ANNUAL REPORT

2022

NRC Group

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ABOUT NRC GROUP

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CEO's letter

The solid order backlog and order intake in 2022, are the foundation for our future value creation and reflect our strengthened tendering framework.

NRC Group delivered strong revenue growth of 18% in 2022 against the backdrop of a more complex macroeconomic environment. We proved the resilience of our business model with robust mechanisms for risk sharing that limit the exposure to the current high inflation environment, supported by our continued focus on discipline in project tendering, planning and execution processes.

Profitability improved in our core rail activities and for our environmental business. The development of our operations in Finland and Norway is according to plan. However, we recognised losses in the Swedish Civil construction operations. Restoring profitability in Sweden is our main priority and we will explore strategic options for the Civil business going forward.

Strong foundation
In 2022, we won NOK 7 billion worth of new contracts and had a solid order backlog of NOK 7.8 billion. These projects are the foundation for our future value creation and reflect our strengthened tendering framework. I would like to highlight the award of four long-term maintenance contracts in Sweden with a combined value of SEK 1.6 billion. These provide visibility and a solid base

During the year, we shifted our focus from business transformation to profitable growth and exploiting the opportunities of our unique Nordic position.

to further develop our maintenance business, capture synergies with rail construction and position us for future profitable growth in the Swedish market.

During the year, we shifted our focus from business transformation to profitable growth and exploiting the opportunities the benefits of our unique Nordic position. This means that we will continue to implement the operational improvements that drive profitability, while putting more emphasis on growth and competitiveness. Growth enables organisational development, the execution of bigger and more complex projects and economies of scale.

With our strong Nordic market position, our relentless work to improve core processes and clear strategic priorities, I am confident that we are set to deliver continued positive operational and financial development.

Succeeding as a leader in sustainable infrastructure

In August, we presented our updated strategy centred around the strategic priorities of capitalising on our leading Nordic position, strengthening core processes, disciplined profitable growth, and increasing competitiveness through the sharing of best practice, Nordic collaboration and sustainability. We set long-term targets and ambitions for our growth, for emission reductions and our ambition to resume dividend payments.

With our strong Nordic market position, our relentless work to improve core processes and clear strategic priorities, I am confident that we are set to deliver continued positive operational and financial development.

Preferred partner and employer

A key element of the transformation over the past two years has been to attract and retain the right leadership, project managers and a skilled workforce. Our people are the foundation for our continued success together with a strengthened project selection, tender and execution model.

In 2022, we established a set of leadership principles that describe the most important behaviours expected from leaders at all levels of the organisation across our countries. They also apply to our executive management and through the organisation to site managers and safety leaders. Shared values and a common understanding about how we should behave and interact, how we make decisions and how we carry out our work activities,help us build a strong internal culture. It will support the sharing of competence and capacity across countries and help position NRC Group as the preferred partner and employer in our industry. Together with our values, the leadership principles strengthen our culture and support the execution of our strategy.

The quality of our business model is supported by ISO certifications, our business ethics and the Code of Conduct. We are also conducting analysis of our approach to human rights due diligence according to the Norwegian Transparency Act.

I want to thank our employees for their continued efforts to deliver safe and efficient operations. As the impact of COVID-19 pandemic eased in 2022, new challenges emerged. The war in Ukraine affects us all, and while it is outside of our core operating area, it impacts both people and our markets through potential scarcity of certain materials, through inflation and higher interest rates. Despite the increased uncertainty, we delivered improved performance as one team.

Positioned for sustainable and profitable growth
Our markets are driven by population growth, urbanisation and increased requirements for efficient, low-carbon transport systems. There is broad political consensus in the Nordics that railways and metro lines are solutions for the future, and we are ready to deliver the infrastructure for this. How we do that is very important. Putting safety first and minimising our impact on the external environment are prerequisites for NRC Group's long-term success, together with a strong framework for transparent management of material social and environmental factors. We estimate that approximately 87% of our business activities, in terms of revenues, are considered eligible under the EU Taxonomy.

We pursue sustainable and profitable growth. We are proactively working to become a zero-emission industry by 2050 at the latest and to reduce our own CO_2 emissions by at least 30% by 2025, compared to our baseline numbers

in 2021. We have experienced first-hand that sustainability is a competitive edge for us. In 2022, we won a NOK 400 million mass removal and disposal contract for the City of Oslo's new drinking water supply using biogas trucks to significantly reduce the CO_2 emissions.

Our operational priorities of winning the right projects at the right price with excellence in project execution, remain firm, supported by our continued focus on improving core processes, capturing the full potential of our unique Nordic position and on turning sustainability into contract wins. The strong order backlog and robust financial position provides a strong platform for long-term growth and value creation as a leader in sustainable infrastructure.

The strong order backlog and robust financial position provides a strong platform for longterm growth and value creation as a leader in sustainable infrastructure.

Stay healthy and safe.

Oslo, 29 March 2023

Henning Olsen,
CEO

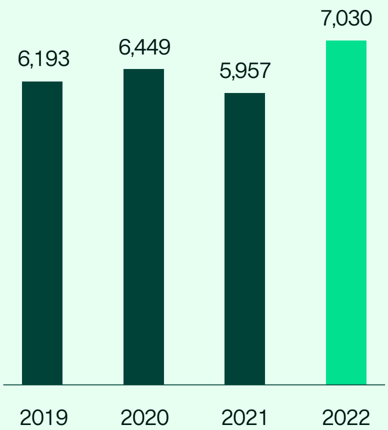
2022 in figures

Revenue	**EBITDA**	**EBIT****
↑ 7,030 MNOK	↑ 333 MNOK	↓ -240 MNOK
2021: 5,957 MNOK	2021: 302 MNOK	2021: 42 MNOK
EBITA*	**EBITA* %**	**Order intake**
↑ 151 MNOK	↓ 2.1%	↓ 6,959 MNOK
2021: 139 MNOK	2021: 2.3 %	2021: 7,581 MNOK
Order backlog	**Operating cash flow**	**Cash and cash equivalents**
↓ 7,795 MNOK	↓ 235 MNOK	↓ 472 MNOK
2021: 7,801 MNOK	2021: 358 MNOK	2021: 626 MNOK
Net interest-bearing debt	**Equity ratio**	**Employees**
↓ 950 MNOK	↓ 45 %	↑ 1,960
2021: 891 MNOK	2021: 47 %	2021: 1,893

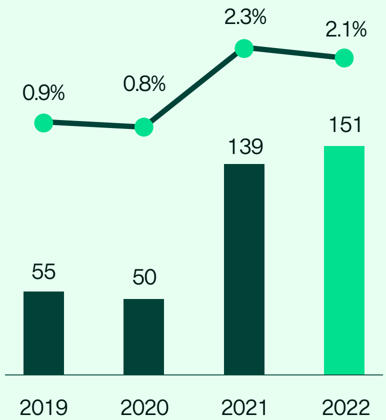
** Before other income and expenses (M&A expenses)   ** 2022 figures include goodwill impairment expense of NOK 352 million*

2022 in graphs

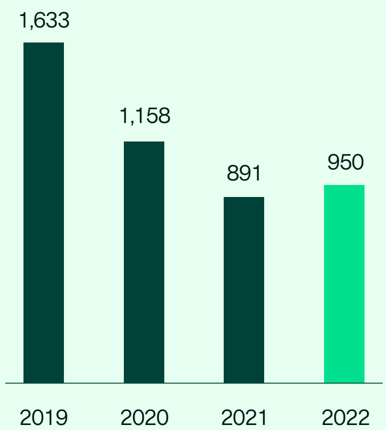
Total revenue
NOK million



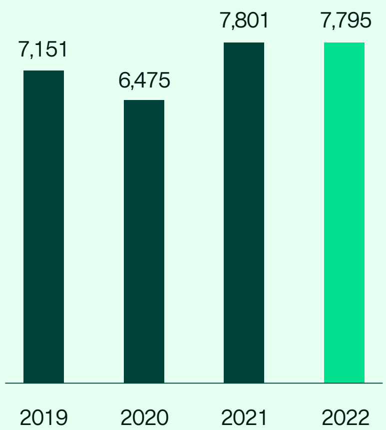
EBITA* & EBITA* Margin
NOK million and percent



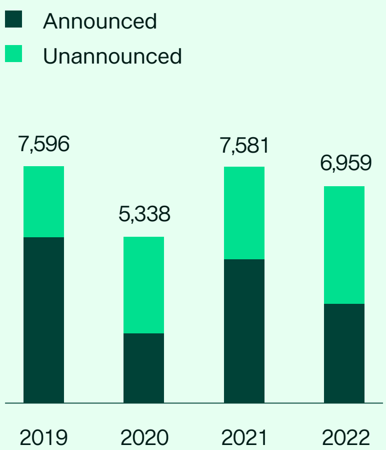
Net interest-bearing debt
NOK million



Order backlog
NOK million



Order intake
NOK million



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

2022 in projects

NRC Group creates sustainable ways for people and cities to connect.

Access to high-quality, low-carbon sustainable infrastructure solutions is becoming increasingly important as the region's cities and populations grow. NRC Group creates and maintains the infrastructure, and helps to promote greener, safer and more efficient transportation of people and goods.

Sweden:
Maintenance Mitt- and Ådalsbanan

Major rail maintenance contract covering the Mitt– and Ådalsbanan in central and northern Sweden.

It is the largest contract awarded to NRC Group Sweden to date and will involve rail services such as track, signalling and electro. The contract covers a five-year period with an additional two-year option period.

The contract is valued at approximately SEK 773 million.

Start: June 2023
Completion: May 2028 + 2-year option period
Client: Trafikverket (The Swedish Transport Administration)

Norway:
Mass transportation Oslo water supply

Contract awarded NRC Group's wholly owned Norwegian subsidiary Gunnar Knutsen for transportation and disposal of masses in connection with the building of the new drinking water supply and distribution network to the City of Oslo.

Valued at approximately NOK 400 million, and is the largest mass transportation contract awarded to NRC Group to date.

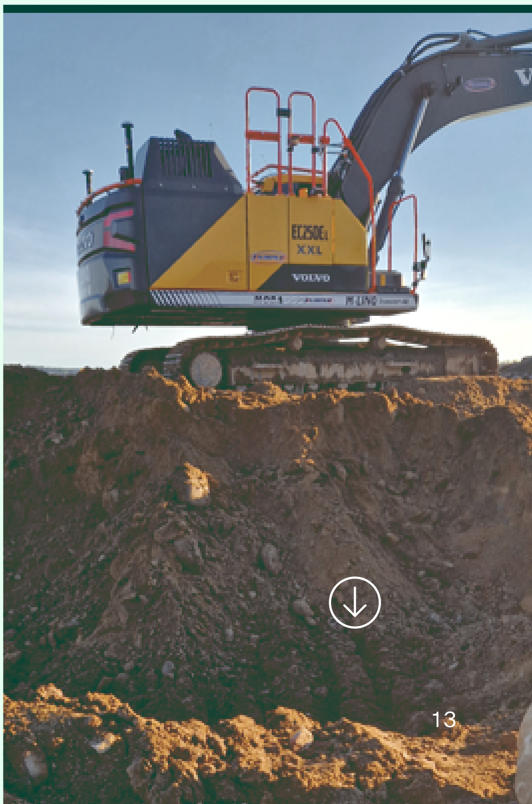
Start: May 2022
Completion: November 2027
Client: JV AF Ghella ANS for the Municipality of Oslo

Sweden:
Norrköping railway yard

Contract for construction of a new railway yard in Norrköping. The contract is executed by NRC Group Sweden and involves rail services such as groundwork, track, signal/telecom and electro.

The contract of approximately SEK 157 million.

Start: August 2022
Completion: May 2026
Client: Trafikverket (The Swedish Transport Administration)



Finland:
Kuopio railway yard

Appointed to a contract for rehabilitation and upgrading of the railway yard Kuopio in Eastern Finland. The project involves services such as track construction, electro, signal, groundworks and bridges.

The contract for NRC Group Finland is valued at approximately EUR 25 million.

Start: July 2022
Completion: October 2024
Client: The Finnish Transport Infrastructure Agency (FTIA)

2022 in brief

Succeeding as a leader in sustainable infrastructure

NRC Group was created to capitalise on strong Nordic infrastructure markets. In August 2022, the Group provided a capital markets update focused on strategy, operations, markets, financial development and outlook. Combined, these factors provide a robust foundation for long-term growth and continued improved profitability enabled by the recent year's business transformation focused on the integration of acquired companies and operational improvements. The result is more robust processes for project selection, tendering and execution and a strengthened organisation which position NRC Group for future profitable growth.

Improved processes in all project phases

NRC Group ended 2022 with a high order backlog due to a growing market resilient to macro downturns, and the Group's continuous focus on winning the right projects to the right price. The new orders reflect improved processes across all project phases from tendering to completion. The order backlog ended at NOK 7.8 billion, at the same level as last year. This supports NRC Group's long-term growth and profitability ambitions as the leading rail infrastructure company in the Nordics with a strong ESG anchoring.

Clear strategic priorities and long-term ambitions

At the 2022 capital markets update, NRC Group presented its updated strategic priorities:

- Capitalise on a leading Nordic position
- Continue to improve core processes to increase profitability
- Drive profitable growth through increased revenue from large projects and potential bolt-on M&A
- Implement best practice across the Nordics to increase competitiveness
- Leverage sustainability as a competitive edge

For 2023, NRC Group expects continued positive operational and financial development with a slight decrease in revenue and moderate increase in EBITA* margins.

The updated strategy forms the basis for the Group's new medium-term targets and long-term ambitions for profitability, sustainable growth and the resumption of dividend distributions in line with the dividend policy. The Group targets an EBITA margin in the 5-7% range and revenue growth is expected to exceed 5% per year over the cycle plus bolt-on M&A on a longer-term ambition. The Group also targets a 30% reduction in CO2 emissions in 2025 vs. 2021 (for scope 1+2).

Reaffirming strong maintenance market position

In Sweden, NRC Group won four multi-year rail maintenance contracts with combined total value exceeding SEK 1.6 billion. Three of the contracts represent a continuation of work in maintenance areas currently served by the Group, and the fourth represents growth into a new region. The awards provide a solid foundation for further development of the maintenance business and support future profitable growth in Sweden. The new contracts are for five years with options to extend. This includes the SEK 773 million contract for the Mitt- and Ådalsbanan area, which is the biggest contract to date for NRC Group in Sweden.

Company introduction

The future is on rails.
We deliver the infrastructure.

NRC Group creates sustainable ways for people and cities to connect. The Group has experienced strong growth since its inception in 2011 and is today a leading Nordic infrastructure company building sustainable transport solutions in Norway, Sweden and Finland.

NRC Group delivers the complete value chain and in-house capabilities for the prioritised markets of rail construction, civil construction, rail maintenance and environmental services. The offering includes groundwork, concrete work, specialised trackwork, electro, signalling systems, demolition, recycling and mass transportation. A unique set of capabilities and services from planning and project management to construction and maintenance, is provided to execute complex rail, light rail and civil engineering projects. As a total supplier of railway infrastructure, the Group applies its wide range of competencies and expertise within rail infrastructure to meet clients'.

The Company's mission is to create infrastructure that goes beyond the demands of today and tomorrow - both for people and the society. Access to high-quality sustainable infrastructure solutions with low carbon footprint enabling safe and efficient transport solutions, is increasingly important.

NRC Group is positioning itself to be the sustainable partner of choice and a Nordic leader. In 2022, the Group updated its strategic priorities for succeeding as a leader in sustainable infrastructure, improve profitability and drive growth:

- Capitalise on a leading Nordic position
- Continue to improve core processes to increase profitability
- Drive profitable growth through increased revenue from large projects and potential bolt-on M&A
- Implement best practice across the Nordics to increase competitiveness
- Leverage sustainability as a competitive edge

Through operational improvements, the company will capitalise on the leading Nordic position and a strong market outlook with clearly defined operational, financial and sustainability targets and ambitions.

NRC Group recognises that people are the key enablers for achieving its targets. This is reflected in the Company's vision; being the most attractive partner and employer of tomorrow's infrastructure. Sound business conduct and sustainability focus are also enablers of growth and profitability. Together with the complete rail infrastructure value chain offering, knowledge and experience, they represent NRC Group's key competitive advantages.

NRC Group sees a long-term positive outlook for rail, light rail and metro line developments, including complementary services. Market fundamentals are supported by population growth and urbanisation trends, and environmental challenges will add to already increasing maintenance backlogs within rail.

Market fundamentals are supported by population growth and urbanisation trends, and environmental challenges will add to already increasing maintenance backlogs within rail.

Values

The Group operates by a set of values which are shared throughout the organisation.

CREDIBLE

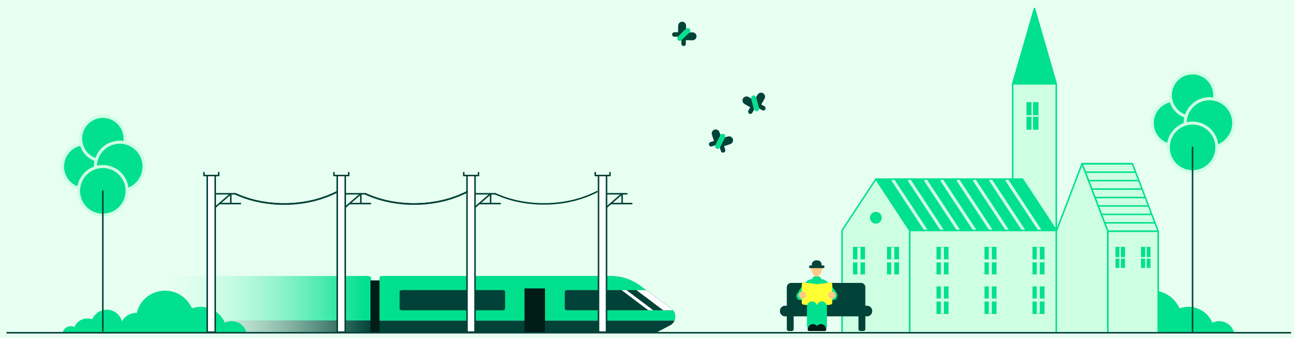
We work according to high ethical standards, we keep our promises, and deliver on agreed time, budget and quality. For us, promises exist to be kept.

ENTREPRENEURIAL

We deliver infrastructure, not bureaucracy. We are driven by a strong commercial mindset.

CARING

We care for the safety of our employees and suppliers. We make sure to plan and act for the safety of people and our society.



Group structure and presence

NRC Group's head office is located at Lysaker near Oslo, Norway. The Group has three operating segments, Norway, Sweden, and Finland.

NRC Group Norway is responsible for operations in Norway and has branch offices in the eastern and southern parts of Norway. In 2022, there were three operating divisions in Norway.

- Rail construction
- Civil construction
- Environment

NRC Group Sweden is responsible for operations in Sweden and has its head office in Stockholm, with branch offices across the country. In 2022, there were three operating divisions in Sweden.

- Rail construction
- Rail maintenance
- Civil construction

NRC Group Finland is responsible for operations in Finland and has its head office in Helsinki and branch offices in several cities. In 2022, there were three operating divisions in Finland.

- Rail construction
- Rail maintenance
- Materials

Share of revenue by market

2022 figures, in percent

Finland : **37%** (2021: 44%)
Norway: **34%** (2021: 31%)
Sweden: **30%** (2021: 25%)

Operations and markets

NRC Group is a fully integrated infrastructure contractor with in-house capabilities to deliver complex projects.

Operations

NRC Group offers a complete set of services such as rail, light rail and metro systems, and related civil construction. The service offering includes groundwork, signalling systems, telecom, electro, catenary systems, tracks, as well as station buildings and terminals. The offering also includes complementary services within concrete work, groundwork, recycling and mass transport that are integral to complete large rail projects and enable the Group to provide stand-alone solutions to clients.

Rail and light rail

Construction

NRC Group holds all necessary approvals to work within the rail, light rail and metro segments including electrical installations with specialist capabilities across the entire rail value chain. In addition to railroads, stations and terminals, the offering includes related infrastructure such as bridges and crossings.

Construction work can be divided into these main categories:

Substructure: Substructure ensures stable tracks and railroads. The substructure is the foundation and consists of the mass that the track is placed upon, in addition to different technical constructions. Substructure includes among other groundwork, tunnels, bridges and culverts.

Superstructure: Superstructure ensures the interaction between the train and the track, and makes sure trains move safely, comfortably, and fast at the same time. Among other, the superstructure consists of ballasts, sleepers, rails, switches and cable channels.

Signalling system: The signalling system ensures safety, speed and time management for trains on the move.

Power supply system: Secures continuous power transfer to the trains. Includes all electro and catenary work.

Other complementary services: services such as concrete works, recycling, demolition and mass transport are delivered where a full-scale service range is required.

The ability to offer full scope and execution capacity is an important factor in a tender process within the rail industry. NRC Group has capabilities across the entire spectre of rail services, which serves as a competitive advantage for the company.

Maintenance
NRC Group is an established provider of railway maintenance services in Finland and Sweden and utilises the same competencies and equipment as for rail construction projects. Maintenance contracts are multi-year agreements to perform specific tasks to maintain railway infrastructure in a geographical area to a specified standard.

Civil construction
NRC Group in Norway and Sweden has established separate divisions specialising in civil construction. This includes groundwork, concrete work, installation and construction of steel structures and landscaping. The services support the development of railway infrastructure.

NRC Group offers a complete set of services such as rail, light rail and metro systems, and related civil construction. The offering also includes complementary services within recycling and mass transportation.

Other complementary services

The construction business and infrastructure development are subject to substantial climate and environmental responsibilities. NRC Group aims to be a Nordic leader in sustainable infrastructure, and environmental considerations are essential for the projects the Group executes,and an integrated part of the value chain.

In Norway, a separate division, Environment, provides services within transport and handling of masses, demolition and recycling. This division acts both as a service provider to projects for NRC Group and as a provider to external contractors. In Finland, a separate division, Materials, provides procurement, logistics and warehousing for the Finnish Transportation Infrastructure Agency (FTIA).

Market

NRC Group addresses a growing market for specialist infrastructure services. Population growth, urbanisation and the need for environmentally friendly and efficient transport solutions are strong macro- and socio-economic factors driving this development. In addition, there is significant and growing maintenance deficit in the public railroad, light rail and metro systems following years of underinvestment.

The national agencies for railway services; Bane NOR in Norway, Trafikverket in Sweden and the Finnish Transport Infrastructure Agency in Finland are NRC Group's largest clients. Increased light rail and metro development

NRC Group's main customers are national transport authorities on a state, regional and municipal level.

activities have in recent years increased the relative importance of municipalities. Additionally, there are also some private clients within industry and logistics.

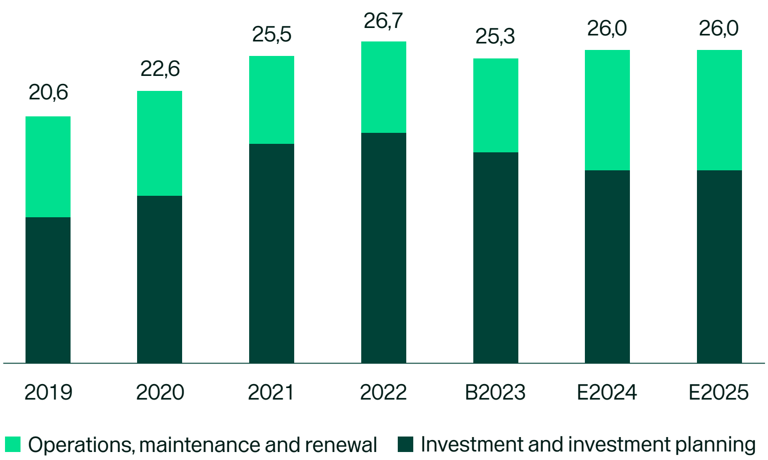
The market development is largely a function of annual budget allowances to rail-based and other transport infrastructure in the national budgets and at a municipal level in the larger cities such as Stockholm and Gothenburg in Sweden, Oslo and Bergen in Norway, and Tampere and Helsinki in Finland.

The Governments of Norway, Sweden and Finland develop their transportation systems according to 12-year National Transport Plans (NTP), which are updated and approved by Parliament every fourth year.

The Norwegian market is expected to grow over time, reflecting broad political support to improve the national railway system. In the 2023 budget, NOK 25.3 billion was allocated to the railway sector, slightly down from NOK 26.7 billion in 2022. The maintenance backlog is expected to increase further, as spending continues to lag the levels required to offset actual wear on existing infrastructure.

Rail investments and maintenance spending

NOK billion, 2019-25



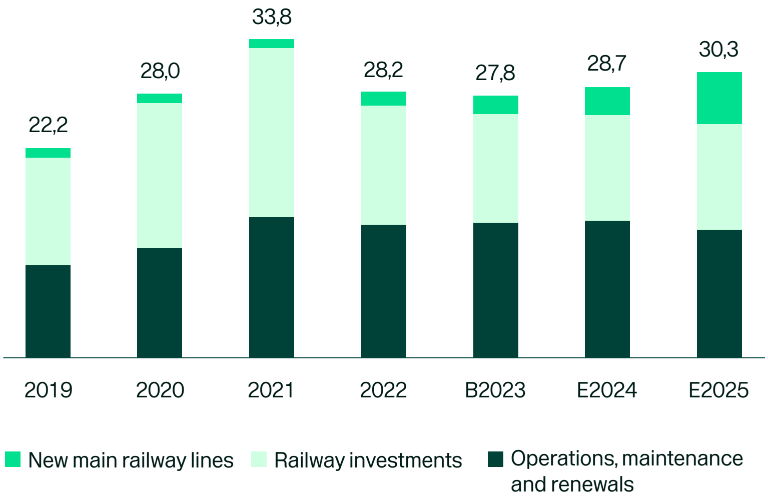
The National Transport Plan (NTP) 2022 - 2033, is updated every four years and confirms the Government's transport goals, strategies and priorities in a long-term perspective.

