

QUARTERLY REPORT

24 November 2023

Q3



 NRC Group

From the CEO

I am honored and excited to address you as the new CEO of NRC Group, as we embark on a journey into the next five-year strategy period. First of all, I would like to thank my new colleagues for warmly welcoming me to the company. The experience, knowledge and competence impress me in so many ways. Our mission is clear – to build and maintain sustainable infrastructure in the Nordics while driving profitable growth.

Many industries have faced considerable uncertainty in the past years from increased global tensions and unpredictability across the global economy. The direct effect has been limited to NRC Group, as our business model and market has proven resilient. Investing and maintaining sustainable infrastructure has been and will continue to be a high priority in all our markets.

As we plan the track for the new strategy from 2024 to 2028, the outlook for our company is promising. With a solid foundation after four years of challenges, we are now well positioned to capitalize on the strong market we operate within. We will analyse our strengths, identify existing and emerging opportunities, and tackle challenges with determination. The demand to build and maintain critical infrastructure is increasing, and the tender pipeline has reached a record high level. Our unique position in the industry, with specialized competence to construct sustainable infrastructure, gives us a competitive advantage.

Norway has been consistently on a positive margin trajectory the last two years, showcasing improved performance since the beginning of 2022. To secure and amplify our future success for Norway, our focus now lies in securing significant contracts. This presents us with an exciting opportunity to leverage our proven specialized capabilities.



The turnaround plan in Sweden is well on track and our measures to improve profitability are clearly yielding results. The recent win of a significant Rail construction contract, track renewal of Pitebanan and Skelleftebanan valued at nearly 400 million, confirms our progress and creates renewed confidence in future projects for this business segment after navigating through a few challenging years.

While we have achieved strong profitability levels in Finland over the years, it is realistic to assume that the profitability in this business segment will be reduced to a lower, yet sustainable level. We now dedicate efforts to conducting analysis of the Finnish operations, in order to streamline and make the operations more cost effective.

We are confirming our commitment to achieving profitability above 5% for the company. This journey will be demanding, but it is one we are well-prepared to undertake. During this transition, we remain steadfast in our mission to create value for our employees, customers and shareholders. Our commitment to excellence, innovation, and ethical business practices remains. We will continue to invest in our people, foster a culture of collaboration and accountability, and diligently manage our resources efficiently.

Thank you for your trust in us, and I look forward to working with all of you as we write the next chapter of our company's exciting journey.



Stay healthy and safe,

Anders Gustafsson,
CEO NRC Group

Group highlights

3rd quarter

- Revenue of NOK 1,844 million (NOK 1,988 million), -7% growth and -13% organic growth
- Operating profit (EBIT adj.) of NOK 80 million (NOK 91 million), corresponding to a margin of 4.3% (4.6%)
- Order backlog reduced from NOK 8,610 million to NOK 6,613 million explained by a book-to-bill ratio of 0.4x in the quarter
- Financial improvement in Norway and Sweden continues, while profitability in Finland has decreased
- Operating cash flow of NOK 12 million (NOK 96 million) due to increased working capital. Net interest-bearing debt increased by NOK 25 million to NOK 992 million
- Tender pipeline within Rail construction remains strong across all segments

Year to date

- Revenue of NOK 4,932 million (NOK 5,075 million)
- Operating profit (EBIT adj.) of NOK 96 million (NOK 110 million), corresponding to a margin of 2.0% (2.2%)
- Operating cash flow of NOK 70 million (NOK 75 million) and net interest-bearing debt at NOK 992 million (NOK 950 million at year-end 2022)
- Successful completion of the sale of the Gravco business unit in first quarter
- In Q1, the Civil construction division in Sweden was decided to be discontinued, and in Q3 disposal of the business has been completed

EBIT ADJ. % Q3 2023

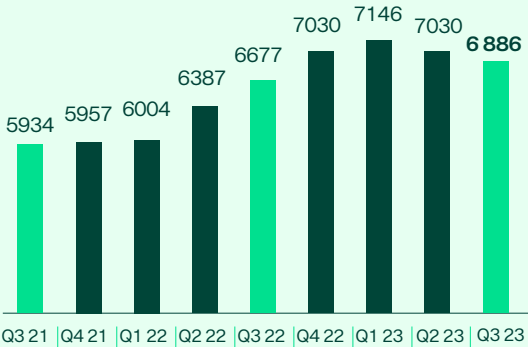
4.3%

Q3 2022: 4.6%



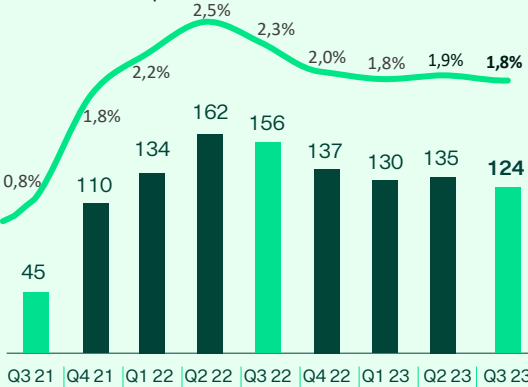
Group Revenue LTM

NOK million



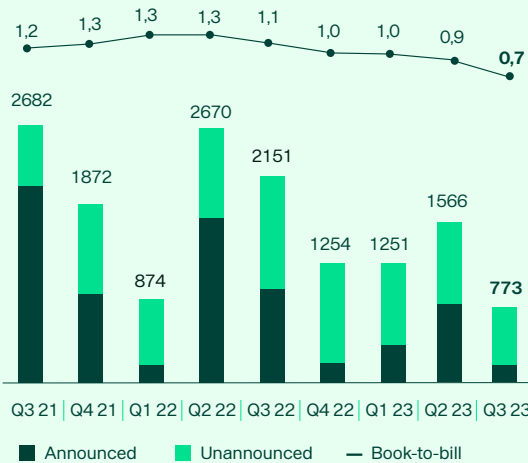
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



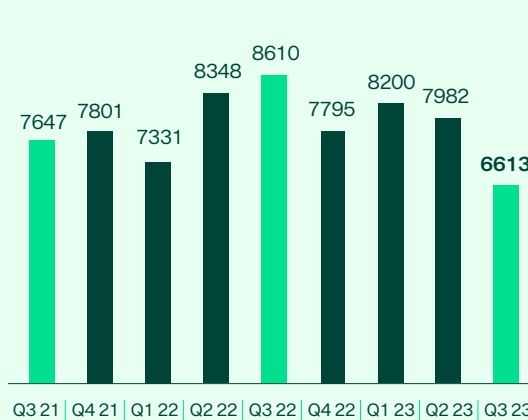
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK million



(Amounts in NOK million)

	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Revenue	1 844	1 988	4 932	5 075	7 030
EBITDA	126	138	247	254	333
EBIT adj.	80	91	96	110	137
EBIT adj. (%)	4,3 %	4,6 %	2,0 %	2,2 %	2,0 %
Order intake	773	2 161	3 590	5 706	6 959
Order backlog	6 613	8 610	6 613	8 610	7 795
Cash flow from operating activities	12	96	70	75	235
Net interest-bearing debt	992	997	992	997	950
Equity ratio	44 %	47 %	44 %	47 %	45 %
LTI	3,1	5,9	5,8	4,9	6,0
Sickness absence (%)	3,5 %	3,5 %	3,7 %	4,0 %	4,2 %

Finland

Finland had a revenue of NOK 805 million compared to NOK 804 million in the third quarter last year. Adjusted for currency effects the organic growth was -12%, driven by negative growth in Rail construction and Materials. The EBIT adj. was NOK 49 million compared to NOK 75 million in the same period in 2022, leading to an EBIT adj. margin of 6.1%, down from 9.3% the same quarter last year. Net gain from sale of machinery was NOK 1 million 2023 compared to NOK 3 million in same quarter last year. The result is negatively affected by the performance in Rail Construction.

