

QUARTERLY REPORT

24 May 2023

Q1



 NRC Group

From the CEO

NRC Group delivered a solid first quarter in 2023. As always, the seasonality of our business impacted our revenue and results, as winter conditions lead to low activity. However, with 7 % organic growth in revenues adjusted for currency, the revenues in the first quarter were at record high levels, with strong growth both in Sweden and Finland.

The operating result was NOK 7 million lower than first quarter last year. Gains from sales of machinery impacted the results in Q1 2022. Adjusting for gains on sales on machinery, we see improved profit from operations in the first quarter, driven by improved results in Norway. In Finland we delivered lower results, mainly as a result of less gains on sales of machinery than last year. Sweden delivers results in line with Q1 last year.

During the first quarter, we continued to initiate measures to improve profitability in Sweden. Measures included strengthening the financial and contractual support to projects, moving staff and support services closer to the operations, and reduction of overhead costs. We have increased our margins in tenders, and we have been successful winning new projects with an order intake of NOK 385 million in the quarter. Niklas Sundel, Head of Maintenance has been appointed to COO in Sweden from 1 May and will also become a part of NRC Group's executive management team.

Our strategic review of the civil construction business in Sweden has been completed. We have decided to discontinue our Civil operations in Karlstad. This process is started and is expected to be completed within a year.



The order intake for the Group was NOK 1.3 billion, resulting in a book-to-bill of 1.0x. Our markets remain strong with a tender pipeline for the next nine months of NOK 29.7 billion, and we continue to see high tender activity in our three markets as we enter into the second quarter.

The way we execute our projects is of high importance. NRC Group recognises that minimising the impact on the external environment is a prerequisite to deliver sustainable solutions. By setting targets and transparently disclosing our performance via our sustainability report, we aim to credibly demonstrate our progress on sustainability issues and build trust among our stakeholders. To date we are on track to deliver on our key targets, and along the way we have achieved a number of significant milestones.

Building sustainable infrastructure is something we do with pride and with clear objectives. We build for a greener, safer and more effective way of travelling for future generations.



Stay healthy and safe,

A handwritten signature in black ink, likely of Henning Olsen, written over a horizontal line.

Henning Olsen,
CEO NRC Group

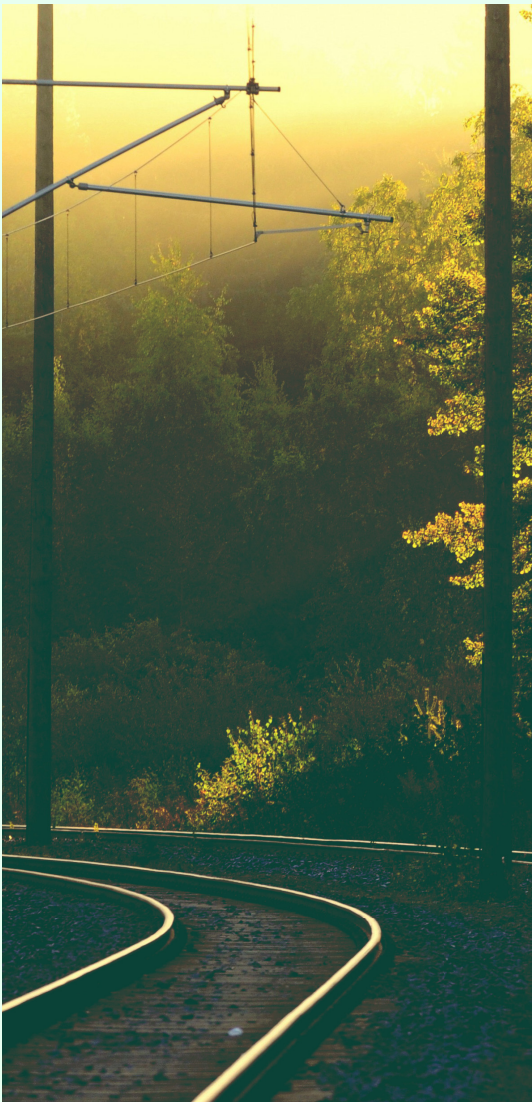
Group highlights

- Revenue of NOK 1,291 million (NOK 1,176 million), 10% growth and 7% organic growth
- Operating profit (EBIT adj.) of NOK -48 million (NOK -41 million) in a seasonally weak quarter, corresponding to a margin of -3.7% (-3.5%). This includes NOK 4 million in net gain from sale of machinery, compared to NOK 19 million in Q1 2022
- The order backlog increased from NOK 7,795 million to NOK 8,200 million explained by a book-to-bill ratio of 1.0x and positive currency effect
- Successful completion of the sale of the Gravco business unit, recognising a net gain of NOK 40 million in the quarter (not included in EBIT adj.) and NOK 114 million in net proceeds
- Actions to improve profitability in Sweden continue and Civil construction to be discontinued. One-off cost of NOK 35 million related to the close-down recognised in Q1 (not included in EBIT adj.)
- Operating cash flow of NOK -48 million (NOK 69 million) due to increased working capital in the period
- Net interest-bearing debt increased by NOK 55 million to NOK 1,005 million during the quarter as the cash contribution from the sale of Gravco business unit was offset by increase in working capital
- Henning Olsen, CEO of NRC Group, submitted his notice of resignation. The Board of Directors has started the recruitment process