The Swedish market is expected a slight decline in planned investments for 2023,. The Swedish national budget for rail investments and maintenance spending in 2023 is SEK 27.8 billion, compared with SEK 28.2 billion in 2022. This is mainly due to lower expected new railway investments. Planned maintenance and renewals are at SEK 14.3 billion. The maintenance backlog is forecasted to remain stable.

The national plan for transport infrastructure describes how state-owned infrastructure is to be maintained and developed from 2022-2033 in Sweden. The fund for maintenance and renewals of railways, is approximately SEK 165 billion in the period.

Long-term railway spending

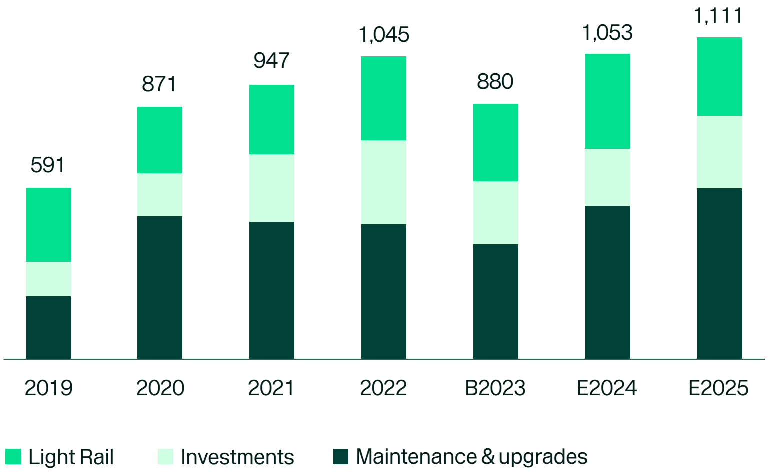
SEK billion, 2019 - 2025



In Finland, the investment level is still expected to be high in the coming years. The addressable market is estimated at EUR 880 million in 2023, down from EUR 1.05 billion in 2021. Light rail projects, where NRC Group Finland is a market leader, remain as one of the key drivers for market growth together with high rail renewal and investment activity. The Maintenance segment is expected to decrease in 2023.

Rail investments and maintenance spending

EUR million, 2019-25



The National Transport System Plan for 2021–2032, is a strategic plan for developing the transport. This is the first 12-year transport plan made in Finland. It will be updated every four years.

There is broad political commitment in Norway, Sweden and Finland to increase spending on developing, maintaining and modernising railroad, light rail and metro lines in major cities, as well as improving other key components of the national transport infrastructure. All the three countries operate with 12-year National Transport Plans to address the same underlying factors, supporting long-term growth in infrastructure investments and maintenance.

The public aspect of transport infrastructure developments provides NRC Group with long-term visibility and low counterparty risk. However, the potential economic size and complexity of such developments may influence the political processes leading up to project sanction and therefore impact overall activity in the markets where NRC Group operates short-term.

In Norway, several large rail development projects are planned or underway including the Intercity development to improve connectivity between the major cities in the populous areas surrounding Oslo.

Additionally, in Norway, significant investments are planned for major upgrades and maintenance projects on light rails and metro systems in Oslo and Akershus. Similarly, in Sweden, the metro line development is progressing in Stockholm.

The long-term growth in the Finnish rail construction market is driven by large light rail projects, with several developments are in various stages of planning, combined with new railway developments to upgrade the network as well as growth in maintenance activity. NRC Group Finland holds a central role in light-rail alliance projects such as Crown Bridges tramway in Helsinki, and is also market leader within construction and maintenance.

The National Transport Plans and local plans for investments in transport-related infrastructure in Norway, Sweden and Finland, increasing maintenance backlog in all countries and strong demand for sustainable and environment-friendly transport solutions, support expectations for continued long-term growth in NRC Group's main markets.

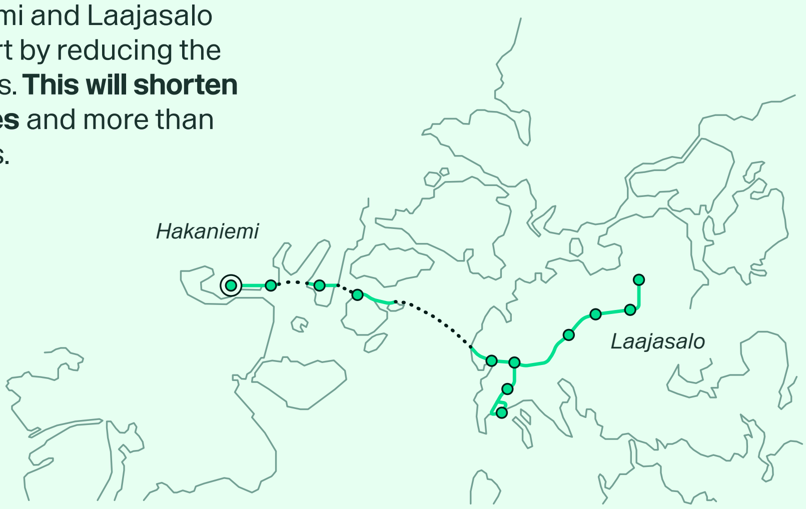
The Crown Bridges project

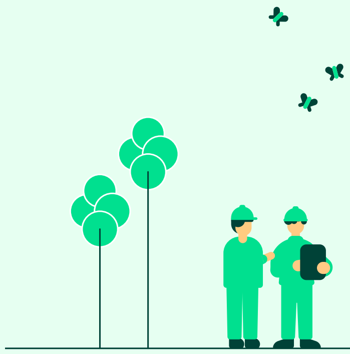
We are promoting sustainable transport by creating a new light rail line and making new areas accessible by bicycle or on foot.

The Crown Bridges project in Finland consists of a new light rail line from Helsinki city centre to the growing southeastern neighbourhood of Laajasalo and three new bridges that will make the Kalasatama, Korkeasaari, Mustikkamaa and Laajasalo areas accessible by bicycle or on foot. The project is a collaboration between our alliance partners and includes groundwork, tracks, electrical and technical systems, and safety equipment work. Due to the large scale of the bridges, the project will significantly impact the cityscape and shape how people travel in the Helsinki area.

Start: 2021
Completion: 2026
Client: City of Helsinki
Alliance partners: YIT, Ramboll, Sweco and Sitowise
NRC Group share of the contract: EUR 100 – 110 million

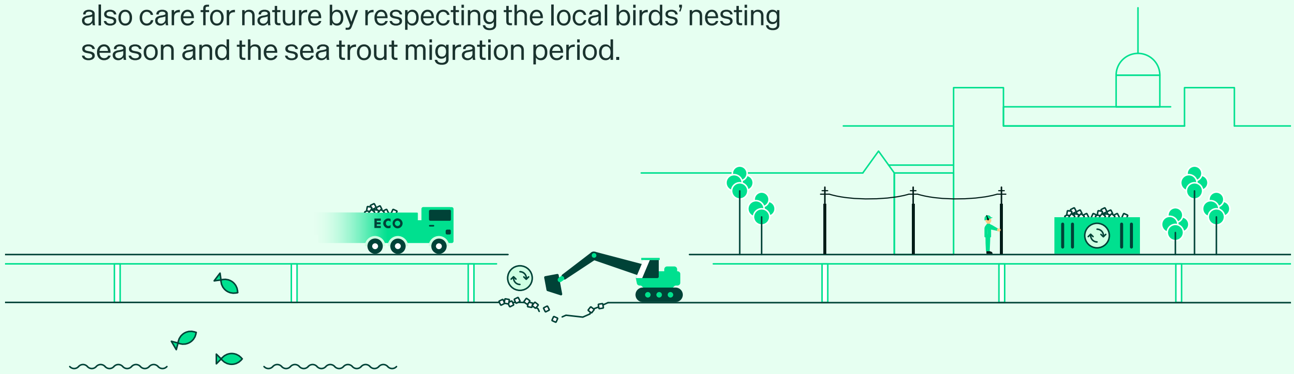
The new line between Hakaniemi and Laajasalo promotes sustainable transport by reducing the journey from 11 to 5.5 kilometers. **This will shorten the travel time with 10 minutes** and more than halve the travel time for cyclists.





The project aims for the BREEAM Infrastructure certification – a globally recognised environmental assessment method and rating system. The mission is to improve sustainability and environmental performance in areas such as energy use, water efficiency, materials, waste, pollution, transport, and health and well-being.

This means, among other things, that **we will constantly look for opportunities to use recycled and reusable materials in construction.** We will reuse cleaned masses and kerbstones and have local depots for them. We will also care for nature by respecting the local birds' nesting season and the sea trout migration period.



SUSTAINABILITY

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Introduction

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

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

Our sustainability framework provides a clear structure for how we approach and address environmental, social and governance topics.

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 2022, Gunnar Knutsen (owned by NRC Group) signed a major mass removal contract in Norway valued at NOK 400 million . 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

Sustainability is a competitive edge for us. We won a NOK 400 million mass removal and disposal contract for the City of Oslo using biogas trucks to significantly reduce the emissions.

scheme. In 2022, we achieved meaningful annual emissions reduction in both 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).

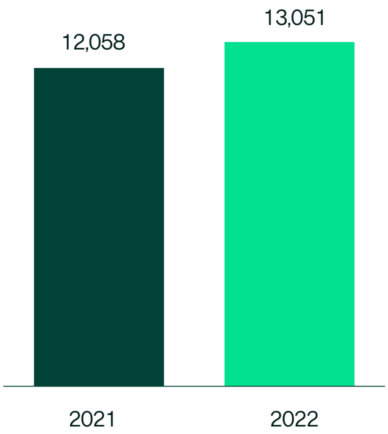
We continued monitoring our climate-related risks and opportunities in 2022 and have disclosed these in our Sustainability Report following the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). We've also been actively following the development of the EU Taxonomy and its related legislation, which comes into force in Norway in 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:

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

Total GHG emissions

CO_2 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. To meet these expectations we are implementing innovative approaches, such as the incentives used in the delivery of the award-winning Fyrspåret Malmö–Lund railway project. Through the selection and reuse of materials throughout project NRC Group helped to achieve significant waste and greenhouse gas savings. A case-study of the project is included in our 2022 Sustainability report.

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.

We see our suppliers as key partners in our business. Their success enables our success. The Covid-19 pandemic and war in Ukraine have demonstrated the importance of a robust and resilient supply chain. We approach the management of our supply chain in two ways. Firstly, we actively select suppliers that align with our vision and values. This means they meet our expectations and requirements for health and safety, environmental performance and other relevant factors. Secondly, we seek to build meaningful and long-term relationships with our suppliers. In doing so, we establish trustful working relationships where we can learn and grow successfully together.

All of our work sites operate waste minimisation plans and have a goal of eliminating the creation of waste in the first instance.

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 6.0 in 2022 (2021: 6.4). Subcontractors are included in the figures. We had two serious injuries in 2022 (2021: 0). The sickness absence rate in 2022 was 4.2% (2021: 3.9%).

Health and safety is a core value and a critical priority for NRC Group. While our LTI result in 2022 is an improvement on the previous year, we are unwavering in our focus in making our workplaces safer and reducing our injury rates. We believe health and safety is a core function of responsible leadership. We have now elevated this principle so that it is reflected in all aspects of our leadership development.

LTI frequency rate

2022 figure

6.0

(2021: 6.4)

Emphasizing diversity and equal opportunities

We believe that diversity creates value. Being able to listen to and acknowledge different opinions, different backgrounds, experiences and perspectives, makes for more effective corporate decision-making. A diverse workforce leads to diversity in thinking - a key driver for innovation and growth.

The proportion of females in our workforce of 1960 employees is 10.7% (2021: 10.7%). Female representation in country leadership teams and top management is 40.5% (2021: 40.5%) and 57% (2021: 50%) on NRC Group's Board of Directors. In our efforts to build a diverse workforce we are focusing on our recruitment and internship programs. We are proactively promoting roles with diversity as a key selection criterion.

Training and developing our people

NRC Group considers competence and knowledge development as important factors for building a shared company culture, as well as to attract and retain great people. We believe that by investing in our people we achieve a more skilled, loyal and effective work force. Our people's passion, dedication and expertise are essential for delivering high quality projects.

To achieve our sustainability goals and develop our people NRC Group has developed specific training programmes in sustainability and leadership. In 2022, 81% of all employees completed the company's certified sustainability training course (2021: 63%). The training programme builds a shared understanding of sustainability within the business and is a powerful driver of positive environmental and social performance.

Females in our workforce

2022 figure, proportion in percent

10.7%

(2021: 10.7%)

Females in our leadership

2022 figure, proportion in percent

40.5%

(2021: 40.5%)

Females in our BoD

2022 figure, proportion in percent

57%

(2021: 50%)

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. By 30 June 2023, Norwegian companies which are covered by the Act are obligated to carry out due diligence on their supply chain regarding fundamental human rights and decent working conditions. As an infrastructure company operating in the Nordics, NRC Group is exposed to a low level of human rights risks and decent working conditions in its own direct workforce, with limited to increasing risks being present in its value chain – this predominantly relates to third party contractors through to the products it purchases. NRC Group is currently undertaking a human rights' risks analysis and a gap analysis is planned for its approach to human rights due diligence to identify potential areas for improvements. A formal Transparency Act Statement will be made available on www.nrcgroup.com on or before June 30, 2023 to meet the requirements to 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 programme at NRC Group focuses on priority ethics areas including transparency, anti-corruption, anti-bribery, fair competition and supply chain integrity. Routines and systems for whistleblowing have been established in accordance with the Norwegian Working Environment Act. 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. Following a whistleblowing report, any investigations and actions are considered on a case-by-case basis. NRC Group will, as soon as possible upon receiving a whistleblowing report, draw up a draft action plan. The plan may include the initiation of internal investigations and an assessment of sanctions in accordance with labour law legislation. Six whistleblowing reports were received in 2022 (2021: 10). The reports were followed up in accordance with NRC Group's formal whistleblowing process and the Business Ethics and Code of Conduct Policy. Following investigation, no reports were elevated for further action.

Since 2019, NRC Group Norway has been ISO 37001 certified, the internationally recognised ISO standard for antibribery management systems.

SHAREHOLDER INFORMATION

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Management team

Henning Olsen
Chief Executive Officer (CEO)
NRC Group ASA

Olsen comes from the position as executive vice president in AF Gruppen, where he has been responsible for the Building business area in Norway since 2016. His previous roles in AF Gruppen include head of AF Eiendom, financial director within AF Bygg Oslo and group controller. Before joining AF Gruppen in 2010, he has been employed at Statkraft and Boston Consulting Group. Henning holds a Master of Science degree in Business from BI Norwegian Business School (2003). Olsen holds 165,000 share options and 114,306 shares in the company.

Ole Anton Gulsvik
Chief Financial Officer (CFO)
NRC Group ASA

Gulsvik has more than 15 years of experience from various managerial roles. He comes from the role as CEO of Seven Seas Group (former Eitzen Maritime Services), where he served as CEO from 2016 and as CFO from 2012 to 2015 when the company was listed at the Oslo Stock Exchange. Gulsvik holds a strong capital market background from among others Carnegie and Handelsbanken as analyst both within equity and credits, and later in corporate finance. Gulsvik holds a Masters degree in Engineering from the Norwegian University of Technology and Science (NTNU) in Trondheim, Norway. Currently, he holds 138,277 shares (including 133,996 shares held by Jodfabrikken AS, a company wholly owned by Ole Anton Gulsvik) and 90,000 share options in NRC Group.

Harri Lukkarinen
EVP and Managing Director
NRC Group Finland

Lukkarinen has more than 20 years of railway industry experience. He was previously CEO of VR Track Oy and Director for infrastructure projects at CMC Terasto Oy which was part of Pöyry Group. He served as a management team member of VR Group. Lukkarinen has been Managing Director of NRC Finland since January 2019. Lukkarinen holds 16,962 shares and 157,500 share options in the company.

Arild Ingar Moe
EVP and Managing Director NRC Group Norway

Moe has more than 30 years' experience from the civil industry. Since 2009 he has been Vice President for the Civil Construction division and a part of the executive management at AF Gruppen in Norway. Previous roles in AF Gruppen include leading the integration of the acquired construction company Ragnar Evensen and the position as Managing Director for this company, which later became AF Bygg Oslo. Moe holds an Engineering degree from Oslo Ingeniørhøgskole (1988) and a Bachelor of Economics degree from Agder Ingeniør og Distrikshøgskole (1989). He holds 232,033 shares and 96,000 share options in the company.

Lene Engebretsen
EVP and Head of Communications

Engebretsen comes from the position as Director for Internal Communications Europe in Cognizant. She has been responsible for strategic communications and change management lead for several large projects the last years. Her previous roles in Cognizant include Director of Business Relations and Head of Communications. Before joining Cognizant in 2016, she held positions as Head of Communications for different tech and media companies. Lene holds a Master of Finance degree from BI Norwegian Business School (2002). She holds 9,259 shares and 51,000 share options in NRC Group.

Jussi Mattsson
EVP and Head of Strategy and Business Development

Jussi Mattsson joined NRC Group 1 February 2021. Before joining NRC Group, Jussi worked for Rettig Group, a family owned investment company, where he focused on value creation for the company's core investments. Prior to that he worked for Boston Consulting Group. He has a master of Science degree from the Aalto University School of Economics. Mattsson holds 5,252 shares and 45,000 share options in NRC Group.

Marianne Ulland Kellmer
EVP and Head of HR

Kellmer comes from the position as HR Director for NRC Group Norway, and before joining NRC Group she was Nordic HR Transformation Specialist in Oracle. Since 2007 Kellmer has held various HR leadership roles in different industries, and among others she has been Head of Group HR in the Norsk Gjenvinning Group, HR Manager in Scandic hotels and Organizational and Communications Manager within the public transportation sector in greater Oslo region. Marianne holds a Bachelor Degree in Service Management from the University of Stavanger, Norway. Kellmer holds 4,281 shares and 4,000 share options in NRC Group.

Board of directors

Rolf Jansson
Chairman of the board

Jansson is currently CEO of Aspo Group. Prior to that, he held the position as President and CEO at VR Group, Finnish Railways. Before joining VR Group Jansson worked in investment banking at Nordea Corporate Finance and holds extensive experience from management consulting primarily at Booz Allen Hamilton. Jansson is currently a Board member at Sarlin Group, Varma Mutual Pension Insurance Company and East Office of Finnish Industries. Jansson represents VR Group Oy which holds approximately 18% of the shares in NRC Group. Jansson currently holds 65,000 shares in the company. Member of the Board of NRC Group since January 2019.

Mats Williamson
Board member

Williamson has more than 35 years of experience from various positions within the Skanska Group. Williamson has been Executive Vice President for the Skanska Group, Business Unit President for Skanska's construction activities in Sweden and UK and Project Director for the Öresund Bridge. Williamson holds a MSc in Civil Engineering from Lund Institute of Technology and has an AMP from Harvard Business School. He has held positions as Board member in several companies in Sweden. Williamson holds 30,000 shares in the company. Member of the Board of NRC Group since July 2018.

Eva Nygren
Board member

Nygren has more than 35 years of operational experience in the building and civil engineering industry, including as ZDirector of Investment at Swedish Transport Administration, President and CEO of Rejlers and President of Sweco Sverige. She is currently active as a professional Board member and Chairman in several stock exchange listed, private and state-owned companies in the Nordics. Nygren currently holds 1,000 shares in the company. Member of the Board of NRC Group since January 2019.

Heikki Allonen
Board member

Allonen is a board professional with extensive experience from senior management and Board positions. He has worked as CEO in public and listed companies like SRV Oyj, Fiskars Corporation and Patria Group for some 20 years. Mr Allonen is currently the vice-chairman of the Board of Directors of Savox Oy, board member of Nokian Tyres Plc and Port of Helsinki Oy. Mr. Allonen has previously served as Chairman of the board for the Norwegian defence company Nammo AS and as the vice-chairman of the Board of Directors of VR Group Oy. Allonen has held the position as board member in NRC Group since May 2021 and holds 28,000 shares in company.

Tove Elisabeth Pettersen
Board member

Tove Elisabeth Pettersen has extensive experience from several senior management positions at Hafslund and at Bane NOR and Jernbaneverket, and since 2020 as CFO at Norwegian Red Cross. Pettersen has served on the Boards of Eidsiva Vekst, Client Computing Europe ASA, DNB Livforsikring, Infratek ASA, Klemetsrudanlegget AS and the Board of Statnett SF. Pettersen holds 5,000 shares in NRC Group and has held the position as Board member in NRC Group since May 2020.

Outi Henriksson
Board member

Outi Henriksson has an extensive senior management background from banking, transportation and telecom and has 20 years of experience as CFO, since 2017 at Aktia Bank Plc and formerly in VR Group. Ms. Henriksson serves as a Board member of Aktia Livsförsäkring AB and has served as a Board member and Chairman of the Audit committee of Adapteo Plc. Member of the Board of NRC Group since May 2021. Henriksson holds 5,000 shares in NRC Group.

Karin Bing Orgland
Board member

Bing Orgland has a broad financial background. During the period of 1985-2013 she held different managerial positions within the DNB Group, latest from 2009-2013 as Group Executives Vice President Corporate and Personal Banking Norway. Since 2013, Bing Orgland has been active as a professional board member in different listed and government-owned companies. Bing Orgland is currently Chairman of the board in Entur and Board member of Storebrand ASA, Kid ASA and Eksportfinansiering Norge. Bing Orgland holds 15,000 shares in NRC Group. She has held the position as Board member in NRC Group since May 2022.

Corporate governance report

Corporate Governance in NRC Group ASA
NRC Group ASA (the "Company") has made a strong commitment to ensure trust in the company and to enhance shareholder value through effective decision-making and improved communication between management, the Board of Directors (or "Board") and shareholders. The company's framework for corporate governance is intended to decrease business risk, maximise value and utilise the company's resources in an efficient, sustainable manner, to the benefit of shareholders, employees and society at large.

Corporate governance framework and reporting
The Board of Directors will actively ensure that the company adheres good corporate governance standards and thus complies with the Norwegian Code of Practice for Corporate Governance (the "Code of Practice"). The Code of Practice is available at the Norwegian Corporate Governance Committee's web site - www.nues.no. Application of the Code of Practice is based on the "comply or explain" principle, which stipulates that any deviations from the Code, should be explained.

The Board of Directors has adopted the company's corporate governance guidelines, including revised rules of procedure for the Board, instructions for the audit committee, instructions for the remuneration and project committee, insider manuals, manual on disclosure of information, ethical guidelines and guidelines for corporate social responsibility. The company's corporate governance framework is subject to annual reviews and discussions by the Board of Directors.

In accordance with reporting requirements for stock exchange listed companies, the Board of Directors prepares a report on the company's corporate governance practices and how NRC Group has complied with the Code of Practice in the preceding year. This report is included in the annual report. In the company's own assessment, NRC Group did not deviate from any sections of the Code of Practice at year-end 2022.

The following sections provides a discussion of the company's corporate governance in relation to each section of the Code of Practice.

On 31 December 2022, the Group'sconsolidated equity was NOK 2,312 million, which is equivalent to 45% of total assets.

Business

The company's business is defined in the company's articles of association section 2):

"The company's business is investment in, and operational management of, companies that provide services within transportation and infrastructure related work".

The Board of Directors has established objectives, strategies and risk profile for the business within the scope of the definition of its business, to create value for its shareholders in a sustainable manner, taking into account economic, social and environmental considerations. The company's objectives, strategies and risk profile are subject to annual review by the Board. The company's objectives, principal strategies and corporate responsibility framework are further described in the annual report and sustainability report available at www.nrcgroup.com.

Equity and dividends

Equity and capital structure

On 31 December 2022, the Group's consolidated equity was NOK 2,312 million, which is equivalent to 45% of total assets. The Board of Directors considered the capital structure at year-end to be satisfactory in relation to the company's objectives, strategy and risk profile.

Dividend policy

NRC Group expects to create value for its shareholders by combining increased share value in a long-term perspective and distribution of dividends. The company aims to have a dividend policy comparable with peer groups in the industry and to give its shareholders a competitive return on invested capital relative to the underlying risks.

The Board of Directors at NRC Group has adopted a dividend policy whereby, subject to a satisfactory underlying financial performance, it is NRC Group's ambition over time to distribute as dividend a minimum of 30% of the profit for the year. The target level will be subject to adjustment depending on possible other uses of funds. The Annual General Meeting (AGM) resolves the annual dividend, based on the proposal by the Board of Directors.

The Board of Directors will not propose to pay a dividend for 2022 based on the financial results for the year.

Board authorisations
At the AGM in 2022, the following authorisations were granted to the Board of Directors:

- The Board of Directors was granted an authorisation to issue shares and to increase the share capital up to NOK 1,000,000 related to the option programme for key employees. The authorisation replaced the previous authorisation and is valid until 5 May 2024. On 31 December 2022, a total of 983,500 share options were granted and outstanding.

- The AGM approved an authorisation to acquire treasury shares for up to a maximum nominal value of NOK 7,295,454.90. The Board of Directors' acquisition of shares pursuant to the authorisation, can only take place between a minimum price of NOK 1 and a highest price of NOK 100 per share. The authorisation applies from registration and up until the AGM in the spring of 2023, but no later than 30 June 2023. During the year, NRC Group acquired 371,033 treasury shares under the authorisation to be used in connection with the company's employee share programme. On 31 December 2022, the Company held 116,656 treasury shares.

