ANNUAL REPORT

2023

NRC Group

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ABOUT NRC GROUP

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OUR HISTORY

NRC Group delivers the complete value chain and in-house capabilities for rail, civil and maintenance. Since inception the company has expanded into three countries with the prioritised business areas. The new strategic roadmap for the period 2024-2028, will encapsulate the path to capitalise on emerging opportunities for profitable growth going forward.

2011

NRC Group is founded

2014

Growth journey starts (14 companies acquired until 2019)

2015

Listed on Oslo Stock Exchange

2015

Expansion to Sweden

2016

Revenue exceeds NOK 2 billion.

2018

Acquiring Gunnar Knutsen in Norway

2019

Expansion to Finland / Acquiring VR Track in Finland

2019

Revenue exceeds NOK 6 billion

2019

Winning Jokeri Light Rail – largest contract awarded to NRC Group (EUR 220 million) so far

2020

Capital Markets Update presenting strategy for 2020-2024

2020

Materiality assessment and first Sustainability Report

2021

Sustainability certification for all 2000 employees

2021

First reporting on the EU Taxonomy

2021

Winning electrification of Trønder og Meråkerbanen (NOK 760 million) – collaboration with Norway and Sweden

2021

The Finnish government presents the first National Transportation Plan 2021-2032

2022

The Swedish government updates the National Transportation Plan for 2022-2033

2022

Continue to turn sustainability credentials into contract wins

2022

Winning maintenance of Mittbanan and Ådalsbanen – the largest contract (SEK 773 milion) awarded to Sweden so far

2022

The Norwegian government presents National Transportation Plan 2022-2033

2022

Group recycling rate maintained above 94%

2023

Anders Gustafsson becomes new CEO of NRC Group

2024

Green Bond listed at Oslo Stock Exchange

2024

Capital Markets Update presenting strategy for 2024-2028

CEO's letter

Our financial position remains solid, backed up by a robust cash flow. The strength of our order backlog and the growing tender pipeline across all countries signal opportunities for profitable growth going forward.

NRC Group delivered improved operational performance in many areas and new strategic wins across the markets. As the global economic growth remained under pressure last year, the direct effect on our business has been limited and our business model has proven resilient.

The high demand for sustainable infrastructure and mega trends such as urbanisation and population growth, lead to continued growth in our market. The quality of our business model is supported by ISO certifications, our business ethics, the Code of Conduct and the Norwegian Transparency Act.

In 2023, we won NOK 5.6 billion worth of new contracts and had an order backlog of NOK 6.9 billion. We are not satisfied with the order intake. However, in the first quarter of 2024, we have already announced new orders of over 1.7 billion. This confirms our competitiveness and our ability to win big and complex projects. This is a great start for the new year.

In Sweden, our concerted efforts during 2023 were to restructure operations. A break-even result for the full year was an important milestone to reach after

The high demand for sustainable infrastructure and mega trends such as urbanisation and population growth lead to continued growth in our market.

many challenging years. The turnaround in Sweden is a testament to the dedication and resilience of our team. In the last quarter of the year, and in the first quarter of 2024, we announced two major rail contracts valued at around NOK 450 million, showing the strength of our initiatives and setting a positive tone for the upcoming year. The ongoing transformation is a success, and I am confident that Sweden will continue to grow going forward with a motivated and experienced team in place.

In Norway, the sustained improvement trajectory over the years remains robust with improved profitability for the full year 2023. We are on a steady journey towards strengthening our presence in the Norwegian market. Operations in Gunnar Knutsen are delivering strong results, whilst the demolition and recycling business is facing challenging market conditions. During 2023, the order intake was too low despite a very strong tender pipeline. In the fourth quarter of 2023 and during the first quarter of 2024, we have strengthened our competitiveness by securing several new large new contracts, valued at over NOK 1.2 billion in total. A great start for 2024.

We have achieved strong profitability levels in Finland over the years, and the profitability is now in line with peers. The platform is robust, and I am confident that we will improve in many areas going forward. As communicated earlier, we have dedicated our efforts to analyse the Finnish operations and have initiated measures on how to optimise. Acknowledging the hurdles, we remain committed to overcoming them and positioning ourselves for profitable growth. The order intake during the first three quarters of the year was not satisfactory. However, during the last quarter of 2023 and first quarter of 2024, we announced new important contracts, valued at over NOK 0.5 billion. This supports a solid platform for profitable growth in this market.

Our financial position remains solid, backed up by a robust cash flow. The strength of our order backlog and the growing tender pipeline across all countries signal opportunities for us going forward. We expect the level of investments from the governments in our market to be high going forward. During first half of 2024, we expect long

Our financial position remains solid, backed up by a robust cash flow. The strength of our order backlog and the growing tender pipeline across all countries signal opportunities for us going forward.

term National Transportation Plans to be updated in all countries.

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 98% of our business activities, in terms of revenues, are considered eligible under the EU Taxonomy, and 72% are aligned. We are proactively working to reduce our own CO2 emissions. For 2023, we are not satisfied with the results. We did not reduce our emissions according to our existing targets, mainly driven by improved data quality and too high diesel consumptions due to high activity in one project in Norway.

During first half of 2024, NRC Group will conduct a Double Materiality Assessment and update our most material impacts backed up by new strategic targets for 2028.

Our mission is clear – to build and maintain sustainable and critical infrastructure in the Nordics while driving profitable growth.

We look forward to sharing the new strategy at our Capital Market Update in May, setting the stage for our next period towards 2028. This strategic roadmap will encapsulate our vision, priorities, and the path we chart to capitalise on emerging opportunities.

In closing, I want to thank our dedicated team for their commitment, which forms the foundation of our success. As we navigate challenges and embrace opportunities, continued support is invaluable. I also want to thank our teams for continued efforts to deliver safe operations in our projects. Protecting the health and safety of our employees and partners in all activities is a core value to how we run our business. During 2023 we had zero serious accidents and we reduced our injury rate to 5.6. We believe that all accidents are preventable, and we will continue to engage and train for an even safer workplace.

Stay healthy and safe.

I want to thank our dedicated teams for the commitment and the continued efforts to deliver safe operations in our projects.

Lysaker, 2 April 2024

Anders Gustafsson,
CEO

Key figures

Revenue

6,732 MNOK

2022: 7,030 MNOK

EBIT adj.

121 MNOK

2022: 137 MNOK

Cash flow from operations

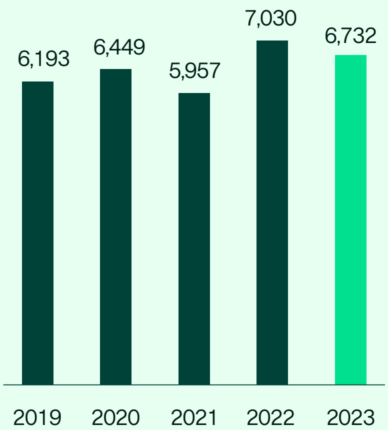
376 MNOK

2022: 235 MNOK

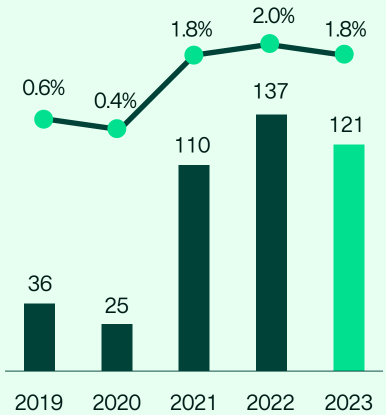
(Amounts in NOK million)	2023	2022	2021	2020	2019
Revenue	**6,732**	**7,030**	**5,957**	**6,449**	**6,193**
EBITDA	316	333	302	263	213
EBITA	119	149	105	49	-10
EBIT	105	-240	42	-10	-84
EBIT adj.	**121**	**137**	**110**	**25**	**36**
EBIT adj. (%)	**1.8 %**	**2.0 %**	**1.8 %**	**0.4 %**	**0.6 %**
Order intake	5,632	6,959	7,581	5,339	7,913
Order backlog	6,940	7,795	7,801	6,475	7,151
Cash flow from operating activities	376	235	358	312	-38
Cash and cash equivalents	369	472	627	610	154
Net interest-bearing debt	761	950	891	1,158	1,633
Net interest-bearing debt excl. leasing	258	422	399	585	1,108
Equity ratio	47 %	45 %	47 %	47 %	38 %
Employees	1,853	1,960	1,893	1,914	2,070
LTI	5.6	6.0	6.4	5.6	6.0
Sickness absence (%)	3.8 %	4.2 %	3.9 %	4.8 %	3.5 %

Key figures in graphs

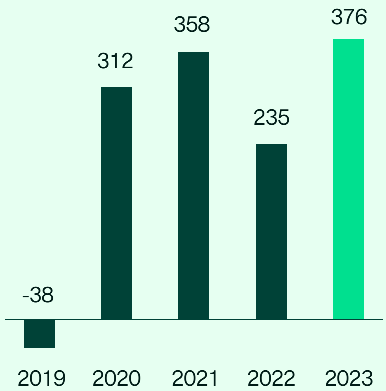
Total revenue
NOK million



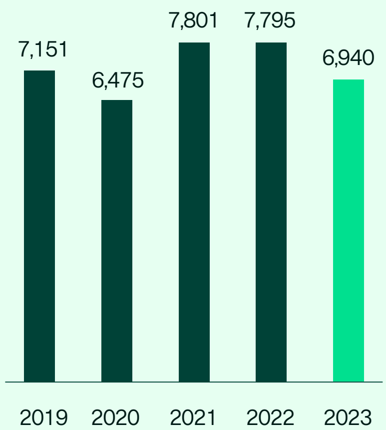
EBIT adj & EBIT adj. Margin (%)
NOK million and percent



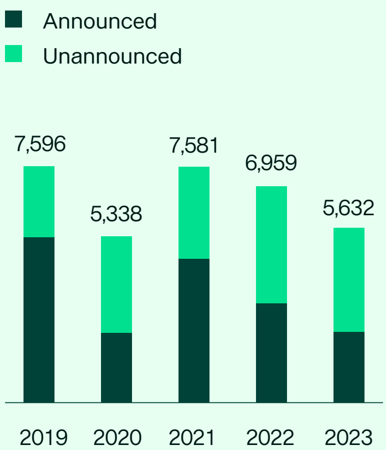
Cash flow from operating activities
NOK million



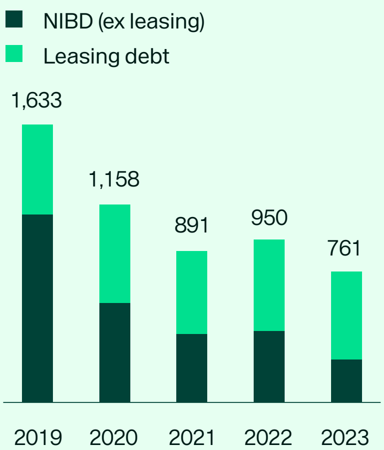
Order backlog
NOK million



Order intake
NOK million



Net interest-bearing debt
NOK million



2023 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:
Track renewal on Pitebanan and Skelleftebanan

Contract for track renewal which will involve rail services such as track, electro, signal/telecom and groundwork.

The contract is valued at approximately SEK 392 million.

Start: November 2023
Completion: Autumn 2024
Client: Trafikverket (The Swedish Transport Administration)

Norway:
New Aker Hospital

Contract for foundation and groundwork in conncetion with the expansion of the new Aker Hospital. A contract was also awarded to handle mass transportation for the project.

The contract is valued at approximately NOK 303 million.

Start: February 2024
Completion: Autumn 2025
Client: Helse Sør-Øst

Illustrasjon: Helse Sør-Øst

Finland:
Turku railway yard

The contract includes a wide range of works related to track construction and many different technical structures, such as platform shelters, stair connections, and a large number of foundation strengthening measures, such as piles and pile slabs.

The contract for NRC Group Finland is valued at approximately EUR 26.6 million.

Start: June 2023
Completion: December 2025
Client: The Finnish Transport Infrastructure Agency (FTIA)

Introduction

Access to high-quality infrastructure solutions with low carbon footprint, enabling safe and efficient transport solutions, is increasingly important.

NRC Group creates sustainable ways for people and cities to connect. Since inception in 2011, the Group has delivered substantial growth, building and maintaining complex infrastructure 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 and maintenance. The offering includes groundwork, concrete work, specialised trackwork, catenary and electro work, 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 sustainable and critical infrastructure, the Group applies its wide range of competencies and expertise to meet the high demand from the clients.

The 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.

In 2020, NRC Group shared a strategy update for 2020 to 2024. The strategic priorities to improve profitability and drive growth were to improve internal core processes such as tender calculation, risk assessment and preparing to win larger complex projects. In May 2024, the company will present a new strategy for the period from 2024 to 2028. The work to implement more best practices across the countries to strengthen competitiveness will continue also into the next period, together with building more efficient operations and excellence in how the projects are executed.

Sustainability has been at the core of the business since inception and will continue to be a driver in execution. The new strategic roadmap will encapsulate the vision, priorities, and the path to capitalise on emerging opportunities.