The order backlog came in at NOK 2.7 billion, compared to NOK 3.2 billion at the end of last quarter and NOK 3.1 billion in the same quarter last year. The order intake was NOK 338 million, resulting in a book-to-bill ratio of 0.4x in the quarter and 0.8x measured over the last 12 months. In the quarter, the City of Tampere and the Municipality of Pirkkala selected NRC Group Finland and YIT Finland as construction parties and approved the development phase of the Pirkkala–Linnainmaa tramway. This is the seventh rail transport-related alliance project for NRC Group Finland, and is an important win for the Group. This win confirms our strong capabilities and strengthen our position in large rail alliance contracts. The construction of the tramway will take place between 2025 and 2028. The target price of the construction phase is approximately EUR 322 million, including YIT's share, but will not be included in the Group's order backlog before expected approval from the councils late in 2024.

The tender pipeline in Finland is approximately NOK 12.3 billion, an increase of approximately NOK 6.2 billion compared to the tender pipeline three months ago. The increase is explained by the increased number of tenders in the market for Rail construction. The tender pipeline has increased by approximately NOK 10.6 billion compared with the same period last year.

EBIT ADJ. Q3 2023

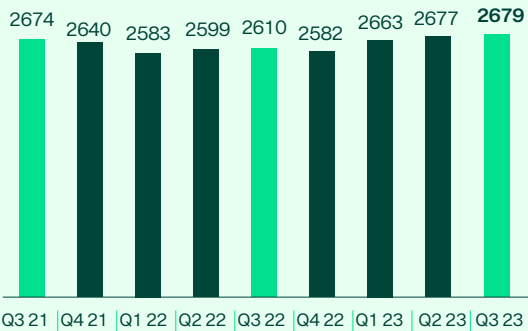
49 MNOK

Q3 2022: 75 MNOK



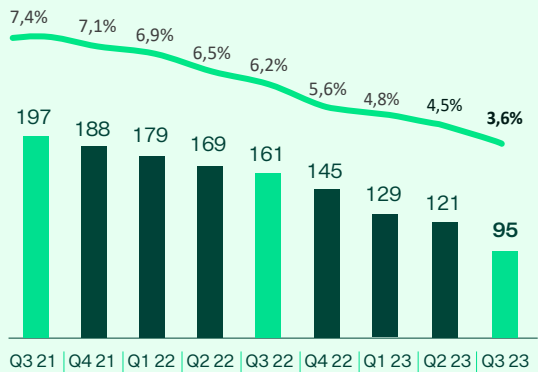
Revenue LTM

NOK million



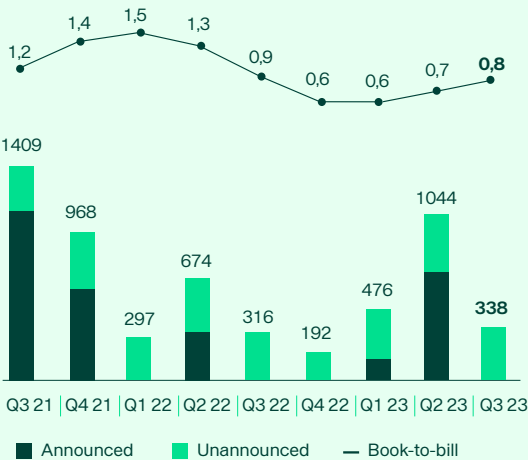
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



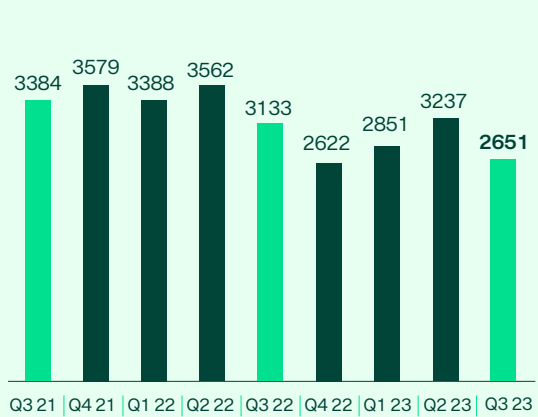
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK million



Key figures Finland (Amounts in NOK million)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Revenue	805	804	2 002	1 905	2 582
EBITDA	65	89	111	157	203
EBIT adj.	49	75	64	114	145
EBIT adj. (%)	6,1 %	9,3 %	3,2 %	6,0 %	5,6 %
Order intake	338	316	1 857	1 287	1 479
Order backlog	2 651	3 133	2 651	3 133	2 622

Sweden

Revenue from the Swedish operation amounted to NOK 447 million for the quarter compared to NOK 630 million in the same period of 2022. Revenue in Rail construction was lower in Q3 2023 as several large project in Q3 2022 grew significant in size. NOK 76 million of the reduction is due to the disposed Civil operations which from August 2023 no longer is part of the Group. By excluding the Civil operation, the organic growth in the quarter was -24%.

The EBIT adj. for the quarter was NOK 5 million compared to NOK 0 million for the same quarter last year. Actions to improve profitability continue. In August, the Group completed the divestment of the Civil operation in Karlstad. The initiated improvement measures in Sweden are starting to yield results and profitability improvements are expected in Sweden in 2023.

The order intake was NOK 170 million, giving a book-to-bill ratio of 0.4x in the quarter and 0.7x measured over the last 12 months. The order backlog was NOK 2.6 billion, compared to NOK 3.1 billion at the end of last quarter (NOK 125 million related to the Civil business disposed in August) and NOK 3.3 billion in the same quarter last year. After quarter-end, NRC Group Sweden won a major contract for track renewal on Pitebanan and Skelleftebanan. The contract is valued at approximately SEK 392 million, and will involve rail services such as track, electro, signal/telecom and groundwork. The work will commence in November 2023 and is scheduled for completion in autumn 2024.

In Sweden, the tender pipeline is approximately NOK 9.5 billion, with NOK 6.1 billion for Rail construction and NOK 3.4 billion for Maintenance. The tender pipeline increased by NOK 2.1 billion compared to three months ago, with increased pipeline for both Rail construction and Maintenance. The tender pipeline is NOK 0,8 billion below the same period last year, which is related to reduced level of tenders in Maintenance.