- The AGM approved a general authorisation to issue shares and to increase the share capital by a maximum

of NOK 7,295,455. The authorisation covers both cash and non-cash considerations, including mergers. The authorisation is valid until the AGM in the spring of 2023, but no later than 30 June 2023. On 31 December 2022, the authorisation had not been used.

There was a separate vote on each of the three authorisations. For supplementary information, see notice and minutes of the AGM available from www.newsweb.no or the company's website.

Equal treatment of shareholders

Pre-emption rights to subscribe

According to the Norwegian Public Limited Liability Companies Act, the company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may, however, be set aside, either by the General Meeting or by the Board of Directors if the General Meeting has granted a board authorisation which allows for this. Any resolution to set aside pre-emption rights will be justified by the common interests of the company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice from the company. There were no such resolutions in 2022.

Trading in own shares

In the event of a share buy-back programme, the Board of Directors will aim to ensure that all transactions pursuant to such programme will be carried out either through the trading system or at prevailing prices at Oslo Børs. In the event of such programme, the Board of Directors will take the company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the company's shares, the company shall consider other ways to ensure equal treatment of all shareholders. All shares acquired by NRC Group during 2022 were acquired through the trading system at Oslo Børs.

Freely negotiable shares

NRC Group has one class of shares, and all shares carry equal voting rights. The shares of the company are freely transferable on Oslo Børs. There are no restrictions on owning, trading, or voting for shares pursuant to the company's articles of association.

General Meetings

The Board of Directors will make its best efforts with respect to the timing and facilitation of general meetings to ensure that as many shareholders as possible may exercise their rights by participating in general meeting, thereby making the general meeting an effective forum for the views of shareholders and the Board of Directors. Extraordinary general meetings (EGM) can be called by the Board of Directors if deemed necessary or be requested by the company's auditor or shareholders representing at least 5% of the company's share capital.

Notification

The Board of Directors ensures that the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific allowing shareholders to form a view on all matters to be considered at the meeting. The deadline for shareholders to give attendance notice is set as close to the date of the meeting as possible.

Participation and execution

As a general rule, the Board of Directors and the chairperson of the nomination committee are present at general meetings. The auditor attends the AGM and any EGM to the extent required by the agenda items or other relevant circumstances.

The chairperson of the Board chairs the general meetings, but the Board ensures that the general meeting also is able to appoint an independent chairman.

Shareholders can vote on each individual matter, including on each individual candidate nominated for election. Shareholders unable to attend mayvote by proxy. The company prepares and facilitates the use of proxy forms, allowing separate voting instructions for each item on the agenda and nomination of a person to represent proxy votes.

On 5 May 2022, NRC Group held its AGM at the Company's offices, with approximately 40% of the share capital represented.

Nomination committee
The nomination committee is governed by the articles of association section 10. The AGM on 5 May 2022 elected the following three members for the nomination committee: Kjell Forsén (committee leader, re-elected), Lasse Olsen (re-elected) and Ole-Wilhelm Meyer (re-elected). The members are elected with a term until the company's AGM in 2023. All three members are independent of the Board of Directors and executive management.

The general meeting stipulates the guidelines for the duties of the committee and determines the committees' remuneration.

The nomination committee gives its recommendation to the general meeting on election of and compensation to members of the Board of Directors, in addition to election of members of the nomination committee. Each proposal is justified on an individual basis. All shareholders are entitled to nominate candidates to the Board of Directors, and information on how to propose candidates can be found on the company's website.

Board of directors: composition and independence
Pursuant to the articles of association section 5, the company's Board of Directors shall consist of three to nine members. On 31 December 2022, the Board of Directors consisted of seven independent members (see table below). The chairperson of the Board was elected by the general meeting. The board members are elected for a term of up to two years at a time and may be re-elected. At the AGM on 5 May 2022, Karin Bing Orgland was elected as a new member of the Board. The remaining six members were re-elected.

On 31 December 2022, the Board of Directors consisted of seven independent members.

Name	Role	Considered independ-ent of main shareholders	Served since	Term expires	Participation Board meetings 2022	Shares in NRC
Rolf Jansson	Chair	Yes	January 2019	AGM 2024	100%	65,000
Mats Williamson	Member	Yes	July 2017	AGM 2024	100%	30,000
Eva Nygren	Member	Yes	January 2019	AGM 2024	100%	1,000
Tove Elisabeth Pettersen	Member	Yes	May 2020	AGM 2024	100%	5,000
Heikki Allonen	Member	Yes	May 2021	AGM 2024	100%	28,000
Outi Henriksson	Member	Yes	May 2021	AGM 2024	100%	5,000
Karin Bing Orgland	Member	Yes	May 2022	AGM 2024	75%	15,000

All members of the Board of Directors are considered independent of the company's executive management and material business contacts.

The company's annual report and the website provide information to illustrate the expertise of the members of the Board of Directors. The Board of Directors considers its composition to be diverse and represent required competencies including financial and industrial experience. Board members are encouraged to own shares in the company.

The work of the Board of Directors

The rules of procedure for the Board of Directors
The Board of Directors is responsible for the overall management of the company and shall supervise the company's day-to-day management and the company's activities in general.

The Norwegian Public Limited Liability Companies Act regulates the duties and procedures of the Board of Directors. In addition, the Board of Directors has adopted supplementary rules of procedures, which provide further regulation on inter alia the duties of the Board of Directors and the chief executive officer (CEO), the division of work between the Board of Directors and the CEO, the annual plan for the Board of Directors, notices of Board proceedings, administrative procedures, minutes, Board committees, transactions between the company and the shareholders and confidentiality.

Transactions with close associates

The Board of Directors aims to ensure that any not immaterial future transactions between the company and shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties are entered on arms-length terms. For any such transactions which do not require approval by the General Meeting pursuant to the Norwegian Public Limited Liability Companies Act, the Board of Directors will on a case-by-case basis assess whether a fairness opinion from an independent third party should be obtained. There were no significant transactions with close associates in 2022. For information regarding related party transactions, see Note 28 in the annual report.

The Board of Directors meets at least 8 times per year. The CEO informs the Board about the company's activities, position and profit trend. In 2022, the Board held 8 ordinary meetings and 4 additional meetings.

Guidelines for directors and executive management

The Board of Directors has adopted rules of procedures for the Board of Directors which inter alia include guidelines for notification by members of the Board of Directors and executive management if they have any material direct or indirect interest in any transaction entered by the company.

The Board of Directors' consideration of material matters in which the chairman of the Board is, or has been, personally involved, shall be chaired by some other member of the Board. There were no such cases in 2022.

The audit committee

The company's audit committee is governed by the Norwegian Public Limited Liability Companies Act and a separate instruction adopted by the Board of Directors. The members of the audit committee are appointed by and among the members of the Board of Directors. A majority of the members shall be independent of the company's executive management, and at least one member shall have qualifications within accounting or auditing. Board members who are also members of the executive management cannot be members of the audit committee. On 31 December 2022, the audit committee consisted of Board members Tove Elisabeth Pettersen (chair), Karin Bing Orgland and Outi Henriksson, all considered independent of the company.

The main tasks of the audit committee are to:

- Prepare the Board of Directors' supervision of the company's financial reporting process and advise the Board regarding the integrity of the financial reporting
- Prepare the board's quality assurance of sustainability reporting and information on climate-related matters
- Monitor the systems for internal control and risk management
- Have contact with the company's auditor regarding the audit of the annual accounts and inform the Board of Directors of the result of the audit
- Review and monitor the independence of the company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The audit committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

The compensation committee
The company's compensation committee is governed by a separate instruction adopted by the Board of Directors. The committee members are appointed by and among the members of the Board of Directors and shall be independent of the company's executive management. On 31 December 2022, the compensation committee consisted of board members Rolf Jansson (Chair) and Eva Nygren.

The primary purpose of the compensation committee is to assist and facilitate the decision-making of the Board of Directors in matters related to the remuneration of the

On 31 December 2022, the audit committee consisted of Board members Tove Elisabeth Pettersen (chair), Karin Bing Orgland and Outi Henriksson, all considered independent of the company.

executive management of the Group, review recruitment policies, career planning and management development plans, and prepare matters relating to other material employment issues with respect to the executive management. The remuneration committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

Project committee

The Board has established a project committee for larger projects composed of two board members. On 31 December 2022, the project committee consisted of Mats Williamson (Chair) and Heikki Allonen.

The main purpose of the project committee is to assist and evaluate the risk in tender offerings with total value exceeding NOK 250 million. The committee shall assess whether the Group has made necessary work in connection with tender offerings to eliminate risk and ensure good project execution prior to submission. Further, the committee assesses whether the project is coherent with the strategies and frameworks the Board of Directors has decided that NRC Group shall work within.

The Board's evaluation of its own work

The Board of Directors conducts an annual assessment of its performance and expertise, which is presented to the nomination committee.

Risk management and internal control

The Board of Directors assesses the company's risks on an ongoing basis. Each year, as a minimum, the Board undertakes a thorough assessment of the significant parts of the Group's business and outlook, to identify potential risks and remedy all incidents occurred. The Board of Directors may engage external expertise if necessary. The objective is to have the best possible basis for, and control of, the company's situation at any given time. The annual review will be carried out together with the Board of Directors' review of the annual accounts, and the company's auditor is expected to attend this meeting.

In addition to the annual risk assessment, the management presents quarterly financial statements to inform the Board and shareholders on current business performance, including risk reports. These reports are subject to review at the quarterly Board meetings.

The Board of Directors has established policies and procedures to address risks related to NRC Group's activities and to ensure that these also incorporate considerations related to integrating stakeholders in relation to the company's value creation. The construction industry in general involves an inherent risk of bribery, competition law violations and misconduct in the supply chain of subcontractors (Norwegian: Arbeidskriminalitet). The policies and procedures are based on a thorough risk analysis of NRC Group's subsidiaries in Norway, Sweden and Finland which lead to a tailor-made compliance programme targeting specific risks pertaining to each subsidiary. The relevant policies and procedures have been prepared in Norwegian, Swedish and Finnish language.

The Board of Directors has established policies and procedures to address risks related to NRC Group's activities and to ensure that these also incorporate considerations related to integrating stakeholders in relation to the company's value creation.

The Board of Directors' reporting routines
The Board of Directors seeks to ensure that the company has sound internal control and systems for risk management, including with respect to the company's corporate values, ethical guidelines and guidelines for sustainability, which are appropriate in relation to the extent and nature of the company's activities. An in-depth review of the company's financial status and a summary of sustainability is presented in the annual report.

Remuneration of the Board of Directors

The remuneration of the Board of Directors is decided by the General Meeting, based on a recommendation from the nomination committee. The proposal from the nomination committee is submitted to the company's shareholders together with the notice for the AGM.

The remuneration reflects the Board of Directors' responsibility, expertise, time commitment and the complexity of the company's activities. Board members who participate in Board committees receive separate compensation for this. The remuneration is not linked to the company's performance and does not contain any share options. Detailed information on the remuneration of the Board members is specified in the company's remuneration report available at www.nrcgroup.com.

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the Board, but if they do, this shall be disclosed to the full Board. The remuneration for such additional duties shall be approved by the Board of Directors. See note 28 on transactions with related parties for more information.

Salary and other remuneration for senior executives

The Board of Directors has adopted guidelines for the remuneration of the senior executives in accordance with applicable law. The guidelines were presented to the annual general meeting in 2021.

The guidelines are designed to ensure responsible and sustainable remuneration decisions that support the Company's business strategy, long-term interests, and sustainable business practices. To this end, salaries and other employment terms shall enable the Company to retain, develop and recruit skilled senior executives with relevant experience and competence.

The remuneration shall be on market terms, competitive, and reflect the performance and responsibilities of individual senior executives.

Further details relating to pay and benefits payable to the CEO and other senior executives can be found in the company's remuneration report available at www.nrcgroup.com.

Information and communication

NRC Group seeks to comply with Oslo Børs' IR recommendation, last revised 1 March 2021. The Board has adopted an investor relations policy, which clarifies roles and responsibilities related to financial reporting and regulates contact with shareholders and the investor market. This policy is based upon the key principles of openness and equal treatment of market participants to ensure they receive correct, clear, relevant and up-to-date information in a timely manner. The IR policy is available from the company's website. In addition, the Board has adopted a separate manual on disclosure of information, which sets forth the company's disclosure obligations and procedures.

Interim reports are published on a quarterly basis, in line with Oslo Børs' recommendations. In connection with the quarterly reporting, presentations are given to provide an overview of the operational and financial developments, market outlook and the company's prospects. All information distributed to the company's shareholders is published in English on the company's website at the same time as it is sent to Oslo Børs and www.newsweb.no.

Take-overs

There are no defence mechanisms against take-over bids in the company's articles of association, nor have other measures been implemented to specifically hinder acquisitions of shares in the company. The Board of Directors has not established written guiding principles for how it will act in the event of a take-over bid, as such situations are normally characterised by specific and one-off situations which make a guideline challenging to prepare.

In the event the company becomes the subject of a take-over offer, the Board of Directors shall ensure that the company's shareholders are treated equally and that the company's activities are not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess the offer. The Board will further consider the relevant recommendations in the Code of Practice and whether the concrete situation entails that the recommendations in the Code of Practice can be complied with or not.

Auditor

The company's external auditor is EY. The auditor is appointed by the General Meeting and is independent of NRC Group ASA.

Each year, the company's auditor presents to the audit committee the audit plan of the Group, a review of the internal control procedures, including identified weaknesses and proposals for improvement, and a summary of the year end audit. The auditor participates in Board meetings that deal with the annual accounts. At least once per year, the auditor meets with the Board without anyone from the executive management being present.

The Board of Directors has established guidelines in respect of the use of the auditor by the executive management for services other than the audit. The level of non-audit services is limited and do not impact on the auditor's independence.

The remuneration to the auditor is approved by the AGM. Fees for audit work and any fees for other specific assignments are reported by the Board to the General Meeting. For more information about remuneration to the auditor, see note 8 in the 2022 group annual accounts.

At least once per year, the auditor meets with the Board without anyone from the executive management being present.

Share

Share price development
NRC Group ASA has one class of shares. There were 72,954,549 shares issued at the end of 2022, each with a nominal value of NOK 1.00. The number of shares issued was unchanged during the year.

In 2022, the Group's shares traded between NOK 25.45 and NOK 14.14 per share. During the year, 27.5 million shares were traded in total.

Major shareholders and voting rights

NRC Group had 4,317 registered shareholders in the Norwegian Central Securities Depository (VPS) on 31 December 2022 (4,576 at year-end 2021), whereof the 20 largest shareholders owned 67.0% (66.1%). The percentage of issued shares held by foreign shareholders was 56.8%, compared with 55.6% at year-end 2021. All the shares registered by name carry equal voting rights. The shares are freely negotiable.

NRC Group's 20 largest shareholders as of 31 December 2022

Name	Country	Holding	Stake (%)
Vr-yhtymä OY	Fin	13 336 415	18,28
J.P. Morgan SE	Lux	7 402 764	10,15
The Bank of New York Mellon SA/NV	Bel	7 014 701	9,62
J.P. Morgan SE	Lux	3 702 909	5,08
Verdipapirfondet Nordea Norge	Nor	2 172 468	2,98
Protector forsikring ASA	Nor	1 868 968	2,56
Skandinaviska Enskilda Banken AB	Lux	1 720 000	2,36
Verdipapirfondet Nordea Avkastning	Nor	1 319 412	1,81
Gunnar Knutsen Holding AS	Nor	1 252 677	1,72
Avanza bank AB	Swe	1 186 320	1,63
Vinterstua AS	Nor	1 008 963	1,38
Clearstream Banking S.A.	Lux	1 004 173	1,38
LGA Holding AS	Nor	922 880	1,27
Heim Haugo AS	Nor	850 745	1,17
J.P. Morgan SE	Lux	829 460	1,14
Danske Invest Norge vekst	Nor	719 988	0,99
Verdipapirfondet Nordea Kapital	Nor	680 855	0,93
Verdipapirfondet Nordea Norge Plus	Nor	669 115	0,92
Nordea bank ABP	Fin	603 487	0,83
Nordnet bank AB	Swe	587 933	0,81
Total number of shares owned by top 20		**48 854 233**	**66,97**
Total number of shares		**72 954 549**	**100,00**

An overview of the 20 largest shareholders is available on the NRC Group website, updated every week.

Corporate actions

	Date
Grant of share options to primary insiders in NRC Group ASA	16.03.22
Initiation of share buyback programme for up to NOK 7 million, related to the 2022 employee share programme	11.05.22
Completion of share buy-back programme	07.06.22

Dividends and dividend policy

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

The AGM resolves the annual dividend, based on the proposal by the Board of Directors. Provided that the AGM approves the proposed dividends, it will be paid to shareholders within two weeks after the annual general meeting.

The Board of Directors will not propose to pay a dividend in 2022 based on the financial results for the year.

Analyst coverage

Four Norwegian and Nordic investment banks had active coverage of NRC Group ASA at the end of 2022, a reduction of one compared with 2021. For contact details, please see the company website www.nrcgroup.com.

General Meetings and Board authorisations

The 2022 AGM granted the Board of Directors the following authorisations:

- Authorisation to increase the share capital by up to NOK 1,000,000 in connection with option programme for key employees.
- Authorisation to acquire treasury shares in NRC Group ASA for up to a maximum nominal value of NOK 7,295,455.
- Authorisation to increase the share capital by a maximum of NOK 7,295,455. The capital increase may be paid in cash, by set-off or by contributions in assets other than money.

Further information can be found in the minutes from the Annual General Meeting, available from the Company's website www.nrcgroup.com and www.newsweb.no.

IR Policy

NRC Group's IR policy can be found at www.nrcgroup.com.

Financial calendar 2023

Event	Date
Annual General Meeting	04.05.2023
Interim report - Q1	24.05.2023
Half-yearly interim report - Q2	29.08.2023
Interim report - Q3	24.11.2023

BOARD OF DIRECTORS REPORT

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Introduction

NRC Group is the leading rail infrastructure company in the Nordics, holding top-three market positions in Norway, Sweden and Finland.

The Group engineer and build sustainable transport solutions with in-house competence and expertise mainly for complex projects within rail and light rail. The company also provides civil construction and environmental services. A complete rail value chain offering and strong ESG anchoring strengthen the competitiveness and position the Group for continued growth.

During 2022, NRC Group further developed and executed its strategy of capitalising on its leading Nordic position to succeed as a leader in sustainable infrastructure led by continued operational improvements, Nordic cross-border collaboration and through leveraging sustainability as a competitive edge to drive profitability and growth.

All alternative performance measures (APMs) and definitions are presented on page 207.

The continuous improvement of tender processes, project execution and organisational capabilities yielded further positive results. Revenue increased 18% compared to 2021 with higher activity level in Norway and Sweden. However, profitability was negatively impacted by losses in the Swedish Civil construction operations. The Group EBITA* margin was 2.1% compared to 2.3% in 2021. A second consecutive

year of strong order intake led to a high order backlog of NOK 7,795 million, at the same level as last year.

The Group's business model has proven its resilience in global markets that have been impacted by the war in Ukraine, a European energy crisis and high cost-inflation. NRC Group seeks to actively manage the development and uncertainty. The market for rail investments Rail construction is at a historically high level with political commitments to further invest in sustainable infrastructure confirmed in the 2023 national budgets and long-term national transport plans (NTP).

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.

In Sweden, losses in Civil construction offset stronger results in Rail construction and improved performance in Maintenance. This included the securing four long-term maintenance contracts. Both divisions delivered positive EBITA*. Restoring profitability in Sweden is a Group priority and a strategic review of the Civil operations has been initiated.

NRC Group Norway delivered improved results in 2022. The Rail division continued its positive development with increased revenue. Improved profitability reflected strong results from Environment and improved results in Rail construction, partly offset by weaker results in Civil.

NRC Group Finland maintained high activity and good profitability led by increased volume and improved results in rail construction and good performance on light-rail projects, partly offset by reduced results in Maintenance.

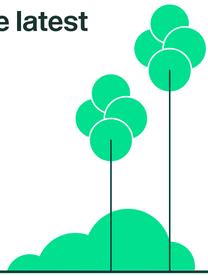
NRC Group continuously seeks to minimise the impact on the external environment and ensure safe operations. The Group's commitment to high transparency related to the handling of the material environmental, social and governance (ESG) risks and opportunities is reflected a strong framework for ethical business practices, improving environmental performance and increasing knowledge and awareness among employees. Low-carbon operations are a key priority, and the Group has established clear targets for reductions supported by full disclosure of GHG emission data. NRC Group aims to reach net-zero emission by 2050, at the latest. The systematic and transparent approach to ESG factors strengthens to the Group's strategic positioning and is considered a driver for commercial opportunities and recruitment going forward.

Total emissions target

GHG emissions

0%

By 2050 at the latest



Updated strategy

Succeeding as leader in sustainable infrastructure.

NRC Group was created to capitalise on strong Nordic infrastructure markets. Following a consolidation phase with strong organic and M&A driven growth, the Group entered a transformation phase focused on the integration of acquired companies and operational improvements, including attracting and retaining the right leadership, project managers and a skilled workforce. This has led to more robust processes for project selection, tendering and execution and a strengthened organisation which position the Group for future profitable growth.

In 2022, the strategic focus shifted from transformation to exploiting the opportunities of the leading Nordic position. On 18 August, the NRC Group presented an update on strategy, operations, markets, financial development and outlook, and provided new financial targets and ambitions. The strategic priorities going forward are defined as; 1) Capitalise on a leading Nordic position; 2) Continue to improve core processes to increase profitability; 3) Drive profitable growth through increased revenue from large projects and potential bolt-on M&A; 4) Implement best practice across the Nordics to increase competitiveness; and 5) Leverage sustainability as a competitive edge.

For 2023, NRC Group expects continued positive operational and financial development with a slight decrease in revenue and moderate increase in EBITA* margins.

The updated strategy forms the basis for the Group's new medium-term targets and long-term ambitions for profitability, sustainable growth and the resumption of dividend distributions in line with the dividend policy. The Group targets an EBITA margin of 4-5% in the 2024-2025 period with a longer-term ambition of profitability in the 5-7% range. Revenue growth is expected to exceed 5% per year over the cycle plus bolt-on M&A. The Group also targets a 30% reduction in $CO2$ emissions in 2025 vs. 2021 (for scope 1+2).

These targets and ambitions are supported by continued operational improvements, strong market fundamentals and a clear financial framework for increasing free cash flow to equity. This will be achieved with continued lean asset base, working capital management and cash conversion, and alignment of debt structure with the updated strategy and ambitions. The goal is to improve financial flexibility to support organic growth, optimise capital structure and reduce the cost of debt, provide competitive returns over time and resume dividend distributions, as well as to position the Group to execute accretive M&A.

Corporate events

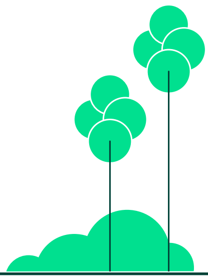
During the year, NRC Group acquired 371,033 treasury shares. A total of 254,960 shares were transferred to employees participating in the 2021 share programme for employees. At the end of the yar, the Company held 116,656 treasury shares.

Emissions reduction target

GHG emissions , Scope 1+2

30%

By 2025



The Group targets an EBITA margin of 4-5% in the 2024-2025 period with a longer-term ambition of profitability in the 5-7% range.

Organisation

At the end of 2022, the Group management consisted of Henning Olsen as Chief Executive Officer (CEO), Ole Anton Gulsvik as Chief Financial Officer (CFO), Harri Lukkarinen as EVP and MD NRC Group Finland, Arild Ingar Moe as EVP and MD NRC Group Norway, Lene Engebretsen as EVP and Head of Communications, Jussi Mattson as EVP and Head of Business Development and Strategy, and Marianne Ulland Kellmer as EVP and Head of HR.

Ole Anton Gulsvik joined as CFO from 1 March 2022 and Marianne Ulland Kellmer became part of the Group management from August to strengthen the Group HR leadership. In December, Robert Röder resigned as EVP and MD in Sweden. He remains available for the Group throughout his resignation period, while Henning Olsen assumed the duties of the MD in Sweden for a period.

At the annual general meeting (AGM) on 5 May 2022, Karin Bing Orgland was elected to the Board of Directors. The remaining six members were re-elected, and Rolf Jansson was appointed Chairman of the Board. The AGM also re-elected the nomination committee, comprising Kjell Forsén (committee leader), Lasse Olsen and Ole-Wilhelm Meyer.

Operations

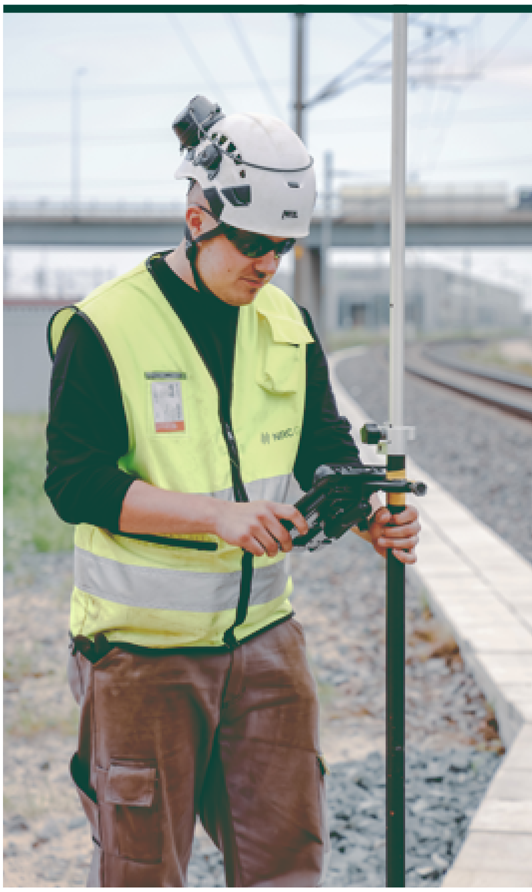
The Group continuously carries out preventive measures to improve its working environment.