REVENUE Q1 2023

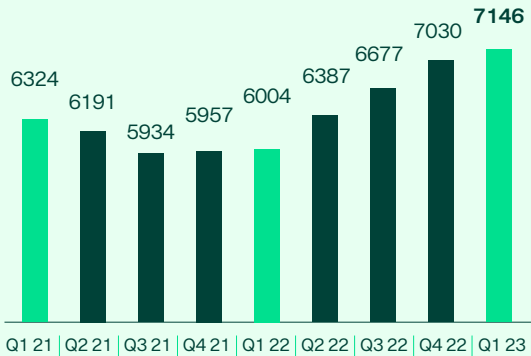
1.3 BNOK

Q1 2022: 1.2 BNOK



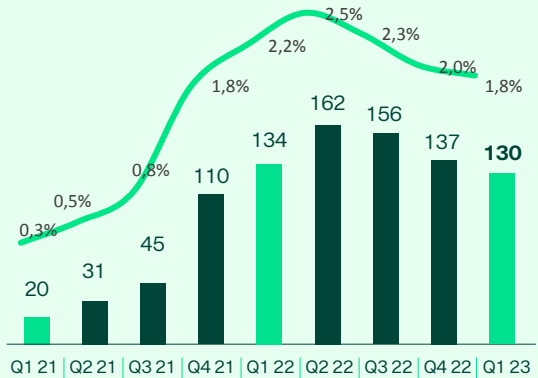
Group Revenue LTM

NOK million



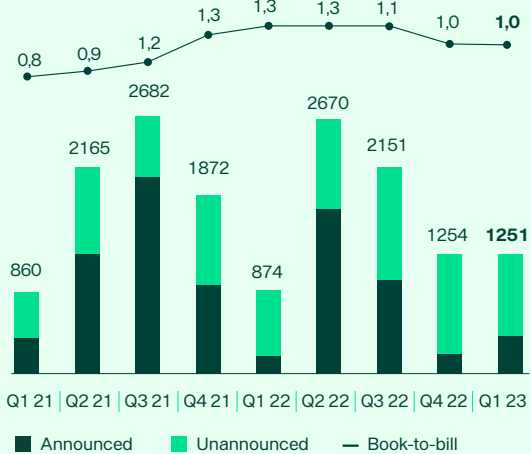
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



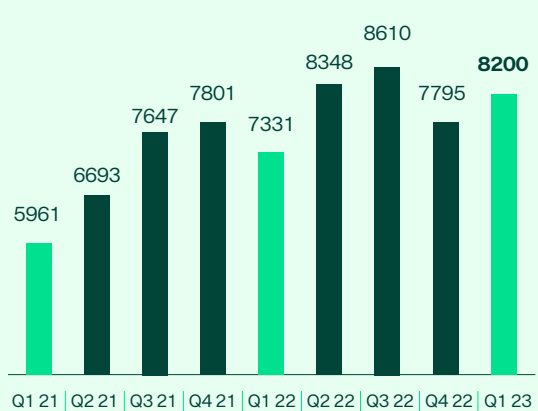
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK million



(Amounts in NOK million)

	Q1 2023	Q1 2022	FY 2022
Revenue	1 291	1 176	7 030
EBITDA	2	7	333
EBIT adj.	-48	-41	137
EBIT adj. (%)	-3,7 %	-3,5 %	2,0 %
Order intake	1 251	874	6 959
Order backlog	8 200	7 331	7 795
Cash flow from operating activities	-48	69	235
Net interest-bearing debt	1 005	843	950
Equity ratio	46 %	49 %	45 %
LTI	6,3	5,1	6,0
Sickness absence (%)	4,3 %	4,9 %	4,2 %

Finland

Finland had a revenue of NOK 470 million compared to NOK 389 million in the first quarter last year. Adjusted for currency effects the organic growth was 8%, driven by strong growth in Rail construction and Materials, and partly offset by lower volumes in Maintenance. The EBIT adj. was NOK -27 million compared to NOK -11 million in the same period of 2022, leading to an EBIT adj. margin of -5.8% for the quarter, down from -2.9% last year. Net gain from sale of machinery was NOK 3 million in the first quarter of 2023 compared to NOK 17 million in same quarter last year. Good profitability in Light rail was partly offset by weak results in Maintenance.

Order intake for the quarter was NOK 476 million, giving a book-to-bill ratio of 1.0x in the quarter and 0.6x measured over the last 12 months. Order backlog came in at NOK 2.9 billion, compared to NOK 2.6 billion at the end of last quarter and NOK 3.4 billion in the same quarter last year.

The tender pipeline in Finland is approximately NOK 6.3 billion, an increase of approximately NOK 0.5 billion compared to the tender pipeline three months ago and approximately NOK 5.1 billion higher than the same period last year. The increase to previous year is explained by all divisions, however with the largest increase within Rail division. Rail division's tender pipeline includes approximately NOK 3.3 billion in prospects related to increased capability to tender for Civil construction opportunities. As a result of this new business opportunity focus, on 27 April 2023, NRC Group Finland has been appointed to a contract for building a rescue station in Vantaa with an approximate value EUR 3.9 million.