Contracts over NOK 30 million in the quarter:

Client	Value (MNOK)	
The Swedish Transport Administration (TRV)	39	Track and signalling maintenance
Total	39	

EBIT ADJ. Q3 2023

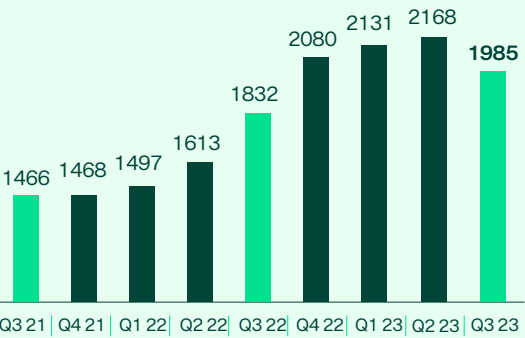
5.1 MNOK

Q3 2022: 0.3 MNOK



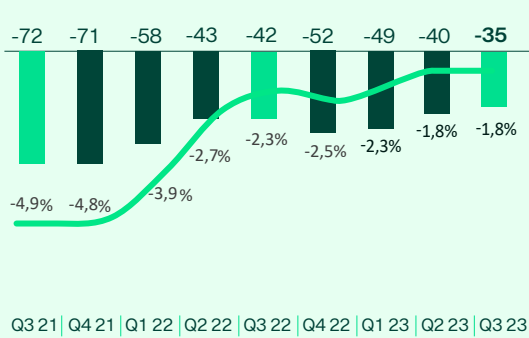
Revenue LTM

NOK million



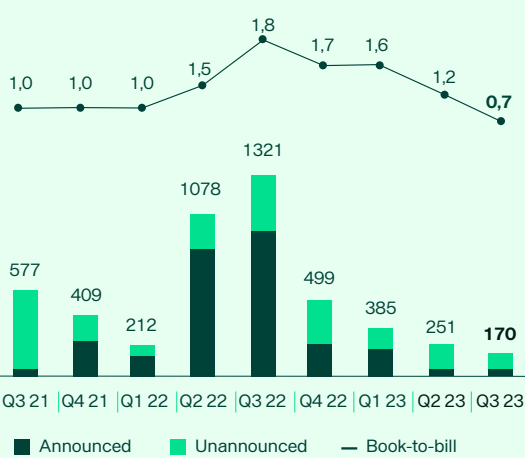
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



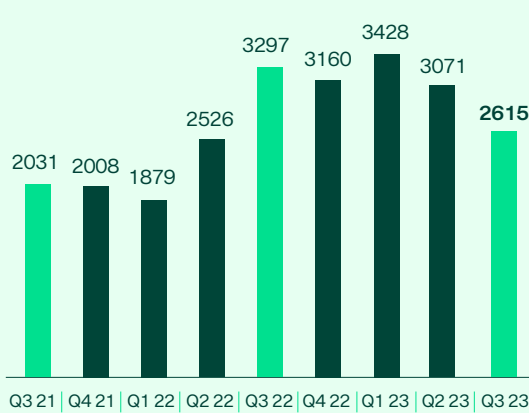
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK million



Key figures Sweden (Amounts in NOK million)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Revenue	447	630	1 339	1 434	2 080
EBITDA	12	11	-16	13	-7
EBIT adj.	5	0	-4	-21	-52
EBIT adj. (%)	1,1 %	0,1 %	-0,3 %	-1,5 %	-2,5 %
Order intake	170	1 321	806	2 611	3 111
Order backlog	2 615	3 297	2 615	3 297	3 160

Norway

Revenue in Norway was NOK 600 million compared to NOK 554 million in the third quarter of 2022. The organic growth was 12% in the quarter. Lower revenue in Civil construction was offset by strong growth within Rail construction. EBIT adj. was NOK 33 million compared to NOK 27 million in the same period of 2022, which resulted in an EBIT adj. margin of 5.5%, up from 4.9% for the same quarter last year. Profitability was driven by improved results from Rail construction and Civil construction. Environment delivered results at same level as last year. Weaker results in the demolition and recycling business was offset by continued strong results from Gunnar Knutsen, the Group's mass transportation company.

The order intake was NOK 273 million, giving a book-to-bill ratio of 0.5x in the quarter and 0.6x measured over the last 12 months. The order backlog came in at NOK 1.3 billion, compared to NOK 1.7 billion at the end of last quarter and NOK 2.2 billion in the same quarter last year. After quarter-end, NRC Group Norway won a major Civil construction contract of approximately NOK 300 million for foundation and groundwork in connection with the expansion of New Aker Hospital, which will be part of Oslo University Hospital. The work will commence in February 2024 and is scheduled for completion in autumn 2025.

The tender pipeline in Norway is approximately NOK 12.8 billion, an increase of NOK 5.2 billion compared to the tender pipeline three months ago. The increase is explained by the increased number of tenders in the market for Rail construction. The tender pipeline has increased by approximately NOK 5.9 billion compared with the same period last year.

Contracts over NOK 30 million in the quarter:

Client	Value (MNOK)	
Skanska	115	Transportation and disposal of masses
Total	115	

EBIT ADJ. % Q3 2023

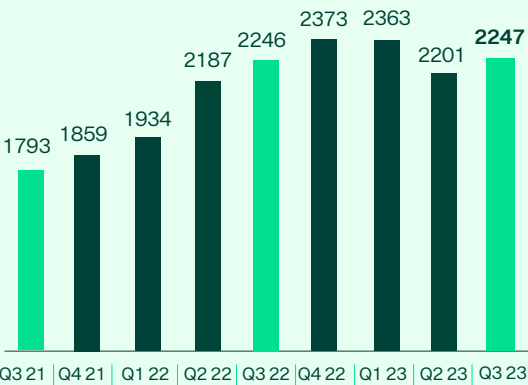
5.5%

Q3 2022: 4.9%



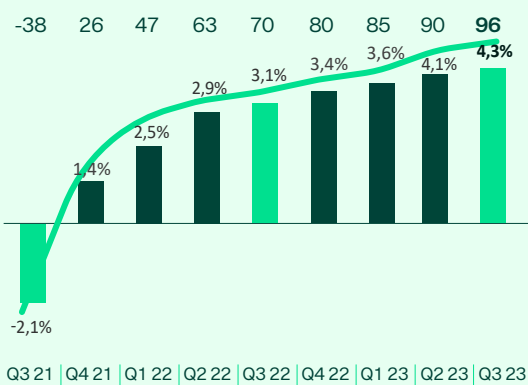
Revenue LTM

NOK million



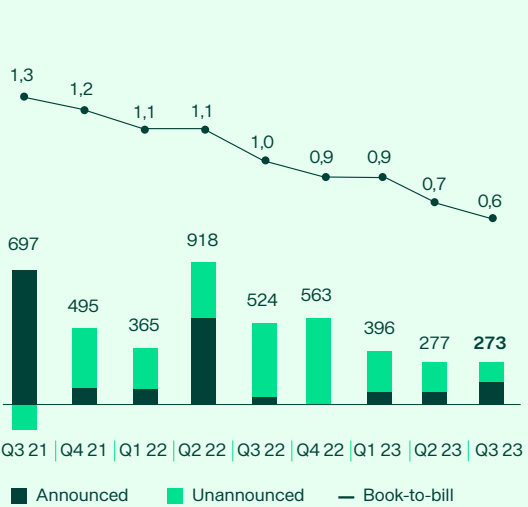
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