The Group has succeeded in growing both revenue and operational profit from 2019 to 2023, with a revenue of NOK 6.7 billion in 2023, and improved EBIT adj. margin from 0.6% in 2019 to 1.8% in 2023. During the past years, the Group has improved operational performance in many areas and achieved new strategic important wins across our markets, that confirm a solid foundation for continued future profitable growth in Norway, Sweden and Finland. NRC Group confirms the commitment to achieving long-term profitability above 5%.

Employees are the key enablers for achieving targets and impact how we deliver on the strategy. With young new talents combined with an experienced workforce, the teams execute on complex and sustainable projects. The entrepreneurial spirit allows the employees to challenge the existing and be ambitious on behalf of the customers. Sound business conduct and a strong ESG footprint are also enablers for profitable growth. Together with the complete infrastructure value chain offering, knowledge and experience, the employees represent NRC Group's key competitive advantages.

NRC Group sees a long-term positive outlook for building sustainable infrastructure in prioritised markets such as rail, civil and maintenance. Market fundamentals are supported by population growth and urbanisation trends.

Employees are the key enablers for achieving targets and impact how we deliver on the strategy. With young new talents combined with an experienced workforce, the teams execute on complex and sustainable projects.

Values

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

CREDIBLE

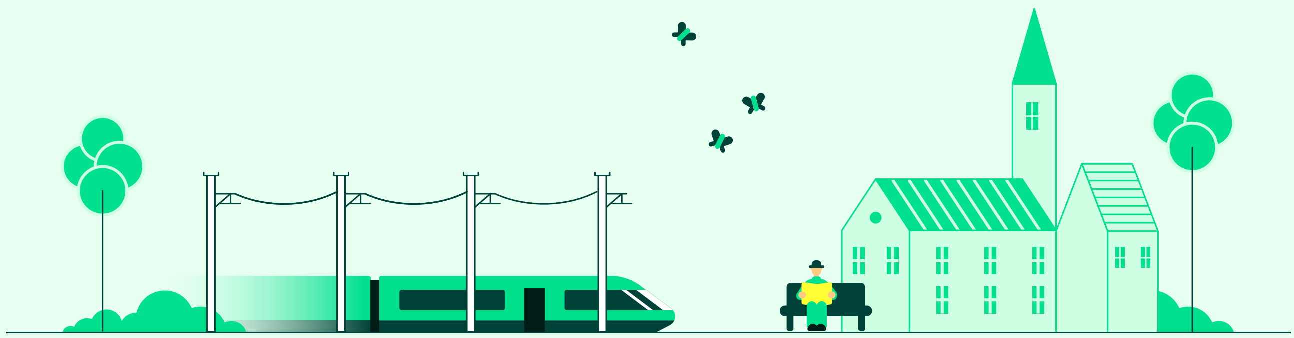
We work according to high ethical standards, we keep our promises, and deliver on agreed time, budget and quality. For us, promises exist to be kept.

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 2023, 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 2023, 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 2023, there were three operating divisions in Finland.

- Rail construction including light rail
- Rail maintenance
- Materials

Share of revenue by market

2023 figures, in percent

- Finland: **41%** (2022: 37%)
- Norway: **32%** (2022: 34%)
- Sweden: **28%** (2022: 30%)

Operations and markets

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

Operations

NRC Group is a fully integrated infrastructure contractor with in-house capabilities to deliver complex projects. The Group offers a complete set of services such as rail, light rail and metro systems, complementary and standalone civil construction services. The company also offers groundwork, signalling systems, electro, catenary systems, tracks, as well as station buildings and -terminals. The offering also includes services for concrete work, groundwork, recycling and mass transport to complete large rail projects and enable the Group to provide stand-alone solutions to clients. Providing solutions to upgrade harbours and critical infrastructure for the society, are markets were the company see opportunities going forward.

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.

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.

Civil construction

All three countries have separate divisions specialising in civil construction. This includes groundwork, concrete work, installation and construction of steel structures and landscaping. The offering in Sweden is supporting rail infrastructure projects. Civil construction in Norway and Finland are stand alone offerings next to complementing rail infrastructure.

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).

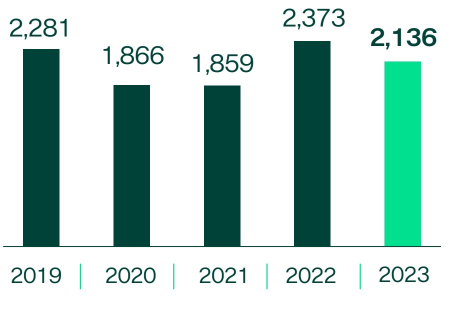
NRC Group's main customers are national transport authorities on a state, regional and municipal level.

Segments: **NRC Group Norway**

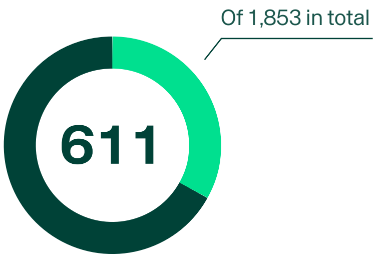
The revenue for 2023 was NOK 2,136 million compared to NOK 2,373 million in 2022. The organic growth was -7%, excluding the Gravco business unit sold in Q1 2023. EBIT adj. was NOK 81 million in 2023 compared to NOK 80 million in 2022, which resulted in an EBIT adj. margin of 3.8%, up from 3.4% last year. The 2022 EBIT adj. included NOK 15 million from the Gravco business unit. On a proforma basis, the margin improvement in Norway was NOK 16 million compared to 2023. Solid results in Civil construction and Gunnar Knutsen were offset by losses in the demolition and recycling business due to challenging market conditions.

The order intake was NOK 1,659 million and the order backlog at the end of the year was NOK 1,537 million compared to NOK 2,013 million last year. The tender pipeline at year-end was record-high at NOK 10.6 billion, and in the first quarter of 2024, Norway has announced new contract wins of more than NOK 0.9 billion.

Revenue *(Amounts in NOK million)*



Employees



Key figures:

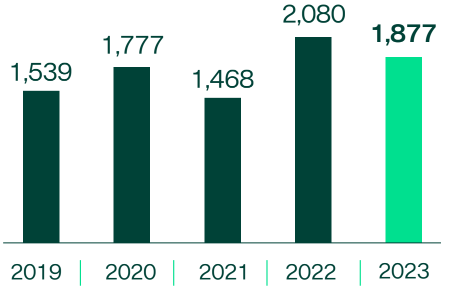
Key figures Norway *(Amounts in NOK million)*	**2023**	2022	2021	2020	2019
Revenue	2,136	2,373	1,859	1,866	2,281
EBITDA	220	173	110	86	141
EBIT adj.	81	80	26	-15	97
EBIT adj. (%)	3.8 %	3.4 %	1.4 %	-0.8 %	4.3 %
Order intake	1,659	2,370	2,282	1,691	2,758
Order backlog	1,537	2,013	2,214	1,796	1,969

NRC Group Sweden

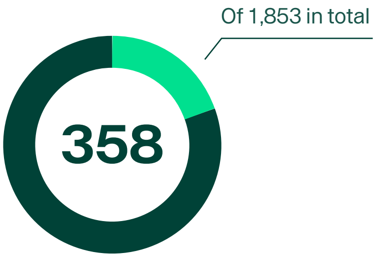
The revenue for 2023 was NOK 1,877 compared to NOK 2,080 million in 2022. In first quarter of the year, the decision was made to discontinue the Civil Construction business in Karlstad, and in the third quarter a disposal of the business was successfully completed. As part of our turnaround plan in Sweden, streamlining the organisation, reducing cost and increasing project profitability have had higher priority than creating growth the last year. Excluding the disposed Civil operation, the organic growth in 2023 was -6%. The EBIT adj. for 2023 was NOK 0 million compared to NOK -52 million last year. This confirms that our transformation is successful, after many challenging years in Sweden.

The order intake was NOK 1,553 million and the order backlog at the end of the year was NOK 2,933 million, compared to NOK 3,160 million last year. The tender pipeline at year-end was record-high at NOK 11.6 billion, and in the first quarter of 2024, new contract wins of more than NOK 450 million has been announced for Sweden.

Revenue *(Amounts in NOK million)*



Employees



Key figures:

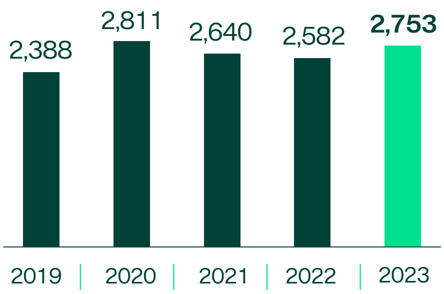
Key figures Sweden *(Amounts in NOK million)*	**2023**	2022	2021	2020	2019
Revenue	1,877	2,080	1,468	1,777	1,539
EBITDA	-13	-7	-35	-20	-77
EBIT adj.	0	-52	-71	-71	-125
EBIT adj. (%)	0.0 %	-2.5 %	-4.8 %	-4.0 %	-8.1 %
Order intake	1,553	3,111	1,496	1,360	1,276
Order backlog	2,933	3,160	2,008	2,112	2,277

NRC Group Finland

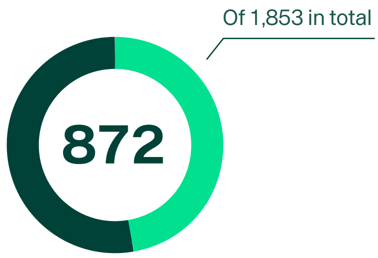
The revenue for 2023 was NOK 2,753 million compared to NOK 2,582 last year. Adjusted for currency effects the organic growth was -6%. The EBIT adj. was NOK 78 million compared to NOK 145 million in 2022, leading to an EBIT adj. margin of 2.8%, down from 5.6% last year. The result is negatively affected by the performance in Rail construction, as well as growth initiatives within the newly established Civil unit. We are in the process of conducting a comprehensive analysis in Finland. We have identified and initiated measures to optimise the machine fleet, reduce costs, improve resource planning and improve project management.

The order intake was NOK 2,420 million, and the order backlog at the end of the year was NOK 2,420 million compared to NOK 2,622 million last year. The tender pipeline at year-end was record-high at NOK 12.1 billion, and in the first quarter of 2024, new important contract wins of around NOK 300 million has been announced for Finland.

Revenue *(Amounts in NOK million)*



Employees



Key figures:

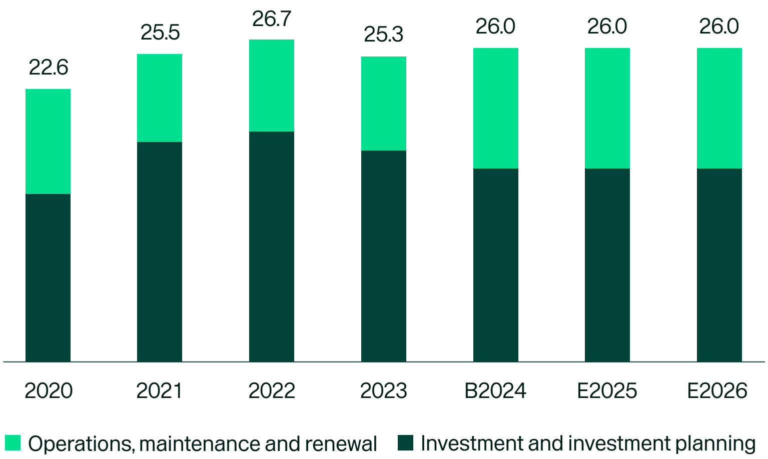
Key,figures,Finland,*(Amounts,in,NOK,million)*	**2023**	2022	2021	2020	2019
Revenue,	2,753	2,582	2,640	2,811	2,388
EBITDA	147	203	260	231	154
EBIT,adj.	78	145	188	141	98
EBIT,adj.,(%)	2.8,%	5.6,%	7.1,%	5.0,%	4.1,%
Order,intake	2,420	1,479	3,802	2,288	3,440
Order,backlog	2,470	2,622	3,579	2,568	2,905

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.

Rail investments and maintenance spending

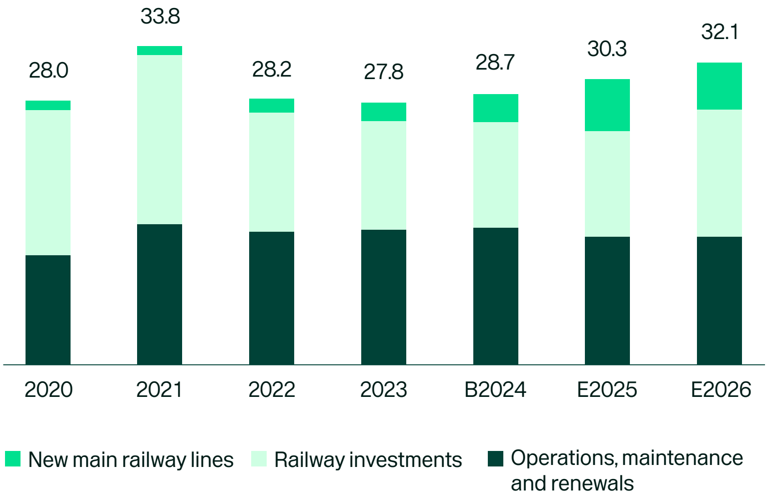
NOK billion, 2020-2026



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.