Contracts over NOK 30 million in the quarter:

Client	Value (MNOK)	
Finnish Transport Infrastructure Agency (FTIA)	39	Signal work
Ruskeasuon Varikkokiinteistö Oy	47	Building rescue station
Tampere Tramway Oy	58	Alliance contract
Total	144	

REVENUE Q1 2023

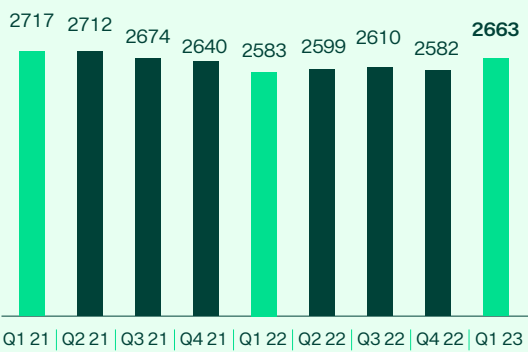
470 MNOK

Q1 2022: 389 MNOK



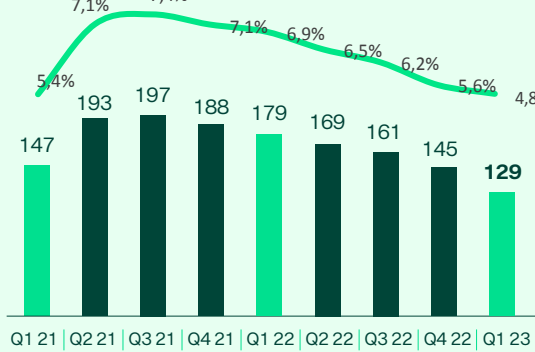
Revenue LTM

NOK million



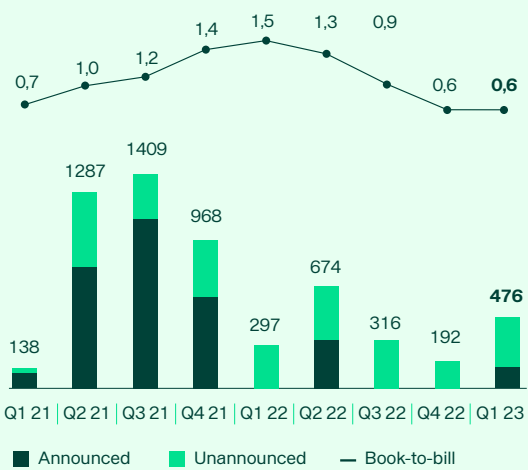
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



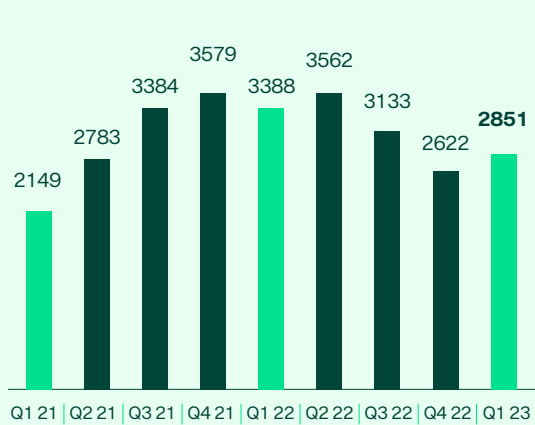
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK million



Key figures Finland (Amounts in NOK million)

	Q1 2023	Q1 2022	FY 2022
Revenue	470	389	2 582
EBITDA	-13	3	203
EBIT adj.	-27	-11	145
EBIT adj. (%)	-5,8 %	-2,9 %	5,6 %
Order intake	476	297	1 479
Order backlog	2 851	3 388	2 622

Sweden

Revenue from the Swedish operation amounted to NOK 340 million for the quarter compared to NOK 289 million in the same period of 2022. Adjusted for currency, the organic growth in the quarter was 12%, with strong growth in Rail construction. The EBIT adj. for the quarter was NOK -19 million compared to NOK -23 million for the same quarter last year, with only minor changes to division-profitability compared to same period last year.

Actions to improve profitability continues, and the strategic review of Sweden's Civil business is completed. The civil operations in Karlstad is decided to be discontinued, and a negative adjustment of NOK 35 million related to the wind-down has been recognised in the first quarter. In addition, a restructuring cost of NOK 6 million related to management changes was recognised in the quarter, both reported as adjusting items not included in EBIT adj.

Niklas Sundel, Head of Maintenance in Sweden, was appointed to COO for NRC Group Sweden from 1 May. He will take responsibility for operations within Rail maintenance, Rail construction and Civil construction.

Order intake for the quarter was NOK 385 million, giving a book-to-bill ratio of 1.1x in the quarter and 1.6x measured over the last 12 months. Backlog came in at NOK 3.4 billion, compared to NOK 3.2 billion at the end of last quarter and NOK 1.9 billion in the same quarter last year.

In Sweden, the tender pipeline is approximately NOK 12.7 billion, with NOK 5.0 billion for Rail construction and NOK 7.8 billion for Maintenance. The tender pipeline increased by NOK 3.8 billion compared to three months ago. The increase is mainly explained by an increase in Maintenance, and to some extent also increases in Rail construction. The tender pipeline is NOK 3.6 billion above the same period last year, which is mainly related to increased level of tenders in Maintenance, as well as increases in Rail construction.

Contracts over NOK 30 million in the quarter:

Client	Value (MNOK)	
The Swedish Transport Administration	35	Signal work
The Swedish Transport Administration	114	Catenary work
Lindesbergs Municipality	53	Ground and construction work
Total	201	