The Group had an order intake of NOK 6,959 million in 2022, compared to NOK 7,581 million in 2021. The 2022 order intake corresponds to a book-to-bill ratio of 1.0 (1.3 in 2021). The order book at the end of the year amounted to NOK 7,795 million, compared to NOK 7,801 million at the end of 2021.

NRC Group shall be a safe place to work. The Group continuously carries out preventive measures to improve its working environment, including safety drills, information, training and risk analysis. Sickness absence reported by the Group was 4.2% in 2022 compared to 3.9% in 2021. Two serious injuries were reported for the year. The Group immediately registers,

NRC Group had 1,960 employees on 31 December 2022, a slight increase from 1,893 employees at the end of 2021.

deals with and follows up on all unwanted incidents. By the end of December, the Lost Time Injury (LTI) rate, which measures safety at work, defined as the number of work-related accidents with at least one full day absence per million working hours (including subcontractors), was 6.0 (6.4 in 2021). The Group systematically works to reduce the rate and investigates each incident to identify why and how to avoid similar incidents.



Profit and loss

Group revenue was NOK 7,030 million in 2022, compared to NOK 5,957 million in 2021. The increase is mainly explained by strong revenue growth in Norway and Sweden. Adjusted for currency effects, the growth was 19%.

EBITA* was NOK 151 million for 2022, corresponding to an EBITA* margin of 2.1%, compared to NOK 139 million and a margin of 2.3% in 2021. The result included an impairment of goodwill of NOK 352 million related to business operations in Sweden. Profit from sale of fixed assets totalled NOK 33 million, compared to NOK 76 million last year. Underlying profitability improved in Norway and Sweden, reflecting the ongoing improvement programmes. Profitability in Finland decreased from a high level due to weaker results in Maintenance and non-recurring gains on sale of machinery in 2021.

EBIT for 2022 amounted to NOK -240 million compared to an EBIT of NOK 42 million in the previous year. 2022 was negatively impacted by the goodwill impairment described above and a reduction in other expenses and amortisation. Other income and expenses (M&A expenses) amounted to NOK -2 million compared to NOK -34 million in 2021. The M&A activity during 2022 was low, while expenses in 2021 reflected mainly pre-acquisition agreements, claims and legal fees related to transactions in the 2017 to 2019 period.

Net financial items amounted to NOK -58 million for 2022, compared to NOK -66 million last year. The reduction is mainly related to debt instalments in the period. The Group has a NIBOR hedge linked to the outstanding bond, which partly offsets increased market interest rates.

The share of profit from associated companies totalled a loss of NOK 15 million in 2022 (NOK 0 million in 2021) as all capital contributions to AGN Haga AB have been impaired.

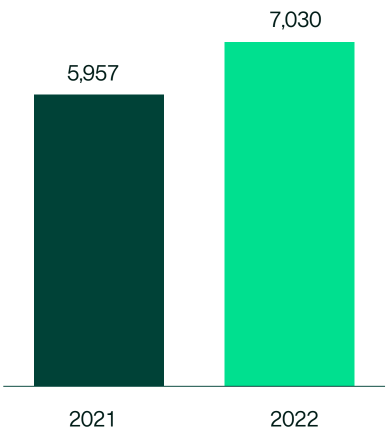
The tax expense in 2022 was NOK 51 million, compared to NOK 3 million in 2021. The tax expense in 2022 included a net tax expense of 36 million recognised due to an increase in non-recognised tax assets related to Sweden.

Net loss amounted to NOK 364 million, compared to a loss of NOK 27 million in 2021.

The Board of Directors maintains the medium and long term financial goals for the company. The financial development during 2022 was below our expectations and measures are taken continuously to ensure improvement in line with communicated goals.

Group revenue

In NOK million



Cash flow

Net cash flow from operating activities was NOK 235 million, compared to NOK 358 million in 2021. The reduction in operating cash flow is mainly due to increased net working capital and other accruals by NOK 84 million and increased taxes paid by 48 million, partly offset by an increase in EBITDA by NOK 31 million.

Net cash flow from investing activities was NOK -29 million for the year (2021: NOK 34 million). Capital expenditures amounted to NOK 47 million (2021: NOK 25 million). Investment in joint ventures and associated companies was NOK 14 million (2021: NOK 0). Cash inflow from sale of fixed assets, mainly machinery, amounted to NOK 55 million (2021: NOK 90 million). Net cash flow related to acquisition of companies was NOK -24 million (2021: NOK -47 million), reflecting net cash payments for M&A expenses provided for in 2022.

Net cash flow from financing activities was NOK -366 million (2021: NOK -377 million). Repayment of borrowings amounted to NOK 147 million (2021: NOK 147 million). Payment of lease liabilities totalled NOK 171 million (2021: NOK 168 million). Net interest paid amounted to NOK 46 million compared to NOK 62 million in 2021 due to debt instalments in the period. The

Group has a NIBOR hedge linked to the outstanding bond, which partly offsets increased market interest rates.

Total net cash flow was NOK -160 million (2021: NOK 14 million). Including effects of currency exchange rate changes, the total cash position decreased from NOK 626 million at the end of 2021 to NOK 472 million at the end of 2022.

Financing and balance sheet

In 2022, the weakening of the NOK exchange rate against EUR (-5%) and strengthening against SEK (+3%) impacted balance sheet items in foreign currency, leaving a net translation difference income to other comprehensive income and equity of NOK 36 million.

Deferred tax assets decreased by NOK 39 million mainly due an increase in non-recognised tax assets related to Sweden. Goodwill decreased by NOK 302 million to NOK 2,364 million due to an impairment of NOK 352 million related to the operations in Sweden, partly offset by currency effects. Other intangible assets decreased by NOK 32 million in 2022, mainly due to amortisations during the year.

As explained above, an impairment charge of SEK 370 million has been made to the Sweden segment following the negative Q4 results mainly caused by losses in the Civil construction division. Remaining goodwill related to the Swedish operations per 31 December 2022 is SEK 270 million. Restoring profitability in Sweden is the main priority for the Group. The Swedish Rail construction division improved during 2022, with strong growth in revenue and a positive EBITA for the year. The results in Maintenance have also improved, contributing to positive EBITA results, and winning 4 maintenance contracts provides a solid outlook for this business. As a consequence of the losses in Civil construction, we will do a strategic review of the Civil operations and implement necessary actions to secure profitability in Sweden.

The pre-tax discount rate applied in Sweden is 8.8%, and the assumption for terminal growth 1.7%. Small negative changes to the assumptions in the impairment model would lead to further impairment charges. An increase in the discount rate

of 1.0% would lead to further impairment of SEK 85 million, while a terminal growth of zero would lead to an impairment of SEK 56 million. A decrease in the EBITA margin of 0.5 percentage points in the terminal year would lead to an additional impairment loss of SEK 100 million. For further information see note 12 to the group accounts.

The combined amount of tangible and right-of-use assets increased by NOK 50 million as new leases exceeded the total depreciation and terminations.

Total receivables including contract assets amounted to NOK 1,425 million, compared to NOK 1,359 million last year.

Total equity decreased by NOK 310 million to NOK 2,312 million, mainly reflecting the loss for year partly offset by currency adjustment effects. The equity ratio at the end of the year was 45%, compared to 47% at year-end 2021.

Interest-bearing debt consists of bank loans, bond and discounted cash flow related to lease agreements, including operating lease agreements under IFRS 16. Short- and long-term lease liabilities have in total increased by NOK 36 million to NOK 528 million. The increase relates to new capitalised leases exceeding the lease payments of NOK 171 million, in addition to currency effects. Other interest-bearing liability decreased by NOK 131 million due to repayment of borrowing of NOK 147 million and currency effects. On 31 December 2022, the remaining liability consisted of the NOK 600 million bond and a EUR 28.2 million bank loan. At year- end, the Group had NOK 200 million in unused credit facilities.

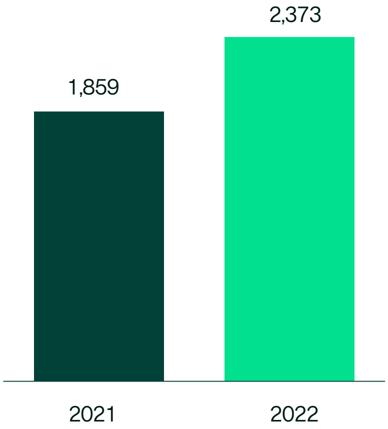
Net interest-bearing debt increased by NOK 59 million during the year to NOK 950 million. The increase was mainly due to increased leasing liabilities, negative net cash flows from investing activities and currency effects.

Segments

Total revenue in Norway amounted to NOK 2,373 million (2021: NOK 1,859 million). Organic growth was 28%, mainly driven by Rail, and Environment and Civil also contributed to growth during the year. EBITA* increased from NOK 27 million in 2021 to NOK 80 million in 2022, while the

Revenue Norway

In NOK million



EBITA* margin increased from 1.4% to 3.4%. Profitability was driven by strong results from Environment, improved results in Rail construction, partly offset by weak results in Civil construction.

Total revenue in Sweden amounted to NOK 2,080 million (2021: NOK 1,468 million). Adjusted for currency fluctuations, the organic growth was 49% due to strong growth in the Rail division. EBITA* amounted to NOK -49 million (2021: NOK -67 million). Losses in Civil construction offset strong growth and improved performance in Rail construction and improved performance in Maintenance.

During 2022, wins of four maintenance contracts contributed to a material improved order book going into 2023, providing long-term visibility and a robust foundation for developing the maintenance business and profitable growth in Sweden.

Finland had a revenue of NOK 2,582 million (2021: NOK 2,640 million). The organic growth for the year was 2% in local currency and reflected higher volumes in Rail construction partly offset by reduced activity in Light Rail and Maintenance. EBITA* amounted to NOK 155 million (2021: NOK 213 million). The EBITA* margin was 6.0% (2021: 8.1%). Good profitability in Rail construction and Light rail was partly offset by weak results in Maintenance. The 2021 EBITA margin included gains from sale of machinery of NOK 63 million compared to NOK 20 million in 2022.

Declaration regarding the financial statements

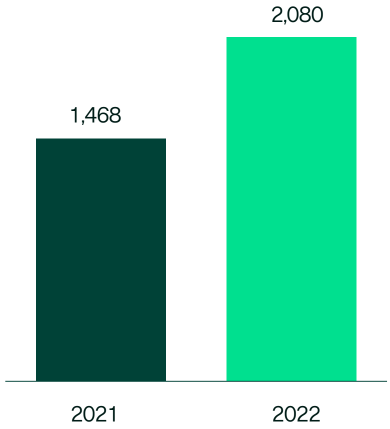
The Board of Directors believes that the financial statements provide a true and fair view of the Group's result for 2022 and the financial position at year-end.

Corporate social responsibility

NRC Group is committed to creating safe, low-carbon transport systems to efficiently connect people, goods and cities. The Group is a provider of safe and meaningful jobs for competent personnel, enabling efficient and profitable project execution. Ethical behaviour and well-developed governance frameworks are in place to enable NRC Group to become a Nordic leader in sustainable infrastructure.

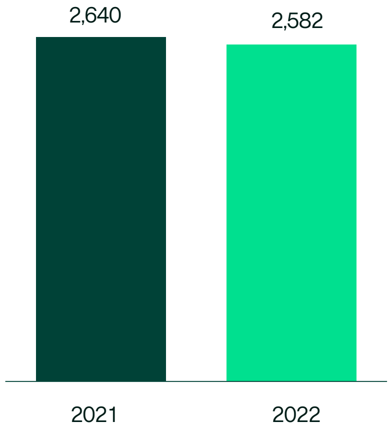
Revenue Sweden

In NOK million



Revenue Finland

In NOK million



The new Norwegian Transparency Act (Åpenhetsloven) came into force in July 2022. By 30 June 2023, Norwegian companies which are covered by the Act are obligated to carry out due diligence on their supply chain regarding fundamental human rights and decent working conditions. A formal Transparency Act Statement will be made available on ww.nrcgroup.com on or before 30 June 2023 to meet the requirements to the new law. A description of how we comply with the Act and our approach to upholding human rights is contained within our 2022 Sustainability Report.

NRC Group maintains constant focus on health and safety and on its commitment to provide quality services to all clients. The process of improving internal routines and risk management is continuous. Construction and infrastructure development are associated with climate and environmental responsibility. Increasing expectations from external and internal stakeholders alongside with stricter regulations, require sharp focus on minimising the impact on external environmental and safety requirements in tendering processes.

NRC Group recognises that its employees are the most important resource within the Group. The Group is committed to provide a safe and nurturing working environment, offering an inclusive working environment with equal opportunities.

NRC Group has identified material topics and completed a climate risk analysis, to enable the Group to build greener solutions that connect people and cities. For the Group to deliver sustainable solutions for tomorrow, NRC Group recognises its responsibility to minimise the impact on the external environment. To ensure transparency related to the Group's material environmental, social and governance (ESG) risks and opportunities and handling thereof, a separate Sustainability Report is published in accordance with the Global Reporting Initiative (GRI) framework. A separate section of this annual report contains a summary of the Sustainability Report, while the full report is available at www.nrcgroup.com.

Corporate governance
NRC Group aims to comply with the Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board (NUES) on 14 October 2021.

A separate section of this annual report provides further details on NRC Group's adherence to the corporate governance principles.

Going concern statement
Pursuant to Section 3-3a of the Accounting Act, the Board confirms that the prerequisites for continued operations as a going concern have been met. This assumption is based on the financial position of the Group, forecasted results and cash flows for 2023 and the Group's long-term strategic forecast for the coming years.

Dividend
NRC Group ASA shall over time give shareholders a competitive return on their investment in the shares of the Company, as a combination of dividends and share price returns. Provided that the underlying financial performance of NRC Group is satisfactory, it is NRC Group's ambition over time to distribute a dividend of minimum of 30% of the profit for the year, subject to a satisfactory underlying financial performance.

Based on the 2022 result, the Board of Directors will not propose a dividend for 2022.

Allocation of profit for the parent company
The Board of Directors proposes the following allocation of the annual profit:

Transfer to share premium NOK 13 million.

Insurance for board members and general manager
NRC Group has insurance for members of the Board of Directors and the CEO for liability incurred from the Group or any third party related to responsible actions or neglect in their role as board members or executive management of the Group.

NRC Group ASA shall over time give shareholders a competitive return on their investment in the shares of the Company, as a combination of dividends and share price returns.

Risk and uncertainty factors

The Group continuously monitors risk factors at a corporate and subsidiary level.

NRC Group is exposed to operational, financial and market risks. The Group continuously monitors risk factors at a corporate and subsidiary level and takes appropriate action when needed to eliminate or mitigate any potential negative impact on operational and financial performance. Please also refer to the most recent prospectus dated 11 March 2020 available at www.nrcgroup.com for a more detailed description of risk factors.

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 change 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.

The Group is subject to local laws and regulations in the countries in which it operates and requires regulatory

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.

approvals for conducting its operations including personnel being qualified and having necessary local approvals. NRC Group also relies on its reputation and commercial integrity and has a continuous focus on operational excellence in project execution, as well as on compliance and ethical business conduct. From time to time, the Group may be engaged in disputes and legal or regulatory proceedings, which may affect its operations and financial position. NRC Group is not involved in any governmental, legal or arbitration proceedings, which may have, or in recent past have had, significant negative impact on the Group's financial position or profitability.

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 year was NOK 15 million, impacting other comprehensive income.

A Group risk management policy for hedging is implemented to manage currency and interest risk.

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 1,927 million at the end of the year, NOK 153 million more than short-term liabilities. Total unrestricted cash amounted to NOK 472 million in addition to an unused multi-currency credit facility of NOK 200 million. 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 cash position and the multi-currency cash pool provides 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 primarily municipalities or government agencies, or companies or institutions where municipalities or government agencies have a dominant influence. NRC Group considers the risk of potential future bad debt losses from this type of customers to be low.

See note 24 of this report for a more detailed review of financial risk.

To date, the overall impact of the Covid-19 outbreak has been limited for the Group.

The war between Russia and Ukraine has a global impact. The Group does not have any operations or investments directly impacted by the conflict. Possible indirect consequences such as increased costs related to raw materials, fuel, electricity, and sub suppliers, may impact future operations. Any financial impact will depend on the contract terms on a project by-project basis. The Group expects rail infrastructure investments to remain at a high level going forward.

NRC Group's customers are primarily municipalities or government agencies, or companies or institutions where municipalities or government agencies have a dominant influence.

NRC Group integrates sustainability in its business strategy and has communicated clear targets for improved ESG performance. As part of this framework, the Group considers risks and opportunities tied to climate change. Please see the Task Force on Climate-related Financial Disclosures (TCFD) report included in the Sustainability report for further details.

NRC Group integrates sustainability in its business strategy and has communicated clear targets for improved ESG performance.

Events after the balance sheet date

On 20 January, NRC Group sold 100% of the shares in the subsidiaries NRC Gravco AS and Septik Tank Co AS to Norva24 AS in line with the Group's strategy to focus on the core business. The expected net proceeds of approx. NOK 110 million strengthen the financial and strategic flexibility and will be used according to NRC Group's capital allocation priorities. A net gain of approx. NOK 40 million will be reported as part of "other income and expenses" in the first quarter of 2023.

Outlook

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

Demand for rail-based transport is expected to grow in the coming years, supported by strong population growth, urbanisation and an increasing need for sustainable transport solutions. The growing maintenance backlog in all the Nordic countries also supports continued high investments in rail infrastructure. This long-term projection is confirmed by national transport plans in Norway, Sweden and Finland, as well as already sanctioned upgrade and expansion projects. Railways, light rail and metro lines are highly efficient systems for sustainable transport of people and goods, and public plans to expand and modernise rail systems reflect national- and city-level political consensus across Norway, Sweden and Finland.

For 2023, NRC Group expects continued positive operational and financial development with a slight decrease in revenue and moderate increase in EBITA* margins.

In 2023, NRC Group expects investments in rail infrastructure and maintenance to remain at a high level. The uncertainty in the world economy has had limited impact on NRC Group to date. Nevertheless, the uncertainties related to cost-inflation have prompted a re-evaluation of planned public infrastructure investments across in the Nordic region and may impact the prioritisation and funding of certain projects. NRC Group maintains a focus on measures to improve profitability. For 2023, NRC Group expects continued positive operational and financial development with a slight decrease in revenue and moderate increase in EBITA* margins.

The Board of Directors of NRC Group ASA

Lysaker, 29 March 2023

Rolf Jansson
Chairman of the Board

Outi Henriksson
Board member

Mats Williamson
Board member

Heikki Allonen
Board member

Eva Nygren
Board member

Karin Bing Orgland
Board member

Tove Elisabeth Pettersen
Board member

Henning Olsen
CEO NRC Group ASA

ANNUAL ACCOUNTS

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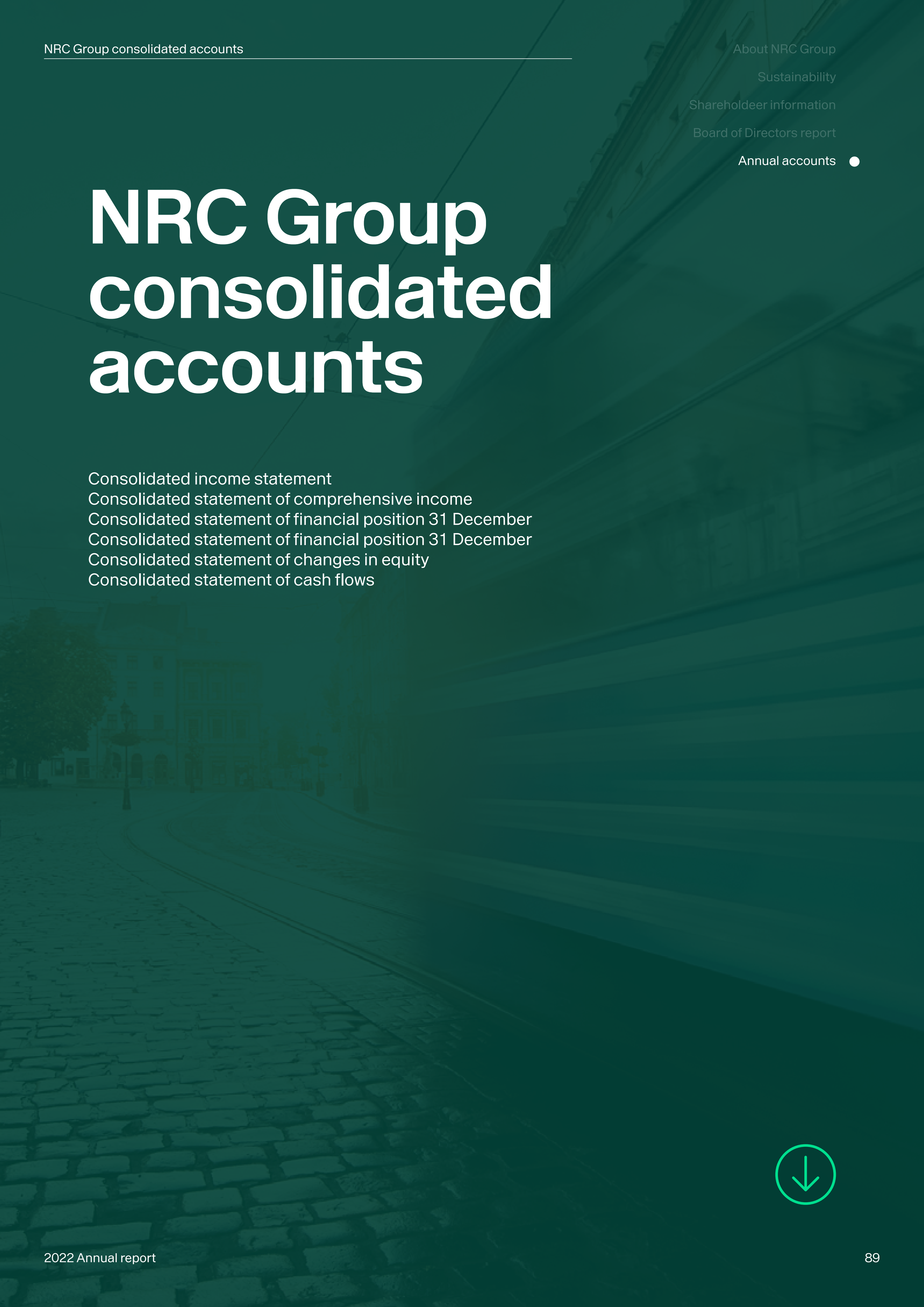

NRC Group consolidated accounts

Consolidated income statement
Consolidated statement of comprehensive income
Consolidated statement of financial position 31 December
Consolidated statement of financial position 31 December
Consolidated statement of changes in equity
Consolidated statement of cash flows

Consolidated income statement
NRC Group

(Amounts in NOK million)	**Note**	**2022**	**2021**
Operating revenue	**4**	**7 030**	**5 957**
Cost of materials and subcontractors		-4 346	-3 256
Salaries and personnel costs	5/6/7	-1 646	-1 649
Depreciation, amortisation and impairment	12/13/14	-574	-260
Other operating and administrative expenses	8	-703	-717
Other income and expenses	8	-2	-34
Operating profit		**-240**	**42**
Finance income		6	3
Finance expense		-64	-69
Net financial items	**9**	**-58**	**-66**
Share of profit from associates and joint ventures	27	-15	0
Profit before tax		**-313**	**-24**
Tax expense / income	10	-51	-3
Net profit for the year		**-364**	**-27**
Profit/loss attributable to:			
Shareholders of the parent		-363	-26
Non-controlling interests		-1	-1
Net profit / loss		**-364**	**-27**
EARNINGS PER SHARE			
Earnings per share in NOK (ordinary)	11	-4.98	-0.36
Earnings per share in NOK (diluted)	11	-4.98	-0.36

Consolidated statement of comprehensive income
NRC Group

(Amounts in NOK million)	**Note**	**2022**	**2021**
Net profit/loss for the year		**-364**	**-27**
Items that may be reclassified to profit or loss (net of tax):			
Translation differences		36	-97
Net gain on hedging instruments	24	15	17
Items that will not be reclassified to profit or loss (net of tax):			
Net actuarial gain/loss on pension expense	18	5	-4
Other comprehensive income		**56**	**-84**
Total comprehensive income for the year		**-308**	**-112**
Total comprehensive income attributable to:			
Shareholders of the parent		-307	-111
Non-controlling interests		-1	-1

Consolidated statement of financial position 31 December
NRC Group

(Amounts in NOK million)	**Note**	**31.12.2022**	**31.12.2021**
ASSETS			
Deferred tax assets	10	98	137
Goodwill	2/10	2 364	2 666
Customer contracts and other intangible assets	2/10	32	63
Total intangible assets		**2 493**	**2 867**
Tangible assets	13	184	184
Right-of-use assets	14	564	514
Other non-current assets	23	23	9
Total non-current assets		**3 265**	**3 574**
Total inventories	25	29	28
Trade receivables	15	765	929
Contract assets	4/15	475	315
Other current receivables	15	185	115
Total receivables		**1 425**	**1 359**
Cash and cash equivalents	**16**	**472**	**626**
Total current assets		**1 927**	**2 013**
TOTAL ASSETS		**5 191**	**5 587**

Consolidated statement of financial position 31 December
NRC Group

(Amounts in NOK million)	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Paid-in-capital			
Share capital	17	73	73
Treasury shares		0	0
Other paid-in capital		2 323	2 325
Other equity			
Translation reserves		48	12
Hedge reserve	24	12	-3
Retained earnings		-145	213
Total equity attributable to owners of the parent		**2 310**	**2 619**
Non-controlling interests		2	2
Total equity		**2 312**	**2 622**
Pension obligations	18	11	16
Interest-bearing non-current liabilities	19	1 095	1 199
Deferred taxes	10	1	2
Other non-current liabilities	23/24	0	8
Total non-current liabilities		**1 106**	**1 225**
Interest-bearing current liabilities	19	328	319
Total interest-bearing current liabilities		**328**	**319**
Trade payables		504	359
Contract liabilities	4	305	424
Public fees payable		143	154
Tax payable	10	1	25
Other current liabilities	20/21	492	460
Total current liabilities		**1 773**	**1 741**
Total equity and liabilities		**5 191**	**5 587**

Consolidated statement of changes in equity
NRC Group

(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 2021	**73**	**0**	**2 322**	**-20**	**109**	**243**	**2 727**	**4**	**2 731**
Profit/loss for the period						-26	-26	-1	-27
Other comprehensive income				17	-97	-4	-84		-84
Employee share program			5				5		5
Share-based payments			2				2		2
Acquisition of treasury shares		0	-4				-4		-4
Total changes in equity	**0**	**0**	**3**	**17**	**-97**	**-30**	**-108**	**-1**	**-109**
Equity at 31 December 2021	**73**	**0**	**2 325**	**-3**	**12**	**213**	**2 619**	**2**	**2 622**
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**

Consolidated statement of cash flows
NRC Group

(Amounts in NOK million)	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year		-364	-27
Tax expense	10	51	3
Income taxes paid	10	-13	-30
Net financial items	9	57	67
Depreciation, amortisation and impairment	12/13/14	574	260
Share of profit from associates and joint ventures	27	15	0
Gain from sale of property, plant and equipment	13	-32	-75
Change in trade receivables	15	163	-6
Change in contract assets and contract liabilities	4	-241	72
Change in inventories	26	-1	5
Change in trade payables		146	-23
Change in other accruals and unrealised foreign exchange		-118	113
Net cash flow from operating activities		**235**	**358**
Payments for property, plant and equipment	13	-47	-25
Payments for acquisition of subsidiaries, net of cash acquired	2	-24	-47
Investments in associates and joint ventures	27	-14	0
Proceeds from sale of property, plant and equipment	13	55	90
Proceeds from sale of shares and other investments		0	16
Net cash flow from investing activities		**-29**	**34**
Repayments of borrowings	19	-147	-147
Payments of lease liabilities	19	-171	-168
Interest received	9	9	16
Interest paid	9	-55	-78
Proceeds from sale of treasury shares		4	5
Acquisition of treasury shares		-7	-4
Net cash flow from financing activities		**-366**	**-377**
Net change in cash and cash equivalents		**-161**	**14**
Cash and cash equivalents as at 1 January		**626**	**610**
Effects of exchange rate changes on cash and cash equivalents		6	2
Cash and cash equivalents as at 31 December	**16**	**472**	**626**
Hereof presented as:			
Free cash		472	626
Restricted cash		0	0

Notes to NRC Group accounts

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Note 4	Revenues and projects in progress
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Note 1:
Corporate information, basis of preparation and significant judgements, estimates and assumptions

1.1 Corporate information

NRC Group ASA (the Company) including its subsidiaries (the Group) is a specialised rail infrastructure company in the Nordic region. The Group is a supplier of all rail, harbour and road related infrastructure services, including groundwork, specialised track work, safety, electro, telecom, signalling systems, maintenance and environmental services.