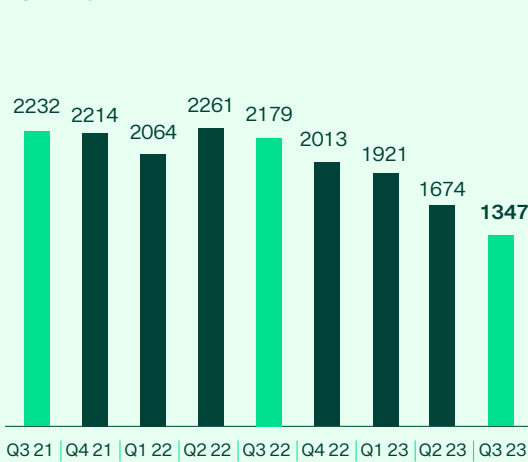
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK million



Key figures Norway (Amounts in NOK million)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Revenue	600	554	1 612	1 739	2 373
EBITDA	56	49	180	115	173
EBIT adj.	33	27	65	49	80
EBIT adj. (%)	5,5 %	4,9 %	4,0 %	2,8 %	3,4 %
Order intake	273	524	945	1 808	2 370
Order backlog	1 347	2 179	1 347	2 179	2 013

Market and outlook

IMPACTS OF THE GLOBAL ECONOMY

The ongoing wars in Ukraine and Gaza, high inflation and increased interest rates have led to volatility in the financial market and uncertainty in the global economic outlook. Due to the situation, the global outlook is more uncertain both related to material prices, supply chain risks, and government spending on infrastructure. The Group has analysed the direct earnings sensitivity from increasing material and fuel prices. The findings conclude that the direct effect for NRC Group has been limited, and that our business model is resilient and yields good protection against increasing material prices. In addition to frequently used index adjustments, the customer predominantly takes the risk on sector specific materials within rail infrastructure. The Group monitors the development, including both direct and indirect effects, and is actively evaluating opportunities to limit risk in the project portfolio.

The Group expects high investments in rail, based on proposals in national budgets and national transportation plans in Norway, Sweden and Finland. The market for rail investments is at a historical high level, driven by urbanization, population growth and the green shift towards sustainable infrastructure. On long term, NRC Group expects that these global mega-trends will lead to continued growth in the market.



OUTLOOK

NRC Group is strongly positioned in a growing market with a substantial tender pipeline. In 2024, NRC Group expects investments in rail to be at same level as in 2023, based on national budgets and national transportation plans in Norway, Sweden and Finland.

NRC Group continues its focus on measures to improve profitability. For 2023, NRC Group previously guided a slight decrease in revenue and a moderate increase in EBIT adj. margins compared to 2022. Following the development in Finland, we now expect an EBIT adj. margin in line with 2022 and still a slight decrease in revenue. The Group is confirming the commitment to achieving long-term profitability above 5%.

The forthcoming strategy period, navigating the Group from mid-2024 until the end of 2028, will be presented in a Capital Markets Update during May 2024.

NRC Group is strongly positioned in a growing market with a substantial tender pipeline.

Financial information

CASH FLOW

Net cash flow from operating activities for the second quarter of 2023 was NOK 12 million, compared to NOK 96 million in the same quarter last year due to negative working capital development.

Net cash flow from investing activities was NOK -7 million compared to NOK -11 million in the same period last year. This included proceeds from sale of machinery of NOK 9 million, compared to NOK 19 million in the same period last year, as well as a negative cash effect of NOK 10 million from sale of the Civil operation.

The net cash flows from financing activities amounted to NOK -80 million for the quarter compared to NOK -89 million last year. The cash flows mainly include ordinary bank instalments and interests for loans and lease liabilities (financial and operating). Bank instalments in the quarter totaled NOK 14 million, compared to NOK 38 million in the same quarter last year. The Group has a NIBOR hedge linked to the outstanding bond, which partly offsets increased market interest rates. See further details in the Risks section.

The third quarter net change in cash, including currency impact, was NOK -82 million compared to NOK -1 million last year. Cash at the end of the period amounted to NOK 346 million.

The Group had per third quarter an unused credit facility of NOK 200 million. After the end of the quarter, the Group has increased the multi-currency credit facility from NOK 200 million to NOK 400 million. At the same time, the existing NOK 600 million bond has been replaced with a new NOK 400 million bond maturing in 2027.

After quarter end, the Group completed a refinancing process including issuing a new 4-year senior unsecured green NOK 400 million bond maturing in 2027, repurchased and called the existing NOK 600 million bond, increased the multi-currency credit facility from NOK 200 million to NOK 400 million and extended the maturity of the existing EUR 22 million term loan from 2024 to 2027.

FINANCIAL POSITION

NOK strengthened towards EUR during the third quarter leading to a net negative translation difference recognised in other comprehensive income of NOK 47 million, compared to a positive adjustment of NOK 81 million last year. Intangible assets decreased by NOK 63 million to NOK 2,540 million during the quarter due to currency effects. Tangible and right-of-use assets decreased by NOK 48 million during the quarter. Net of currency adjustments, the decrease amounts to NOK 38 million as depreciations and terminations exceeded new investments. Total receivables increased by NOK 227 million to NOK 1,943 million during the quarter due to increased production in the period. Total assets at NOK 5,571 million increased by NOK 27 million in the quarter. The equity ratio was 44 % on 30 September 2023.

Interest-bearing liabilities consisted per third quarter of a EUR 22.1 million bank loan, a NOK 600 million bond, and discounted cash flows related to lease agreements, including operating leases under IFRS 16. Total interest-bearing liabilities amounted to NOK 1,338 million at the end of September, including operating lease liabilities of NOK 233 million. The repayment of the EUR bank loan amounted to NOK 14 million in the quarter. Total lease liabilities were reduced by NOK 34 million to NOK 489 million as lease payments and terminated agreements were higher than the discounted value of new lease agreements. Net interest-bearing debt increased by NOK 25 million during the quarter to NOK 992 million. Net interest-bearing debt excluding lease liabilities increased by NOK 58 million during the quarter to NOK 504 million.

After quarter end, the Group completed a refinancing process including issuing a new 4-year senior unsecured green NOK 400 million bond maturing in 2027, repurchased and called the existing NOK 600 million



bond, increased the multi-currency credit facility from NOK 200 million to NOK 400 million and extended the maturity of the existing EUR 22 million term loan from 2024 to 2027.

RISKS

NRC Group is exposed to operational, financial and market risks. Operational risks include risk assessment and contingency appraisal in project tendering, project execution, significant market adjustments in cost of goods, materials or services, claims and legal proceedings. In addition, it includes resource optimisation following fluctuations in seasonal demand in the business and ability to implement strategies, as well as macroeconomic conditions such as political changes including changes in government spending, demand or priorities.