ORDER BACKLOG Q1 2023

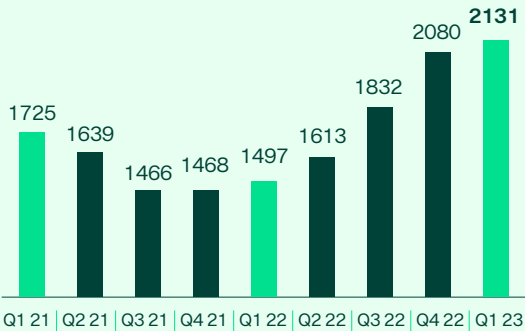
3.4 BNOK

Q1 2022: 1.9 BNOK



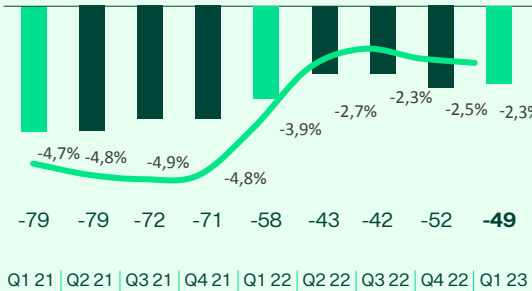
Revenue LTM

NOK million



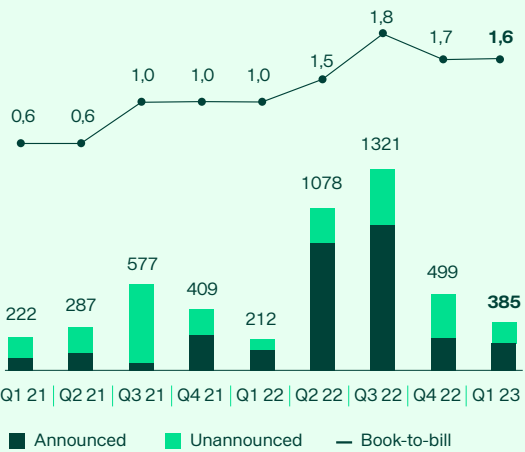
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



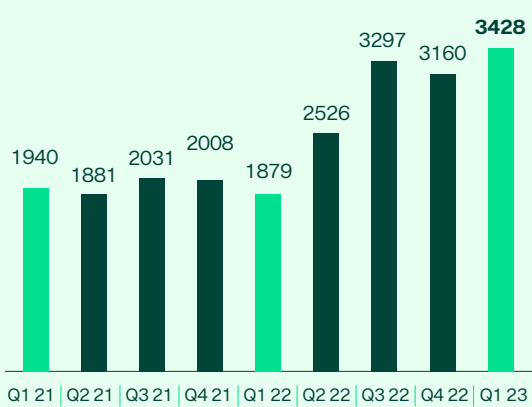
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK million



Key figures Sweden (Amounts in NOK million)

	Q1 2023	Q1 2022	FY 2022
Revenue	340	289	2 080
EBITDA	-49	-11	-7
EBIT adj.	-19	-23	-52
EBIT adj. (%)	-5,7 %	-7,9 %	-2,5 %
Order intake	385	212	3 111
Order backlog	3 428	1 879	3 160

Norway

During the quarter, the sale of NRC Gravco AS and Septik Tank CO AS (“Gravco”) was completed. Net of transaction expenses, a gain of NOK 40 million was recognised in the quarter and reported as part of “Other income and expenses”, not included in EBIT adj.

Revenue in Norway was NOK 489 million compared to NOK 499 million in the first quarter of 2022. The organic growth was 2% in the quarter (excluding Gravco revenue same period last year). Strong growth within Rail construction was offset by lower volumes in Civil construction and Environment. EBIT adj. was NOK 9 million compared to NOK 4 million in the same period of 2022, which resulted in an EBIT adj. margin of 1.8% in the quarter, up from 0.8% for the same quarter last year. Profitability was driven by improved results from Civil construction, partly offset by weaker results in Environment.

Order intake for the quarter was NOK 396 million, giving a book-to-bill ratio of 0.8x in the quarter and 0.9x measured over the last 12 months. Backlog came in at NOK 1.9 billion, compared to NOK 2.0 billion at the end of last quarter and NOK 2.1 billion in the same quarter last year.

The tender pipeline in Norway is approximately NOK 10.7 billion, an increase of NOK 0.5 billion compared to the tender pipeline three months ago. The increase is mainly explained by increased number of larger tenders in the market for Civil construction and Environment, partly offset by a reduction in Rail construction. The tender pipeline has increased by approximately NOK 4.5 billion compared with the same time last year. The increase is mainly related to Civil construction and Environment services, and to some extent Rail construction.

Contracts over NOK 30 million in the quarter:

Client	Value (MNOK)	
Marthinsen & Duvholt AS	64	Rail construction
Total	64	

EBIT ADJ. MARGIN

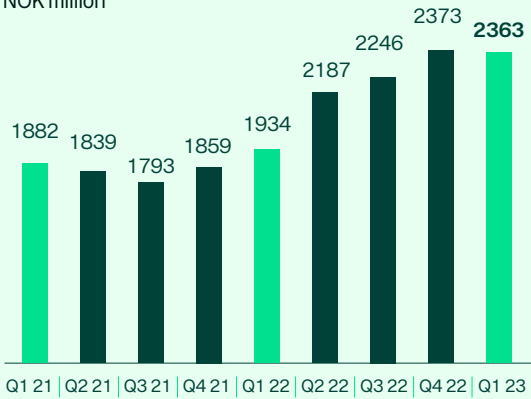
1.8%

Q1 2022: 0.8%



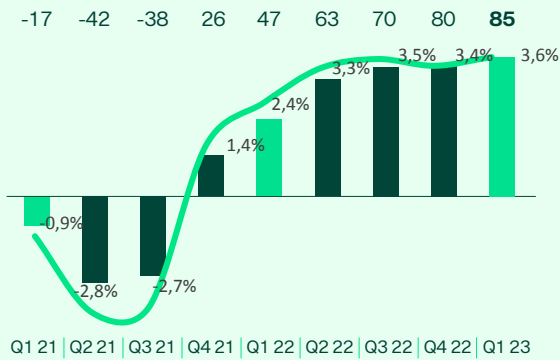
Revenue LTM

NOK million



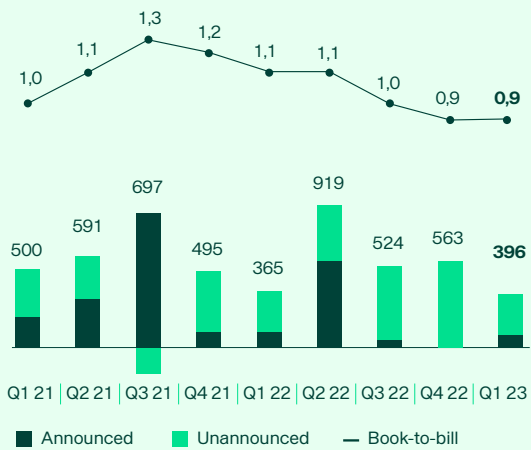
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



