resulted in a provision of NOK 1 million related to contract guarantees and a provision of NOK 17 million for loss-making projects, included as other current and non-current liabilities. Due to a subsequent assessment of new information obtained about facts and circumstances that existed as of the acquisition date, a retrospective fair value adjustment of right-to-use assets of NOK 15 million have been made in the third quarter, including a corresponding increase of goodwill (net of taxes).

Presented below is the allocation of the purchase price based on the opening balance for the business combination made in the first quarter of 2019. The purchase price has been allocated at the fair value of the assets and liabilities of the acquired company.

(Amounts in NOK million)	VR Track Oy	VR Track Oy
Date of acquisition	07.01.2019	07.01.2019
Share of ownership	100 %	100 %
	NOK	**EUR**
Estimated cash settlement	1 458	148,8
Fair value of consideration shares in NRC Group ASA	659	67,2
Cash in target	-90	-9,2
Net settlement	**2 027**	**206,8**
		0,0
Property, plant and equipment	114	11,6
Intangible asset: Customer contracts and relations	112	11,4
Other intangible assets	54	5,5
Right-of-use assets	269	27,4
Other non-current assets	17	1,7
Current assets	906	92,4
Long-term leasing liabilities	-216	-22,0
Non-current liabilities	-32	-3,3
Pension obligations	-14	-1,4
Tax payable and deferred tax	-51	-5,2
Short-term leasing liability	-68	-7,0
Other current liabilities	-663	-67,6
Net identifiable assets and liabilities	**426**	**43,5**
Non-controlling interests *	0	0,0
Goodwill (majority share)	**1 601**	**163,3**
Consolidated revenue from date of acquisition	2 324	
Consolidated profit/loss before tax from date of acquisition	88	
Transaction costs expensed in 2018 and 2019	64	

NSS Holding AS

On 11 September 2018, the Group completed the transaction to acquire NSS Holding AS. Based on additional information obtained after that date about facts and circumstances that existed at the acquisition date, in September 2019 an adjustment to the estimated net settlement was made. The adjustment increased the estimated net settlement from NOK 144 million to NOK 172 million, with a corresponding increase of goodwill of NOK 28 million. For further information see note 2 (Business Combinations) to the annual accounts for 2018.

Discontinued operations and assets held for sale

On 12 August 2019, the Group announced the decision of its Board of Directors to sell the Design segment. The transaction was closed on 1 November 2019. At 30 September 2019, Design is classified as a disposal group held for sale and as a discontinued operation. With Design being classified as discontinued operations, the Design segment is no longer presented in the segment note.

The Group classifies disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the disposal group is available for immediate sale in its present condition. These criteria were met when signing the agreement for the sale of the business segment to Sweco 12 August 2019. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

The results of the disposal group (Design) for Q3 and Q3 YTD are presented below:

(Amounts in NOK million)	**Q3 2019**	**YTD 2019**
External	97	295
Inter-segment	10	22
Total revenue	**106**	**317**
EBITDA*	**21**	**46**
Depreciation	8	11
EBITA*	**13**	**35**
Amortisation and impairment	1	4
EBIT*	**12**	**31**
Other income and expenses	4	5
EBIT	**8**	**26**
Net profit	5	19
Eliminations of intercompany transactions	4	5
Net profit from discontinued operations	**2**	**14**

The major classes of assets and liabilities of the Design segment classified as held for sale as at 30 September are, as follows:

(Amounts in NOK million)	**Q3 2019**
Assets	
Intangible assets	268
Tangible assets	6
Right-of-use assets	26
Total receivables	109
Cash and cash equivalents	10
Assets held for sale	**419**
Liabilities	
Long-term leasing liabilities	18
Deferred taxes	3
Short-term leasing liabilities	9
Other current liabilities	65
Liabilities directly associated with assets held for sale	**94**
Net assets directly associated with disposal group	**325**
Amounts included in accumulated OCI:	
Hedge reserve	5
Translations differences	-1
Reserve of disposal group classified as held for sale	**5**

Corporate events during the quarter

On 12 August, an agreement was signed for sale of the Design segment for an enterprise value of EUR 42.5 million on a cash and debt free basis with a normalised working capital. The Design segment includes the Finnish and Swedish design businesses. The transaction was closed on 1 November and was paid in cash in full. In addition, on 12 August, a currency forward contract for selling EUR 42.5 million at a fixed rate of NOK 10.0525 at 1 November was signed. From 12 August, the Design segment was reported as discontinued operations.