NRC Group ASA is a public limited liability company registered and domiciled in Norway. The office address is Lysaker Torg 25, 1366 Lysaker, Norway. NRC Group is listed on Oslo Stock Exchange (ticker NRC). The Company has subsidiaries in Norway, Sweden and Finland.

The consolidated financial statements for NRC Group ASA were approved by the Board of Directors on 29 March 2023.

1.2 Significant accounting principles

Accounting policies applied by the Group in the preparation of the consolidated financial statements are largely incorporated into the individual notes. General accounting principles are described below. The principles have been applied identically to the periods presented, unless otherwise stated.

1.2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU.

These consolidated financial statements have been prepared on the basis of the historical cost principle, except for certain financial instruments and contingent consideration that have been measured at fair value.

The Group uses various alternative performance measures (APM) throughout the consolidated financial statements. The APMs are defined on page 202.

1.2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2022. Subsidiaries are companies where the Group has a controlling interest. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A controlling interest is normally achieved when the Group owns, directly or indirectly, more than 50% of the voting shares in the target company. Subsidiaries are consolidated from the point in time when control is transferred to the Group and eliminated from consolidation when such control ends. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill) and liabilities, while any resultant gain or loss is recognised in profit or loss.

All internal transactions, unsettled balances and unrealised gains between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction establishes an impairment for the transferred asset.

1.2.3 Summary of significant accounting policies

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification.
An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle, held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period. Cash or cash equivalent are current unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period. The Group classifies all other liabilities as non-current, unless there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign currency translation

Functional currency and presentation currency

The accounts of the individual entities in the Group are measured in the currency that is used in the economic area where the Group entities operate (functional currency). The consolidated accounts are presented in Norwegian kroner (NOK), which is both the functional and presentation currency of the parent company.

Transactions and balance sheet items
Transactions involving foreign currencies are translated into the functional currency using the exchange rates that are in effect at the time of the transactions. Foreign currency gains and losses that arise from the payment of such transactions and the translation of monetary items (assets and liabilities) at year-end, at the rates in effect on the balance sheet date, are recognised in the income statement. Currency gains and losses are presented on a net basis as financial income or financial expenses. If the foreign currency position is designated as a hedge of a net investment in a foreign business, any gains or losses are recognised in other comprehensive income.

Translation to presentation currency
In consolidation of the accounts of foreign subsidiaries, the income statement is translated into the presentation currency according to average exchange rates per month. Balance sheet items are translated at the exchange rate in effect on the balance sheet date. Long-term receivables from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, are considered a part of the net investment. Translation differences on net investments in foreign operations are recognised in other comprehensive income. When a net investment is disposed of, the related cumulative amount of translation differences is reclassified to profit or loss.

Goodwill and fair value adjustments of assets and liabilities associated with the acquisition of a foreign entity are treated as assets and liabilities in the acquired entity and translated at the rate in effect on the balance sheet date.

Statement of Cash flows
The statement of cash flows is prepared using the indirect method. Acquisitions of subsidiaries are presented as investing activities net of cash in target. Interests paid are presented as part of financing activities.

1.2.4 Changes in accounting policies
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The

amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

There are not any other standards or interpretations that are not yet effective, that are expected to have a significant impact on the consolidated financial statements.

1.3 Material accounting judgements, estimates and assumptions

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

The most important areas where estimates and judgements are having an impact are listed below. Detailed information of these estimates and judgements are disclosed in the relevant notes.

Significant estimates and judgements:

- Revenue from contracts with customers (Note 4)
- Impairment test of goodwill (Note 2 and 12)
- Purchase price allocation and accounting for contingent consideration in business combinations (Note 2)
- Recognition of deferred tax assets (Note 10)

Covid-19 and the impacts of the global economy

The direct impact of global events such as the Covid-19 outbreaks, 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.

Climate risk
NRC Group's activities mainly consist of projects that run over a limited period. The organisation is flexible to adapt to changes and each new project represents a new start. A large part of the Group's activities is to build environmentally friendly infrastructure that is aligned within the EU Taxonomy, as described in a separate section in the Group's Sustainability Report for 2022. This reduces the risk of significant negative changes in activities and markets due to climate change. There are no legal changes or expected changes in our markets that will have a significant impact on the Group's activities. NRC Group has limited operating assets and long-term leases that can be affected by environmental changes. The Group has a large car and machine park - owned and leased - that is gradually meeting new environmental requirements. Expected useful life and planned replacement rate for these assets are considered adaptable to the expected changes. The Group is already in the process of increasing the proportion of electrified machines and has also invested significantly in heavier vehicles that can run on biogas. Our largest tamping machines are rail-based and associated with environmentally friendly projects and are not expected to be adversely affected by climate change other than normal maintenance and adaptations. The Group has no significant immobile machines or facilities (stranded assets) that could be affected by climate change.

There are no specific climate risks beyond normal project risks associated with the business that significantly can affect the impairment calculations. Significant changes because of climate risk have consequently not been necessary to include in the calculations.

Note 2:
Business combinations

Accounting policy

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. For each business combination, the Group elects whether to measure any non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Direct expenses associated with the acquisition are expensed when they incur and presented as *Other income and expenses.*

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes that are a result of additional information the Group obtained after that date about facts and circumstances that existed at the acquisition date are measurement period adjustments that will adjust the purchase price allocation until this is final but no later than 12 months after the acquisition day. Other changes resulting from events after the acquisition day, such as meeting earning targets, will be accounted for as follows:

- Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.
- Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9 and presented as *Other income and expenses.*

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination.

Significant judgement and estimation uncertainty

Estimating the fair value of acquired assets, liabilities and contingent liabilities in a business combination requires significant management judgement. These calculations require the use of all facts and information available and how this will impact on the computations and will be sensitive to estimates related to future cash flows and discount rate.

Estimating contingent consideration in a business combination including subsequent changes in the fair value require significant management judgement and need determination of all facts and information available and how this will impact on the calculations. The key assumption is to consider the most likely outcome based on the current state of the target.

Business combinations in 2022

The Group had no business combinations in 2022. A net cash outflow of NOK 24 million in 2022 is related to prior year acquisitions.

Business combinations in 2021

The Group had no business combinations in 2021. A net cash outflow of NOK 47 million in 2021 was related to prior year acquisitions.

Note 3:
Segment reporting

Accounting policy
Segments are reported in the same manner as the internal financial reporting to the Group's chief operating decision-maker, defined as the executive management and the Board of Directors. The internal financial operating result reporting follows current IFRS standards as described in these notes to the Group accounts, except for Other income and expenses (M&A expenses). These income and expenses can vary significantly from period to period and are excluded in the internal financial reporting to improve the analysis of the underlying operations across periods and operating segments. The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer pricing between operating segments is on an arm's length basis in a manner similar to transactions with third parties.

The Group is a contractor connected to public transportation, including rail, harbour and road related infrastructure. For management purposes, the Group is organised in divisions and operating segments based on geographical areas that include Norway, Finland and Sweden. In each operating segment the Group can provide services and products such as rail construction, rail maintenance, civil construction, environmental services and sale of materials.

Customers that aggregate 10% or more of the Group's total revenues are disclosed in the table below:

		Share of segment revenue	
Customer	**Segment**	**2022**	**2021**
Trafikverket	Sweden	71%	72%
Finnish Transport and Infrastructure Agency	Finland	61%	54%
Bane Nor	Norway	34%	30%

	Norway		Sweden		Finland		Others and eliminations		Consolidated	
(Amounts in NOK million)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
External	2,571	1,864	1,877	1,453	2,582	2,640	0	0	7,030	5,957
Inter-segment	-198	-5	203	15	0	0	-5	-10	0	0
Total revenue	**2,373**	**1,859**	**2,080**	**1,468**	**2,582**	**2,640**	**-5**	**-10**	**7,030**	**5,957**
EBITDA*	**173**	**120**	**-7**	**-17**	**204**	**265**	**-34**	**-32**	**335**	**336**
Depreciation	93	93	42	50	48	52	1	1	185	196
EBITA*	**80**	**27**	**-49**	**-67**	**155**	**213**	**-35**	**-32**	**151**	**139**
Amortisation and impairment	0	11	355	3	34	49	0	1	389	64
EBIT*	**80**	**16**	**-404**	**-71**	**121**	**164**	**-36**	**-33**	**-238**	**75**
Other income and expenses	0	10	0	18	1	5	1	1	2	34
Operating profit	**80**	**6**	**-404**	**-89**	**120**	**159**	**-36**	**-35**	**-240**	**42**
Current assets	456	423	289	272	1,148	1,127	48	190	1,939	2,013
Non-current assets	1,232	1,143	432	866	1,488	1,472	99	93	3,279	3,574
Total assets	**1,688**	**1,566**	**721**	**1,139**	**2,636**	**2,599**	**147**	**283**	**5,218**	**5,587**
Current liabilities	759	635	625	549	1,237	1,199	-848	-643	1,772	1,741
Non-current liabilities	290	253	17	41	215	363	584	567	1,106	1,225
Total liabilities	**1,048**	**888**	**642**	**590**	**1,452**	**1,563**	**-263**	**-75**	**2,879**	**2,965**
Order backlog	2,013	2,214	3,160	2,008	2,622	3,579			7,795	7,801

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

Others and eliminations include activities in the Company and other holding companies as well as elimination of inter-segment revenues and expenses.

Assets and liabilities are shown gross per segment and eliminations are shown separately. The aggregated information on Others and eliminations consists of the following:

	Parent and holding companies		Eliminations		Others and eliminations	
(Amounts in NOK million)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Current assets	2,182	2,118	-2,134	-1,927	48	190
Non-current assets	242	375	-144	-282	99	93
Total assets	**2,424**	**2,493**	**-2,277**	**-2,209**	**147**	**283**
Current liabilities	1,286	1,285	-2,134	-1,927	-848	-643
Non-current liabilities	728	846	-144	-278	584	567
Total liabilities	**2,014**	**2,130**	**-2,277**	**-2,206**	**-263**	**-75**

Note 4:
Revenues and projects in progress

Accounting policy
The Group's revenues mainly consist of contracts with customers that vary from shorter projects of less than a month, to longer projects running over multiple years. All projects are accounted for as contracts with customers, applying IFRS 15 Revenue from contracts with customers. The Group accounts for a contract with a customer when the contract is approved, each party's rights are identified including the payment terms, the contract has commercial substance, and it is probable that the Group will collect the consideration.

Revenue recognised over time
For a major part of the contracts with customers, the criteria for recognising revenue over time have been met as the project either creates an asset that the customer controls as the asset is created or the asset created does not have an alternative use and the Group has an enforceable right to payment for performance completed to date.

The transaction price is the contractual agreed price. Any variable consideration is estimated based on the sum of probability-weighted amounts or the single most likely outcome, depending on which method better predicts the amount of consideration, and is consistently applied throughout the contract.

For a performance obligation that is satisfied over time, revenue is recognised over time by measuring the cost passed in relation to full satisfaction of the obligation. The Group applies the input method which is used consistently for similar performance obligations and under similar circumstances. Using the input method, revenue is recognised based on the entity's input in fulfilling the performance obligation (e.g. contract costs incurred, resources consumed, hours expended) in relation to the total expected input to fulfil the performance obligation. The value and pricing of the Group's services are founded on the different resources consumed, and consequently the input method best reflects the revenue recognition of the transfer of goods and services. Most contracts of the Group consist of one performance obligation. For contracts where performance obligations are not satisfied over time, revenue is recognised on delivery or upon completion of the services.

The aggregated amount of project revenue incurred to date, less progress billings, is determined on a project-by-project basis. The contracts where this amount is positive are presented in the balance sheet as contract assets, whereas the contracts where the amount is negative (prepayments) are presented as contract liabilities. Contract assets are the Group's right to consideration in exchange for goods or services that the entity has transferred to a customer. Unconditional rights to considerations based on the agreement are invoiced and presented separately as a receivable. Contract assets and receivables are considered for impairment in accordance with IFRS 9. A contract liability is when the Group has received prepayments or has an unconditional right to consideration before the Group has transferred goods or services to the customer.

A contract modification is the change in scope and/ or price of a contract and both parties have approved a modification that either created new or changes existing enforceable rights and obligations of the parties. A contract modification may exist even though there is a dispute about the scope and/ or price of the modification, or the parties have approved a change in the scope of the contract but have not yet determined the corresponding change in price. The contract modification is accounted for as a separate contract, if the scope of the contract increases due to distinct goods or services and the price increase reflects the stand-alone selling price, or as part of the original contract.

Contract costs are costs to fulfil the contract and incremental costs of obtaining a contract. These are costs directly related to the contract assuming the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future and are expected to be recovered. Costs directly connected to the contract include direct materials, direct labour, subcontractors, allocated indirect costs and costs explicitly chargeable. Incremental cost of obtaining a contract that is expected to be recovered and that would not incur if the contract had not been obtained, is capitalised and amortised as a contract cost. Cost of wasted materials, labour or other resources to fulfil the contract that is not reflected in the price of the contract, is expensed as it occurs.

When it is probable that the total contract costs of meeting the obligations will exceed total contract revenue, the expected loss is recognised as an expense immediately according to IAS 37, considering both the incremental costs and allocation of other costs directly related to fulfilling the contract. An impairment loss is recognised for any contract assets or accounts receivable related to the contract before a separate provision is made.

Payment terms are contractually agreed and invoicing normally follows the progress of the projects either by a fixed estimated progress or based on actual progress as defined in the contract. For certain contracts a portion of up to 10% is withheld until final approval of the delivery. Upon invoicing, the payment terms would normally be within 15– 45 days.

Other revenues
The Group has a limited number of other sales transactions such as sale of materials, sale of equipment and machines closely related to the main operations of the group or sale of services. Revenues from these transactions are recognised at the point of time when control of any asset is transferred to the customer, or the service is provided. Delivery of assets can be from stock, from a construction site or at the customer's location. The normal payment term is 15 to 45 days upon delivery.

Warranties
The Group generally provides for warranties for general repairs and does not provide extended warranties in its contracts with customers. As such, existing warranties are assurance-type warranties under IFRS 15, which are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Significant judgement and estimation uncertainty
The Group's business mainly consists of execution of projects. The complexity and scope of the project portfolio come with an inherent risk that the actual results may differ from expected results. The Group recognises revenue over time using 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, value of any project modifications being recognised and the impact of any disputes or contractual disagreements. As of 31 December 2022, the Group has recognised a total of NOK 12,526 million (2021: NOK 12,809 million) in accumulated revenue to date on projects in progress at year-end.

Revenue

(Amounts in NOK million)	**2022**	**2021**
Revenue		
Contract revenue recognised over time	6,365	5,351
Other revenue	665	606
Total revenue	**7,030**	**5,957**
Revenue from public customers	5,565	4,205
Revenue from private customers	1,465	1,752
Total revenue	**7,030**	**5,957**

External revenue by nature of business by segment

	Norway		Sweden		Finland		Consolidated	
(Amounts in NOK million)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Rail construction	1,106	604	1,009	613	1,609	1,515	3,723	2,731
Rail maintenance	0	0	508	560	540	609	1,048	1,168
Civil construction	513	441	358	279	0	0	871	720
Environment	957	819	0	0	0	0	957	819
Materials	0	0	0	0	413	456	413	456
Other and eliminations	-5	0	2	2	20	61	18	62
External revenue	**2,571**	**1,864**	**1,877**	**1,453**	**2,582**	**2,640**	**7,030**	**5,957**
Revenue from public customers	1,556	1,000	1,706	1,109	2,304	2,096	5,565	4,205
Revenue from private customers	1,015	864	171	344	278	544	1,465	1,752

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

(Amounts in NOK million)	2022	2021
Contract costs plus profit less losses to date	12,526	12,809
Less progress billings including advances	12,356	12,917
Work in progress, net	**170**	**-109**
Gross amounts due to customers for contract work (contract liabilities)	305	424
Gross amounts due from customers for contract work (contract assets), see note 15	475	315
Total contract value, ongoing contracts	18,224	19,911
Accumulated revenue recognised at year-end	12,526	12,809
Revenues not recognised	5,698	7,102
Expected to be recognised next 12 months	3,740	4,101
Expected to be recognised later	1,958	3,001

OTHER INFORMATION	2022	2021
Billed amounts retained by customers	24	13
Provision for loss-making projects	15	17
Remaining revenue on loss-making projects	180	68
Order backlog, ongoing projects	5,698	7,102
Order backlog, projects not started	2,097	699
Total order backlog	**7,795**	**7,801**
Expected to be recognised next year	3,740	4,101
Expected to be recognised two years	1,647	2,532
Expected to be recognised in three years or later	2,409	1,167

Note 5:
Salaries and personnel costs

(Amounts in NOK million)	**2022**	**2021**
Salaries	1,274	1,268
Social security taxes	178	187
Pension expenses	141	145
Other personnel costs	53	48
Total	**1,646**	**1,649**
Full time equivalent employees	**1,882**	**1,924**

Note 6:
Executive personnel

Compensation to executive personnel and Board of Directors

(Amounts in NOK million)	**2022**	**2021**
Short-term employee benefits	27	21
Post-employment benefits	2	2
Share-based compensation	1	1
Remuneration Board of Directors	2	3
Total compensation to executive personnel	**32**	**27**

More detailed information on the compensation to the Group's directors including executive personnel as well as members of the Board of Directors is provided in a separate remuneration report prepared in accordance with the Norwegian Public Limited Liability Companies Act § 6-16b. The report for the financial year 2022 will be published on the Group's website subsequent to the general assembly.

Note 7:
Share-based payments

Accounting policy
Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The sale of shares to employees at less than market price is accounted for by recognising the difference between the market value of the shares and the purchase price as a payrollexpense.

The cost of equity-settled transactions is determined by the fair value of the option at the date when the grant is made. A Binominal model and the Black-Scholes model are used for the valuation. The cost related to the option is reported over the period in which the employees earn the right to receive the options. Option costs are reported as payroll expenses and offset as an increase in equity. A provision based on the accrued amount is made for employer's social security contribution to share option programmes linked to the difference between the issue price and the market price of the share at year end.

The expenses recognised for equity-settled share-based payment transactions for employee services received during the year are shown in the following table:

(Amounts in NOK million)	**2022**	**2021**
Senior Management Share Option Plan	1.3	0.8
Key Employee Share Option Programme	1.6	1.0
General Employee Share Programme	1.1	1.1
Total	**4.0**	**3.0**

General Employee Share Programme
During 2022 and same as in 2021, the Group gave employees the opportunity to purchase a certain number of shares at 20% discount to the trading price at exercise.

The discount is recorded as salaries. On 8 June 2022, a total of 254,960 shares were sold under this offer with a total discount of approximately NOK 1.0 million before social security tax. All the shares sold were treasury shares.

Senior Management Share Option Plan
On 12 May 2016, the Company's Annual General Meeting approved implementation of a share option programme for senior management. On the Annual General Meeting 6 May 2021, the option programme for senior management was renewed for two more years, comprising in total 1,200,000 shares. The Board of Directors are authorised to increase the share capital and to determine the subscription price and other subscription terms.

Options are awarded based on the Group's achievements of certain quantitative and qualitative goals determined by the Board of Directors. The options can be vested over a period of three years, with 1/3 of the aggregate number each year. Options that are not exercised during, or on the date of final expiry of the vesting period, lapse without compensation to its holder.

At year-end, a total of 476,000 options were outstanding in connection with the Senior Management Option programme. 444,000 new options were formally granted, no options were exercised, and 89,125 options were forfeited during 2022. The weighted average exercise price of the remaining 476,000 options is NOK 20.75. 25,000 of the options expire in March 2023. 78,000 of the options expire in March 2024 and can be vested by 1/3 each year from March 2022 until expiry. 373,000 of the options expire in March 2025. These options can be vested by 1/3 each year from March 2023 until expiry.

There were no settlement, cancellations, or modifications to the awards in 2022. Vesting condition is full time employment. The expense is accrued for over the service period for each group of options.

Share option programme for key employees
On 19 April 2018, the Company's Annual General Meeting approved implementation of a share option programme for key employees. The Annual General Meeting 5 May 2022 granted the authorisation to increase the share capital by up to NOK 1,000,000 in connection with this option programme. The authorisation is valid for a period of two years until 5 May 2024. The Board of Directors is authorised to increase the share capital and to determine the subscription price and other subscription terms.

As per year-end, a total of 202,500 options are outstanding in connection with the option programme from 2020. The options can be vested over a period of 12 months from 1 June 2023 at a strike price of NOK 26.54. The strike price will be adjusted for any dividends paid from the time of the establishment of the programme until the options are exercised. The employees paid NOK 1 for each option. 65,500 options were forfeited during 2022 due to vesting conditions not being satisfied.

As per year-end, a total of 5,000 options are outstanding in connection with the option programme from 2021. The options can be vested over a period of 12 months from 1 April 2024 at a strike price of NOK 26,54. The strike price will be adjusted for any dividends paid from the time of the establishment of the programme until the options are exercised. The employee paid the equivalent of NOK 1 for each option. No options were forfeited during 2022.

742,500 options were granted for the key employee programme in 2022. The options can be vested over a period of 12 months from 1 July 2025 at a strike price of NOK 18.64. The strike price will be adjusted for any dividends paid from the time of the establishment of the programme until the options are exercised. The employees paid NOK 1 for each option. 52,500 options were forfeited during 2022.

There were no settlement, cancellations, or modifications to the awards in 2022. Vesting condition is full time employment. The expense is accrued for over the service period for each group of options.

The following table summarises the number and weighted average exercise prices (WAEP) of share options for all existing plans during the year, including any movements:

	2022 number	2022 WAEP	2021 number	2021 WAEP
Outstanding at 1 January	557,625	35.9	787,125	42.9
Granted during the year	1,186,500	18.4	113,000	27.8
Exercised during the year	0	0	0	0
Forfeited during the year	-284,625	33.2	342,500	49.5
Outstanding at 31 December	**1,459,500**	**20.9**	**557,625**	**35.9**
Exercisable at 31 December	201,333	23.0	129,750	65.9

WAEP will be adjusted for any dividend in the period from grant to exercise.