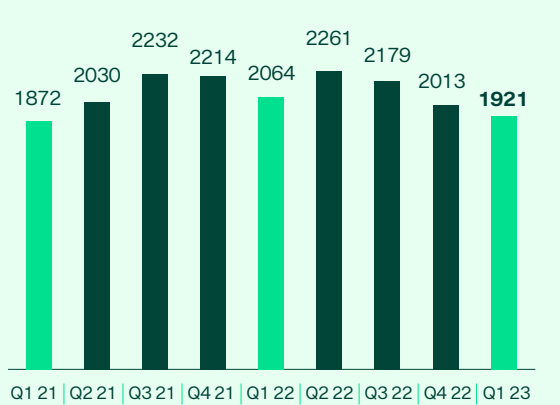
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK million



Key figures Norway (Amounts in NOK million)

	Q1 2023	Q1 2022	FY 2022
Revenue	489	499	2 373
EBITDA	75	25	173
EBIT adj.	9	4	80
EBIT adj. (%)	1,8 %	0,8 %	3,4 %
Order intake	396	365	2 370
Order backlog	1 921	2 064	2 013

Market and outlook

IMPACTS OF THE GLOBAL ECONOMY

The war in Ukraine, the energy crisis in Europe and high inflation has led to volatility in the financial market and uncertainty in the global economic outlook. Due to the situation, the outlook is more uncertain both related to material prices, supply chain risks, and government spending on infrastructure. NRC Group is actively managing the development and uncertainty. In 2023, NRC 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 urbanisation, population growth and the shift towards sustainable infrastructure. On long term, NRC Group expects these global mega-trends will lead to continued growth in the market.

The Group has analysed the direct earnings sensitivity from increasing material and fuel prices. The findings conclude that NRC Group's business model yields good protection against increasing material prices. In addition to frequently used index regulations, the customer predominantly takes the risk on sector specific materials within rail infrastructure. The Group considers the Civil business to be more exposed than Rail related businesses. However, the impact for NRC Group has so far been limited. The Group monitors the development, including both direct and indirect effects, and is actively evaluating opportunities to limit risk in the project portfolio.



OUTLOOK

NRC Group is strongly positioned in a growing market with a substantial tender pipeline. In 2023, NRC Group expects investments in rail to be at same level as in 2022, based on proposals in national budgets and national transportation plans in Norway, Sweden and Finland.

Uncertainty in the world economy has had limited impact on NRC Group per date. The uncertain situation has led to an evaluation of the public investments in infrastructure going forward in the Nordics and can impact rail funding in certain projects.

NRC Group continues its focus on measures to improve profitability. For 2023, we expect continued positive operational and financial development with a slight decrease in revenue and moderate increase in EBIT adj. margins compared to 2022.

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 first quarter of 2023 was NOK -48 million, compared to NOK 69 million in the same quarter last year due to increase in net working capital.

Net cash flow from investing activities in the first quarter was NOK 86 million compared to NOK -7 million in the same period last year. This included NOK 114 million in proceeds from sale of the Gravco business unit net of transaction costs, cash disposed of NOK 17 million in Gravco, and a final payment of NOK 7 million for the remaining 20% of the shares in the Swedish subsidiary Gästrike Signal & Projektering AB.

The net cash flows from financing activities amounted to NOK -101 million for the quarter compared to NOK -91 million last year. The cash flows mainly include ordinary instalments and interests for loans and lease liabilities (financial and operating). 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 first quarter net change in cash, including currency impact, was NOK -78 million compared to NOK -34 million last year. Cash at the end of the period amounted to NOK 395 million. The Group has an unused credit facility of NOK 200 million and an undrawn seasonal credit facility of NOK 300 million.

FINANCIAL POSITION

NOK weakened towards SEK and EUR during the first quarter of 2023 leading to a net positive translation difference recognised in other comprehensive income of NOK 103 million, compared to a negative adjustment of NOK -52 million last year.

NOK weakened towards SEK and EUR, leading to a net positive translation difference recognised in other comprehensive income.

Intangible assets increased by NOK 76 million to NOK 2,570 million during the quarter. Net of positive currency effects of NOK 131 million, intangible assets decreased by approximately NOK 50 million due to released goodwill in connection with the sale of the Gravco business unit.

Tangible and right-of-use assets were more or less unchanged at NOK 751 million compared to last quarter.

Total receivables reduced by NOK 38 million to NOK 1,387 million during the quarter due to increased receivable collection in the period.

Total assets at NOK 5,146 million were reduced by NOK 46 million in the quarter. The equity ratio was 46 % on 31 March 2023.

Interest-bearing liabilities consist of a EUR 24.6 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 1,400 million at the end of March, including operating lease liabilities of NOK 245 million. The repayment of the EUR bank loan amounted to NOK 39 million in the quarter. Total lease liability was reduced by NOK 7 million to NOK 521 million as lease payments and terminated agreements were higher than the discounted value of new lease agreements.