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 has an EUR currency loan to hedge the net investment in Finland. Most transactions in the Group are in local functional currencies. Significant transactions in other than functional currencies are assessed, and hedging instruments are considered to limit the risks associated with foreign exchange. The bond issued in September 2019 carries an interest of three months NIBOR + 4% until maturity on 13 September 2024. The three months NIBOR has been hedged to a fixed rate of 1.838% for the full period. The fair market value of the hedge at the end of the quarter was NOK +17 million. After quarter end, the Group completed a refinancing process including issuing a new 4-year senior unsecured green NOK 400 million bond maturing in 2027, and repurchased and called the existing NOK 600 million bond. The new NOK 400 million bond carries an interest of three months NIBOR + 4,40%

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.

until maturity in 2027.

Liquidity risk is the risk that the Group will be unable to meet its financial obligations when they are due. The Group had total current assets of NOK 2,328 million at the end of the quarter, NOK 459 million lower than the short-term liabilities, as the NOK 600 million bond and the EUR 22,1 million term loan matured within twelve months.

Total unrestricted cash amounted per quarter-end to NOK 346 million in addition to an undrawn multi-currency credit facility of NOK 200 million. In connection with the refinancing process after quarter end, the Group has increased the multi-currency credit facility from NOK 200 million to NOK 400 million. At the same time, the existing NOK 600 million bond has been replaced with a new NOK 400 million bond maturing in 2027, implying that available liquidity on a proforma basis per Q3 is more or less unchanged.

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. The current available liquidity and the refinancing completed after quarter end, as described above, provide appropriate flexibility for managing cash flows and reserves within the Group.

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 to a large degree 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.

The direct impact of global events such as the wars in Ukraine and Gaza, the high inflation and increased interest rates, has been limited for the Group. The volatile global market may however impact on risks related to material prices, supply chain and government spending on infrastructure. NRC Group is actively managing development and uncertainty.

Sustainability

Our third report on progress was published in April 2023.

We build sustainable infrastructure that creates economic, social and environmental value now and for the future. We are committed to operating to the highest sustainability standards and transparently reporting our performance.

Our sustainability framework is based on our core competencies and most material impacts. It provides a clear structure for how we approach and address environmental, social and governance topics. The six key pillars of our framework are:

- Building a low-carbon future
- Improving environmental performance
- Providing a safe and secure workplace
- Emphasizing diversity and equal opportunities
- Training and developing our people
- Ensuring ethical business practice

Sustainability is embedded in our company's values, strategy and the way we work.



Building a low carbon future

The Group voluntarily discloses the Key Performance Indicators (KPIs) related to EU Taxonomy. The Group reviews their economic activities in relation to EU Taxonomy per 30 June and 31 December. As per 30 June 2023, the Group's taxonomy-aligned revenue, operational expenses and investments were 68%, 71% and 77% respectively.

GREEN FINANCE

NRC Group has established a Green Financing Framework as part of our commitment to develop and supply services to build sustainable transport solutions. The framework sets out the criteria for investments that can be financed or refinanced with green bonds, green loans other green debt instruments. S&P Global Ratings (formerly part of CICERO Shades of green) has conducted the independent external assessment of the framework and given it their highest rating, dark green, with a governance score of 'Good'. Danske Bank acted as green structuring advisor in the development of the framework.

Based on the Green Financing Framework, the Group has subsequent to the quarter successfully issued a new 4-year senior unsecured NOK 400 million green bond. The net proceeds from the green bond will be used in accordance with the green project categories as described in the framework. NRC Group will annually until full allocation, and in the event of any material developments, provide investors with a Green Finance Report describing the allocation of proceeds and the environmental impact of the green projects.



Providing a safe and secure workplace

Our number one priority is that all employees and partners shall return home safe and free of injuries every day. We work and focus on safety in all we do, in line with our policies for health, working environment and safety. All employees shall have a safe and secure working environment at NRC Group.

Our LTI frequency rate (injuries resulting in absence at least one full day per million man-hours) increased to 5.8 per 30 September 2023, compared with 4.9 the same period last year. Subcontractors are included in the figures. We had zero serious injuries in the third quarter. The sickness absence rate was 3.7% (2022: 4.0%).



How we do it matters to us

Reuse of sleepers and masses

Rather than purchasing new sleepers, the existing ones were reused in the maintenance contract between Storvik and Falun. As a result of also reusing all the masses within the work area, we have reduced emissions and the cost of transportation of masses. In order to minimize transportation distances, the nearest quarry is carefully selected when purchasing backfill material.

Magnus Tingström
Site manager
NRC Group Sweden





Reducing emissions by converting diesel machines to hybrids

NRC Kept, a subsidiary of NRC Group rebuilt and modernized two large demolition machines, Caterpillar 352 and 340, earlier this year. The machines are originally diesel machines but are now being modified to hybrid machines that can run on electricity. One of them was ready for use as of this quarter.

NRC Kept invests in electrical machines to reduce greenhouse gas emissions and noise from the machines. From replacing machines on fossil fuel, we contribute to a more healthy, environmentally friendly, and safe workplace.

Morten Heimvik
General manager
NRC Kept



Carbon Roadmap to be implemented

As of 2035, NRC Group Finland aims to be carbon neutral. The management group of NRC Group Finland approved a new carbon roadmap for 2035 in June.

The carbon roadmap outlines our plans to achieve carbon neutrality. Energy sources, management, procurement, planning, and circular economy are all considered in this plan. To achieve this goal, we will use some proven methods, such as biofuels and energy efficiency development. We will also explore and test new technologies such as low carbon steel and concrete in addition to the proven methods.

Ville Vainiomäki
Environmental manager
NRC Group Finland



Interim condensed consolidated financial statement

Interim condensed consolidated statement of profit or loss

(Amounts in NOK million)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Revenue	1 844	1 988	4 932	5 075	7 030
Operating expenses	-1 711	-1 849	-4 677	-4 821	-6 695
Other income and expenses	-6	0	-9	-1	-2
EBITDA	126	138	247	254	333
Depreciation	-49	-44	-148	-135	-185
EBITA	77	94	99	120	149
Amortisation and impairment	-3	-9	-11	-28	-389
Operating profit/loss (EBIT)	73	85	88	91	-240
Net financial items	-18	-14	-50	-43	-58
Share of profit from associates and joint ventures	0	-9	0	-9	-15
Profit/loss before tax (EBT)	56	61	38	40	-313
Taxes	-7	-15	4	-10	-51
Net profit/loss	49	46	43	30	-364
Profit/loss attributable to:					
Shareholders of the parent	49	32	44	30	-363
Non-controlling interests	0	0	-1	0	-1
Net profit / loss	49	32	43	30	-364
Earnings per share in NOK (ordinary)	0,67	0,64	0,58	0,41	-4,99
Earnings per share in NOK (diluted)	0,66	0,63	0,57	0,40	-4,99