Long-term railway spending

SEK billion, 2020 - 2026

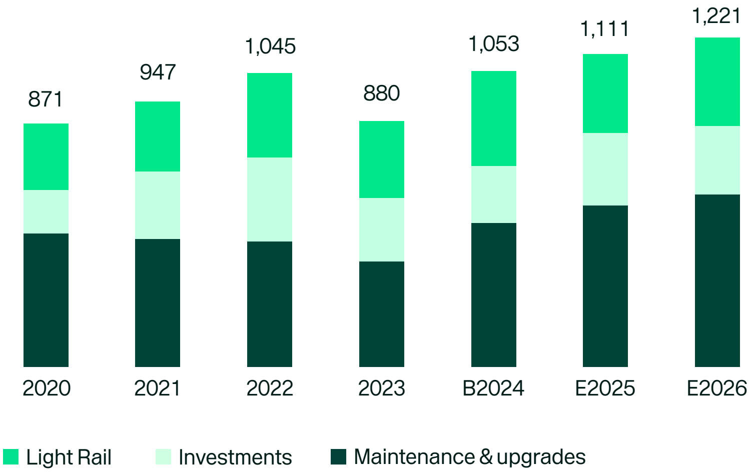


The national plan for transport infrastructure describes how state-owned infrastructure is to be maintained and developed from 2022-2033 in Sweden. The fund for maintenance and renewals of railways, is approximately SEK 165 billion in the period.

NRC Group's main customers are national transport authorities on a state, regional and municipal level. 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 activities have in recent years increased the relative importance of municipalities. Additionally, there are also some private clients within industry and logistics.

Rail investments and maintenance spending

EUR million, 2020-2026



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

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.

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. 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. During first half of 2024, we expect National Transportation Plans to be updated in all countries.

The Norwegian market is expected to grow over time, reflecting broad political support to improve the national railway system. The government proposes to allocate 32.3 billion NOK for railway purposes in 2024 compared to 31.4 billion in the adjusted budget for 2023. The maintenance backlog is expected to increase further, as spending continues to lag the levels required to offset actual wear on existing infrastructure.

The Swedish market is expecting an increase in planned investments for 2023, The Swedish national budget for rail investments and maintenance spending in 2024 is SEK 31.7 billion, compared with SEK 27.8 billion in 2023. This is due to higher expected activity in new railway investments and planned maintenance and renewals projects.

In Finland, the investment level is still expected to be high in the coming years. The market is estimated at EUR 1,05 billion in 2024, up from EUR 880 million in 2023. 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 for upgrade and renewal of 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 market leader within construction.

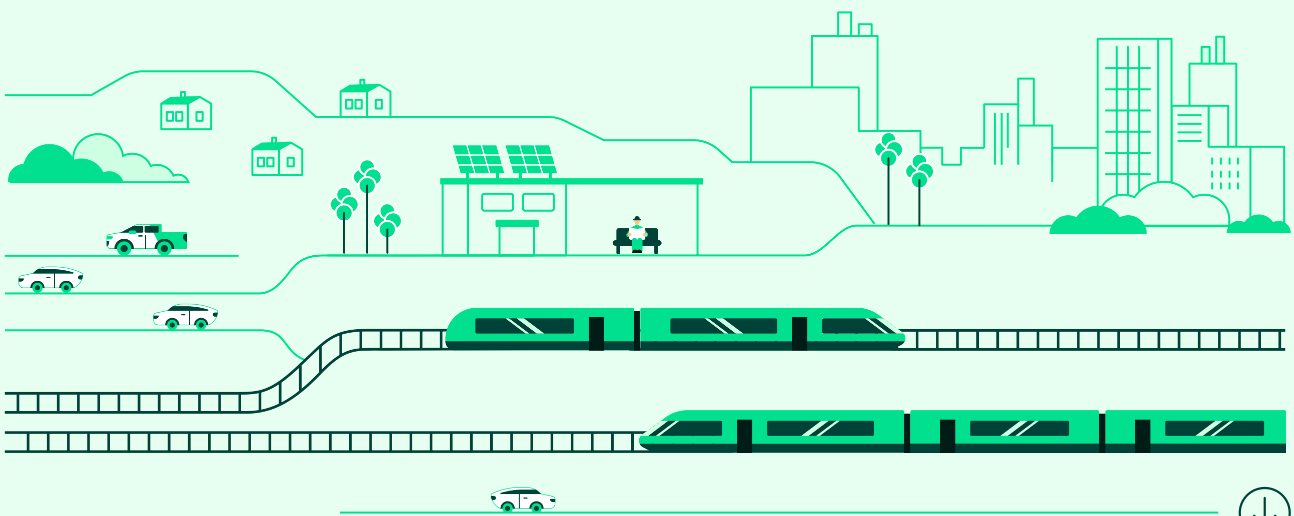
The public aspect of transport infrastructure developments provides NRC Group with long-term visibility and low counterparty risk. However, the potential economic size and complexity of such developments may influence the political processes leading up to project sanction and therefore impact overall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

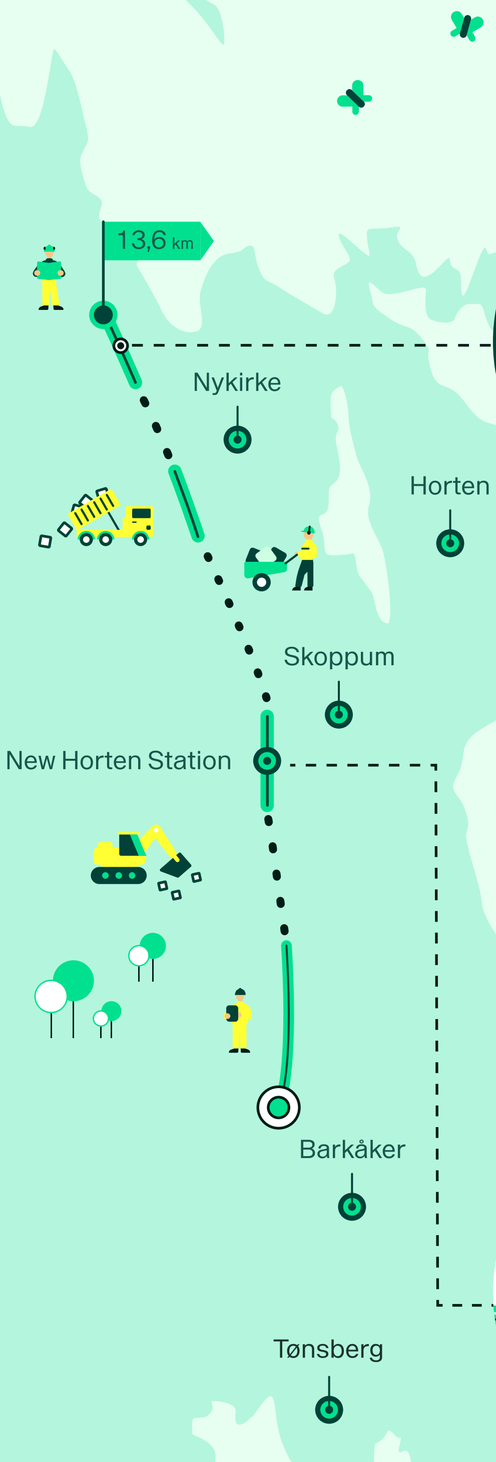
Green investments on the Vestfold Line

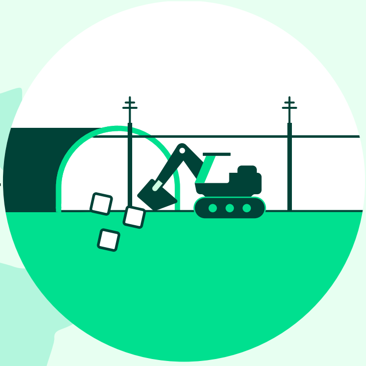
More trains, departures, and better services will be the result when we finish the InterCity expansion of Nykirke-Barkåker on the Vestfold Line.

As part of the expansion of the Vestfold Line, we are constructing new double-tracks facilitating more trains and departures between Oslo and Tønsberg. This will provide a better and more efficient daily commute when the tracks open for traffic in 2025.

Start: 2019
Completion: 2025
Client: Bane NOR
Alliance partners: Gunnar Knutsen AS & NRC Kept
Contract value: 793 MNOK







The Tangen Tunnel

Rehabilitating the Tangen Tunnel was our top environmental initiative on the Vestfold Line. Rather than constructing a new tunnel, we opted for renovation, resulting in significant cost savings of NOK 450 million during the planning stage. This underscores the importance of early decisions to minimise the environmental impact and to reduce emissions.

Wildlife Crossing

We've built a wildlife crossing to make sure that wildlife in the area can cross the railroad safely. In addition, we've built culverts underneath the railway to ensure that frogs can move from one side of the railroad tracks to the other.

New Horten Station

We've facilitated rooftop solar panels and several new EV chargers at New Horten Station. By drilling 133 energy wells below the parking area, we will use geothermal heating to melt snow.

Focus on Circular Economy

The project is almost self-sufficient for stone material, except for ballast. However, the ballast is delivered by a local supplier, which contributes to the reduction of greenhouse gas emissions.

SUSTAINABILITY

02

Introduction

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

We build for a sustainable future, in a sustainable way. 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 that were analysed in the materiality assessment done in 2020. They are revisited yearly. In 2024 we will undertake a comprehensive double materiality assessment, following the EU Sustainability Reporting Standards (ESRS) which encompasses both the impact and the financial materiality of ESG topics and will be considered in the new strategy for the period towards 2028.

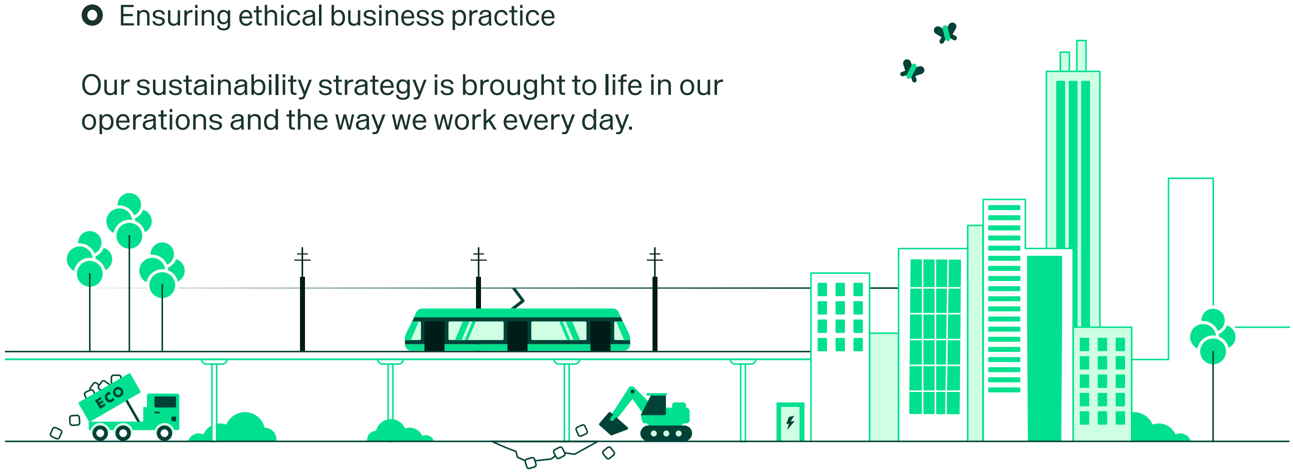
The sustainability framework sets out how we operate to achieve our sustainability goals and how we contribute to the United Nations Sustainable Development Goals.

It is focused on six core impact areas:

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

Our sustainability strategy is brought to life in our operations and the way we work every day.

In 2024 we will undertake a comprehensive double materiality assessment, following the EU Sustainability Reporting Standards (ESRS).



The EU Taxonomy

The increasing demand to build and maintain high-quality infrastructure in the Nordics, together with the opportunities that lie in urbanisation and climate positive city development, promise an exciting outlook for NRC Group. As we pursue a strategy of sustainable growth, we always aim to promote climate-friendly solutions, and proactively work to become a zero-emission industry.

NRC Group estimates that approximately 98% of business activities, in terms of revenues, are considered eligible under the EU Taxonomy, and 72% are aligned.

The Group reviews its economic activities in relation to EU Taxonomy per 30 June and 31 December. The Key Performance Indicators (KPIs) is presented in a table below. Complete KPI templates according to EU's Annex II to the Disclosures Delegated Act are disclosed on www.nrcgroup.com/sustainability.

The most relevant eligible activities per date for NRC Group include infrastructure for rail transport and infrastructure enabling low-carbon road transport and public transport. Most of these eligible activities meet the technical screening criteria, they do no significant harm criteria and meet other requirements to be classified as sustainability aligned.

Compared to 2022, also most activities related to the environmental and the civil construction business are considered eligible according to the EU Taxonomy. However, most of these activities are not reported as aligned.