The weighted average remaining contractual life for the share options outstanding as of 31 December 2022 was 3.0 years (2021: 2.3 years).

The weighted average fair value of options granted during the year was NOK 6.68 per option. Total value of these options aggregated NOK 5.5 million to be allocated over the service period assumed in the option programme.

The range of exercise prices for options outstanding at the end of the year was NOK 17.70 to NOK 85.78 (2021: NOK 26.54 to NOK 85.78), before any adjustment for future dividends.

The following tables list the inputs to the models used for all existing plans:

	2022	**2021**
Weighted average fair values at the measurement date	6.60	8.38
Expected volatility (%)	50.0	50.0
Risk–free interest rate (%)	2.77	0.77
Expected life of share options, months	12-42	9-51
Weighted average share price	27.51	44.32
Model used	Binominal and Black Scholes	Binominal and Black Scholes

Dividend is not considered as the strike price will be adjusted for any dividends paid from the time of the establishment of the programme until options are exercised. Expected volatility is based on actual volatility 36 months back in time.

Note 8:
Other operating and administrative expenses

(Amounts in NOK million)	**2022**	**2021**
Travel expenses	73	69
Office expenses	98	80
External services	38	44
Expenses related to machinery, cars and equipment	360	280
Other operating and administrative expenses	134	185
Total	**702**	**658**

Accounting policy

Income and expenses of a special nature are presented on a separate line within operating profit (loss). Such items are characterised by being transactions and events not being reliable indicators of underlying operations. Other income and expenses consist of M&A expenses, including subsequent adjustment of contingent considerations or other subsequent adjustments of final purchase price allocation in business combinations that are recognised in profit or loss.

Other income and expenses

(Amounts in NOK million)	**2022**	**2021**
M&A expenses	2	34
Total other income and expenses	**2**	**34**

The M&A expenses in 2022 mainly relate to previous years' acquisitions in addition to incurred transaction expenses in 2022 in connection with the disposal of NRC Gravco AS and Septik Tank Co AS. The sale of these companies was completed in January 2023, and the net gain from the disposal will hence be booked in Q1 2023.

The M&A expenses in 2021 were related to additional expenses for previous years' acquisitions. Approximately NOK 10 million were final bonus payments related to the acquisition of NRC Kept AS in 2018. The majority of the remaining expenses was related to legal costs and other provisions regarding a lost lawsuit against the previous owners of Signal och Banbyggarna i Dalarna AB, a company acquired in 2017. Stockholm's District Court judged NRC Group to pay the defendants litigation costs. The case has been appealed, but all cost is provided for.

Compensation to auditors

(Amounts in NOK million)	**2022**	**2021**
Statutory audit fees	3.7	3.7
Other assurance engagements	0.0	0.0
Tax related services	0.0	0.1
Other services	0.1	0.0
Total	**3.8**	**3.8**

EY was the Group's auditor for 2022 and 2021. The amounts are reported exclusive of VAT.

Note 9:
Financial income and expenses

(Amounts in NOK million)	**2022**	**2021**
Interest income	6	2
Interest expenses	-62	-65
Net foreign currency gains/(losses)	-1	-2
Other net financial expense	0	-1
Net financial items	**-58**	**-66**

Note 10: **Taxes**

Accounting policy
The tax expense in the income statement consists of the tax payable for the period and the change in deferred tax. Tax is usually recognised in the income statement, except when it is related to items that are recognised in other comprehensive income, in discontinued operations or directly in equity, that also include the tax effect of those relevant transactions.

The tax expense is calculated in accordance with the tax laws and regulations that have, or have essentially, been enacted by the tax authorities on the date of the balance sheet. It is the legislation in the countries where the Group's subsidiaries operate and generate taxable income that determine how the taxable income is calculated.

Deferred tax is calculated for all temporary differences between tax values and carrying values of assets and liabilities. Deferred tax is determined by means of the tax rates and tax laws that have been enacted or substantially enacted on the balance sheet date, which are assumed to apply when the deferred tax asset is realised or when the deferred tax is settled.

Deferred tax is not calculated for temporary differences from investments, except when the Group cannot control the timing of the reversal of the temporary differences, and it is probable that these will be reversed in the foreseeable future.

Deferred tax assets are also recognised for unused tax losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit or deferred tax liabilities will be available against which the unused tax losses and unused tax credits can be utilised. The deferred tax assets are recognised to the extent it is probable that they can be utilised based on forecasts and projections within a reasonable period of time.

In the balance sheet, deferred taxes are reported net if the Group has a legal right to offset deferred tax assets against deferred taxes and if the deferred taxes are owed to the same tax authority.

Significant judgement and estimation uncertainty
Deferred tax assets of NOK 79 million in Norway and NOK 18 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. 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 optimisation.

Deferred tax

(Amounts in NOK million)	**2022**	**2021**
Deferred tax relates to the following:		
Intangible assets	-1	-5
Property, plant and equipment	-14	-14
Right-of use assets	-122	-111
Net contract assets/receivables	-9	-16
Tax allocation reserve, Sweden	-1	-5
Tax losses carried forward	243	251
Lease liabilities	114	105
Pensions	3	4
Other temporary differences	5	15
Total deferred tax assets/ liabilities (-)	**219**	**224**
Deferred tax assets not recognised	-122	-88
Net deferred tax assets/ liabilities (-)	**97**	**135**
Reflected in the consolidated balance sheet as follows:		
Deferred tax assets	98	137
Deferred tax liabilities	-1	-2
Net deferred tax assets/ liabilities (-)	**97**	**135**

(Amounts in NOK million)	2022	2021
Reconciliation of net deferred tax assets/ liabilities (-)		
As of 1 January	135	105
Tax income/ expense (-) during the period	-33	33
Tax income/ expense (-) during the period, recognised in OCI	-5	-4
Effect of foreign currency translation	-1	-2
Other	2	2
As of 31 December	**97**	**135**

Total net deferred tax assets of NOK 97 million are split between NOK 79 million in Norway (2021: NOK 90 million) and NOK 18 million in Sweden (2021: NOK 47 million) and have been recognised as it is assumed probable that they can be utilised against future taxable profit based on forecasts and projections, or if needed in combination with tax planning opportunities.

Sweden has suffered pre-tax losses recent years. Several measures have been implemented to restore profitability. Improvement programmes initiated in the second half of 2019 have been implemented and yielded improved results for the core divisions. The Swedish Rail construction division improved during 2022, with strong growth in revenue and a positive operating income for the year. The results in Rail maintenance have also improved, contributing to positive operating income, and winning 4 maintenance contracts provides a solid outlook for this business. The total result in Sweden was however negative in 2022 due to losses in the Civil construction division. As a consequence of the losses in Civil construction, NRC Group will do a strategic review of the Civil operations and implement necessary actions to secure profitability in Sweden.

Based on Management's assessment of future taxable profit and future tax optimisation, total deferred tax assets of NOK 122 million (2021: NOK 88 mill) in Sweden have not been recognised. In 2022 a net tax expense of NOK 36 million was recognised due to net increase in non-recognised deferred tax assets in Sweden.

The net deferred tax liability of NOK 1 million relates to Finland.

The Group has total tax losses carried forward of NOK 443 million in Norway (2021: NOK 471 million) and NOK 708 million in Sweden (2021: NOK 715 million), that can be used to reduce future tax payments. There are no restrictions on the Group's ability to carry forward the tax losses.

The major components of income tax expense are

(Amounts in NOK million)	2022	2021
Current income tax charge	17	36
Change in deferred tax	33	-33
Tax expense/ income (-)	**51**	**3**

Tax related to other comprehensive income

(Amounts in NOK million)	2022	2021
Items that may be reclassified to profit and loss	4	5
Items that will not be reclassified to profit and loss	1	-1
Tax expense/ income (-) included in OCI	**5**	**4**

Reconciliation of tax expense and accounting profit

(Amounts in NOK million)	2022	2021
Net income/ loss (-) before tax from continuing operations	-313	-24
Estimated tax on income before tax	-63	-4
Effect of permanent differences	78	9
Effect of tax assets being (-)/ not being recognised	34	-1
Other	2	-1
Income tax expense/ income (-)	**51**	**3**

The tax rates for Norway, Sweden and Finland are 22%, 20.6% and 20%, unchanged from 2021. No changes in tax rates are expected for 2023.

Note 11:
Earnings and diluted earnings per share:

The earnings per share are calculated by dividing the disposable profit/loss for the year with the weighted average of ordinary shares issued throughout the year, less the Company's own shares. For the movement in the share capital of the Company see note 17.

	2022	**2021**
Earnings per share (ordinary), NOK	-4.98	-0.36
Profit/loss for the year attributable to shareholders of the parent, NOK million	-363	-26
Weighted average externally owned shares	72,855,963	72,915,922
Effect of dilution from share options	1,255,256	742,906
Weighted average externally owned shares adjusted for dilution	**74,111,219**	**73,658,828**

Note 12: **Intangible assets**

Accounting policy

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is subject to minimum annual impairment testing.

Intangible assets are recognised at cost less accumulated amortisation and impairment loss. Intangible assets are recognised when they are identifiable, controlled and provide future economic benefits for the entity. The assets are initially measured at cost and amortised on a straight-line basis over the expected useful life of the asset, normally 3-5 years. The cost of an intangible asset includes costs that are directly attributable to the procurement of the assets.

Customer contracts, customer relationships, licenses and other intangible assets acquired as part of a business combination are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives based on the timing of projected cash flows, normally 1-4 years, depending on the type of assets. Intangible assets with indefinite useful life are subject to minimum annual impairment testing.

Impairment considerations

Goodwill is recognised separately as an intangible asset and is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The annual testing is performed towards the end of the financial year. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units (CGU) expected to benefit from synergies arising from the business combination. An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

Intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

Significant judgement and estimation uncertainty

The Group performs annual tests to assess the impairment of goodwill, or more frequently if there is an indication of impairment. The NRC Group's share price development and operating losses in Sweden are impairment indicators being considered as part of the test. Goodwill had a carrying amount at 2022 year-end of NOK 2,716 million before impairment. In the impairment test the carrying amount is measured against the recoverable amount of the cash-generating unit to which the asset is allocated. The recoverable amount of cash generating units is determined by calculating its value in use. These calculations require the use of assumptions and estimates related to future cash flows and discount rate. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes. In 2022, an impairment charge of SEK 370 million was made to the Sweden segment. Most sensitive to further impairment is also our operations in Sweden with a remaining book value of goodwill of SEK 270 million as of 31 December. The remaining goodwill is most sensitive to changes in the discount rate and the estimated future cash flows.

Climate risk
The Group has considered climate risk in relation to impairment testing of goodwill. Climate-related matters can affect future cash flows, the value of the assets being tested and the expected useful life of these. Any consequences of this are considered in the impairment test of goodwill. No such effects were identified related to the impairment test in 2022 or 2021.

Goodwill and other intangible assets

(Amounts in NOK million)	**Goodwill**	**Other intangible assets**	**Total**
Carrying amount as at 01/01/2022	**2,666**	**63**	**2,729**
Translation differences	50	3	53
Additions and adjustments	0	4	4
Amortisation for the year	0	-38	-38
Impairment for the year	-352	0	-352
Carrying amount as at 31/12/2022	**2,364**	**32**	**2,396**

Acquisition cost	2,716	274	2,990
Accumulated amortisation	0	-236	-236
Accumulated impairment	-352	-6	-358
Carrying amount as at 31/12/2022	**2,364**	**32**	**2,396**

Other intangible assets partly consist of customer contracts, customer relationships, IT licenses and IT software capitalised as part of the purchase price allocation of acquisitions. Further, it consists of capitalised software development expenses and capitalised pre-contract expenses. Other intangible assets are amortised over the expected useful life of 1 – 5 years.

Goodwill and other intangible assets cont.

(Amounts in NOK million)	Goodwill	Other intangible assets	Total
Carrying amount as at 1/1/2021	**2,780**	**115**	**2,895**
Translation differences	-104	-3	-108
Acquisitions			
Additions and adjustments	0	6	6
Disposals			
Amortisation for the year	0	-55	-55
Impairment for the year	-9	0	-9
Carrying amount as at 31/12/2021	**2,666**	**63**	**2,729**

Acquisition cost	2,675	317	2,992
Accumulated amortisation	0	-248	-248
Accumulated impairment	-9	-6	-15
Carrying amount as at 31/12/2021	**2,666**	**63**	**2,729**

Allocation of goodwill to cash generating units

The Group has allocated goodwill to each cash generating unit which corresponds to the geographical areas of the business units acquired. The carrying amount of goodwill is as follows:

(Amounts in NOK million)	2022	2021
Norway	778	778
Sweden	255	623
Finland	**1,331**	**1,265**
Total	**2,364**	**2,666**

The decrease in the carrying amount of goodwill in Sweden is due to an impairment of NOK 352 million in addition to currency effects. The increase in the carrying amount of goodwill related to Finland is entirely due to currency effects as NOK has weakened compared to EUR during 2022.

The Group has made several acquisitions over the past years. These businesses are all within the existing business segments and they strengthen the Group's overall capabilities to undertake additional, larger and more complex projects. There is an ongoing process of reorganising the acquired companies. The business units acquired do no longer have cash inflows independent from other group companies or operations, and the expected benefit of the synergies from the combinations will be on country rather than company level. Due to this, the smallest group of assets generating cash inflows largely independent of cash inflows from other assets or group of assets, are the geographical areas Norway, Sweden and Finland respectively.

Impairment tests of goodwill and other intangible assets
The Group considers the relationship between its market capitalisation, carrying amounts and other factors when identifying indicators of impairment. During 2022, NRC Group's share price development and operating losses in Sweden were impairment indicators being considered as part of the test. The Group performs its annual impairment tests in the fourth quarter. Tests are carried out by comparing recoverable amount with carrying amount of the units to which goodwill is allocated. The recoverable amount is calculated based on the discounted estimated future cash flows before tax with the relevant discount rate (WACC).

Estimated cash flows for the years 2023 – 2027 are based on projections approved by the Board. Revenue growth in average per year used in the impairment tests were 2.2% in Norway, -3.5% in Sweden and 1,7% in Finland. The revenue growth assumptions are supported by the current order backlog and external information such as the tender pipeline and the transport plan in each country.

In 2022, an impairment charge of SEK 370 million was made to the Sweden segment following the negative Q4 results mainly caused by losses in the Civil construction division. Remaining goodwill related to the Swedish operations per 31 December 2022 is SEK 270 million. Restoring profitability in Sweden is the main priority for the Group. The Swedish Rail construction division improved during 2022, with strong growth in revenue and a positive EBITA for the year. The results in Maintenance have also improved, contributing to positive EBITA results, and winning 4 maintenance contracts provides a solid outlook for this business. As a consequence of the losses in Civil construction, NRC Group will do a strategic review of the Civil operations and implement necessary actions to secure profitability in Sweden.

The discount rate before tax is 10.3% for Norway, 8.8% for Sweden and 9.4% for Finland. For the years subsequent to 2027, a terminal growth of the net cash flow of 2.95% in Norway, 1.67% in Sweden and 2.42% in Finland have been applied.

Sensitivity
The calculation of value in use is sensitive to the estimates of revenues, project margin, discount rate and terminal growth. Most sensitive to further impairment is our operations in Sweden with a remaining book value of goodwill of SEK 270 million as of 31 December 2022. The remaining goodwill is most sensitive to changes in the discount rate and the estimated future cash flows.

The pre-tax discount rate applied in Sweden is 8.8%, and the assumption for terminal growth 1.67%. Small negative changes to the assumptions in the impairment model would lead to further impairment charges. An increase in the discount rate of 1.0% would lead to further impairment of SEK 85 million, while a terminal growth of zero would lead to an impairment of SEK 56 million. A decrease in the project margin of 0.5 percentage points in the terminal year would lead to an additional impairment loss of SEK 100 million.

For Norway and Finland, no reasonably likely change in the key assumptions listed above would cause the carrying value to materially exceed the recoverable amount for any of the CGUs.

Note 13:
Property, plant and equipment

Accounting policy

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment loss. The cost of an item of property, plant and equipment includes costs that are directly attributable to the acquisition of the assets.

Subsequent expenditure is recognised in the carrying amount of the asset, if it is probable that the future economic benefits related to the expenditure will flow to the Group, and the expenditure can be reliably measured. The carrying amount of any parts that are replaced is derecognised. All other repair and maintenance costs are recognised in the income statement in the period when the costs are incurred, except for certain regular major inspections as described below.

Depreciation is calculated on a straight-line basis over the expected useful life of the asset, as follows:

- Buildings: 15 - 50 years
- Machinery and fixtures: 3 - 20 years

The economic life of the non-current assets and the residual value are reviewed on the date of each balance sheet and adjusted prospectively if required.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising on derecognition of the asset are presented as part of the operating profit/loss and calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

If regular major inspections for faults or overhauls, regardless of whether parts of the item are replaced, is a condition of continuing to operate the equipment or to extend its economic lifetime, the related periodic maintenance can be capitalised and depreciated on a straight-line-basis until the next expected periodic maintenance is required. At the end of 2022, no such expenses were capitalised.

Impairment consideration
Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

Property, plant and equipment

(Amounts in NOK million)	**Buildings**	**Machinery, fixtures, etc.**	**Total**
Carrying amount as of 1/1/2022	**15**	**169**	**184**
Translation differences	0	0	0
Additions	-	41	41
Disposals	-	-8	-8
Depreciation for the year	-	-33	-33
Carrying amount as of 31/12/2022	**15**	**169**	**184**

Total cost	20	374	394
Accumulated depreciation	-5	-205	-210
Accumulated impairment	-	-	-
Carrying amount as of 31/12/2022	**15**	**170**	**184**

Property, plant and equipment cont.

(Amounts in NOK million)	**Buildings**	**Machinery, fixtures, etc.**	**Total**
Carrying amount as of 1/1/2021	**17**	**214**	**231**
Translation differences	-1	-14	-15
Acquisitions			
Additions		22	22
Disposals		-17	-17
Depreciation for the year	-1	-37	-38
Carrying amount as of 31/12/2021	**15**	**169**	**184**

Note 14: **Right-of-use assets**

<u>Accounting policy</u>

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between
the liability and finance cost. The finance cost is charged to profit or loss over the lease period based on the remaining balance of the liability for each period.

The Group has elected to use the two exemptions proposed by the standard (IFRS 16) on the following contracts:

- Lease contracts with a duration of equal to or less than 12 months
- Lease contracts for which the underlying asset has a low value

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense over the lease term in profit or loss.

Right-of-use assets

Right-of-use assets are recognised at cost less accumulated depreciation and impairment loss. Initial recognition of right-of-use assets are measured at cost comprising the following:

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Intangible assets 1-3 years
- Land, offices and buildings 1-12 years
- Machinery, cars and equipment 1-25 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are subject to impairment testing. Refer to section regarding Impairment.

Lease liabilities
Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Options (extension / termination) on lease contracts are considered on a case-by-case basis following a regular management assessment. The borrowing rates used for IFRS 16 purposes have been defined based on the underlying countries and asset classes related risks. The Group's weighted average incremental borrowing rate is 2.71%.

Impairment consideration
Right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

Right-of-use assets

(Amounts in NOK million)	**2022**	**2021**
Land, offices and buildings	73	73
Machinery, cars and equipment	491	441
Total ROU assets	**564**	**514**

Depreciation charge during the year:

(Amounts in NOK million)	2022	2021
Intangible assets	0	1
Land, offices and buildings	30	33
Machinery, cars and equipment	121	124
Total depreciation expense	**151**	**158**
Interest expense on lease liabilities	11	12
Lease expense - short-term and low-value leases	132	119
Total cash outflow for all leases	302	287
Addition of ROU assets during the financial year	192	134

The lease expense for short-term and low-value leases mainly consists of project related short-term lease agreements. For information about the related leasing liabilities, please refer to note 19.

Note 15:
Trade receivables and other receivables

Total receivables

(Amounts in NOK million)	2022	2021
Trade receivables	772	939
Provisions for expected losses	-7	-10
Trade receivables – net	**765**	**929**
Contract assets	475	315
Other current receivables	185	115
Total current receivables	**1,425**	**1,359**

Age distribution of trade receivables:

(Amounts in NOK million)	2022	2021
Trade receivables not due for payment	**604**	**755**
Up to 30 days	93	114
Between 30 and 90 days	42	51
Over 90 days	33	19
Total receivables due for payment	**168**	**184**
Total trade receivables	**772**	**939**

Trade and other current receivables by currency:

(Amounts in NOK million)	2022	2021
NOK	586	473
SEK	381	335
EUR	458	552
Total current receivables	**1,425**	**1,359**

Note 16:
Cash and cash equivalents

Accounting policy
Cash and cash equivalents consist of cash, bank deposits and other short-term and highly liquid investments with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Trade and other current receivables by currency:

(Amounts in NOK million)	**2022**	**2021**
Cash and bank deposits	472	626
Restricted cash	0	0
Total	**472**	**626**

Restricted cash includes the employees' tax withholdings and cash deposits for rent agreements.

Cash and cash equivalents per currency:

(Amounts in NOK million)	**2022**	**2021**
NOK	389	493
SEK	-118	-18
EUR	201	152
Total	**472**	**626**

Negative cash in SEK and EUR is related to and netted as part of the Group's cash pool agreement with Danske Bank.

Note 17:
Share capital and shareholder information

Accounting policy
Expenses that are directly attributable to the issue of new shares less taxes are recognised against the equity as a reduction in the proceeds.

Payments for the purchase of own shares are recognised as a reduction in equity and proceeds from any sale as an increase. A loss or gain is not recognised in the income statement for any purchase, sale, issue or cancellation of own shares.

NRC Group ASA has one class of shares. The total number of external shares at year-end was 72,837,893 excluding 116,656 own shares (2021: 72,953,966 excluding 583 own shares), with a nominal value of NOK 1.00 each. The share capital as of 31 December 2022 totalled NOK 72,954,549 (2021: 72,954,549).

On 12 May 2016, the Company's Annual General Meeting approved implementation of an option programme for senior management. On the Annual General Meeting 6 May 2021, the option programme for senior management was renewed for two more years, comprising in total 1,200,000 shares. The Board of Directors are authorised to increase the share capital and to determine the subscription price and other subscription terms. The authorisation only applies to issuances of shares against payment in cash and is valid until 6 May 2023. 131,407 shares have been issued and 476,000 options were granted and outstanding under this programme as per 31 December 2022.This programme is further described in note 7.

On 19 April 2018, the Company's Annual General Meeting approved implementation of an option programme for key employees. The Annual General Meeting 5 May 2022 granted the authorisation to increase the share capital by up to NOK 1,000,000 in connection with the option programme for key employees. The Board of Directors are authorised to increase the share capital and to determine the subscription price and other subscription terms. No shares have been issued under this programme and 983,500 options were granted and outstanding at 31 December 2022. The authorisation only applies to issuances of shares against payment in cash and is valid until 5 May 2024. This Programme is further described in note 7.

At the Annual General Meeting on 5 May 2022, the General Meeting granted the Board of Directors an authorisation to acquire shares in the Company for up to a maximum nominal value of NOK 7,295,454.90. The Board of Directors' acquisition of shares pursuant to the authorisation can only take place between a minimum price of NOK 1 and a highest price of NOK 100 per share. The authorisation applies until the Annual General Meeting in the spring of 2023, but not later than 30 June 2023. Acquisitions and disposals of treasury shares can take place in the manner found appropriate by the Board of Directors.

On the general meeting 5 May 2022, the Board of Directors were authorised to increase the share capital by up to NOK 7,295,455.00, through issuance of up to 7,295,455 new shares, each with a par value of NOK 1.00. The capital increase may be paid in cash, by set-off or by contributions in assets other than money. The authorisation includes the right to incur special obligations on behalf of the company, cf. Section 10-2 of the Norwegian Public Limited Companies Act. The shareholders' pre-emptive rights pursuant to Section 10-4 of the Norwegian Public Limited Companies Act may be waived by the Board of Directors, cf. Section 10-5 of the Norwegian Public Limited Companies Act. The authorisation includes decisions on merger, cf. Section 13-5 of the Norwegian Public Limited Companies Act. The authorisation is valid from registration with the Register of Business Enterprises until the Annual General Meeting in the spring of 2023, but not later than 30 June 2023, and includes the right to change the company's Articles of Association in connection with the share capital increase.

The movement in the number of shares, excluding own shares, during the year was as follows:

Total number of shares on 31 December 2021	72,954,549
Total number of shares on 31 December 2022	72,954,549

Treasury shares
The Company owned 583 treasury shares at the beginning of 2022. During 2022, the Company acquired 371,033 treasury shares at a total proceed of NOK 7.0 million. 254,960 of the shares were transferred to the employees participating in the 2022 share programme for employees. At the end of 2022, the Company owned 116,656 treasury shares corresponding to 0.16 % of the total number of outstanding shares. The Board of Directors has a mandate until the Annual General Meeting in the spring of 2023 and no later than 30 June 2022, to acquire up to 7,295,455 of the Company's own shares.

Ownership structure

The number of shareholders as of 31 December 2022 was 4,317, compared with 4,576 as of 31 December 2021. The percentage of issued shares held by foreign shareholders was 56.75%, compared with 55.6 % at year-end 2021.