Interim condensed consolidated statement of comprehensive income

(Amounts in NOK million)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Net profit / loss	49	32	43	30	-364
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>					
Translation differences	-47	81	90	61	36
Net gain on hedging instruments	-2	5	2	17	15
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>					
Net actuarial gain/loss on pension expense	0	0	0	0	5
Total comprehensive profit/loss	0	118	135	108	-308
Total comprehensive profit/loss attributable to:					
Shareholders of the parent	0	118	136	108	-307
Non-controlling interests	0	0	-1	0	-1
Total comprehensive profit/loss	0	118	135	108	-308

Interim condensed consolidated statement of financial position

(Amounts in NOK million)	30.09.2023	30.09.2022	31.12.2022
ASSETS			
Deferred tax assets	96	129	98
Goodwill	2 413	2 739	2 364
Customer contracts and other intangible assets	30	40	32
Intangible assets	2 540	2 907	2 493
Tangible assets	175	188	184
Right-of-use assets	528	510	564
Other non-current assets	1	27	23
Total non-current assets	3 243	3 632	3 265
Total inventories	39	37	29
Total receivables	1 943	1 758	1 425
Cash and cash equivalents	346	412	472
Total current assets	2 328	2 207	1 927
Total assets	5 571	5 839	5 191
(Amounts in NOK million)			
EQUITY AND LIABILITIES			
Equity			
Paid-in-capital	2 396	2 395	2 396
Other equity	51	330	-85
Total equity attributable to owners of the parent	2 446	2 726	2 310
Non-controlling interests	0	2	2
Total equity	2 447	2 727	2 312
Liabilities			
Pension obligations	11	17	11
Long-term leasing liabilities	325	315	353
Other non-current interest-bearing liabilities	0	780	741
Deferred taxes	0	0	1
Total non-current liabilities	337	1 112	1 106
Short-term leasing liabilities	164	161	175
Other interest-bearing current liabilities	849	154	153
Other current liabilities	1 775	1 685	1 445
Total current liabilities	2 787	2 000	1 773
Total equity and liabilities	5 571	5 839	5 191

Interim condensed consolidated statement of cash flows

(Amounts in NOK million)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Profit/loss before tax	56	61	38	40	-313
Depreciation, amortisation and impairment	52	54	159	162	574
Taxes paid	-4	-2	-2	-39	-13
Net financial items	18	15	50	43	57
Gain from sale of property, plant and equipment	-4	-7	-13	-31	-32
Gain from disposal of subsidiary	0	0	-40	0	0
Share of profit from associates and joint ventures	0	9	0	9	15
Change in working capital and other accruals	-106	-33	-123	-108	-51
Net cash flow from operating activities	12	96	70	75	235
Purchase of property, plant and equipment	-6	-19	-29	-35	-47
Acquisition of companies, net of cash acquired	-10	-3	-17	-24	-24
Investments in associates and joint ventures	0	-8	0	-8	-14
Net proceeds from sale of property, plant and equipment	9	19	20	46	55
Disposal of companies, net of cash disposed	0	0	97	0	0
Net cash flow from investing activities	-7	-11	71	-21	-29
Net proceeds from issue of shares	-1	0	-1	0	0
Proceeds from borrowings	0	0	0	0	0
Repayments of borrowings	-14	-38	-67	-109	-147
Payments of lease liabilities	-46	-42	-137	-125	-171
Interest paid	-20	-10	-53	-36	-46
Net proceeds from acquisition/sale of treasury shares	1	1	-1	-3	-3
Net cash flow from financing activities	-80	-89	-259	-273	-366
Net change in cash and cash equivalents	-74	-3	-118	-218	-160
Cash and cash equivalents at the start of the period	427	413	472	626	626
Translation differences	-7	2	-9	4	6
Cash and cash equivalents at the end of the period	346	412	346	412	472
<i>Hereof presented as:</i>					
Free cash	346	412	346	412	472
Restricted cash	0	0	0	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	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2022	73	0	2 325	-3	12	213	2 619	2	2 622
Profit/loss for the period						30	30	0	30
Other comprehensive income				17	61		78		78
Employee share program			5				5		5
Share-based payments			0				0		0
Acquisition of treasury shares		0	-7				-7		-7
Total changes in equity	0	0	-2	17	61	30	106	0	106
Equity at 30 September 2022	73	0	2 323	14	73	243	2 726	2	2 727
Equity at 1 January 2023	73	0	2 323	12	48	-145	2 310	2	2 312
Profit/loss for the period						44	44	-1	43
Other comprehensive income				2	90		92		92
Employee share program			3				3		3
Share-based payments			0				0		0
Acquisition of treasury shares		0	-3				-3		-3
Total changes in equity	0	0	0	2	90	44	136	-1	135
Equity at 30 September 2023	73	0	2 323	14	138	-101	2 446	0	2 447

Notes to the interim condensed consolidated statement

1.1 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.

NRC Group is listed at Oslo Stock exchange under the ticker “NRC” and with ISIN NO0003679102.

1.2 Accounting policies and basis for preparation

The condensed consolidated financial statements as per 30 September 2023 are prepared in accordance with IFRS as approved by the EU 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 2022.

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 2022. 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 third quarter financial report for 2022, and the audited financial report for the full year of 2022.

1.3 Significant estimates and judgement

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 including the disclosure of contingent liabilities. Estimates and assumptions are evaluated continuously and are based on historical experience and other factors, including expectations of future events that are regarded as probable under the current circumstances. Uncertainty about estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

1.3.1 Revenue from contracts with customers

The Group’s business mainly consists of execution of projects. The complexity and scope of the projects mean that the projects have 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, the estimate of any variable proceeds, the value of any project modifications being recognised and the impact of any disputes or contractual disagreements.

1.3.2 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 the 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.

Most sensitive to impairment is our operations in Sweden with a book value of goodwill of SEK 270 million as of 30 September 2023. The book value of goodwill is most sensitive to the discount rate and the estimated future cash flows. The last impairment test was carried out at the end of 2022.

1.3.3 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 requires the 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 rates.

Contingent considerations will be recognised at fair value at the acquisition date. 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 requires 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.

1.3.4 Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that deferred tax liability or taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group has total tax losses carried forward in Norway of NOK 443 million and in Sweden of SEK 744 million corresponding to gross deferred tax assets of NOK 97 million in Norway and SEK 153 million in Sweden that can be used to reduce future tax payments. In Norway there are no non-recognized deferred tax assets related to unused tax losses. In Sweden, total non-recognised deferred tax assets related to unused tax losses amount to SEK 128 million. Net of deferred tax liabilities and non-recognised assets, deferred tax assets of NOK 79 million in Norway and SEK 19 million in Sweden have been recognised as it is assumed probable that they can be utilised against future taxable profit based on forecasts and projections.