As per 31 December 2023:

	Eligible		Aligned	
	2023	2022	2023	2022
KPIs				
Turnover (Revenue)	98%	87%	72%	67%
Operational expenses (OpEx)	99%	87%	74%	67%
Investments (CapEx)	98%	81%	76%	73%

Environment

Building a low-carbon future

Climate change mitigation

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 2023, one of our major projects was the UNB10, building a new double track on the Vestfold line between Nykirke and Barkåker. This project, executed in cooperation with Bane NOR, is a prime example of how planning and executing projects with sustainability in focus can lead to better solutions, both for the environment and for NRC Group. For example, we achieved significantly reduced emissions and projects costs by choosing to renovate the Tangen tunnel instead of building a new one. In addition, the project has included several mitigating measures to reduce its impact on the ecosystems it passes through.

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. In 2023, emissions on group level increased, which

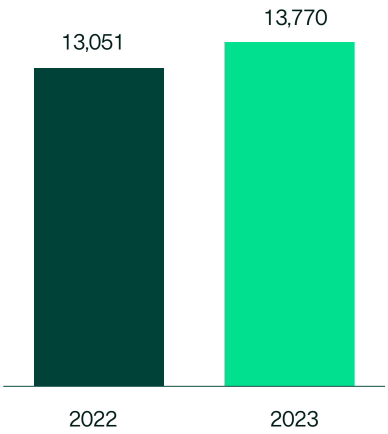
We convert our sustainability credentials into a contract-winning competitive advantage. How we plan and execute projects benefit the society around us.

puts NRC Group in an unfavourable position with regards to achieving our 30% emission reduction target. However, at country-level the situation varies a lot. Emissions in Norway increased significantly from last year, which was mainly due to the availability of data from sources not known before. Due to this change in measurement, we will revise our targets and presentation of historical data in the coming year to provide a more accurate overview of our emissions reductions. We reduced our emissions in both Sweden and Finland during 2023, and especially Sweden looks likely to achieve the 30% reduction target. Total GHG emissions for the Group in 2023 were 13,770 tonnes carbon dioxide equivalents (2022: 13,051).

We continued monitoring our climate-related risks and opportunities in 2023 and have disclosed these in our Sustainability Report following the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

Total GHG emissions

CO_2 tonnes (Scope 1, 2 and 3)



Energy consumption

We are operating 50 trucks on renewable biogas. Currently over 50% of Gunnar Knutsen's (a wholly-owned NRC company) truck fleet is using biogas and the company's mid-term ambition is to fuel their entire fleet on renewable biogas. This investment will play an important role in reducing energy use and contributing to NRC Group's target of reducing emissions by 30% by 2025. Being able to provide a low-carbon heavy transport fleet has strengthen our sustainability credentials and converted them into a contract-winning competitive advantage.

As the market and availability of electric-powered machinery develops, we will continue to consider replacing existing machinery and equipment with electrical options, where it is fit for purpose.

NRC Group converts sustainability credentials into a contract-winning competitive advantage. In the subsidiary Gunnar Knutsen, over 50 trucks have been replaced with renewable biogas fueling.

Improving environmental performance

Biodiversity and land degradation

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 expectations, we are implementing innovative approaches. A concrete example of this is on the Nykirke – Barkåker line, where we have incorporated a bridge for wildlife to cross the track safely, as well as taking additional measures to preserve several existing local streams. These measures, and more, contribute to reducing the impact we have on the environment through our projects.

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. Our Swedish operations is preparing for this certification, and is expected to be certified before the summer of 2024.

Despite having a relatively low risk of biodiversity impact because of the existing nature of our operating sites, our projects maintain site management plans, including how we monitor and protect biodiversity values.

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 2023 and zero incidents involving hazardous substances or harmful spills.

Resources and waste

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 our group-wide recycling rate was 89 % (2022: 94 %). 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.

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

Social

Own workforce

Health and safety

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 at induction 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 harm. 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 was 5.6 in 2023, which is a reduction from the frequency of 6.0 in 2022. Subcontractors are included in these figures. We continued to maintain our record of zero serious or fatal injuries in 2023 (2022: 0). Sickness absence rate decreased slightly to 3.8 % in 2023, down from 4.2 % the previous year.

Health and safety is a core value and a critical priority for NRC Group and we are unwavering in our focus in making our workplaces safer and reducing our injury rates every year. We believe health and safety is a core function of responsible leadership and we have elevated this principle so that it is reflected in all aspects of our leadership development.

LTI frequency rate

2023 figure

5.6

(2022: 6.0)

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 1,853 employees sits at 10.7% (2022: 10.7%). Female representation in country leadership teams and top management is 42.8% (2022: 40.5%) and 57% (2022: 57%) 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 2023, 95% of all employees have now undertaken the company's certified sustainability training course (2022: 81%). The training programme builds a shared understanding of sustainability within the business and is a powerful driver of positive environmental and social performance. Similarly, training in our leadership principles #howelead, we strenghten leadership roles to be visible and clear role models. The program is an enabler to reach strategic ambitions. Additionally, we have a mentoring program where pairs are blended from all three countries. in 2024, we will launch the Navigator program, where top talents will participate in a leadership program. We also provide programs for interns and trainees. In 2023, a total of 53 summer interns joined our recognised programme.

Females in our workforce

2023 figure, proportion in percent

10.7%

(2022: 10.7%)

Females in our leadership

2023 figure, proportion in percent

42.8%

(2022: 40.5%)

Females in our BoD

2023 figure, proportion in percent

57%

(2022: 57%)

Local communities

Because of the nature of our work, many of our impacts at project sites are highly visible to the local community. These impacts may include noise, vibration, visual impacts, traffic and travel disruption, earthworks, and vegetation removal. All of these impacts are regulated by local authority permits, regulation and specific contract conditions. We assess all potential impacts and proactively engage with authorities and the local community to find ways to minimise or mitigate them. Where required or useful, we develop communication plans to inform and engage local communities and affected people.

Supply chain

We see our suppliers as key partners in our business. Their success enables our success. Many recent global and regional disruptions have also demonstrated that having a robust and resilient supply chain is crucial to maintaining business continuity. 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

Human rights

NRC Group is committed to the UN Guiding Principles on Business and Human Rights (UNGPs). The Group views human rights as those rights recognised by the International Bill of Rights and the Core Conventions of the International Labour Organisation. The Labour and Human Rights Statement of the Group covers UN Global Compact's Ten Principles, the UNGPs' "Protect, Respect and Remedy Framework", and International Labour Organization Conventions 87, 98 and 111.

The Labour and Human Rights Statement is to be read in conjunction with NRC Group's Human Resources Policy and outlines the labour and human rights recognised by NRC Group to its employees irrespective of their role and the country in which they work, to its customers, and to the local communities where the Group operates.

The Norwegian Transparency Act (Åpenhetsloven) came into force in July 2022. 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.

In 2023, we implemented a new supplier due diligence and improved reporting to be in line with the Transparency Act. We also conducted a gap analysis of its approach to human rights due diligence to identify potential areas for improvements. As a result, we identified our value chain being vulnerable for human rights issues, and therefore prepared sustainability requirements for our suppliers overarching the value chain. The requirements were implemented in Finland by the end of 2023.

The Transparency Act Statement for 2022 is made available on nrcgroup.com. The statement for 2023 will be made available available on www.nrcgroup.com on or before June 30, 2024. A detailed description of how we comply with the Act and our approach to upholding human rights is contained within our 2023 Sustainability Report.

Governance

Business ethics

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 business ethics programme at NRC Group focuses on priority ethics areas including transparency, anticorruption, 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 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

Whistleblowing reports are dealt with in accordance with NRC Group's formal whistleblowing process. 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. 15 whistleblowing reports were received in 2023 (2022: 6). 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.

SHAREHOLDER INFORMATION

03

Management team

Anders Gustafsson
Chief Executive Officer (CEO)
NRC Group ASA

Anders Gustafsson joined NRC Group in October 2023 from the position as President and CEO at Svevia, a Swedish company, specialised in road and construction work. He previously held various management positions at NCC. He holds a Master of Science degree in Economics with Business Administration as the main field of study and an Executive MBA from the University of Stockholm. Gustafsson currently holds 9,430 shares and 10,000 share options in NRC Group.

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 Masters degree in Engineering from the Norwegian University of Technology and Science (NTNU) in Trondheim, Norway. Gulsvik has submitted his notice of resignation to accept a position as CFO in Entra ASA. He will continue as CFO until a new successor is in place or by the latest 1 August 2024. Currently, he holds 145,442 shares (including 133,996 shares held by Jodfabrikken AS, a company wholly owned by Ole Anton Gulsvik) and no 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 172,500 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 239,198 shares and 111,000 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 61,000 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 Organisational 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 14,000 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 currently holds 65,000 shares in NRC Group personally, and has been a member of the board of directors of the company 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 49,935 shares in NRC Group. 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 Director of Investment at Swedish Transport Administration, President and CEO of Rejlers AB and President of Sweco Sverige AB. Since 2016 she has been active as a professional board member and chairperson in several stock exchange listed, private and stateowned companies in the Nordics. Nygren is currently a board member of Ballingslöv International AB, Troax Group AB and Swedavia AB. Nygren currently holds 3,000 shares in NRC Group, and has been a member of the board of directors of the company since January 2019

Heikki Allonen
Board member

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

Tove Elisabeth Pettersen
Board member

Tove Elisabeth Pettersen has extensive experience from several senior management positions at Hafslund, Bane NOR and Jernbaneverket, and since 2020 as CFO at Norwegian Red Cross. Pettersen has served as board member in listed and public companies, including Infratek ASA, Klemetsrudanlegget AS and the board of Statnett SF. She now serves as board member in Å Energi. Pettersen holds 5,000 shares in the NRC Group and has held the position as board member in the company since May 2020.

Outi Henriksson
Board member

Henriksson has an extensive senior managemsent 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. Henriksson serves as a board member of Patria Group and Aktia Livsförsäkring AB and has served as a board member and chairperson of the Audit committee of Adapteo Plc and Sponda Plc. Henriksson holds 5,000 shares in NRC Group, and has been a member of the board of directors of the company since May 2021.

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, Orgland has been active as a professional board member in different listed and government-owned companies. She is currently chairperson of the board in Entur and board member of Storebrand ASA and Kid ASA. Orgland holds 15,000 shares in NRC Group and has held the position as board member in the company since May 2022.

Corporate governance report

Corporate Governance in NRC Group ASA
NRC Group ASA 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 2023.

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

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 2023, the Group's consolidated equity was NOK 2,430 million, which is equivalent to 47% 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

On 31 December 2023, the Group's consolidated equity was NOK 2,430 million, which is equivalent to 47% of total assets.

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.

Based on the 2023 results and restrictions in the loan agreements, the Board of Directors will not propose a dividend from the year 2023.

Board authorisations
At the AGM in 2023, 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 1,500,000 related to the option programme for key employees. The authorisation replaced the previous authorisation and is valid until 4 May 2025. On 31 December 2023, a total of 21,500 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 2024, but no later than 30 June 2024. During the year, NRC Group acquired 302,174 treasury shares under the authorisation to be used in connection with the company's employee share programme. On 31 December 2023, the company held 95,975 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 2024, but no later than 30 June 2024. On 31 December 2023, 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 2023.

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 2023 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 4 May 2023, NRC Group held its AGM at the company's offices, with approximately 41% of the share capital represented.

Nomination committee

The nomination committee is governed by the articles of association section 10. The AGM on 4 May 2023 elected the following three members for the nomination committee: Esa Heikki Elias Rautalinko (committee leader, elected), Lasse Olsen (re-elected) and Ole-Wilhelm Meyer (re-elected). The members are elected with a term until the company's AGM in 2024. 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 2023, 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 4 May 2023, all seven members were re-elected.

On 31 December 2023, the Board of Directors consisted of seven independent members.

Name	Role	Considered independent of main share-holders	Served since	Term expires	Participation Board meetings 2023	Shares in NRC
Rolf Jansson	Chair	Yes	January 2019	AGM 2025	100%	65,000
Mats Williamson	Member	Yes	July 2017	AGM 2025	100%	30,000
Eva Nygren	Member	Yes	January 2019	AGM 2025	100%	3,000
Tove Elisabeth Pettersen	Member	Yes	May 2020	AGM 2025	100%	5,000
Heikki Allonen	Member	Yes	May 2021	AGM 2025	100%	28,000
Outi Henriksson	Member	Yes	May 2021	AGM 2025	92%	5,000
Karin Bing Orgland	Member	Yes	May 2022	AGM 2025	100%	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 future transactions, other than immaterial 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 2023. 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 financial results. In 2023, the Board held 9 ordinary meetings and 3 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 2023.

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 2023, the audit committee consisted of Board members Karin Bing Orgland (chair), Tove Elisabeth Pettersen 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 HR committee

The company's remuneration committee (HR 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 HR committee consisted of board members Rolf Jansson (Chair), Tove Elisabeth Pettersen and Eva Nygren.

The primary purpose of the HR committee is to assist and

On 31 December 2023, the audit committee consisted of Board members Karin Bing Orgland (chair), Tove Elisabeth Pettersen and Outi Henriksson, all considered independent of the company.

facilitate the decision-making of the Board of Directors in matters related to the remuneration of the 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 HR 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 2023, 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.