NRC Group's 20 largest shareholders as of 31 December 2022:

Name	Country	Holding	Stake (%)
Vr-yhtymä OY	Fin	13 336 415	18,28
J.P. Morgan SE	Lux	7 402 764	10,15
The Bank of New York Mellon SA/NV	Bel	7 014 701	9,62
J.P. Morgan SE	Lux	3 702 909	5,08
Verdipapirfondet Nordea Norge	Nor	2 172 468	2,98
Protector forsikring ASA	Nor	1 868 968	2,56
Skandinaviska Enskilda Banken AB	Lux	1 720 000	2,36
Verdipapirfondet Nordea Avkastning	Nor	1 319 412	1,81
Gunnar Knutsen Holding AS	Nor	1 252 677	1,72
Avanza bank AB	Swe	1 186 320	1,63
Vinterstua AS	Nor	1 008 963	1,38
Clearstream Banking S.A.	Lux	1 004 173	1,38
LGA Holding AS	Nor	922 880	1,27
Heim Haugo AS	Nor	850 745	1,17
J.P. Morgan SE	Lux	829 460	1,14
Danske Invest Norge vekst	Nor	719 988	0,99
Verdipapirfondet Nordea Kapital	Nor	680 855	0,93
Verdipapirfondet Nordea Norge Plus	Nor	669 115	0,92
Nordea bank ABP	Fin	603 487	0,83
Nordnet bank AB	Swe	587 933	0,81
Total number of shares owned by top 20		**48 854 233**	**66,97**
Total number of shares		**72 954 549**	**100,00**

Shares held by members of the Board of Directors and executive management on 31 December 2022 including shares controlled through holding companies and related parties:

		Ordinary shares	Share options
Rolf Jansson	Chairman of the Board of Directors	65,000	
Eva Nygren	Board member	1,000	
Heikki Allonen	Board member	28,000	
Mats Williamson	Board member	30,000	
Tove Pettersen	Board member	5,000	
Karin Orgland	Board member	15,000	
Outi Henriksson	Board member	5,000	
Henning Olsen	CEO NRC Group	114,306	135,000
Ole Anton Gulsvik1	CFO NRC Group	138,277	75,000
Arild Moe	EVP & MD NRC Group Norway	232,033	57,000
Harri Lukkarinen	EVP & MD NRC Group Finland	16,962	115,500
Lene Engebretsen	EVP & Head of communications	9,259	41,000
Jussi Mattsson	EVP & Head of Strategy and Business Dev.	5,252	35,000
Marianne Kellmer	EVP & Head of HR	4,281	

[1] *Including 133,996 shares held by Jodfabrikken AS, a company wholly owned by Ole Anton Gulsvik.*

187,167 of the share options to the executive management were exercisable at year-end. See note 7 for further information.

Dividend
Based on the 2022 results, the Board of Directors will propose no dividends for 2022.

Note 18: **Pensions**

Accounting policy

The Group has several defined contribution plans. A defined contribution plan is a pension plan in which the Group pays fixed contributions to a separate entity (fund) and where the Group does not have any legal or constructive obligation to pay additional contributions if the fund does not have sufficient assets to pay all employees' benefits relating to their service in current and prior periods. The expense for each period is determined by the amounts of contributions for that period. Contributions paid in advance are recognised as an asset to the extent that the contribution can be refunded or be used to reduce future payments.

The Group has a supplementary defined benefit post-employment plan in Finland, administrated by an external insurance company. Remeasurements of actuarial gains and losses on the net defined benefit liability and the return on plan assets, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and included in the net pension expense.

The Group also has contractual retirement scheme (AFP) for a certain part of their employees in Norway. The AFP pension scheme is a defined benefit multi-employer plan that is financed though premiums paid by participating employers. Because the scheme's administrator is not providing information to identify the participating employer's share of financial position and performance with sufficient reliability, the AFP scheme is accounted for as a defined contribution scheme.

The Group has defined contribution plans covering all employees in Norway, Sweden and Finland. In Norway, the Group also has contractual retirement scheme (AFP) for a certain part of their employees accounted for as a defined contribution scheme. AFP premiums for 2022 are fixed at 2.6% of salary up to approximately NOK 0.8 million. In Finland, the Group has a defined benefit plan related to a supplementary old age pension scheme in an insurance company.

(Amounts in NOK million)	**2022**	**2021**
Pension expenses		
Defined contribution plans	137	140
Defined benefit plans	0	1
Contractual pension, multi-employer plan, Norway	4	4
Total pension expenses	**141**	**145**
Number of employees covered		
Defined contribution plans	1.907	1,840
Defined benefit plans, active	37	70
Defined benefit plans, pensioners	374	398
Early retirement scheme, Norway (AFP)	391	339
Defined benefit expenses		
Defined benefit plan, net expense	0	1
Actuarial gain and losses recognised in OCI, net of tax	-6	4
Recognised in total comprehensive income	-6	5
Defined benefit obligation		
Defined benefit obligation 1 January	91	101
Current service cost	-	1
Interest cost	-	0
Benefits paid	-8	-9
Actuarial gain (+)/ losses (-)	-25	3
Curtailment	-	-
Currency differences	3	-5
Defined benefit obligation 31 December	61	91

(Amounts in NOK million)	**2022**	**2021**
Plan assets		
Plan assets 1 January	75	90
Interest income	-	0
Contribution paid	-	1
Benefits paid	-8	-9
Actuarial gain (+)/ losses (-)	-19	-3
Curtailment	-	-
Currency differences	4	-4
Plan assets 31 December	52	75
Net defined benefit liability 31 December	**9**	**16**

(Amounts in NOK million)	**31.12.2022**	**31.12.2021**
Actuarial assumptions		
Discount rate	3.25%	0.40%
Salary increase	3.70%	3.20%
Inflation	2.50%	1.90%
Mortality (TyEL)	K2016	K2016
Benefit increase	2.70%	2.00%
Insurance company bonus index	0.25%	0.00%
Turnover rate	3.00%	3.00%

Sensitivity
Change in discount rate with 0.50 percentage point will change net pension liability with approximately NOK 1 million. Change in benefit or bonus index with 0.50 percentage point will change net pension liability with approximately NOK 2 million.

Note 19:
Loans and other non-current liabilities

The composition of non-current and current interest-bearing liabilities is as follows:

(Amounts in NOK million)	**2022**	**2021**
Interest-bearing non-current liabilities:		
Lease liabilities	353	319
Bond debt	600	600
Other loans and borrowings	141	280
Total interest-bearing non-current liabilities	**1,095**	**1,199**
Interest-bearing current liabilities:		
Lease liabilities	175	173
Loans and borrowings	153	146
Total interest-bearing current liabilities	**328**	**319**

The interest-bearing debt has variable interest rates or interest adjustment clauses that are shorter than three months at any given time. Since the debt can be repaid, other than the bond, at the time when the interest rate is regulated, the difference between the fair value and carrying amount will be small and insignificant.

Additionally, the Group had an unused credit facility of NOK 200 million at year-end, the same as at the end of the previous year. On 19 January 2023, an amended credit facility was signed. In addition to the existing credit facility of NOK 200 million, it includes a seasonal credit facility of NOK 300 million which will be available under certain circumstances.

(Amounts in NOK million)	**NOK**	**EUR**	**SEK**
Lease liabilities	+ 1.75% - 4.00%	+ 2.60% - 3.45%	+ 3.30% - 4.80%
Bond debt	3-month NIBOR* + 4.51%		
Bank loan		3-month EURIBOR** + 2.05%	
Credit facility	3-month NIBOR + 1.45%	3-month EURIBOR + 1.65%	3-month STIBOR + 1.65%

**The 3 months NIBOR has been hedged to a fixed rate of 1.838% for the full period. ** Minimum zero*

The margins on the bank loan and credit facility depend on the leverage ratio (net interest-bearing debt to adjusted EBITDA). During 2022, the margin on the bank loan started at 2.05%, decreased to 1.85% and ended at 2.05% at year end. The margin can be in a range of 1.70% to 2.50%. During 2022, the margin on the credit facility was between 1.20% and 1.45 % of the total range of 1.00% and 1.65% for NOK, and between 1.40% and 1.65% of the total range of 1.20% and 1.85% for EUR and SEK. The margin on the amended credit facility valid from 19 January is aligned for all currencies and is in the range of 1.00% and 1.65%. The reference rates NIBOR, STIBOR and EURIBOR will be limited at minimum zero.

Carrying amount of non-current and current interest-bearing liabilities:

(Amounts in NOK million)	**2022**	**2021**
NOK	987	909
EUR	388	540
SEK	47	69
Total interest-bearing liabilities	**1,423**	**1,518**

The undiscounted maturity structure of the NRC Group's current and non-current interest-bearing liabilities including estimated interest expenses where applicable is as follows:

Year-end 2022

(Amounts in NOK million)	1H 2023	2H 2023	2024	2025	2026	2027	2028 ->
Leasing	96	91	133	97	62	30	49
Bond	18	18	625	-	-	-	-
Bank loans	82	80	145	-	-	-	-
Total	**195**	**189**	**904**	**97**	**62**	**30**	**49**
Hereof interest	29	26	34	5	3	2	1

The bond matures at 13 September 2024. The bank loan refers to a EUR facility with Danske Bank with quarterly instalments of EUR 3.6 million and final settlement on 7 January 2024. On 14 February 2023, an Amendment and Restatement Agreement related to the existing facilities agreement with Danske Bank was signed. Changes in the Agreement concern amongst others a reduction of quarterly instalments to EUR 1.2 million and a postponed final settlement date of 8 July 2024.

Year-end 2021

(Amounts in NOK million)	1H 2022	2H 2022	2023	2024	2025	2026	2027 ->
Leasing	97	85	125	82	53	27	46
Bond	18	18	36	627	-	-	-
Bank loans	78	76	150	137	-	-	-
Total	**193**	**179**	**311**	**846**	**53**	**27**	**46**
Hereof interest	27	25	46	31	2	1	2

The Company's term facilities with Danske Bank ASA and the NOK 600 million senior unsecured bond contain certain financial conditions based on the facility agreements that may not be directly related to reported IFRS numbers:

- Interest cover ratio: 12 months rolling EBITDA adjusted for acquisition costs and certain non-recurring items in relation to relevant financial net payments.
- Leverage ratio: Net interest-bearing debt in relation to adjusted 12 months rolling EBITDA
- Equity ratio: Equity in relation to total assets

Covenants at year-end 2022

	Condition	Actual
Interest cover ratio, Danske Bank	≥ 3.00	16.54
Leverage ratio, Danske Bank	≤ 3.50	2.78
Equity ratio, Danske Bank	> 25%	45 %
Interest cover ratio, bond	>2.50	5.88
Equity ratio, bond	> 25%	45 %

There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. In the Amendment and Restatement Agreement related to the existing facilities agreement with Danske Bank signed 14 February 2023, the leverage ratio covenant has increased with 0.25 for the period Q4 2022 until Q4 2023. Consequently, the leverage ratio for the Danske Bank facility will be 3.75 for the period Q4 2022 to Q3 2023, reduced to 3.5 in Q4 2023 and will be 3.25 from the beginning of 2024.

Covenants at year-end 2021

	Condition	Actual
Interest cover ratio, Danske Bank	≥ 3.00	11.71
Leverage ratio, Danske Bank	≤ 4.00	2.66
Equity ratio, Danske Bank	> 25%	47 %
Interest cover ratio, bond	>2.50	5.1
Equity ratio, bond	> 25%	47 %

There were no breaches of the financial covenants of any interest-bearing liability during 2021.

The bond agreement includes for certain transactions such as paying dividend and taking on new loan agreements, requirements of an incurrence test with leverage ratio < 3.0 compared to actual 2.8 on 31 December 2022. The leverage ratio in respect of dividend distributions reduces to 2.5 from 1 January 2023. Paying dividend is restricted to 50% of any net income for the year. No dividend is proposed for 2022.

Changes in interest-bearing liabilities arising from financing activities:

(Amounts in NOK million)	**2022**	**2021**
Interest-bearing liability at 1 January	1,518	1,768
Repayment of borrowings	-147	-147
Payments of lease liabilities	-171	-168
Leasing liabilities, net of additions, terminations and adjustments	196	102
Currency adjustment	27	-37
Interest-bearing liability at 31 December	**1,423**	**1,518**

Note 20:
Other current liabilities

(Amounts in NOK million)	**2022**	**2021**
Accrued salaries etc	266	272
Accrued project expenses	133	113
Provisions	20	24
Other current liabilities	74	51
Total	**492**	**460**

Note 21:
Provisions

Accounting policy

Claims and disputes
The Group recognises provisions when there is a present legal or constructive obligation as a result of past events, it is probable that the obligation will be settled by a transfer of economic resources, and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognised unless assumed in a business combination. Contingent liabilities assumed in a business combination are initially measured at fair value. Subsequently, it is measured at the higher of the best estimate of the expenditure required to settle the obligation and the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Warranty
Provisions for warranty-related costs are recognised when the project is delivered to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

(Amounts in NOK million)	**Warranty provisions**	**Provisions for loss-making projects**	**Total provisions**
Opening Balance 1 January 2022	**7**	**17**	**24**
Translation differences	0	0	0
Arising during the year	3	12	14
Utilised	-2	-1	-3
Unused amounts reversed	-3	-13	-16
Closing Balance 31 December 2022	**5**	**15**	**20**

Provisions cont.

(Amounts in NOK million)	**Warranty provisions**	**Provisions for loss-making projects**	**Total provisions**
Opening Balance 1 January 2021	**6**	**18**	**24**
Translation differences	0	-1	-1
Arising during the year	4	13	17
Utilised	-1	-8	-9
Unused amounts reversed	-2	-4	-6
Closing Balance 31 December 2021	**7**	**17**	**24**

Note 22:
Pledged assets, guarantees and security

Bank loans amounting to EUR 28.2 million and an unused credit facility of NOK 200 million are secured by pledge over shares in subsidiaries, other than GSP and JVK, amounting to NOK 2,000 million, receivables, inventory and operating equipment amounting to NOK 500 million per entity and intra-group loans of NOK 2,000 million. Total book value of receivables and inventory amounts to NOK 1,454 million. Leasing liabilities amounting to NOK 528 million are secured by way of the underlying assets for which the legal ownership is kept by the lease counterpart. Total book value of right-of-use assets amounts to NOK 564 million.

The Group has framework agreements with Tryg Garanti/ Tryg Forsikring A/S (utilised NOK 378 million out of NOK 450 million), Nordic Guarantee (utilised NOK 44 million out of NOK 44 million), House of Guarantees AS (utilised NOK 99 million out of NOK 200 million), Euler Hermes Norge (utilised NOK 95 million out of NOK 200 million), Garantia Insurance Company Ltd (utilised EUR 23 million of EUR 30 million) and Standard Garanti Forsikring AS (utilised NOK 8 million out of NOK 150 million). Guarantees are issued as collateral for the fulfilment of the Group's contractual obligations. These could be based on contract performance, prepayments, warranty obligations, withholding taxes and similar.

Note 23:
Fair value of assets and liabilities, and financial assets per category

Accounting policy

Financial instruments

Financial assets
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through other comprehensive income (OCI) or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

All material financial assets are measured at amortised cost. In general, financial assets are recognised initially at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less provision for losses that have been incurred. At initial recognition, trade and other receivables that do not have a significant financing component are measured at their transaction price.

Financial assets measured at amortised cost are financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. This category includes the Group's trade and other receivables, contract assets, any loans included under other non-current financial assets and cash and cash equivalents.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses. The Group recognises a loss provision at each reporting date for the total expected credit loss based on individual assessments of specific trade receivables and contract assets.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired.

Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Most relevant to the Group is loans and borrowings or payables and consists of current and non-current interest-bearing loans, lease liability and trade and other payables. Financial liabilities are recognised initially at fair value net of directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Loans are classified as current liabilities unless there is an unconditional right to defer payment of the debt by more than 12 months from the date of the balance sheet. Trade and other payables are classified as current if payment is due within one year or less. Otherwise, they are classified as non-current.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

There are no material differences between the fair value and carrying value of financial assets and liabilities.

Financial instruments per category 2022

(Amounts in NOK million)	Balance sheet on 31 December 2021	Financial assets at fair value	Financial assets at amortised cost	Financial liabilities at fair value	Financial liabilities at amortised cost	Non-financial item
Non-current financial assets	23	15	8			
Total inventories	29					29
Trade receivables	765		765			
Contract assets	475		475			
Other current receivables	185		29			156
Cash & cash equivalents	472		472			
Total	**1,950**	**15**	**1,750**			**185**
Pension obligations	11					11
Interest-bearing non-current liabilities	1,095				1,095	
Deferred tax	1					1
Other non-current liabilities	0					
Interest-bearing current liabilities	328				328	
Trade payables	504				504	
Contract liabilities	305					305
Public fees payable	143					143
Tax payable	1					1
Other current liabilities	492					492
Total	**2,879**				**1,927**	**952**

Financial instruments per category 2021

(Amounts in NOK million)	Balance sheet on 31 December 2022	Financial assets at fair value	Financial assets at amortised cost	Financial liabilities at fair value	Financial liabilities at amortised cost	Non-financial item
Non-current financial assets	9	1	9			
Total inventories	28					28
Trade receivables	929		929			
Contract assets	315		315			
Other current receivables	115		53			62
Cash & cash equivalents	626		626			
Total	**2,022**	**1**	**1,932**			**90**
Pension obligations	16					16
Interest-bearing non-current liabilities	1,199				1,199	
Deferred tax	2					2
Other non-current liabilities	8			8		
Interest-bearing current liabilities	319				319	
Trade payables	359				359	
Contract liabilities	424					424
Public fees payable	154					154
Tax payable	25					25
Other current liabilities	460					460
Total	**2,966**			**8**	**1,877**	**1,081**

Non-financial assets and liabilities include contract liabilities, advance payments, accruals and provisions.

The table below analyses financial instruments recorded at fair value according to valuation method. The different levels are defined as follows:

Level 1: Fair value is measured using quoted prices from active markets for identical financial instruments. No adjustment is made for these prices.

Level 2: Fair value is measured using other observable input than that used in level 1, either directly (prices) or indirectly (derived from the prices).

Level 3: Fair value is measured using input that is not based on observable market data.

Financial assets at fair value:

(Amounts in NOK million)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss			1	1
Derivatives defined as hedging instruments				0
Total at 31 December 2021	**0**	**0**	**1**	**1**
Financial assets at fair value through profit or loss				
Derivatives defined as hedging instruments			15	
Total at 31 December 2022	**0**	**0**	**15**	**15**

Financial liabilities at fair value:

(Amounts in NOK million)	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss			4	4
Derivatives defined as hedging instruments		4		4
Total at 31 December 2021	**0**	**4**	**4**	**8**
Financial liabilities at fair value through profit or loss				
Derivatives defined as hedging instruments				
Total at 31 December 2022	**0**	**0**	**0**	**0**

The carrying value of cash and cash equivalents and liabilities to credit institutions is virtually the same as their fair value since these instruments have a short maturity term. Correspondingly, the carrying value of trade receivables and trade payables are virtually the same as the fair value, as they are agreed upon under "normal" terms. This also applies to unpaid government charges, tax payable and current liabilities. A large proportion of non-current liabilities has variable interest rates and continuous interest rate adjustment, and therefore the carrying value is substantially the same as the fair value. The fair value of the group's interest rate hedge per year-end is estimated using the forward rate on the balance sheet date and is confirmed by the financial institution with which the agreement is signed. For more information about the hedging instruments, please refer to note 24.

Note 24:
Financial risk

The Group activities involve various types of financial risk: market risk (currency and interest rate), credit risk and liquidity risk. A Group risk management policy for hedging is implemented to manage this risk, and the Group has a central finance department to carry out the risk management in close cooperation with the subsidiaries. The Group's senior management oversees the management of these risks. The purpose of risk management is to minimise any potentially negative impact on the Group's financial results.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk most relevant to the Group comprises currency risk and interest rate.

a. Currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries.

The Group focuses on reducing any foreign currency risk associated with cash flows, and on reducing the foreign currency risk associated with assets and liabilities. The subsidiaries in general have revenue and expenses in the same currency, and this substantially reduces the Group's cash flow exposure to a single currency. The finance department carries out assessments of the need for any hedging of currency risk in cash flows, based on a group hedging policy.

The EUR 28.2 million loan in Danske Bank hedges the net investment in Finland. Intercompany loans considered as part of the net investment in foreign operations include a SEK 300 million loan to Sweden.

Net foreign exchange gains totalled NOK -1 million in 2022 (2021: NOK -2 million).

The NOK/SEK rate of exchange as of 31 December 2022 was 0.9453 (2021: 0.9745), while the average of the monthly average rates used to translate the income statement was 0.9506 (2021: 1.002). The NOK/EUR rate of exchange as of 31 December 2022 was 10.5138 (2021: 9.9888), while the average of the monthly average rates used to translate the income statement was 10.1021 (2021: 10.1633).

The following tables demonstrate the sensitivity to a reasonably possible change in SEK and EUR exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

(Amounts in NOK million)	**2022**	**2021**
Change in SEK rate	**-5 %**	**-5 %**
Effect on net income	23	4
Effect on equity	-15	-39
Effect on net interest-bearing debt	8	4
Change in EUR rate	**-5 %**	**-5 %**
Effect on net income	-5	-7
Effect on equity	-48	-35
Effect on net interest-bearing debt	9	19

b. Interest rate risk

The Group has interest-bearing debt as described in note 19. The Group has a loan agreement with Danske Bank, a 5-year bond, and operational and financial leases being interest-bearing. The total cash position nets off some of the interest rate risk. The NOK 600 million bond issued in September 2021 carries an interest of 3 months NIBOR + 4% until maturity 13 September 2024. The 3 months NIBOR has been hedged to a fixed rate of 1.838% for the full period using an interest rate swap. The bond creates an exposure to pay 3 months NIBOR interest on the NOK 600 million notional. The interest rate swap on the same notional creates an equal and opposite interest receipt and a fixed interest payment, therefore creating an exact offset for this transaction resulting in a net fixed interest payable of 1.838%. As the interest rate swap is based on the same notional, settlement dates and maturity as the bond, the hedge ratio is 100%. The fair value of the interest rate swap was NOK 15 million at year-end (2021: NOK -4 million), impacting OCI positively with NOK 15 million in 2022.

Net interest expense for 2022 amounts to NOK 57 million (2021 NOK 63 million). An increase in interest rate of 1 percentage point would have increased interest on debt by approximately NOK 9 million in 2022.

Credit risk
Credit risk in connection with sales to customers is managed within the subsidiaries, and at group level for major projects. Credit risk is monitored by the subsidiaries and at group level. The Group has guidelines for new contracts that focus on various elements, all of which shall contribute to early payments from the customer.

79% of the revenues for 2022 were to customers that are municipalities or government agencies, or companies or institutions where municipalities or government agencies have a dominant influence. The Group considers the risk of potential future losses from this type of customer to be low. The Group has not entered any transactions that involve financial derivatives or other financial instruments to mitigate credit risks.

As of 31 December 2022, the Group has provisions of NOK 7 million (2021: NOK 10 million) for potential future losses on specific trade receivables. The loss provision represents the total expected credit loss based on individual assessments of specific trade receivables at the reporting date. The age distribution of the Group's trade receivables is specified in Note 15.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 23.

Liquidity risk
Liquidity risk is the risk that the Group will be unable to meet its financial obligations when they are due, and that financing will not be available at a reasonable price. The central management team and the local managers of subsidiaries monitor the Group's liquid resources and credit facilities through revolving forecasts based on the expected cash flow. The Group's operations are impacted by seasonal fluctuations, since a large portion of the Group's operations consist of railroad work. Railroad work is performed to a lesser extent in winter during frost and when the surface of the earth is covered in snow. The Group normally ties up working capital when the activity is increasing.

The Group had NOK 672 million in liquid reserves at the end of the year, compared with NOK 826 million in liquid reserves at the end of the previous year. Restricted bank deposits totalled NOK 0 million (2021: NOK 0 million) and total cash were NOK 472 million (2021: NOK 626 million). Additionally, the Group had an unused credit facility of NOK 200 million at year-end, the same as at the end of the previous year. The Group has a multi-currency cash pool administrated by Danske Bank, increasing the availability to the cash reserves for almost all subsidiaries.

Total short-term interest-bearing debt including leasing liabilities at the year-end that are due to be paid during 2023 amounts to NOK 328 million (2021: NOK 319 million to be paid in 2022).

Moreover, the Group has total current liabilities excluding interest-bearing debt as of 31 December 2022, totalling NOK 1,445 million (2021: NOK 1,422 million). Total current assets amounted to NOK 1,927 million compared to NOK 2,013 million last year.

Capital management

The purpose of the Group's capital management is to ensure a predictable financial framework for operations and provide shareholders with a return according to our dividend policy.

The Group's capital structure considers the required financial flexibility to execute strategic plans, to handle existing debt financing arrangements as well as working capital needs and to provide necessary funds for dividend payment. The long-term ambition is to have a leverage ratio below 2.5. The ratio at year end was 2.8.

The Group manages its capital structure and makes changes based on an ongoing assessment of the current economic condition and the outlook for both the short and medium term. Capital management is amongst other monitored based on available cash and net interest-bearing debt, as well as the Group's leverage ratio, interest cover ratio and equity ratio. For more information about capital management considerations, see separate section under liquidity risk above and note 19.

Note 25: **Inventories**

Accounting policy
Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(Amounts in NOK million)	**2022**	**2021**
Raw materials and materials for resale	21	15
Finished goods	8	13
Total inventories	**29**	**28**

Inventory relates to the Finish operations. No write-downs have been made to inventory in 2022. Inventories have been pledged for short- and long-term loans, see note 22.