2. Segments

<i>(Amounts in NOK million)</i>	Norway	Sweden	Finland	Other	Consolidated
Q3 2023					
External	652	386	805	0	1 844
Inter-segment	-53	61	0	-8	0
Total revenue	600	447	805	-8	1 844
Operating expenses	-544	-436	-740	1	-1 719
Other income and expenses	0	1	0	0	1
Depreciation	-26	-9	-14	0	-49
EBITA	30	3	51	-7	77
Amortisation and impairment	0	-1	-2	0	-3
EBIT	30	2	49	-7	73
Adjustments	3	3	0	0	6
EBIT adj.	33	5	49	-7	80
Order backlog	1 347	2 615	2 651		6 613
Q3 2022					
External	606	578	804	0	1 988
Inter-segment	-52	52	0	0	0
Total revenue	554	630	804	0	1 988
Operating expenses	-505	-619	-714	-11	-1 849
Other income and expenses	0	0	0	0	0
Depreciation	-22	-10	-12	0	-44
EBITA	27	1	77	-12	94
Amortisation and impairment	0	-1	-9	0	-9
EBIT	27	0	69	-12	85
Adjustments	0	0	6	0	6
EBIT adj.	27	0	75	-12	91
Order backlog	2 179	3 297	3 133		8 610

2. Segments (continued)

<i>(Amounts in NOK million)</i>	Norway	Sweden	Finland	Other	Consolidated
YTD 2023					
External	1 823	1 107	2 002	0	4 932
Inter-segment	-211	232	0	-21	0
Total revenue	1 612	1 339	2 002	-21	4 932
Operating expenses	-1 474	-1 355	-1 890	-7	-4 726
Other income and expenses	41	1	-1	-1	40
Depreciation	-77	-30	-40	-1	-148
EBITA	103	-46	71	-29	99
Amortisation and impairment	0	-3	-8	0	-11
EBIT	103	-49	63	-29	88
Adjustments	-38	45	1	1	9
EBIT adj.	65	-4	64	-29	96
Order backlog	1 347	2 615	2 651		6 613
YTD 2022					
External	1 843	1 328	1 905	0	5 075
Inter-segment	-104	106	0	-2	0
Total revenue	1 739	1 434	1 905	-2	5 075
Operating expenses	-1 624	-1 421	-1 747	-29	-4 821
Other income and expenses	0	0	-1	0	-1
Depreciation	-66	-32	-36	-1	-135
EBITA	49	-19	121	-32	119
Amortisation and impairment	0	-2	-25	0	-28
EBIT	49	-21	95	-32	91
Adjustments	0	0	19	0	18
EBIT adj.	49	-21	114	-32	110
Order backlog	2 179	3 297	3 133		8 610

2. Segments (continued)

(Amounts in NOK million) FY 2022	Norway	Sweden	Finland	Other	Consolidated
External	2 571	1 877	2 582	0	7 030
Inter-segment	-198	203	0	-5	0
Total revenue	2 373	2 080	2 582	-5	7 030
Operating expenses	-2 200	-2 088	-2 378	-29	-6 695
Other income and expenses	0	0	-1	-1	-2
Depreciation	-93	-42	-48	-1	-185
EBITA	80	-49	154	-36	149
Amortisation and impairment	0	-355	-34	0	-389
EBIT	80	-404	120	-36	-240
Adjustments	0	352	25	1	378
EBIT adj.	80	-52	145	-36	137
Order backlog	2 013	3 160	2 622		7 795

3. Interests in associated companies

The Group has a 20% interest sharing risks and rewards of two larger projects (E04 Station Haga, and E03 Kvarnberget) with Webuild (40%) and Gülermak (40%) in connection with Station Haga in Gothenburg, through the associated company AGN Haga AB. The projects commenced during 2018/2019 and were previously scheduled to be completed by 2026. The projects are complex with substantial risk. The Group is not operationally involved in any of the projects.

In 2022, NRC Group made capital contributions of SEK 15 million to AGN Haga AB, representing NRC Group's pro-rata share of the total capital contributions, to support working capital in AGN Haga AB. Due to substantial uncertainty in the projects, net income from AGN Haga AB has not been recognised in NRC Group accounts, and all capital contributions of SEK 15.5 million was impaired in 2022.

On January 24 2023, AGN Haga received a termination notice from Trafikverket in relation to Station Haga in Gothenburg (E04). The contract in relation to Kvarnberget (E03) was not part of the termination notice. During the first half of 2023, AGN Haga filed an application for reconstruction to the District Court, which was approved on the 22nd of May 2023. The restructuring process is ongoing.

The book value of AGN Haga AB in the Group's Q3 2023 accounts is NOK 0 million. Note 27 to the Group accounts in the annual report for 2022 provides further disclosures regarding the associated company.

4. Transactions between related parties

NRC Group ASA had no significant related party transactions other than ordinary cause of business in the third quarter of 2023. Note 28 to the Group accounts in the annual report for 2022 provides further disclosures on the size and types of related party transactions during the previous years.

NRC Group ASA has had agreements with Board members for consultancy services related to certain internal projects, investments, management recruitment and other. The agreements are based on hourly rates and are carried out on arm's length terms. Currently, there exists one agreement with Mats Williamson. Total fees year to date amount to SEK 0.2 million.

5. Events after the end of the period

NRC Group ASA has 25 October 2023 successfully issued a new 4-year senior unsecured green bond issue with an initial issue amount of NOK 400 million. The bond carries an interest rate of 3 month NIBOR plus a margin of 4.4%. Concurrently with the new bond issue, the Group repurchased and called the existing NOK 600 million bond with original maturity date 13 September 2024. In connection with the new bond issue, the Group has increased the multi-currency credit facility from NOK 200 million to NOK 400 million and extended the maturity of the existing EUR 22 million term loan from 2024 to 2027. The credit facility will be available for working capital purposes.

The Swedish Transport Administration has appointed NRC Group Sweden to a contract for track renewal on "Pitebanan" and "Skelleftebanan" in Sweden. The contract is valued at approximately SEK 392 million, and will involve rail services such as track, electro, signal/telecom and groundwork. The work will commence in November 2023 and is scheduled for completion in autumn 2024.

Finnish Transport Infrastructure Agency (FTIA) has appointed NRC Group Finland to a contract for operating and maintaining Saimaa canal. The contract is valued at approximately EUR 9,2 million and will commence in February 2024. The work is scheduled for completion in January 2029.

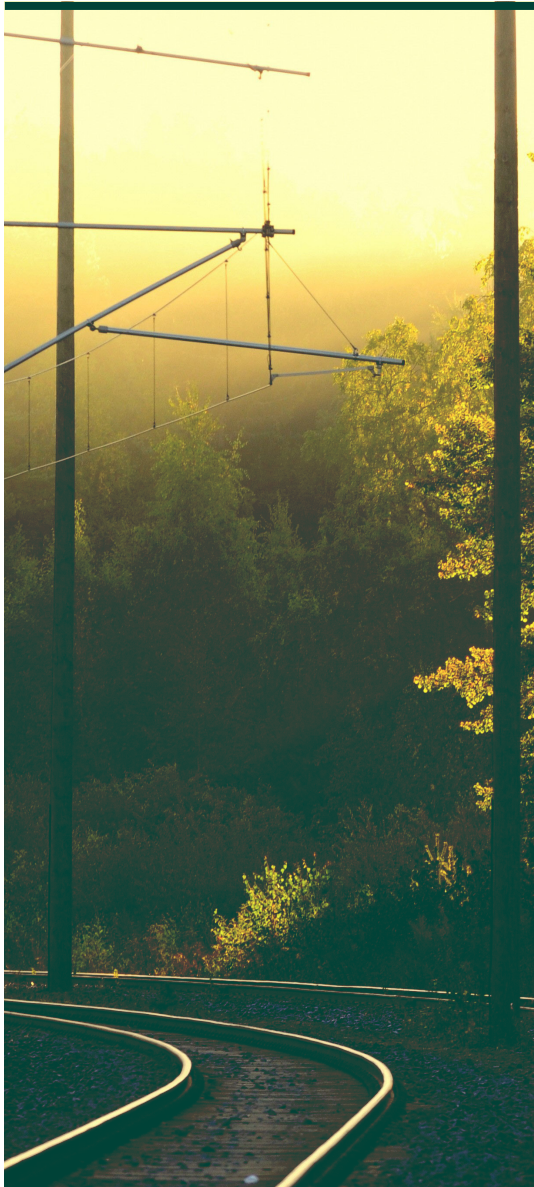
Helse Sør-Øst has appointed NRC Group Norway to a contract for foundation and groundwork in connection with the expansion of New Aker Hospital, which will be part of Oslo University Hospital. The contract is valued at approximately NOK 303 million and will commence in February 2024. The work is scheduled for completion in autumn 2025.