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.

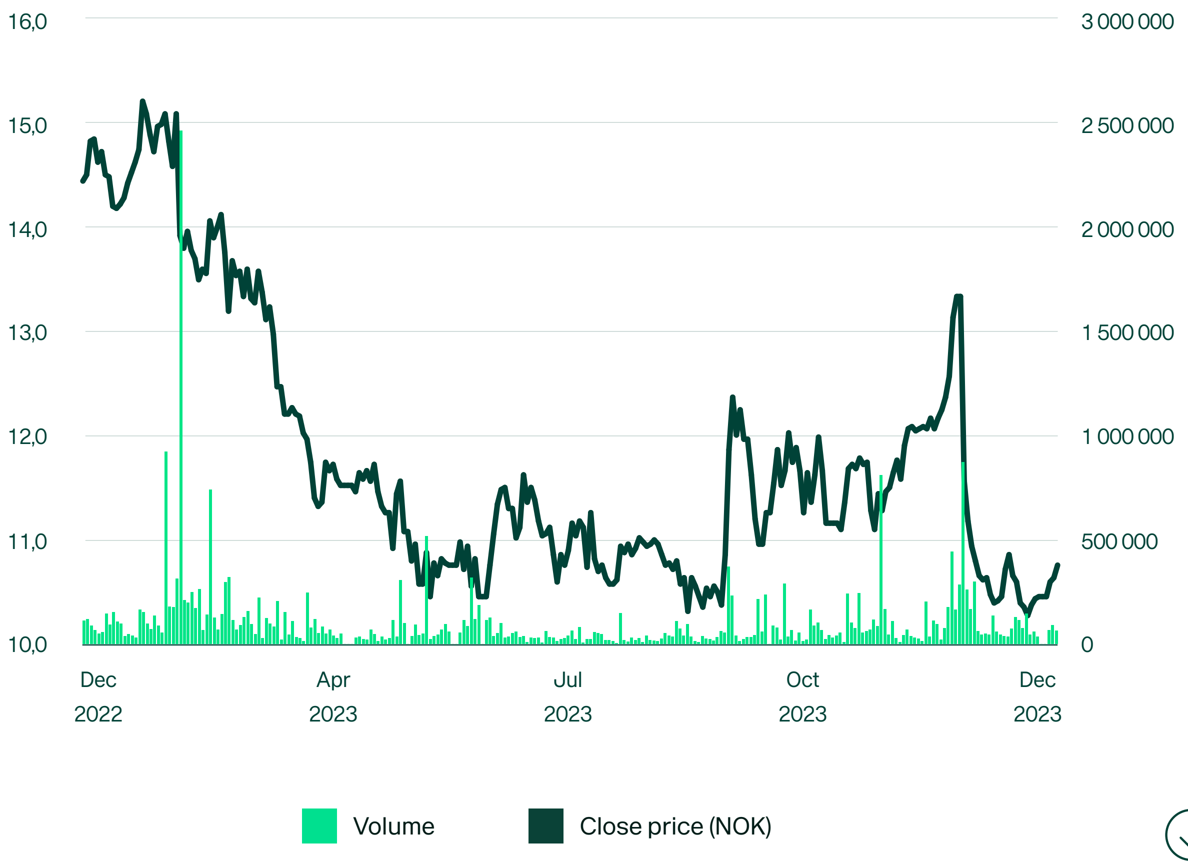
The remuneration to the auditor is approved by the AGM. Fees for audit work and any fees for other specific assignments are reported by the Board to the General Meeting. For more information about remuneration to the auditor, see note 8 in the 2023 group annual accounts.

Share

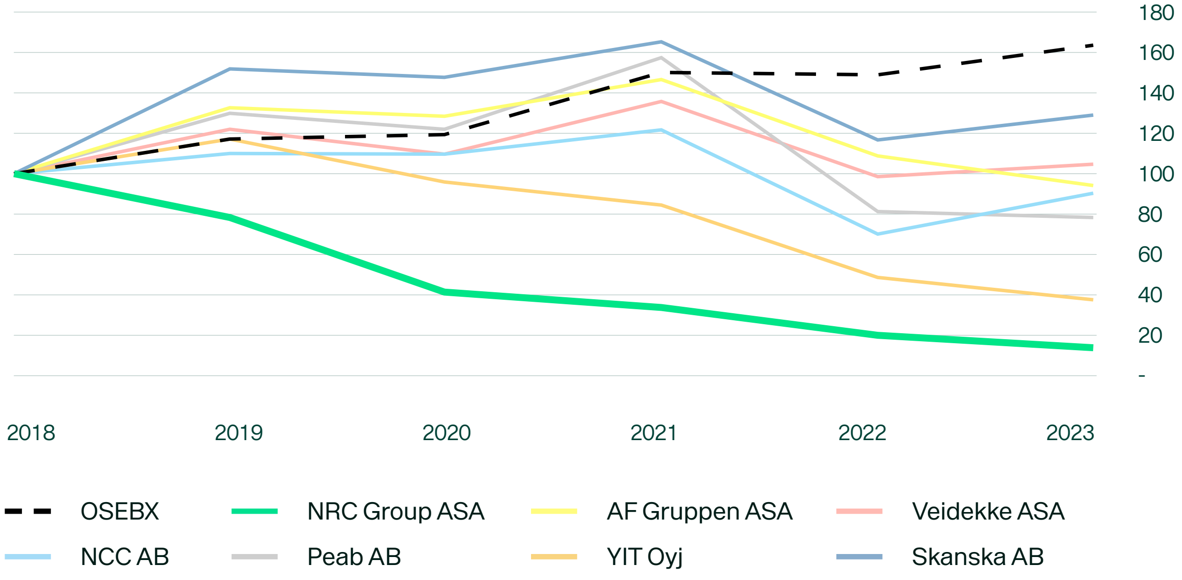
Share price development

NRC Group ASA has one class of shares. There were 72,954,549 shares issued at the end of 2023, each with a nominal value of NOK 1.00. The number of shares issued was unchanged during the year.

In 2023, the Group's shares traded between NOK 15.12 and NOK 10.20 per share. During the year, 26.0 million shares were traded in total.



Share price development last five years compared to large Nordic contractors and the Oslo Børs Benchmark Index



Key figures for share

(Amounts in NOK million)	2023	2022	2021	2020	2019
Market capitalisation (MNOK)	781	1,052	1,755	2,316	3,085
Total number of shares as per 31/12 (mill.)	73	73	73	73	54
Number of shareholders as per 31/12	4,144	4,317	4,576	4,019	2,618
Share priced as per 31/12	10.70	14.42	24.05	31.75	57.10
High	15.12	24.85	31.75	57.10	71.00
Low	10.22	14.14	15.04	18.80	45.20
Earnings per share (NOK)	0.52	-4.98	-0.38	-0.85	-1.4
Diluted earnings per share (NOK)	0.51	-4.98	-0.38	-0.85	-1.36
Total share return	-27.4 %	-40.2 %	-24.3 %	-44.4 %	-19.6 %
Share price / earnings per share (P/E)	21	-3	-63	-37	-42
Share price / equity per share (P/B)	0.3	0.5	0.7	0.8	1.5
Enterprice value / EBIT (EV/EBIT)	15	-8	63	-347	-45

Major shareholders and voting rights

NRC Group had 4,144 registered shareholders in the Norwegian Central Securities Depository (VPS) on 31 December 2023 (4,317 at year-end 2022), whereof the 20 largest shareholders owned 66.0% (67.0%). The percentage of issued shares held by foreign shareholders was 57.0%, compared with 56.8% at year-end 2022. 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 2023

Name	Country	Holding 2023	Stake (%)	Holding 2022
VR-YHTYMÄ OY	FIN	13 336 415	18.28	13 336 415
J.P. MORGAN SE	LUX	7 402 764	10.15	7 402 764
THE BANK OF NEW YORK MELLON SA/NV	BEL	6 894 701	9.45	7 014 701
J.P. MORGAN SE	LUX	3 702 909	5.08	3 702 909
VERDIPAPIRFONDET NORDEA NORGE	NOR	2 172 468	2.98	2 172 468
SBAKKEJORD AS	NOR	1 662 186	2.28	0
CLEARSTREAM BANKING S.A.	LUX	1 409 023	1.93	1 004 173
VERDIPAPIRFONDET NORDEA AVKASTNING	NOR	1 319 412	1.81	1 319 412
GUNNAR KNUTSEN HOLDING AS	NOR	1 252 677	1.72	1 252 677
AVANZA BANK AB	SWE	1 197 004	1.64	1 186 320
SKANDINAVISKA ENSKILDA BANKEN AB	LUX	1 079 017	1.48	1 720 000
HEIM HAUGO AS	NOR	850 745	1.17	850 745
J.P. MORGAN SE	LUX	829 460	1.14	829 460
LGA HOLDING AS	NOR	822 880	1.13	922 880
NORTH SEA GROUP AS	NOR	790 800	1.08	0
NORDEA BANK ABP	FIN	768 569	1.05	603 487
VERDIPAPIRFONDET NORDEA KAPITAL	NOR	680 855	0.93	680 855
VERDIPAPIRFONDET STOREBRAND NORGE	NOR	676 796	0.93	122 601
MELESIO INVEST AS	NOR	671 155	0.92	571 155
VERDIPAPIRFONDET NORDEA NORGE PLUS	NOR	658 078	0.90	669 115
Total number of shares owned by top 20		**48 177 914**	**66.04**	**45 362 137**
Total number of shares		**72 954 549**	**100.00**	**72 954 549**

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	20.03.23
Initiation of share buyback programme for up to NOK 7 million, related to the 2023 employee share programme	24.05.23
Completion of share buy-back programme	30.06.23

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.

Based on the 2023 results and restrictions in the loan agreements, the Board of Directors will not propose a dividend from the year 2023.

Analyst coverage

Three Norwegian and Nordic investment banks had active coverage of NRC Group ASA at the end of 2023. For contact details, please see the company website www.nrcgroup.com.

General Meetings and Board authorisations

The 2023 AGM granted the Board of Directors the following authorisations:

- Authorisation to increase the share capital by up to NOK 1,500,000 in connection with option programme for senior executives.
- 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 2024

Event	Date
Annual General Meeting	08.05.2024
Interim report - Q1	23.05.2024
Half-yearly interim report - Q2	29.08.2024
Interim report - Q3	20.11.2024

BOARD OF DIRECTORS REPORT

04

Introduction

NRC Group improved operational performance in many areas and achieved new strategic important wins across markets during 2023.

The core services offered by NRC Group, is construction and maintenance of infrastructure, including civil services. With the complete value chain offering, combined with the unwavering commitment to Environmental, Social and Governance (ESG) principles, the Group is positioned to strengthen its competitiveness and for profitable growth onwards.

During 2023, NRC Group improved operational performance in many areas and achieved new strategic important wins across markets. This confirms a solid foundation for future profitable growth in Norway, Sweden and Finland. The financial position at year-end is solid, supported by a record-high cash flow from operations. A robust order backlog end of year and the tender pipeline remains at high levels for all countries, signalling significant opportunities for the Group going forward.

Investments in sustainable infrastructure by national governments are expected to still be at high levels. During first half of 2024, we expect the governments to share updates of long-term national transport plans. The market is driven by urbanisation, population growth and the green shift towards sustainable infrastructure. NRC Group expects that these global mega-trends will lead to continued long term growth in the market.

The resilience of the Group's business model was evident in global markets affected by the war in Ukraine and Gaza, high inflation and increased interest rates, as well as a slow-down in overall economic growth. Due to the situation, the global outlook is more uncertain both related to material prices, supply chain risks, and government spending on infrastructure. The Group has analysed the direct earnings sensitivity from inflating costs. The findings conclude that the direct effect for NRC Group has been limited, and that our business model is resilient and yields good protection against increasing prices. At the end of the year, the inflation continues to decrease internationally, but still above central banks' targets. In addition to frequently used index adjustments, the customer predominantly takes the risk on sector specific materials within rail infrastructure. The Group monitors the development, including both direct and indirect effects, and is actively evaluating opportunities to limit risk in the project portfolio.

Operations

NRC Group is committed to creating safe, low-carbon transport systems to efficiently connect people, goods and cities. The Group provides meaningful jobs in an inclusive working environment with equal opportunities for all.

Profit and loss

The Group revenue for 2023 ended at NOK 6,732 million compared to NOK 7,030 million in 2022. The organic growth was -7%, mainly due to lower short-term order backlog at the beginning of the year. Our overall profitability was in line with 2022. The Group's operational profit, measured in EBIT adj., was NOK 121 million in 2023 (NOK 137 million) resulting in an EBIT adj. margin of 1.8% for the year (2.0%). The profitability in Norway continued to improve in 2023, in Sweden we reached an important milestone with a break-even operating profit for the year, while the profitability in Finland was reduced compared to the high levels during previous years.