Net interest-bearing debt increased by NOK 55 million during the quarter to NOK 1,005 million mainly due to the negative operating cash flow and currency impact, partly offset by divestment of the Gravco business unit. The increase of net interest-bearing debt due to currency amounted to NOK 34 million.

Net interest-bearing debt excluding lease liabilities increased by NOK 62 million during the quarter to NOK 484 million.



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 +15 million, the same level as at year-end 2022.

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 1,810 million at the end of the quarter, NOK 227 million higher than the short-term liabilities. Total unrestricted cash amounted to NOK 395 million in addition to an undrawn multi-currency credit facility of NOK 200 million and an undrawn seasonal credit facility of NOK 300 million. The central

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.

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 cash position and the multi-currency cash pool 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 war in Ukraine, the energy crisis in Europe and high inflation, 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 the 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

We are working on projects across the Nordics that have real and positive impacts on decarbonising society. At the same time, we are converting our sustainability credentials into a contract-winning competitive advantage.

In the Sustainability Report published April 2023, we highlighted a contract signed for mass removal at NOK 400 million by Gunnar Knutsen (owned by NRC Group). Gunnar Knutsen delivers transport services with biogas trucks for a new drinking water supply in the Oslo area.

Our work on Fyrspåret Malmö–Lund, a quadruple-track railway project in Sweden, was recognised as the most sustainable infrastructure project of the year at Sweden's Green Building Awards 2022. Through innovative solutions, the project avoided over 18,000 tonnes of greenhouse gas emissions.

As a business, we have set a net zero climate impact ambition by 2050 with unambiguous near-term targets. We aim to reduce our greenhouse gas emissions by 30% by 2025. Our concrete climate target is further embedded in the organisation through its inclusion as a criterion in top management's executive compensation scheme. In 2022, we achieved meaningful annual emissions reduction in both



We aim to reduce our greenhouse gas emissions by 30% by 2025.



Sweden (-8.4%) and Norway (-10.4%), and we are actively working to enhance our emissions reduction strategy across the Group. Total GHG emissions for the Group in 2022 were 13,051 tonnes carbon dioxide equivalents (2021: 12,058).

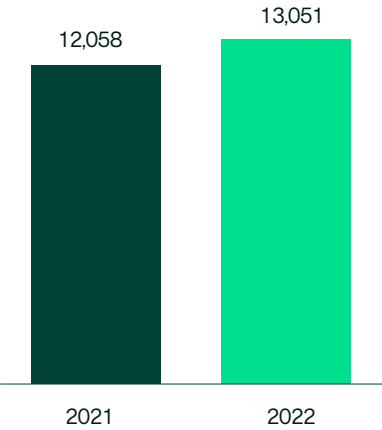
We continued monitoring our climate-related risks and opportunities in 2022 and have disclosed these in our Sustainability Report following the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). We've also been actively following the development of the EU Taxonomy and its related legislation, which came into force in Norway 1 January 2023. NRC Group voluntarily discloses the Key Performance Indicators (KPIs) as defined in the current Taxonomy structure.

Based on the Group's review of economic activities for 2022, the following KPIs have been consolidated:

	Eligible	Aligned
KPIs		
Turnover (Revenue)	87%	67%
Operational expenses (OpEx)	87%	67%
Investments (CapEx)	81%	73%

Total GHG emissions

CO₂ tonnes (Scope 1, 2 and 3)



Environmental performance

Improving environmental performance

Our approach to environmental management is guided by our environmental policies and management systems. Environmental regulations, contract conditions for environmental management and stakeholder expectations regarding environmental performance continue to increase.

All of our work sites operate waste minimisation plans and have a goal of eliminating the creation of waste in the first instance. In 2022 we maintained our group-wide recycling rate at 94% (2021: 96%). Where unavoidable waste materials were generated, we investigated reuse and recycling options. We are setting recycling targets and continue to pursue our zero waste ambitions. Ultimately, we aspire to operate our business in a circular economic model, where waste is designed out of the system.

Some of our most visible environmental impacts occur on our work sites. Impacts such as noise, dust, vibration, emissions, soil and vegetation removal are all regulated and specified in many of our project contracts. We are meeting and exceeding these environmental performance requirements, primarily through the implementation of NRC Group's environmental management system. Our Norwegian and Finnish operations are certified to ISO14001, the internationally recognised environmental management standard. A key premise of our approach to responsible site management is maintaining positive dialogue with the local community about our projects and responding to their information needs. There were zero reported environmental compliance breaches or formal community complaints in 2022 and zero incidents involving hazardous substances or harmful spills.



Safe workplace

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.

All of NRC Group's countries operate a health and safety system that is certified to the ISO 45001 standard and is independently audited annually. Health and safety training starts from onboarding and continues throughout employment at NRC Group. We maintain a focus on learning from all incidents to enhance our knowledge and continuously upgrade our health and safety systems. Our ultimate goal is zero injuries. Our approach includes supporting proactive health measures for our employees and building a single, strong health and safety culture throughout the organisation.

Our LTI frequency rate (injuries resulting in absence at least one full day per million man-hours) decreased to 6.2 per 31 March 2023, compared with 5.3 same period last year. Subcontractors are included in the figures. We had zero serious injuries in first quarter. The sickness absence rate was 4.3% (Q1 2022: 4.9%)

LTI frequency rate

Q1 2023

6.2

(Q1 2022: 5.3)



Ethical practice

Ensuring ethical business practice

NRC Group's business success is built on a foundation of trust. We believe that our business behaviour should reflect the highest ethical standards. Our long-term relationships with our customers and suppliers are where we demonstrate our commitment to ethical business practice.