Alternative performance measures

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 Groups 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.

The Group believes that APMs such as EBIT adj. are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as M&A expenses and amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, which can vary significantly, depending upon accounting methods (in particular when acquisitions have occurred) or based on non-operating factors.

Accordingly, the Group discloses these APMs to permit a more complete and comprehensive analysis of its underlying operating performance relative to other companies and across periods, and of the Group's ability to service its debt. Because companies may calculate EBIT adj, EBITA and EBITDA, and EBIT adj, EBITA and EBITDA margin differently, the Group's presentation of these APMs may not be comparable to similar titled measures used by other companies.



Reconciliation of EBIT adj.

<i>(Amounts in NOK million)</i>	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Operating profit/loss (EBIT)	73	85	88	91	-240
Adjusting items					
Gain from sale of Gravco business unit	0	0	-40	0	0
M&A expenses	-1	0	0	1	2
Amortisation and impairment from PPA*	0	6	0	18	376
Restructuring items	3	0	9	0	0
Write-down operations to be discontinued	4	0	40	0	0
Adjusting items, total	6	6	9	18	378
EBIT adj.	80	91	96	110	137
Depreciation	49	44	148	135	185
Amortisation of IT software investments	3	3	11	10	13
EBITDA adj.	132	138	255	254	335

*PPA (purchase price allocation) refers to merger related fair value adjustments

Reconciliation of Net cash/ net interest-bearing debt position

<i>(Amounts in NOK million)</i>	30.09.2023	30.09.2022	31.12.2022
Long-term leasing liabilities	325	315	353
Other non-current interest-bearing liabilities	0	780	741
Short-term leasing liabilities	164	161	175
Other interest-bearing current liabilities	849	154	153
Interest-bearing debt	1 338	1 410	1 423
<i>Minus:</i>			
Cash and cash equivalents	346	412	472
Net interest-bearing debt	992	997	950
<i>Minus:</i>			
Total leasing liabilities	489	476	528
Net interest-bearing debt excl. leasing	504	522	422

Reconciliation of Net working capital (NWC)

<i>(Amounts in NOK million)</i>	30.09.2023	30.09.2022	31.12.2022
Total inventories	39	37	29
Total receivables	1 943	1 758	1 425
Current assets (ex cash)	1 982	1 794	1 454
<i>Minus:</i>			
Other current liabilities	1 775	1 685	1 445
Net working capital	208	109	9

Definitions

Term	Description
Adjusting items	Adjusting items are material items outside ordinary course of business such as impairment of goodwill, operating profit from businesses to be closed down, restructuring costs, gains or losses arising from the divestments of a business or part of a business, and impacts of the fair value adjustments from purchase price allocations, such as amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation (“PPA”).
Addressable tender pipeline	The total of any tender processes above NOK 30 million expected to be made available during the next 9 months and relevant for the Group, based on the current group operations, to consider participation.
Book-to-bill ratio	The nominal value of orders received divided by external revenue for the corresponding period.
Contract value	The amount stated in the contract for contract work excluding VAT.
EBIT	Operating profit. Earnings before net financial items and share of profit from associates and joint ventures.
EBIT adj.	Operating profit excluding adjusting items.
EBIT adj. %	Operating profit excluding adjusting items 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 and IT software investments.
EBITA* (ex M&A)	EBITA plus other income and expenses.
EBITA* (ex M&A) %	EBITA ex M&A in relation to operating revenues.
EBITDA	EBITA plus depreciations on fixed assets and right-to-use assets.
EBITDA adj.	EBITDA excluding adjusting items.
EBITDA adj. %	EBITDA adj. excluding adjusting items in relation to operating revenues.
EBT	Profit before tax.
Financial Lease Agreements	Lease agreements transferring the main risk and control of the assets to the lessee.

Term	Description
FTIA	Finnish Transport Infrastructure Agency.
Equity ratio	Total equity in relation to total assets.
LTI	Injuries resulting in absence at least one full day per million man-hours including subcontractors.
LTM	Last twelve months on a rolling basis.
M&A expenses	Expensed external costs related to merger and acquisitions, including any subsequent adjustments to the final settlement of contingent considerations that is not included in the final purchase price allocation.
Net interest-bearing debt	Interest-bearing liabilities minus cash and cash equivalents.
Net working capital (NWC)	The net amount of inventories, receivables (including contract assets) and other current liabilities (including contract liabilities).
Operating lease agreements	Lease agreements that are not financial lease agreements, including real estate rent.
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 and excluding full year revenue effect (proforma) for any disposed business, calculated in local currency.
Other income and expenses	Other income and expenses consist of M&A expenses, subsequent adjustment of contingent considerations or other subsequent adjustments of final purchase price allocation in business combinations that are recognised in profit or loss.
Sickness Absence	Absence from work related to illness or injury in alignment with local employment legislation on sickness absence, calculated as number of days with sickness absence divided by number of possible workdays.
TRI	Frequency of injuries with and without absence for personnel (employees and rented workers) and subcontractors per million hours worked.
TRV	Trafikverket – Swedish Transport Administration.

Executive Management

Anders Gustafsson
CEO

Ole Anton Gulsvik
CFO

Arild Ingar Moe
EVP and MD NRC Group Norway

Harri Lukkarinen
EVP and MD NRC Group Finland

Lene Engebretsen
EVP and Head of communications

Marianne Ulland Kellmer
EVP and Head of HR

Board of Directors

Rolf Jansson
Chairman of the BoD

Mats Williamson
Board member

Eva Nygren
Board member

Tove Elisabeth Pettersen
Board member

Outi Henriksson
Board member

Heikki Allonen
Board member

Karin Bing Orgland
Board member

NRC Group ASA

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Postal Address

P.O. Box 18
1324 Lysaker
Norway

Financial calendar

4th quarter 2023: 27 February

1st quarter 2024: 23 May

2nd quarter 2024: 29 August

3rd quarter 2024: 20 November