EBIT for 2023 amounted to NOK 105 million compared to an EBIT of NOK -240 million in the previous year. Adjusting items included in EBIT, but not in EBIT adj., amounted to NOK -16 million in 2023 (NOK -378 million). In 2023 this included a net gain of NOK 40 million (NOK 0 million) from the disposal of the Gravco business unit, M&A income of 7 million (NOK -2 million), restructuring costs of NOK 21 million (NOK 0 million) following reorganisations in Sweden and in NRC Kept, and NOK 43 million in write-downs related

In 2023, NRC Group delivered improved operational performance in many areas and achieved new strategic important wins across markets.

to the discontinuation and disposal of the Civil business in Karlstad, Sweden, after the decision to close down the business was taken in first quarter of the year. In 2022, EBIT was negatively impacted by a goodwill impairment of NOK 352 million.

Net financial items amounted to NOK -59 million for 2023, compared to NOK -58 million last year. Negative effects from increased interest rates on the bank loan and leasing debt, and extraordinary financial expenses from buyback and call of the old bond loan, were levelled out by a positive effect from termination of the interest rate swap related to the old bond loan refinanced in 2023. The floating interest on the old bond loan was hedged to a fixed rate of 1.838%. In the fourth quarter of the year, we completed the refinancing of our debt structure. The new bond issued in October 2023 carries an interest of three months NIBOR + 4.40% until maturity on 25 September 2027. The three months NIBOR has been hedged to a fixed rate of 3.843% for the full period.

The share of profit from associated companies totalled a loss of NOK 2 million in 20232 (NOK 15 million in 2022). All capital contributions to AGN Haga AB have been impaired, and the book value in the balance sheet is NOK 0 million (NOK 0 million).

The tax expense in 2023 was NOK 8 million, compared to NOK 51 million in 2023. 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. No changes to the non-recognised tax asses have been made in 2023.

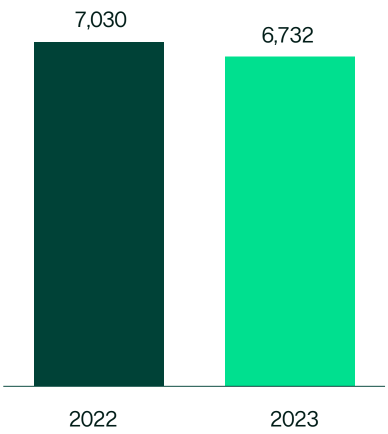
Net profit amounted to NOK 37 million, compared to a loss of NOK 364 million in 2022. Ordinary earnings per share was NOK 0.52 in 2023 compared to NOK -4.99 in 2022.

Segments

For Norway, the full year revenue for 2023 was NOK 2,136 million compared to NOK 2,373 million in 2022. The organic growth was -7%, excluding the Gravco business unit sold in the first quarter. EBIT adj. was NOK 81 million in 2023 compared to NOK 80 million in 2022, which

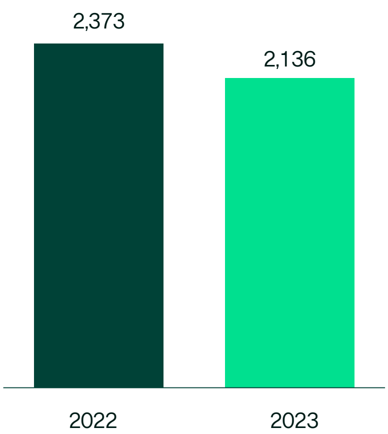
Group revenue

In NOK million



Revenue Norway

In NOK million



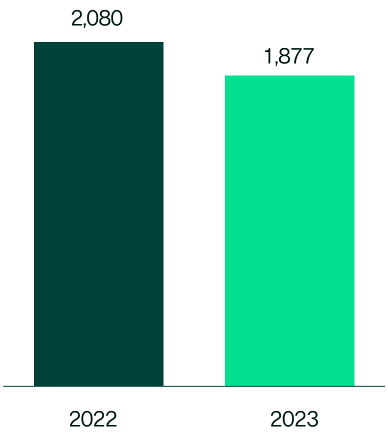
resulted in an EBIT adj. margin of 3.8%, up from 3.4% last year. The 2022 EBIT adj. included NOK 15 million from the Gravco business unit. On a proforma basis, the margin improvement in Norway was NOK 16 million compared to 2023. Solid results in Civil construction and Gunnar Knutsen were offset by losses in the demolition and recycling business due to challenging market conditions.

Sweden had a full year revenue in 2023 of NOK 1,877 compared to NOK 2,080 million in 2022. In first quarter of the year, the decision to discontinue the Civil Construction business in Karlstad was made, and in the third quarter a management buyout was successfully completed. The ongoing turnaround to streamline the organisation, reduce cost and increase project profitability, has been successful. Excluding the disposed Civil operation, the organic growth in 2023 was -6%. Reduced revenue in Rail were partly offset by increased revenue in Maintenance. The EBIT adj. for 2023 was NOK 0 million compared to NOK -52 million last year. This confirms that our ongoing transformation is successful, after many challenging years in Sweden.

In Finland, the full year revenue for 2023 was NOK 2,753 million compared to NOK 2,582 last year. Adjusted for currency effects the organic growth was -6%. The EBIT adj. was NOK 78 million compared to NOK 145 million in 2022, leading to an EBIT adj. margin of 2.8%, down from 5.6% last year. Net gain from sale of machinery was NOK 11 million in 2023 compared to NOK 20 million last year. The result is negatively affected by the performance and write-downs of certain projects in Rail construction, as well as growth initiatives within the newly established Civil unit. The Finnish operation is in the process of conducting a comprehensive analysis to identify, initiate and execute measures to improve profitability. At the end of the year, among others measures to optimise the machine fleet, reduce costs, improve resource planning and improve project management were already started.

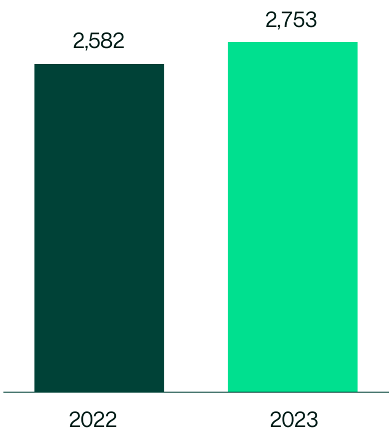
Revenue Sweden

In NOK million



Revenue Finland

In NOK million



Cash flow

Net cash flow from operating activities in 2023 was NOK 371 million, compared to NOK 235 million in the same quarter last year due to positive working capital development.

Net cash flow from investing activities was NOK 89 million compared to NOK -29 million last year. This included a net positive cash effect from sale of Gravco business unit of NOK 97 million, and a positive cash effect of NOK 17 related to termination of the interest rate swap linked to the old bond loan that was repurchased and called in 2023.

The net cash flows from financing activities amounted to NOK -553 million in 2023 compared to NOK -366 million last year. In addition to ordinary bank instalments of NOK 81 million, a buy-back and call of the old bond with total face value of NOK 600 million, was made in 2023. From the new bond issue, the Group received NOK 395 million net of transaction expenses. Interest paid increased to NOK 81 million in 2023, compared to NOK 46 million in 2022, mainly due to increased interest rates on the EUR term loan and the Group's leasing portfolio, as well as NOK 7 million in price premium and call premium related to the buy-back and call of the old bond. The new bond issued in October 2023 carries an interest of three months NIBOR + 4.40% until maturity on 25 September 2027. The three months NIBOR has been hedged to a fixed rate of 3.843% for the full period.

The net change in cash, including currency impact, was NOK -103 million compared to NOK -154 million last year. Cash at the end of the period amounted to NOK 369 million. In addition, the Group had per year-end an unused credit facility of NOK 400 million.

Financing and balance sheet

Other than currency effects, there were no significant changes to intangible assets, non-current assets, inventory or total receivables compared to last year. Net working capital decreased by NOK 71 million to NOK -62 million following continued focus on working capital management and cash collection. Total assets at NOK 5,142 million decreased by NOK 49 million from 2022. The equity ratio was 47 % on 31 December 2023 compared to 45% last year. effects. Other intangible assets decreased by NOK 32 million in 2022, mainly due to amortisations during the year.

During the fourth quarter, the Group completed a debt refinancing process including issuing a new NOK 400 million 4-year senior unsecured green bond, buyback and call of the existing NOK 600 million bond, increase of the multi-currency credit facility from NOK 200 million to NOK 400 million, and extension of maturity of the existing EUR 22 million term loan from 2024 to 2027. The net interest-bearing debt decreased by NOK 189 million during the year to NOK 761 million, while net interest-bearing debt excluding lease liabilities decreased by NOK 164 million during 2023 to NOK 258 million. Total lease liabilities decreased by NOK 25 million to NOK 503 million as lease payments and terminated agreements were higher than the discounted value of new lease agreements.

Order intake, order backlog and tender pipeline

Group had an order intake of NOK 5,632 million in 2023, compared to NOK 6,959 million in 2022. The 2023 order intake corresponds to a book-to-bill ratio of 0.8x (1.0x in 2022). The order backlog at the end of the year amounted to NOK 6,940 million compared to NOK 7,795 million at the end of 2022. In the beginning of 2024, new orders valued at over NOK 1.7 billion were announced. This creates a solid foundation for 2024. The tender pipeline is at a record-high levels of NOK 34 billion and remains strong across all countries.

Corporate events

During the year, NRC Group acquired 302,174 treasury shares. A total of 322,855 shares were transferred to employees participating in the 2023 share programme for employees. At the end of the yar, the Company held 95,975 treasury shares.

In first quarter of 2023, the sale of the Gravco business unit was completed, resulting in a net gain of NOK 40 million. In third quarter, the Group completed a process of disposing the Civil business in Karlstad, Sweden, to a group of employees working in the business. The discontinuation and disposal of the Civil business in Karlstad resulted in a total loss of NOK 43 million. The financial effects from these disposals are not included in EBIT adj.

Organisation

At the end of 2023, the Group management consisted of Anders Gustafsson as Chief Executive Officer (CEO), Ole Anton Gulsvik as Chief Financial Officer (CFO), Harri Lukkarinen as Executive Vice President (EVP) and Managing Director (MD) NRC Group Finland, Arild Ingar Moe as EVP and MD NRC Group Norway, Lene Engebretsen as EVP and Head of Communications, and Marianne Ulland Kellmer as EVP and Head of HR.

Anders Gustafsson joined the Group as CEO from 1 October 2023. Anders Gustafsson is currently also holding the position as MD for NRC Group Sweden. In November, Jussi Mattson resigned as EVP and Head of Business Development and Strategy.

At the annual general meeting (AGM) on 4 May 2023, all seven board members were re-elected, and Rolf Jansson was re-appointed as the Chairman of the Board. The AGM also elected Esa Rautalinko as the committee leader of the nomination committee, and re-elected the rest of the nomination committee, comprising of Lasse Olsen and Ole-Wilhelm Meyer

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 2023 and the financial position at year-end.

Corporate social responsibility

NRC Group consistently strives to minimise its impact on the external environment while prioritising safe operations. The Group's dedication to maintaining high transparency in handling material environmental, social, and governance (ESG) risks and opportunities is evident through a robust framework for ethical business practices. This framework involves initiatives aimed at improving environmental performance and fostering knowledge and awareness among employees. A key focus is on low-carbon operations, with the Group setting clear targets for reductions and providing comprehensive disclosure of greenhouse gas (GHG) emission data. NRC Group is committed to achieving net-zero emissions by 2050, at the latest. This systematic and transparent approach to ESG factors not only fortifies

the Group's strategic positioning but also serves as a catalyst for commercial opportunities and recruitment efforts moving forward.

NRC Group is committed to ensuring a secure working environment. The organisation consistently implements proactive measures to enhance workplace safety, incorporating safety drills, information dissemination, training programs, and risk analyses. At the end of 2023, the Group had 1,853 (1,960) employees. The sickness absence reported by the Group was 3.8% in 2023 compared to 4.2% in 2022. Zero serious injuries were reported for the year. The Group immediately registers, 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 5.6 (6.0 in 2022). The Group systematically works to reduce the rate and investigates each incident to identify why and how to avoid similar incidents.

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. 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.

The Norwegian Transparency Act (Åpenhetsloven), came into force in July 2022. 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 was made available on www.nrcgroup.com on 30 June 2023. The statement for 2023 will be made available available on www.nrcgroup.com on or before June 30, 2024.

In the Sustainability Report for 2023, a description of how the Group comply with the Act and its approach to upholding human rights is included.

NRC Group maintains constant focus on health, safety, and the delivery of high-quality services to all clients. The continuous enhancement of internal routines and risk management processes is a priority. Recognising the connection construction and infrastructure development has with climate and environmental responsibility, NRC Group diligently addresses increasing expectations from external and internal stakeholders, coupled with stricter regulations, to minimise the impact on the external environment and meet safety requirements in tendering processes.

NRC Group has been actively following the development of the EU Taxonomy and its related legislation, which came into force in Norway 1 January 2023. The most relevant eligible activities for NRC Group include infrastructure for rail transport and infrastructure enabling low-carbon road transport and public transport. Most of these eligible activities meet the technical screening criteria, the do no significant harm criteria and meet other requirements to be classified as sustainability aligned. Based on the Group's review of economic activities for 2023, 98% of the Group revenue is reported as eligible, while 72% is reported as aligned according to the EU Taxonomy. More information about EU Taxonomy is included in the condensed summary of the Sustainability Report in this annual report, and in the complete report available at www.nrcgroup.com.