Note 26:
Disputes and claims related to projects

Through its ongoing operations, the Group is involved in disputes with customers regarding the interpretation and understanding of contracts and agreements. This applies in particular to complex and large projects where the contract terms can be challenging. The Group strives to resolve these kinds of disputes outside court whenever possible, but some cases may nevertheless have to be decided by arbitration or in court. Disputes can be the Group's claims on customers and/ or customers' claims on the Group. Comprehensive assessments are conducted in connection with disputed claims to ensure the most correct revenue and/ or expense recognition. In 2022, the Group lost a lawsuit against the prior owners of Signal och Banbyggarna i Dalarna AB, a company acquired in 2017. The case has been appealed by the Group. At year-end the Group has no ongoing legal or arbitration proceedings that is assumed can have any significant negative effects on the Group's financial position.

Note 27: **Subsidiaries, associates and joint ventures**

The following directly and indirectly owned subsidiaries are included in the consolidated accounts. All entities are owned 100% unless otherwise noted.

NRC Group Holding AS, Norway
NRC Norge Holding AS, Norway
NRC Norge AS, Norway
NRC Gravco AS[1], Norway
Septik Tank Co AS[1], Norway
NRC Kept AS (previously: Norsk Saneringsservice AS), Norway
Gunnar Knutsen AS, Norway
Asker Miljøpark AS, Norway
NRC Vedlikehold AS, Norway
Nordic Railway Construction AB, Sweden
Nordic Railway Construction Sweden AB, Sweden
Signal & Banbyggarna i Dalarna AB, Sweden
Järnvägskonsulterna Bollnäs AB, Sweden
Gästrike Signal & Projektering AB, Sweden[2]
Blom Sweden AB, Sweden
Nordic Railway Construction Underhåll AB, Sweden
NRC Holding Finland Oy, Finland
NRC Group Finland Oy, Finland

The Group also has an investment in an associated company. The investment is accounted for according to the equity method.

1) NRC Gravco AS and Septik Tank Co AS have been disposed in Q1 2023.
2) Gästrike Signal & Projektering AB was 80% owned by NRC AB per 31 December 2022. The remaining 20% share was acquired in Q1 2023.

Accounting policy

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group's investments in associates are accounted for using the equity method.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group's investments in joint venture are accounted for, using the equity method.

Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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 are complex with substantial risk. The Group is represented in the board of the company but is not operationally involved in any of the projects.

In Q1 2023, AGN Haga AB received a termination notice from Trafikverket in relation to E04 Station Haga. The contract in relation to Kvarnberget (E03) is not part of the termination notice.

Webuild, Gülermak and Nordic Railway Construction Sverige AB have given surety to Trafikverket related to AGN Haga's execution of project E03 Kvarnberget.

During 2022, NRC Group has made capital contribution 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, all capital contributions of SEK 15.5 million have been impaired in 2022, and the book value of AGN Haga AB in the Group's annual accounts at 31 December 2022 is NOK 0 million. Due to the write-down to a book value of NOK 0 million, the share of net income from AGN Haga AB has not been recognised in NRC Group accounts.

A summary of the financial information of AGN Haga AB, based on 100% figures:

(Amounts in NOK million)	**2022**	**2021**
Total revenue	1,413	1,204
Net profit for the year	123	9
The Group's calculated share of the net profit (20%)	25	2
Provisions made in the Group accounts	-25	-2
The Group's reported share of the net profit	**0**	**0**

The associated company had no discontinued operations or other comprehensive income in 2022 or 2021.

Summary of financial information cont.

(Amounts in NOK million)	**2022**	**2021**
Current assets	704	330
Non-current assets	61	90
Current liabilities	477	342
Non-current liabilities	34	16
Equity	**253**	**62**
The Group's calculated share of equity (20%)	51	12
Accumulated provisions made in the Group accounts	-51	-12
Book value 31.12	**0**	**0**

Note 28:
Related party disclosures

Note 27 provides information about the Group's structure, subsidiaries and associated companies. Note 17 provides information about the shareholders. No shareholders consider the Group as an associated company. Note 6 and 7 discloses the management and Board of Directors of the Group, including their benefits and any other transactions with the Group.

NRC Group ASA may have agreements with Board members for consultancy services related to certain internal projects such as acquisitions and management recruitment. The agreements are based on hourly rates and are carried out on arm's length terms. Currently, there exists one agreement with Mats Williamson. Total expense amounted to NOK 0.2 million for 2022 based on hourly rates of SEK 1,500. Except for this, no significant related party transactions exist. Any related party transactions are carried out on arm's length terms.

Note 29: **Subsequent events**

On 20 January 2023, an agreement to sell NRC Gravco AS and Septik Tank CO AS to Norva24 AS was completed. The transaction was made in accordance with NRC Group's strategy to focus on its core business, and the expected net proceeds of approximately NOK 110 million will further improve the financial and strategic flexibility and be used according to our NRC Group's capital allocation priorities. The net gain to be recognised is estimated to be approximately NOK 40 million and will be reported as part of "other income and expenses" in the Q1 report.

AGN Haga, where NRC Group owns 20% of the shares, received on January 24, a termination notice from Trafikverket in relation to Station Haga in Gothenburg (E04). The contract in relation to Kvarnberget (E03) is not part of the termination notice. NRC Group is represented in the board of AGN Haga, without being operationally involved in the projects. The book value of AGN Haga in the NRC Group's accounts is unchanged at NOK 0 million.

On 14 February 2023, an Amendment and Restatement Agreement related to the existing facilities agreement with Danske Bank was signed. Changes in the Agreement concern a reduction of annual instalments, a postponed final settlement date to 8 July 2024 and increased leverage ratio covenant with 0.25 for the period Q4 2022 until Q4 2023.

NRC Group ASA accounts

Income statement
Statement of financial position 31 December
Statement of financial position 31 December
Statement of cash flows

Income statement
NRC Group ASA

(Amounts in NOK million)	Note	2022	2021
Operating revenue	**2**	**15**	**16**
Salaries and personnel costs	3	31	36
Depreciation and amortisation		0	1
Other operating and administrative expenses	4	20	17
Operating expenses		**52**	**54**
Operating profit/loss (-)		**-37**	**-38**
Financial income/expenses (-)	5	53	17
Net financial items		**53**	**17**
Profit/loss before tax		**16**	**-21**
Tax expense (-)/ income	6	-4	3
Net profit/loss (-) for the year		**13**	**-17**
Allocation of profit/loss:			
Dividend		0	0
Transfer from share premium		13	-17
Total allocations		**13**	**-17**

Statement of financial position 31 December
NRC Group ASA

(Amounts in NOK million)	Note	31.12.2022	31.12.2021
ASSETS			
Deferred tax asset	6	97	101
Total intangible assets		**97**	**101**
Shares in subsidiaries	7	1 840	1 746
Long-term intercompany receivables	8	144	282
Total financial assets		**1 984**	**2 028**
Total non-current assets		**2 081**	**2 129**
Other receivables	8/12	1 887	1 698
Cash and cash equivalents	9	449	619
Total current assets		**2 336**	**2 318**
TOTAL ASSETS		**4 417**	**4 447**

Statement of financial position 31 December
NRC Group ASA

(Amounts in NOK million)	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Paid-in capital:			
Share capital		73	73
Treasury shares		0	0
Share premium		2 226	2 216
Total equity	**10**	**2 299**	**2 289**
Interest-bearing liabilities		741	877
Total non-current liabilities	**11/13**	**741**	**877**
Interest-bearing liabilities	13	153	145
Intercompany payables	12	1 212	1 118
Public fees payable		2	3
Other current liabilities		8	14
Total current liabilities		**1 376**	**1 281**
Total liabilities		**2 117**	**2 157**
TOTAL EQUITY AND LIABILITIES		**4 417**	**4 447**

The Board of Directors of NRC Group ASA
Lysaker, 29 March 2023

Rolf Jansson, Chairman of the Board

Outi Henriksson, Board member

Mats Williamson, Board member

Heikki Allonen, Board member

Eva Nygren, Board member

Karin Bing Orgland, Board member

Tove Elisabeth Pettersen, Board member

Henning Olsen, CEO NRC Group ASA

Statement of cash flows
NRC Group ASA

(Amounts in NOK million)	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/loss before tax		16	-21
Depreciation, amortisation and impairment		0	1
Net financial items		-53	-17
Change in current receivables		-2	-2
Change in trade payables		-3	2
Change in other accruals		7	6
Net cash flow from operating activities		**-34**	**-30**
CASH FLOW FROM INVESTING ACTIVITIES			
Repayment from subsidiaries		131	405
Net effect of cash-pool	12	-157	-215
Net cash flow from investing activities		**-26**	**189**
CASH FLOW FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		0	0
Proceeds from sale of treasury shares		4	5
Repayment of borrowings		-147	-147
Aquisition of treasury shares		-7	-4
Interest received		79	70
Interest paid		-56	-66
Group contribution received		17	10
Net cash flow from financing activities		**-110**	**-132**
Net change in cash and cash equivalents		**-170**	**27**
Cash and cash equivalents as at 1 January		619	592
Cash and cash equivalents as at 31 December	**9**	**449**	**619**

Notes to NRC Group ASA accounts

Note 1	Corporate information and basis of preparation
Note 2	Revenue
Note 3	Salaries and personnel costs
Note 4	Other operating and administrative expenses
Note 5	Financial income and expenses
Note 6	Tax
Note 7	Subsidiaries
Note 8	Non-current and current receivables
Note 9	Cash and cash equivalents
Note 10	Equity
Note 11	Pledged assets and security
Note 12	Transactions with related parties
Note 13	Interest-bearing liabilities

Note 1:
Corporate information and basis of preparation

General information
The accounts for NRC Group ASA (the Company) have been prepared in accordance with the Accounting Act of 1998 and the Generally Accepted Accounting Principles in Norway (NGAAP). In cases where the notes for the Company are significantly different from the notes for the Group, these are provided below. Reference is made otherwise to the information in the notes for the Group.

Currency
Transactions involving foreign currencies are translated into the functional currency using the exchange rates that are in effect at the time of the transactions. Gains and losses that arise from the payment of such transactions and the translation of monetary items in foreign currencies at the rates in effect on the date of the balance sheet are recognised in the income statement. The Company uses the Norwegian krone (NOK) both as its functional and presentation currency.

Subsidiaries
Investments in subsidiaries are valued in accordance with the cost method and written down if the value in the balance sheet exceeds the recoverable amount. Write-downs are reversed if the basis for the write-down no longer exists.

Property, plant and equipment
Property, plant and equipment are recognised in the accounts at acquisition cost less accumulated depreciation and write-downs. Depreciation is calculated on a straight-line basis so that the cost price of the non-current assets is depreciated to the residual value over the expected life of the asset.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank deposits and other short-term, readily negotiable investments.

Tax
The tax expense in the income statement encompasses the tax payable for the period and the change in deferred tax. Deferred tax is calculated at a rate of 22% (2021: 22%) based on temporary differences between the carrying amounts and their tax base, in addition to any tax loss carry forward at the end of the financial year. Deferred tax assets and liabilities that may reverse during the same period are offset and recognised on a net basis on the balance sheet. Deferred tax assets are recognised to the extent that it is probable that future taxable

income will be available against which the tax losses carried forward and net temporary differences can be utilised.

Pension plans

The Company has a defined contribution pension plan. The contributions are recognised as salaries and personnel cost in the income statement as they incur. Contributions paid in advance are recognised as an asset in the accounts if the contribution can be refunded or reduce future payments. The Company is obligated to have company pension schemes in accordance with the Act on Mandatory Company Pensions. The pension scheme follows the requirement as set in the above-mentioned Act.

Note 2:
Revenue

Operating revenue is fee for services the parent company performs for companies in the Group and is allocated geographically as follows:

(Amounts in NOK million)	**2022**	**2021**
Norway	6	7
Sweden	3	4
Finland	6	6
Total operating revenue	**15**	**17**

Note 3:
Salaries and personnel costs

(Amounts in NOK million)	**2022**	**2021**
Salaries	23	24
Board remuneration	3	3
Social security tax	4	4
Pension costs	2	2
Other personnel costs	0	2
Total	**31**	**36**

The full-time equivalent employees' number for 2022 was 11,3 (2021: 13,5). Pension costs consist of contributions to the defined contribution pension plan. The pension plan satisfies requirements stipulated by law. Reference is also made to note 6 Executive personnel in the consolidated accounts.

Note 4:
Other operating and administrative expenses

Operating expenses

(Amounts in NOK million)	2022	2021
Rent and other office expenses	4	4
External services	6	3
Merger and acquisition expenses	1	4
Other operating and administrative expenses	10	5
Total	**20**	**17**

Compensation to auditors

(Amounts in NOK million)	2022	2021
Statutory audit	1.0	0.6
Other assurance engagements	0.0	0.0
Tax related services	0.0	0.0
Other services	0.0	0.0
Total excluding VAT	**1.0**	**0.6**

Note 5:
Financial income and expenses

(Amounts in NOK million)	**2022**	**2021**
Interest income from subsidiaries	73	64
Group contribution	40	27
Other interest income	6	2
Currency gain	16	26
Total financial income	**135**	**119**

(Amounts in NOK million)	**2022**	**2021**
Interest cost to subsidiaries	14	15
Other interest and financial expenses	52	54
Currency loss	16	33
Total financial expenses	**82**	**101**

Note 6:
Tax

Tax expense

(Amounts in NOK million)	2022	2021
Tax payable	0	0
Tax expense / income recognised in equity	0	0
Change in deferred tax	-4	3
Total tax expense (-) / income	**-4**	**3**

Result before tax

(Amounts in NOK million)	2022	2021
Result before tax	**16**	**-21**
Change in temporary differences	-17	2
Permanent differences	1	5
Basis for tax payable for the year	**0**	**-14**
Tax payable	**0**	**0**

Temporary differences between tax and book values and tax losses carried forward

(Amounts in NOK million)	2022	2021
Tax losses carried forward	-442	-459
Other differences	0	0
Net	**-442**	**-459**
Unrecognised tax benefit basis	0	0
Basis for deferred tax	**-442**	**-459**

(Amounts in NOK million)	2022	2021
Net deferred tax (-)/ tax asset	**97**	**101**
Tax rate	22 %	22 %

Total net deferred tax assets have been recognised as it is assumed probable that they can be utilised against future taxable profit from group contributions based on forecasts and projections for the subsidiaries, or if needed in combination with tax planning opportunities. Norway has in recent years improved the tendering processes, strengthened the organisation and project execution, as well as reduced overhead costs. In 2022, the operating segment Norway reached earnings before tax of NOK 58 million, an improvement of NOK 72 million compared to 2021. The order backlog stayed at the same level as at end of 2021. A significant part of the tax losses carried forward derive from operations different to the current activities of the Norwegian operations.

Note 7:
Subsidiaries

Name	Place of business	Ownership	Book value
NRC Group Holding AS	Lysaker	100%	1,840 MNOK

A group contribution of NOK 95 million to NRC Group Holding AS has been provided for in 2022.

Note 8:
Non-current and current receivables

(Amounts in NOK million)	**2022**	**2021**
Long-term intercompany receivables (note 12)	144	282
Total non-current receivables	**144**	**282**

(Amounts in NOK million)	**2022**	**2021**
Short-term intercompany receivables (note 12)	1,846	1,680
Group contribution	40	17
Other current receivables	2	1
Total current receivables	**1,887**	**1,698**

Note 9:
Cash and cash equivalents

(Amounts in NOK million)	**2022**	**2021**
Cash and bank deposits	449	619
Restricted bank deposits	0	0
Total	**449**	**619**

Cash includes the net deposit in the Group cash pool owned by NRC Group ASA. See further information in note 12.

Note 10:
Equity

(Amounts in NOK million)	Share capital	Treasury shares	Share premium	Total equity
Equity as at 31 December 2020	**73**	**0**	**2,230**	**2,303**
Profit/loss for the year			-17	-17
Employee share programme[1)]			5	5
Share-based payments			2	2
Treasury share transactions[1)]		0	-4	-4
Equity as at 31 December 2021	**73**	**0**	**2,216**	**2,289**
Profit/loss for the year			13	13
Employee share programme[1)]			5	5
Share-based payments			0	0
Treasury share transactions[1)]		0	-7	-7
Equity as at 31 December 2022	**73**	**0**	**2,226**	**2,299**

[1)] The Company owned 583 treasury shares at the beginning of 2022. During 2022, the Company acquired 371 033 treasury shares at a total proceed of NOK 6,7 million. 254,960 of the shares were transferred to the employees participating in the 2022 share program for employees. At the end of 2021, the Company owned 116 656 treasury shares corresponding to 0.16% of the total number of outstanding shares. Reference is also made to note 17: Share capital and shareholder information in the consolidated accounts.

Note11:
Pledged assets and security

A bank loan amounting to EUR 28 million and an unused credit facility of NOK 200 million are secured by pledge over shares in subsidiaries amounting to NOK 2,000 million (book value NOK 1,746 million), Group cash-pool, Group receivables, Group inventory and Group operating equipment amounting to NOK 500 million per entity and material intra-group loans amounting to NOK 2,000 million (book value NOK 300 million). Reference is also made to note 22: Pledged assets, guarantees and security in the consolidated accounts.

Note12:
Transactions with related parties

The Company does not have any related parties other than subsidiaries, board members and executive management. Related party transactions include compensation to board members and executive personnel as disclosed in note 6 in the Group accounts. Group transactions include charging of management fees (see note 2) and intercompany long-term loans amounting to in aggregate NOK 300 million at year-end consisting of a EUR 28 million loan with an interest at EURIBOR (minimum zero) + 3.1%. In addition, NRC Group ASA is the owner of the Group cash pool arranged by Danske Bank. Net balance at year-end amounted to NOK 243 million, including a total receivable from Group companies of NOK 1,684 million and a liability to Group companies of NOK 1,118 million (see note 8 and 9). Included in the intercomapny payables of NOK 1,212 million is also a group contribution of NOK 95 million to NRC Group Holding AS.

NRC Group ASA may have agreements with Board members for consultancy services related to certain internal projects such as acquisitions, management recruitment and other. The agreements are based on hourly rates and are carried out on arm's length terms. Total expense amounted to NOK 0.2 million for 2022. Currently, there exists one agreement with Mats Williamson. Except for this, no significant related party transactions exist. Any related party transactions are carried out on arm's length terms.

Note13:
Interest-bearing liabilities

Interest-bearing non-current liabilities:

(Amounts in NOK million)	2022	2021
Bond debt	600	600
Other loans and borrowings	141	277
Total interest-bearing non-current liabilities	**741**	**877**

Current interest-bearing liabilities:

(Amounts in NOK million)	2022	2021
Loans and borrowings	153	145
Other current interest-bearing liabilities	**153**	**145**

The loan and borrowings consist of a EUR 28.2 mill loan. For more information regarding the bond debt and the loan, reference is made to note 19: Loans and other non-current liabilities in the consolidated accounts.

Statement by the BoD and CEO

Statement by the BoD and CEO

We confirm that, to the best of our knowledge, the financial statements for the period 1 January to 31 December 2022 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and of the Group. We also confirm that the Board of Directors' report provides a true and fair view of the development, performance and position of the Company and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.

The Board of Directors of NRC Group ASA

Lysaker, 29 March 2023

Rolf Jansson
Chairman of the Board

Outi Henriksson
Board member

Mats Williamson
Board member

Heikki Allonen
Board member

Eva Nygren
Board member

Karin Bing Orgland
Board member

Tove Elisabeth Pettersen
Board member

Henning Olsen
CEO NRC Group ASA

Auditors report

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of NRC Group ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NRC Group ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2022 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2022, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for seven years from the election by the general meeting of the shareholders on 12 May 2016 for the accounting year 2016.

Building a better working world

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment assessment of goodwill

Basis for the key audit matter
The carrying amount of goodwill as at 31 December 2022 was NOK 2 364 million. The goodwill is related to acquisitions primarily in 2019 and prior years and is allocated to three cash generating units. In connection with the annual impairment test in 2022 management identified several impairment indicators, including the low market capitalization compared to book value of equity and operating losses in Sweden. Management assessed the recoverable amounts of each cash generating unit based on value-in-use (VIU) calculations, which require significant judgement related to future cash flows and discount rates. The impairment test resulted in an impairment charge of goodwill as at 31 December 2022 of MNOK 352 related to CGU Sweden.

The impairment assessment of goodwill is a key audit matter because of the significant carrying amount, the impairment indicators identified, and the considerable estimation uncertainty, complexity and subjectivity related to determination of VIU.

Our audit response
We obtained an understanding of and evaluated the design over the Group's impairment assessment process. We assessed the reasonableness of key assumptions applied in future cash flows such as revenue growth rates, project margins, discount rate and the growth rate for the terminal period. We evaluated the historical accuracy of management's estimates by comparing actual cash flows to previously estimated cash flows and evaluated the specific reasons for deviations in 2021 and 2022 to assess the reasonableness of management forecasts for future cash flows. We agreed the input data used by management to supporting evidence such as actual results, budgeted revenues and project margins in order backlog, and budgets approved by the board of directors. Further we benchmarked relevant key assumptions to comparable companies in the same industry, as well as market statistics. We involved our internal valuation specialists to assess the VIU calculation and the reasonableness of the discount rates applied by management. We refer to note 12 Intangible assets and note 1.3 Material accounting judgements, estimates and assumptions in the consolidated financial statements.

Revenue recognition for construction contracts

Basis for the key audit matter
The Group's project revenues are derived from contracts with customers using the input method to measure progress. Using the input method, project revenue is recognized based on incurred costs compared with estimated total costs to fulfill the performance obligations. When recording revenue based on progress, the projects' total revenues, total expenses, outcome of disputes and any other contractual obligations are determined based on estimates. Project revenues consist of agreed consideration and variable consideration due to contract modifications. Variable consideration is estimated based on the sum of probability-weighted amounts or the single most likely outcome, and the chosen method is applied consistently throughout the contract-period. Based on the projects' complexity and the significant management judgement required to measure progress, revenue recognition for construction contracts is a key audit matter.

Our audit response
We assessed the application of accounting policies and the input for measuring the projects' progress. We assessed the process for estimating total project revenues and costs, as well as the measurement of progress. For selected contracts, we compared estimated total project revenues to contracts and change orders, performed detailed testing related to recognized contract assets and contract liabilities, including provisions for onerous contracts. We also tested costs charged to the projects against invoices and assessed the determination of estimated total project costs. In addition, we analysed the development in margins, assessed historical accuracy of management's estimates by comparing actual achieved margins to estimated margins. We refer to note 4 Revenues and projects in progress and note 1.3 Material accounting judgements, estimates and assumptions in the consolidated financial statements.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Building a better working world

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of NRC Group ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name nrcgroupasa-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 29 March 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Tommy Romskaug
State Authorised Public Accountant (Norway)

Alternative performance measures and definitions

Alternative performance measures and definitions

Alternative performance measures are used to describe the development of operations and to enhance comparability between periods. These are not defined under IFRS but correspond to the methods applied by Group management and Board of Directors to measure the Company's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement. The Group believes that APMs such as EBITA* and EBITDA* (*excluding other income and expenses) 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 depreciation on fixed assets, amortisation of intangible assets and M&A expenses, 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 EBITA and EBITDA, and EBITA and EBITDA margin differently, the Company's presentation of these APMs may not be comparable to similar titled measures used by other companies.

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

(Amounts in NOK million)	FY 2022	FY 2021
Operating profit/loss (EBIT)	**-240**	**42**
Other income and expenses	-2	-34
Amortisation and impairment	-389	-64
EBITA*	**151**	**139**
Depreciation	-185	-196
EBITDA*	**335**	**336**

Reconciliation of Net cash/net interest-bearing debt position

(Amounts in NOK million)	**31.12.2022**	**31.12.2021**
Long-term leasing liabilities	353	319
Other non-current interest-bearing liabilities	741	880
Short-term leasing liabilities	175	173
Other interest-bearing current liabilities	153	146
Interest-bearing debt	**1 423**	**1 518**
Minus:		
Cash and cash equivalents	472	626
Net interest-bearing debt	**950**	**891**
Minus:		
Total leasing liabilities	528	492
Net interest-bearing debt excl. leasing	**422**	**399**

Reconciliation of Net cash/net interest-bearing debt position

(Amounts in NOK million)	**31.12.2022**	**31.12.2021**
Total inventories	29	28
Total receivables	1 425	1 359
Current assets (ex cash)	**1 454**	**1 387**
Minus:		
Other current liabilities	1 445	1 422
Net working capital	**9**	**-35**

Term	Description
Addressable tender pipeline	The total of any tender processes above NOK 30 million expected to be made available during the next nine 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.
Book-to-bill ratio LTM	The nominal value of orders received last twelve months divided by external revenue for last twelve months.
Contract value	The amount stated in the contract for contract work excluding VAT.
EBT	Profit before tax.
EBIT	Operating profit.
EBIT %	Operating profit in relation to operating revenues.
EBITA	Operating profit plus amortisations on intangible assets, including intangible assets such as customer relations and order backlog accounted for as part of the purchase price allocation under business combinations and IT software investments.
EBITA %	EBITA in relation to operating revenues.
EBITDA	EBITA plus depreciations on fixed assets and right-to-use assets.
EBITDA %	EBITDA in relation to operating revenues.
EBIT*, EBITA* and EBITDA* (ex M&A)	EBIT, EBITA and EBITDA plus other income and expenses.

Term	Description
EBITDA* (ex M&A) %	EBITDA ex M&A in relation to operating revenues.
Equity ratio	Total equity in relation to total assets.
Financial Lease Agreements	Lease agreement transferring the main risk and control of the assets to the lessee.
FTIA	Finnish Transport Infrastructure Agency
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 agreement 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.

Term	Description
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, 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

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