The new Norwegian Transparency Act (Åpenhetsloven) came into force in July 2022. A formal Transparency Act Statement will be made available on the Company's website on or before 30 June 2023, to meet the requirements of the new law. A detailed description of how we comply with the Act and our approach to upholding human rights is contained within our 2022 Sustainability Report.

The Business Ethics and Code of Conduct Policy serves as NRC Group's primary governance document for ethical business practices. Since 2019, NRC Group Norway has been ISO 37001 certified, the internationally recognised ISO standard for anti-bribery management systems. An annual risk analysis is undertaken as part of the certification process. All managers have completed formal anti-corruption training.

Whistleblowing reports are dealt with in accordance with NRC Group's formal whistleblowing process. Employees can anonymous report in local languages or in English. External stakeholders can report from our webpages.



Interim condensed consolidated financial statement

Interim condensed consolidated statement of profit or loss

<i>(Amounts in NOK million)</i>	Q1 2023	Q1 2022	FY 2022
Revenue	1 291	1 176	7 030
Operating expenses	-1 329	-1 168	-6 695
Other income and expenses	40	-1	-2
EBITDA	2	7	333
Depreciation	-48	-45	-185
EBITA	-46	-38	149
Amortisation and impairment	-4	-9	-389
Operating profit/loss (EBIT)	-49	-47	-240
Net financial items	-15	-14	-58
Share of profit from associates and joint ventures	0	0	-15
Profit/loss before tax (EBT)	-65	-62	-313
Taxes	22	13	-51
Net profit/loss	-43	-48	-364
Profit/loss attributable to:			
Shareholders of the parent	-42	-48	-363
Non-controlling interests	-1	0	-1
Net profit / loss	-43	-48	-364
Earnings per share in NOK (ordinary)	-0,59	-0,66	-4,99
Earnings per share in NOK (diluted)	-0,59	-0,66	-4,99

Interim condensed consolidated statement of comprehensive income

<i>(Amounts in NOK million)</i>	Q1 2023	Q1 2022	FY 2022
Net profit / loss	-43	-48	-364
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Translation differences	103	-52	36
Net gain on hedging instruments	4	10	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	5
Total comprehensive profit/loss	64	-90	-308
Total comprehensive profit/loss attributable to:			
Shareholders of the parent	65	-90	-307
Non-controlling interests	-1	0	-1
Total comprehensive profit/loss	64	-90	-308

Interim condensed consolidated statement of financial position

(Amounts in NOK million)	31.03.2023	31.12.2022
ASSETS		
Deferred tax assets	98	98
Goodwill	2 440	2 364
Customer contracts and other intangible assets	31	32
Intangible assets	2 570	2 493
Tangible assets	192	184
Right-of-use assets	559	564
Other non-current assets	16	23
Total non-current assets	3 337	3 265
Total inventories	28	29
Total receivables	1 387	1 425
Cash and cash equivalents	395	472
Total current assets	1 810	1 927
Total assets	5 146	5 191
(Amounts in NOK million)		
EQUITY AND LIABILITIES		
Equity		
Paid-in-capital	2 396	2 396
Other equity	-20	-85
Total equity attributable to owners of the parent	2 375	2 310
Non-controlling interests	0	2
Total equity	2 376	2 312
Liabilities		
Pension obligations	11	11
Long-term leasing liabilities	347	353
Other non-current interest-bearing liabilities	823	741
Deferred taxes	0	1
Other non-current liabilities	7	0
Total non-current liabilities	1 188	1 106
Short-term leasing liabilities	174	175
Other interest-bearing current liabilities	56	153
Other current liabilities	1 353	1 445
Total current liabilities	1 582	1 773
Total equity and liabilities	5 146	5 191

Interim condensed consolidated statement of cash flows

(Amounts in NOK million)	Q1 2023	Q1 2022	FY 2022
Profit/loss before tax	-65	-62	-313
Depreciation, amortisation and impairment	52	54	574
Taxes paid	-5	-6	-13
Net financial items	16	14	57
Gain from sale of property, plant and equipment	-4	-19	-32
Gain from disposal of subsidiary	-40	0	0
Share of profit from associates and joint ventures	0	0	15
Change in working capital and other accruals	-1	88	-51
Net cash flow from operating activities	-48	69	235
Purchase of property, plant and equipment	-8	-5	-47
Acquisition of companies, net of cash acquired	-7	-21	-24
Investments in associates and joint ventures	0	0	-14
Net proceeds from sale of property, plant and equipment	5	20	55
Disposal of companies, net of cash disposed	97	0	0
Net cash flow from investing activities	86	-7	-29
Repayments of borrowings	-39	-36	-147
Payments of lease liabilities	-47	-41	-171
Interest paid	-16	-14	-46
Net proceeds from acquisition/sale of treasury shares	0	1	-3
Net cash flow from financing activities	-101	-91	-366
Net change in cash and cash equivalents	-63	-29	-160
Cash and cash equivalents at the start of the period	472	626	626
Translation differences	-15	-5	6
Cash and cash equivalents at the end of the period	395	593	472
<i>Hereof presented as:</i>			
Free cash	395	593	472
Restricted cash	0	0	0

Interim condensed consolidated statement of changes in equity

<i>(Amounts in NOK million)</i>	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						-363	-363	-1	-364
Other comprehensive income				15	36	5	56		56
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	15	36	-358	-309	-1	-310
Equity at 31 December 2022	73	0	2 323	12	48	-145	2 310	2	2 312
Equity at 1 January 2023	73	0	2 323	12	48	-145	2 310	2	2 312
Profit/loss for the period						-42	-42	-1	-43
Other comprehensive income				4	103		107		107
Share-based payments			0				0		0
Total changes in equity	0	0	0	4	103	-42	65	-1	64
Equity at 31 March 2023	73	0	2 323	15	151	-187	2 375	0	2 376

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 31 March 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 first 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 31 March 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 rate.