The identification of material topics and completion of a climate risk analysis empower NRC Group to develop greener solutions connecting 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 in handling material environmental, social, and governance (ESG) risks and opportunities, a separate Sustainability Report is published in accordance with the Global Reporting Initiative (GRI) framework. A condensed summary of the Sustainability Report is included in this

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.

annual report, with the complete Sustainability Report 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 2024 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 2023 results and restrictions in the loan agreements, the Board of Directors will not propose a dividend from the year 2023.

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

Transfer to share premium NOK 11 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.

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 25 March 2024 available at www.nrcgroup.com for a more detailed description of risk factors.

Operational risks include risk assessment and contingency evaluation during project tendering and execution, significant market adjustments in the cost of goods, materials, or services, and potential claims and legal proceedings. Additionally, these risks involve optimising resources in response to fluctuations in seasonal demand within the business, as well as the ability to implement strategies. Macroeconomic conditions, such as political changes, including alterations in government spending, demand, or priorities, are also considered.

NRC Group is dedicated to address operational risks that the business units can influence and control. The company has implemented robust risk management processes tailored to the specific needs of the business. This includes a comprehensive analysis of project risks from the tendering phase through to completion, ensuring proper pricing and effective risk management. NRC Group is also committed to minimise exposure to risks that cannot be managed.

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.

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

The Group currently participates in joint ventures and may also in the future enter into other joint arrangements or co-investment projects with third parties. Co-investments involve risks since the Group may not have strategic or operational control over the co-investment, and could have a material negative effect on the Group's business, results and prospects. Disagreements with partners may also lead to decisions against the Group's interests and result in the Group's inability to pursue its desired strategy. There can be no assurance that the Group's partners will continue their relationships with the Group in the future or that the Group will pursue its strategies with respect to its co-investments.

Financial risks include market risk, credit risk, currency risk and liquidity risk.. The financial market risks most relevant to the Group involve currency risk and interest

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

rate risk. To effectively manage these risks, the Group has instituted a comprehensive risk management policy for hedging. Given that operational units operate in different functional currencies, NRC Group is exposed to currency translation risks associated with its 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 October 2024 carries an interest of three months NIBOR + 4.40% until maturity on 25 September 2027. The three months NIBOR has been hedged to a fixed rate of 3.843% for the full period. The fair market value of the hedge at the end of the year was NOK -7 million.

The central management team and local managers of subsidiaries actively monitor the Group's liquid resources and credit facilities using a revolving forecast based on anticipated cash flow. Given the impact of seasonal fluctuations on cash flow, this proactive approach ensures effective management. The current available liquidity, combined with the refinancing as detailed earlier, provides the necessary flexibility to manage cash flows and reserves within the Group.

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 1,873 million at the end of the year, NOK 89 million higher than short-term liabilities.

Total unrestricted cash amounted to NOK 369 million in addition to an unused multi-currency credit facility of NOK 400 million

Contractually outlined work in progress and trade receivables determine the amount of committed capital based on the credit terms specified in contracts. NRC Group's liquidity reserves typically reach their lowest point in the spring and summer due to seasonal patterns 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's clients predominantly consists of municipalities, government agencies, companies, or institutions where municipalities or government agencies holds a dominant influence. The risk of potential bad debt losses from this customer profile is considered to be low by NRC Group.

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

NRC Group integrates sustainability in its business strategy and have 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.

Events after the balance sheet date

After the balance sheet date, the Group made a strategic decision to restructure parts of the demolition and recycling operations in NRC Kept AS due to prevailing market conditions and negative results in 2023. The restructuring includes the discontinuation of one department within this business affecting approximately 40 employees, sale of machinery and equipment, reductions in overhead costs, and other targeted actions aimed at enhancing the long-term profitability of the Group. The financial impact of the restructuring will be reflected in subsequent financial periods.

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

Outlook and strategy

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

Demand NRC Group is strongly positioned in a growing market with a substantial tender pipeline. The strength of our order backlog and the growing tender pipeline across all countries represent opportunities for us going forward. Governments across our markets continue to signal high demand for our services. During first half of 2024, we expect National Transportation Plans to be updated in all countries.

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

For 2024, we expect profitable growth, and positive operational and financial development, with slight increase in revenue and EBIT adj. margin.

As we look back on recent years, we are encouraged by the progress achieved through our commitment to strategic improvement. In Norway, targeted turnaround programs have over time contributed to stabilizing our operations and improving the results. After year-end, the effort continues with a restructuring process in the demolition and recycling business in NRC Kept. Reorganisations and leadership updates in Sweden, combined with the strategic divestment of the Civil business in Karlstad, have brought us to a break-even result in 2023. Efforts continue in Finland to improve profitability following a period of declining margins. Across all regions, our focus remains on enhancing efficiency, ensuring sustainable operations and improved profitability.

The Group is confirming the commitment to achieving long-term profitability above 5%. For 2024, we expect profitable growth, and positive operational and financial development, with slight increase in revenue and EBIT adj. margin.

The Board of Directors of NRC Group ASA

Lysaker, 02 April 2024

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

Anders Gustafsson
CEO NRC Group ASA

ANNUAL ACCOUNTS

05

NRC Group consolidated accounts

Consolidated income statement
NRC Group

(Amounts in NOK million)	Note	2023	2022
Operating revenue	**4**	**6,732**	**7,030**
Cost of materials and subcontractors		-3,807	-4,346
Salaries and personnel costs	5/6/7	-1,778	-1,646
Depreciation	13/14	-197	-185
Amortisation and impairment	12	-15	-389
Other operating and administrative expenses	8	-815	-703
Other income and expenses	8	-16	-2
Operating profit		**105**	**-240**
Finance income		28	6
Finance expense		-86	-64
Net financial items	**9**	**-59**	**-58**
Share of profit from associates and joint ventures	27	-2	-15
Profit before tax		**45**	**-313**
Tax expense / income	10	-8	-51
Net profit for the year		**37**	**-364**
Profit/loss attributable to:			
Shareholders of the parent		38	-363
Non-controlling interests		-1	-1
Net profit / loss		**37**	**-364**
EARNINGS PER SHARE			
Earnings per share in NOK (ordinary)	11	0.52	-4.98
Earnings per share in NOK (diluted)	11	0.51	-4.98

Consolidated statement of comprehensive income
NRC Group

(Amounts in NOK million)	Note	2023	2022
Net profit/loss for the year		**37**	**-364**
Items that may be reclassified to profit or loss (net of tax):			
Translation differences		98	36
Net gain on hedging instruments	24	-17	15
Items that will not be reclassified to profit or loss (net of tax):			
Net actuarial gain/loss on pension expense	18	0	5
Other comprehensive income		**81**	**56**
Total comprehensive income for the year		**118**	**-308**
Total comprehensive income attributable to:			
Shareholders of the parent		118	-307
Non-controlling interests		-1	-1

Consolidated statement of financial position 31 December
NRC Group

(Amounts in NOK million)	Note	31.12.2023	31.12.2022
ASSETS			
Deferred tax assets	10	104	98
Goodwill	2/12	2,422	2,364
Customer contracts and other intangible assets	2/12	31	32
Total intangible assets		**2,557**	**2,493**
Tangible assets	13	170	184
Right-of-use assets	14	542	564
Other non-current assets	23	1	23
Total non-current assets		**3,270**	**3,265**
Total inventories	25	35	29
Trade receivables	15	895	765
Contract assets	4/15	379	475
Other current receivables	15	195	185
Total receivables		**1,468**	**1,425**
Cash and cash equivalents	**16**	**369**	**472**
Total current assets		**1,873**	**1,927**
TOTAL ASSETS		**5,143**	**5,191**

Consolidated statement of financial position 31 December
NRC Group

(Amounts in NOK million)	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Paid-in-capital			
Share capital	17	73	73
Treasury shares		0	0
Other paid-in capital		2,323	2,323
Other equity			
Translation reserves		146	48
Hedge reserve	24	-6	12
Retained earnings		-107	-145
Total equity attributable to owners of the parent		**2,429**	**2,310**
Non-controlling interests		0	2
Total equity		**2,430**	**2,312**
Pension obligations	18	9	11
Interest-bearing non-current liabilities	19	913	1,095
Deferred taxes	10	0	1
Other non-current liabilities	23/24	7	0
Total non-current liabilities		**929**	**1,106**
Interest-bearing current liabilities	19	218	328
Total interest-bearing current liabilities		**218**	**328**
Trade payables		572	504
Contract liabilities	4	341	305
Public fees payable		194	143
Tax payable	10	1	1
Other current liabilities	20/21	458	492
Total current liabilities		**1,784**	**1,773**
Total equity and liabilities		**5,143**	**5,191**

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 2022	**73**	**0**	**2,325**	**-3**	**12**	**213**	**2,619**	**2**	**2,622**
Profit/loss for the period	-	-	-	-	-	-363	-363	-1	-364
Other comprehensive income	-	-	-	15	36	5	56	-	56
Employee share program	-	-	5	-	-	-	5	-	5
Share-based payments	-	-	0	-	-	-	0	-	0
Acquisition of treasury shares	-	0	-7	-	-	-	-7	-	-7
Total changes in equity	**0**	**0**	**-2**	**15**	**36**	**-358**	**-309**	**-1**	**-310**
Equity at 31 December 2022	**73**	**0**	**2,323**	**12**	**48**	**-145**	**2,310**	**2**	**2,312**
Equity at 1 January 2023	**73**	**0**	**2,323**	**12**	**48**	**-145**	**2,310**	**2**	**2,312**
Profit/loss for the period	-	-	-	-	-	38	38	-1	37
Other comprehensive income	-	-	-	-17	98	0	81	-	81
Employee share program	-	-	3	-	-	-	3	-	3
Share-based payments	-	-	-	-	-	-	0	-	0
Acquisition of treasury shares	-	0	-3	-	-	-	-3	-	-3
Total changes in equity	**0**	**0**	**0**	**-17**	**98**	**38**	**119**	**-1**	**118**
Equity at 31 December 2023	**73**	**0**	**2,323**	**-6**	**146**	**-107**	**2,429**	**0**	**2,430**

Consolidated statement of cash flows
NRC Group

(Amounts in NOK million)	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year		37	-364
Tax expense	10	8	51
Income taxes paid	10	3	-13
Net financial items	9	59	57
Gain from disposal of subsidiary	8	-40	0
Depreciation, amortisation and impairment	12/13/14	211	574
Share of profit from associates and joint ventures	27	2	15
Gain from sale of property, plant and equipment	13	-21	-32
Change in trade receivables	15	-130	163
Change in contract assets and contract liabilities	4	132	-241
Change in inventories	26	-6	-1
Change in trade payables		68	146
Change in other accruals and unrealised foreign exchange		53	-118
Net cash flow from operating activities		**376**	**235**
Payments for property, plant and equipment	13	-35	-47
Payments for acquisition of subsidiaries, net of cash acquired	2	-17	-24
Investments in associates and joint ventures	27	-2	-14
Proceeds from sale of property, plant and equipment	13	30	55
Disposal of companies, net of cash disposed		97	0
Proceeds from sale of shares and other investments		17	0
Net cash flow from investing activities		**89**	**-29**
Net proceeds from issue of shares		-1	0
Net proceeds from borrowings	19	395	0
Repayments of borrowings	19	-681	-147
Payments of lease liabilities	19	-184	-171
Interest received	9	11	9
Interest paid	9	-93	-55
Proceeds from sale of treasury shares		3	4
Acquisition of treasury shares		-3	-7
Net cash flow from financing activities		**-553**	**-366**
Net change in cash and cash equivalents		**-88**	**-160**
Cash and cash equivalents as at 1 January		**472**	**626**
Effects of exchange rate changes on cash and cash equivalents		-15	6
Cash and cash equivalents as at 31 December	**16**	**369**	**472**
Hereof presented as:			
Free cash		369	472
Restricted cash		0	0

Notes to NRC Group accounts

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 2 April 2024.

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 in the Alternative performance measures and definitions.

1.2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2023. 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.

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. Leasing payments under IFRS 16, and interests paid are presented as part of financing activities.

1.2.4 Changes in accounting policies
IASB has 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 were applicable for annual periods beginning on or after 1 January 2023. The Group has for the 2023 annual report revisited 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)

<u>Impacts of the global economy</u>

The direct impact of global events such as the wars in Ukraine and Gaza, high inflation and increased interest rates has been limited for the Group. Our business model is resilient and yields good protection against increasing material prices. In addition to frequently used index adjustments, the customer predominantly takes the risk on sector specific materials within rail infrastructure. The Group monitors the development, including both direct and indirect effects, and is actively evaluating opportunities to limit risk in the project portfolio. The 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 the Sustainability section of the Annual report, and in the Group's Sustainability Report for 2023. 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.*

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 2023

The Group had no business combinations in 2023. A net cash inflow of NOK 7 million in 2023 is related to prior year acquisitions.