On 20 August, a process was initiated to contemplate a bond issue where the net proceeds where to be used to refinance existing bank debt to further increase the financial flexibility. On 29 August, the issuance of a NOK 600 million senior unsecured bond was substantially oversubscribed and successfully completed. Settlement took place 13 September 2019, with final maturity 13 September 2024. The bond issued in September carries an interest of 3 months NIBOR + 4% until maturity 13 September 2024. The 3 months NIBOR has been hedged to a fixed rate of 1.838% for the full period. An application will be made for the bonds to be listed on the Oslo Børs.

Segments

Q3 2019 (in NOK million)	Norway	Sweden	Finland	Other	Consolidated
External	680	459	710	0	1 850
Inter-segment	3	0	2	-5	0
Total revenue	**683**	**460**	**712**	**-5**	**1 850**
EBITDA*	**75**	**14**	**70**	**-5**	**153**
Depreciation	22	11	15	0	48
EBITA*	**52**	**2**	**55**	**-5**	**105**
Amortisation and impairment	7	0	10	1	18
EBIT*	**45**	**2**	**45**	**-6**	**87**
Other income and expenses	6	0	1	0	7
EBIT	**39**	**2**	**45**	**-6**	**80**

Q3 2018 (in NOK million)	Norway	Sweden	Finland	Other	Consolidated
External	418	433		0	851
Inter-segment	3	0		-3	0
Total revenue	**421**	**433**		**-3**	**851**
EBITDA*	**46**	**32**		**-6**	**71**
Depreciation	9	8		0	18
EBITA*	**36**	**23**		**-6**	**54**
Amortisation and impairment	4	6		0	10
EBIT*	**33**	**17**		**-6**	**44**
Other income and expenses	1	0		12	14
EBIT	**32**	**17**		**-19**	**30**

YTD 2019 (in NOK million)	Norway	Sweden	Finland	Other	Consolidated
External	1 692	1 168	1 670	0	4 531
Inter-segment	7	1	4	-12	0
Total revenue	**1 699**	**1 169**	**1 674**	**-12**	**4 531**
EBITDA*	**153**	**-6**	**138**	**-32**	**254**
Depreciation	64	36	51	1	152
EBITA*	**89**	**-42**	**87**	**-33**	**102**
Amortisation and impairment	22	0	30	1	53
EBIT*	**67**	**-42**	**57**	**-33**	**49**
Other income and expenses	11	0	47	1	59
EBIT	**56**	**-42**	**10**	**-34**	**-10**

YTD 2018 (NOK million)	**Norway**	**Sweden**	**Finland**	**Other**	**Consolidated**
External	960	1 246		0	2 206
Inter-segment	9	1		-9	0
Total revenue	**968**	**1 247**		**-9**	**2 206**
EBITDA*	**70**	**86**		**-18**	**139**
Depreciation	22	23		0	46
EBITA*	**48**	**63**		**-18**	**93**
Amortisation and impairment	12	8		0	20
EBIT*	**36**	**55**		**-18**	**74**
Other income and expenses	1	0		12	14
EBIT	**35**	**55**		**-30**	**60**

FY 2018 (in NOK million)	**Norway**	**Sweden**	**Finland**	**Other**	**Consolidated**
External	1 587	1 589		0	3 176
Inter-segment	11	2		-13	0
Total revenue	**1 598**	**1 591**		**-13**	**3 176**
EBITDA*	**136**	**26**		**-31**	**132**
Depreciation	40	35		0	75
EBITA*	**96**	**-9**		**-31**	**57**
Amortisation and impairment	20	8		0	28
EBIT*	**76**	**-16**		**-31**	**29**
Other income and expenses	7	0		21	28
EBIT	**69**	**-16**		**-52**	**1**

*Before other income and expenses (M&A expenses)

Transactions between related parties

NRC Group ASA had no significant related party transactions other than ordinary cause of business in the third quarter 2019. Note 6 and 7 in the annual report for 2018 provide further disclosures on the size and types of related party transactions during the previous years. NRC Group ASA has agreements with Board members for consultancy services related to certain internal projects such as acquisitions and management recruitment. The agreements are based on hourly rates and are carried out on arm's length terms. Currently, there exists agreements with Visento AS, Hermia AS and Mats Williamson. The Chairman of the Board, Helge Midttun, is the owner of Visento AS. The Board member Harald Arnet is the majority owner of Hermia AS.

Contract announcements

The table presented below provides an overview of the Stock Exchange announced contracts during third quarter 2019.

(Amounts in NOK million)

Client	Estimated value	Country
Finnish Transport Infrastructure Agency	71	Finland
Finnish Transport Infrastructure Agency	33	Finland
Finnish Transport Infrastructure Agency	206	Finland
Total	**311**	

Events after the end of the period

On 11 October, NRC Group was appointed to a EUR 20.3 million signalling system renewal contract in Finland by The Finnish Transport Infrastructure Agency.