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 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.

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
Q1 2023					
External	571	249	470	0	1 291
Inter-segment	-83	90	0	-7	0
Total revenue	489	340	470	-7	1 291
Operating expenses	-454	-389	-483	-3	-1 329
Other income and expenses	41	0	0	-1	40
Depreciation	-25	-10	-12	0	-48
EBITA	50	-60	-25	-11	-46
Amortisation and impairment	0	-1	-3	0	-4
EBIT	50	-61	-28	-11	-49
Adjustments	-41	41	0	1	1
EBIT adj.	9	-19	-27	-10	-48
Order backlog	1 921	3 428	2 851		8 200
Q1 2022	Norway	Sweden	Finland	Other	Consolidated
External	515	271	389	0	1 176
Inter-segment	-16	17	0	-1	0
Total revenue	499	289	389	-1	1 176
Operating expenses	-474	-300	-385	-10	-1 168
Other income and expenses	0	0	0	0	-1
Depreciation	-21	-11	-12	0	-45
EBITA	4	-22	-9	-11	-38
Amortisation and impairment	0	-1	-8	0	-9
EBIT	4	-23	-18	-11	-47
Adjustments	0	0	6	0	7
EBIT adj.	4	-23	-11	-11	-41
Order backlog	2 064	1 879	3 388		7 331

2. Segments (continued)

<i>(Amounts in NOK million)</i>	Norway	Sweden	Finland	Other	Consolidated
FY 2022					
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. NRC Group is represented in the board of AGN Haga, without being operationally involved in the projects. The projects commenced during 2018/2019 and were previously scheduled to be completed by 2026. The projects are complex with substantial risk, which has increased. The Group is represented in the board of the company but 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.

The book value of AGN Haga AB in the Group's Q1 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 first 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 million.

5. Events after the end of the period

VM Suomalainen Oy appointed NRC Group Finland, to a contract for tramway construction work in Helsinki valued at approximately EUR 3.1 million. The work will commence in May 2023 and is scheduled for completion in December 2025. NRC Group was also appointed to a contract by Wellbeing services County of Vantaa and Kerava rescue department to build a rescue building. The contract is valued at approximately EUR 3.9 million, and will be completed in May 2024. In addition, the City of Oulu appointed NRC Group Finland a contract valued at EUR 4.8 million for traffic light maintenance. The work is scheduled for completion in June 2026, with a possible two-year option.

The Swedish Transport Administration appointed NRC Sverige AB, to a contract for signal installation on the railway connection between Kolbäck and Västerås, valued at approximately SEK 41 million. The work will commence in June 2023 and is scheduled for completion in October 2024.

On 26 April, Henning Olsen, CEO of NRC Group submitted his notice of resignation. The Board of Directors will start a recruitment process to find Olsen's successor immediately. Henning will continue as CEO until a new successor is in place or by the latest 1 October 2023.

On 4 May, the Annual General Meeting approved all items in accordance with the Notice to the General Meeting.

Finnish Transport Infrastructure Agency (FTIA) appointed NRC Group Finland to a contract for track and signalling maintenance on maintenance area 9. The contract is valued at approximately EUR 14,3 million and will commence in November 2023.

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>	Q1 2023	Q1 2022	FY 2022
Operating profit/loss (EBIT)	-49	-47	-240
Adjusting items			
Gain from sale of Gravco business unit	-40	0	0
M&A expenses	1	1	2
Amortisation and impairment from PPA*	0	6	376
Restructuring items	6	0	0
Write-down operations to be discontinued	35	0	0
Adjusting items, total	1	7	378
EBIT adj.	-48	-41	137
Depreciation	47	45	185
Amortisation of IT software investments	4	3	13
EBITDA adj.	3	8	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>	31.03.2023	31.03.2022	31.12.2022
Long-term leasing liabilities	347	305	353
Other non-current interest-bearing liabilities	823	834	741
Short-term leasing liabilities	174	155	175
Other interest-bearing current liabilities	56	142	153
Interest-bearing debt	1 400	1 436	1 423
<i>Minus:</i>			
Cash and cash equivalents	395	593	472
Net interest-bearing debt	1 005	843	950
<i>Minus:</i>			
Total leasing liabilities	521	461	528
Net interest-bearing debt excl. leasing	484	383	422

Reconciliation of Net working capital (NWC)

<i>(Amounts in NOK million)</i>	31.03.2023	31.03.2022	31.12.2022
Total inventories	28	30	29
Total receivables	1 387	1 155	1 425
Current assets (ex cash)	1 415	1 184	1 454
<i>Minus:</i>			
Other current liabilities	1 353	1 269	1 445
Net working capital	62	-85	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

Henning Olsen
CEO

Ole Anton Gulsvik
CFO

Arild Ingar Moe
EVP and MD NRC Group Norway

Harri Lukkarinen
EVP and MD NRC Group Finland

Niklas Sundel
EVP and COO NRC Group Sweden

Lene Engebretsen
EVP and Head of communications

Jussi Mattsson
EVP and Head of Strategy Group and Finland

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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Norway

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Norway

Financial calendar 2023

2nd quarter and 1st half year 2023: 29 August
3rd quarter 2023: 24 November