On 24 October, NRC Group was appointed to a NOK 793 million contract by Bane NOR for building 13.6 kilometres of double track on the railway connection between Nykirke and Barkåker on the Vestfold line in Norway.

On 25 October, The Swedish Transport Administration decided to exercise the contract option with NRC Group for the maintenance of railways on Västra Götaland Väst in Sweden. The contract option is valued at approximately SEK 130 million.

On 1 November the agreement to sell the Design segment to Sweco for an enterprise value of EUR 42.5 million on a cash and debt free basis with normalised working capital was completed.

IR Policy

The company's objective is to serve the financial market precise and relevant information about the company to ensure that the share price reflects the underlying values and future prospects.

The company discloses price sensitive information relating to significant contracts and investments or other material changes or events in NRC Group to investors and other market players through the Oslo Stock Exchange, www.newsweb.no, and the company's website, www.nrcgroup.com. In addition, the company intends to publicly disclose all tenders awarded with value exceeding NOK 30 million. All tenders awarded are normally subject to a 10-days appeal period before the award is definitive. The company's policy is to not inform the market of expiry of any such appeal period unless an actual appeal has been filed and the company is informed by the customer that the appeal is being considered and that this may lead to a delay or cancellation of the contract. Information about other tenders awarded will be updated quarterly as part of the company's order backlog.

Dividend Policy

The company expects to create value for its shareholders by combining increased share value in a long-term perspective and distribution of dividends. The company aims to have a dividend policy comparable with peer Groups in the industry and to give its shareholders a competitive return on invested capital relative to the underlying risks. The Board of Directors at NRC Group has introduced a dividend policy whereby, subject to a satisfactory underlying financial performance, it is NRC Group's ambition over time to distribute as dividend a minimum of 30% of the profit for the year. The target level will be subject to adjustment depending on possible other uses of funds.

Alternative performance measures and definitions

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by Group management and Board of Directors to measure the company's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.

CONTRACT VALUE
The amount stated in the contract for contract work excluding VAT.

EBT
Profit before tax.

EBIT
Operating profit.

EBIT %
Operating profit in relation to operating revenues.

EBITA
Operating profit plus amortisations on intangible assets, including intangible assets such as customer relations and order backlog accounted for as part of the purchase price allocation under business combinations.

EBITDA
Operating profit plus depreciations on fixed assets and right to use assets and amortisations.

EBITDA %
EBITDA in relation to operating revenues.

EBIT*, EBITA* and EBITDA* (ex M&A)
EBIT, EBITA and EBITDA plus other income and expenses.

EBITDA* (ex M&A) %
EBITDA ex M&A in relation to operating revenues.

M&A EXPENSES
Expensed external costs related to merger and acquisitions, including any subsequent adjustments to the final settlement that is not included in the final purchase price allocation.

EQUITY RATIO
Total equity in relation to total assets.

INVESTMENTS
Cash proceeds for purchase of property, plant and equipment and net cash proceeds for acquisitions of subsidiaries.

NET CASH/ NET DEBT
Cash and cash equivalents minus interest-bearing liability.

OTHER INCOME AND EXPENSES
Other income and expenses consist of M&A expenses and any subsequent adjustment of contingent considerations in business combinations recognised in profit or loss.

ORDER BACKLOG
Total nominal value of orders received less revenue recognised on the same orders.

ORDER INTAKE
Total nominal value of orders received.

ORGANIC GROWTH
Total revenue growth compared to comparable numbers for the same period prior year including full year revenue effect (proforma) for any acquired business.

Reconciliation of EBIT*, EBITA* and EBITDA* (ex M&A):

(Amounts in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Operating profit/loss (EBIT)	80	30	-10	60	1
Other income and expenses	7	14	59	14	28
EBIT*	**87**	**44**	**49**	**74**	**29**
Amortisation	18	10	53	20	28
EBITA*	**105**	**54**	**102**	**93**	**57**
Depreciation	48	18	152	46	75
EBITDA*	**153**	**71**	**254**	**139**	**132**

NRC Group ASA

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Board of Directors

Helge Midttun	Chairman
Brita Eilertsen	Board member
Kjersti Kanne	Board member
Harald Arnet	Board member
Mats Williamson	Board member
Rolf Jansson	Board member
Eva Nygren	Board member

Management

Henning Olsen	CEO
Dag Fladby	CFO
Hans Olav Storkås	MD NRC Norway
Harri Lukkarinen	MD NRC Finland
Robert Röder	MD NRC Sweden

/ FINANCIAL CALENDAR 2019

13 February 2020	**4th quarter 2019 result report and presentation**

NRC Group