Business combinations in 2022

The Group had no business combinations in 2022. A net cash outflow of NOK 24 million in 2022 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 Adjusting items (explained in the APM section). 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 revnue		Share of Group revenue	
		2023	2022	2023	2022
Customer	**Segment**				
Trafikverket	Sweden	77%	71%	21%	21%
Finnish Transport and Infrastructure Agency	Finland	60%	61%	24%	22%
Bane Nor	Norway	59%	34%	19%	12%

	Norway		Sweden		Finland		Others and eliminations		Consolidated	
(Amounts in NOK million)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
External	2,401	2,571	1,578	1,877	2,753	2,582	0	0	6,732	7,030
Inter-segment	-265	-198	299	203	0	0	-33	-5	0	0
Total revenue	**2,136**	**2,373**	**1,877**	**2,080**	**2,753**	**2,582**	**-33**	**-5**	**6,732**	**7,030**
EBITDA adj.	**184**	**173**	**43**	**-7**	**142**	**204**	**-37**	**-34**	**332**	**335**
Depreciation	-103	-93	-39	-42	-54	-48	-1	-1	-197	-185
EBITA adj	**81**	**80**	**4**	**-49**	**88**	**155**	**-38**	**-35**	**135**	**151**
Amortisation of IT software investments	-0	-0	-4	-3	-10	-10	-0	-0	-15	-13
EBIT adj.	**81**	**80**	**0**	**-52**	**78**	**145**	**-38**	**-36**	**121**	**137**
Adjusting items	36	-0	-56	-352	5	-25	-0	-0	-16	-378
Operating profit	**116**	**80**	**-56**	**-404**	**83**	**120**	**-38**	**-36**	**105**	**-240**
Current assets	515	456	412	289	1,216	1,148	-271	48	1,873	1,941
Non-Current assets	1,132	1,232	442	432	1,604	1,488	91	99	3,270	3,250
Total assets	**1,647**	**1,688**	**854**	**721**	**2,821**	**2,636**	**-180**	**147**	**5,143**	**5,191**
Current liabilities	688	759	392	625	1,254	1,237	-551	-847	1,783	1,773
Non-current liabilities	260	290	35	17	261	215	373	584	929	1,106
Total liabilities	**948**	**1,048**	**427**	**642**	**1,515**	**1,452**	**-179**	**-263**	**2,712**	**2,879**
Order backlog	1,537	2,013	2,933	3,160	2,470	2,622			6,940	7,795

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)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Current assets	1,523	2,182	-1,794	-2,134	-271	48
Non-current assets	271	242	-180	-144	91	99
Total assets	**1,794**	**2,424**	**-1,973**	**-2,277**	**-180**	**147**
Current liabilities	1,243	1,286	-1,794	-2,134	-551	-848
Non-current liabilities	552	728	-180	-144	373	584
Total liabilities	**1,795**	**2,014**	**-1,973**	**-2,277**	**-179**	**-263**

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 31 December 2023, the Group has recognised a total of NOK 18,834 million (2022: NOK 12,526 million) in accumulated revenue to date on projects in progress at year-end.

Revenue

(Amounts in NOK million)	**2023**	**2022**
Revenue		
Contract revenue recognised over time	6,224	6,365
Other revenue	508	665
Total revenue	**6,732**	**7,030**
Revenue from public customers	5,526	5,565
Revenue from private customers	1,206	1,465
Total revenue	**6,732**	**7,030**

Total revenue by nature of business by segment

	Norway		Sweden		Finland		Eliminations		Total	
(Amounts in NOK million)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Rail construction	1,006	739	1,130	1,266	1,670	1,609	-33	-5	3,806	3,614
Rail maintenance	0	0	622	510	618	540	0	0	1,240	1,050
Civil construction	414	684	169	358	0	0	0	0	583	1,042
Environment	773	979	0	0	0	0	0	0	773	979
Materials	0	0	0	0	450	413	0	0	450	413
Other and eliminations	-56	-29	-44	-54	15	20	0	0	-119	-68
Consolidated revenue	**2,136**	**2,373**	**1,877**	**2,080**	**2,753**	**2,582**	**-33**	**-5**	**6,732**	**7,030**
Revenue from public customers	1,370	1,556	1,682	1,706	2,485	2,304	-11	-1	5,526	5,565
Revenue from private customers	766	817	194	374	268	278	-22	-4	1,206	1,465

(Amounts in NOK million)	2023	2022
Contract costs plus profit less losses to date	18,834	12,526
Less progress billings including advances	18,796	12,356
Work in progress, net	**38**	**170**
Gross amounts due to customers for contract work (contract liabilities)	341	305
Gross amounts due from customers for contract work (contract assets), see note 15	379	475
Total contract value, ongoing contracts	25,036	18,224
Accumulated revenue recognised at year-end	18,834	12,526
Revenues not recognised	6,410	5,698
Expected to be recognised next 12 months	3,775	3,740
Expected to be recognised later	2,635	1,958

OTHER INFORMATION	**2023**	**2022**
Billed amounts retained by customers	7	24
Provision for loss-making projects	5	15
Remaining revenue on loss-making projects	44	180
Order backlog, ongoing projects	6,410	5,698
Order backlog, projects not started	530	2,097
Total order backlog	**6,940**	**7,795**
Expected to be recognised next year	3,775	3,740
Expected to be recognised two years	1,565	1,647
Expected to be recognised in three years or later	1,600	2,409

Note 5:
Salaries and personnel costs

(Amounts in NOK million)	**2023**	**2022**
Salaries	1,361	1,274
Social security taxes	198	178
Pension expenses	166	141
Other personnel costs	54	53
Total	**1,778**	**1,646**
Full time equivalent employees	**1,808**	**1,882**

Note 6:
Executive personnel

Compensation to executive personnel and Board of Directors

(Amounts in NOK million)	**2023**	**2022**
Short-term employee benefits	24	27
Post-employment benefits	2	2
Share-based compensation	1	1
Remuneration Board of Directors	3	2
Total compensation to executive personnel	**30**	**32**

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 2023 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)	**2023**	**2022**
Senior Management Share Option Plan	0.6	1.3
Key Employee Share Option Programme	1.3	1.6
General Employee Share Programme	0.8	1.1
Total	**2.8**	**4.0**

General Employee Share Programme
During 2023 and same as in 2022, 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 3 July 2023, a total of 322,855 shares were sold under this offer with a total discount of approximately NOK 0.7 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 4 May 2023, the option programme for senior management was renewed for two more years, comprising in total 1,500,000 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 401,000 options were outstanding in connection with the Senior Management Option programme. 150,000 new options were formally granted, no options were exercised, and 225,000 options were forfeited during 2023. The weighted average exercise price of the remaining 401,000 options is NOK 20.25. 58,000 of the options expire in March 2024. 233,000 of the options expire in March 2025 and can be vested by 1/3 each year from March 2023 until expiry. 110,000 of the options expire in March 2026. These options can be vested by 1/3 each year from March 2023 until expiry. As Ole Gulsvik, CFO NRC Group ASA and member of the Group Management Team, has resigned after year-end, hence 90,000 of the options have been forfeited after year-end.

There were no settlement, cancellations, or modifications to the awards in 2023. 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. At year-end, 798,500 options were outstanding related to the key employee programs in total.

As per year-end, a total of 248,000 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. 40,500 options were forfeited during 2023 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 2023.

As per year-end, a total of 545,500 options are outstanding in connection with the option programme from 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. 144,500 options were forfeited during 2022 due to vesting conditions not being satisfied.

There were no settlement, cancellations, or modifications to the awards in 2023. 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:

	2023 number	**2023 WAEP**	**2022 number**	**2022 WAEP**
Outstanding at 1 January	1,459,500	20.9	557,625	35.9
Granted during the year	150,000	20.0	1,186,500	18.4
Exercised during the year	0	0	0	0
Forfeited during the year	-410,000	20.8	-284,625	33.2
Outstanding at 31 December	**1,199,500**	**20.8**	**1,459,500**	**20.9**
Exercisable at 31 December	466,333	20.6	201,333	23.0

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 2023 was 3.0 years (2022: 3.0 years).

The weighted average fair value of options granted during the year was NOK 1.59 per option. Total value of these options aggregated NOK 0.2 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 27.87 (2022: 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:

	2023	**2022**
Weighted average fair values at the measurement date	6.78	6.60
Expected volatility (%)	50.0	50.0
Risk–free interest rate (%)	4.73	2.77
Expected life of share options, months	12-41	12-42
Weighted average share price	27.57	27.51
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)	**2023**	**2022**
Travel expenses	84	73
Office expenses	108	98
External services	40	38
Expenses related to machinery, cars and equipment	416	360
Other operating and administrative expenses	168	134
Total	**815**	**703**

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 merger and acquisition expenses (income), 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, and close-down costs, restructuring costs, and gains or losses arising from the divestments of a business or part of a business.

Other income and expenses

(Amounts in NOK million)	**2023**	**2022**
Gain from sale of Gravco	-40	0
M&A expenses	-7	2
Restructuring items	21	0
Write-down operations to be discontinued	43	0
Total other income and expenses	**16**	**2**

Other income and expenses in 2023 consist of a net gain of NOK 40 million from the disposal of the Gravco business unit completed in Q1 2023, M&A income of NOK 7 million related to previous years' acquisitions, and restructuring cost of NOK 21 million mainly related to the demolition and recycling business and management changes in Sweden. Finally, other income and expenses consist of NOK 43 million in write-downs related to the discontinuation of the Civil business in Sweden from Q1 2023.

The M&A expenses in 2022 were mainly related 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 completed in Q1 2023.

Compensation to auditors

(Amounts in NOK million)	**2023**	**2022**
Statutory audit fees	4.7	3.7
Other assurance engagements	0.0	0.0
Tax related services	0.0	0.0
Other services	0.1	0.1
Total	**4.8**	**3.8**

EY was the Group's auditor for 2023 and 2022. The amounts are reported exclusive of VAT.

Note 9:
Financial income and expenses

(Amounts in NOK million)	**2023**	**2022**
Interest income	11	6
Interest expenses	-85	-62
Net foreign currency gains/(losses)	1	-1
Other net financial expense	15	0
Net financial items	**-59**	**-58**

Negative effects from increased interest rates on the bank loan and leasing debt, and extraordinary financial expenses from buyback and call of the old bond loan, were levelled out by a positive effect of NOK 15 million from termination of the interest rate swap related to the old bond loan refinanced in 2023 (presented as other net financial income). The floating interest on the old bond loan was hedged to a fixed rate of 1.838%. In the fourth quarter of the year, the Group completed the refinancing of the debt structure. The new bond issued in October 2023 carries an interest of three months NIBOR + 4.40% until maturity on 25 September 2027. The three months NIBOR has been hedged to a fixed rate of 3.843% for the full period.

Note 10: **Taxes**

Accounting policy

Deferred tax assets are 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

Net deferred tax assets of NOK 79 million in Norway, NOK 22 million in Sweden and NOK 3 million in Finland 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)	**2023**	**2022**
Deferred tax relates to the following:		
Intangible assets	0	-1
Property, plant and equipment	-12	-14
Right-of use assets	-116	-122
Net contract assets/receivables	-21	-9
Tax allocation reserve, Sweden	-1	-1
Tax losses carried forward	258	243
Lease liabilities	108	114
Pensions	3	3
Other temporary differences	14	5
Total deferred tax assets/ liabilities (-)	**234**	**219**
Deferred tax assets not recognised	-130	-122
Net deferred tax assets/ liabilities (-)	**103**	**97**
Reflected in the consolidated balance sheet as follows:		
Deferred tax assets	103	98
Deferred tax liabilities	0	-1
Net deferred tax assets/ liabilities (-)	**103**	**97**

(Amounts in NOK million)	**2023**	**2022**
Reconciliation of net deferred tax assets/ liabilities (-)		
As of 1 January	97	135
Tax income/ expense (-) during the period	-6	-33
Tax income/ expense (-) during the period, recognised in OCI	5	-5
Effect of foreign currency translation	1	-1
Other	6	2
As of 31 December	**103**	**97**

Total net deferred tax assets of NOK 103 million are split between NOK 79 million in Norway (2022: NOK 79 million), NOK 22 million in Sweden (2022: NOK 18 million) and NOK 3 million in Finland (2022: NOK 0 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 from second half of 2019 to restore profitability, and the improvement programs initiated have yielded improved results for the core divisions including Rail construction and Rail maintenance. As part of the turnaround plan, the loss-making Civil construction business in Karlstad was discontinued and disposed during 2023. The EBIT adj. for 2023 ended at break-even, confirming that the ongoing transformation process is successful. A solid order backlog for coming years, a strong and interesting tender pipeline, and continued improved project control and tender processes, are expected to drive further improvements going forward.

Based on management's assessment of future taxable profit and future tax optimisation, total deferred tax assets of NOK 130 million (2022: NOK 122 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. No expenses related to non-recognised deferred tax asset have been recognised in 2023.

The Group has total tax losses carried forward of NOK 482 million in Norway (2022: NOK 443 million) and NOK 740 million in Sweden (2022: NOK 708 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)	2023	2022
Current income tax charge	2	17
Change in deferred tax	6	33
Tax expense/ income (-)	**8**	**51**

Tax related to other comprehensive income

(Amounts in NOK million)	2023	2022
Items that may be reclassified to profit and loss	-5	4
Items that will not be reclassified to profit and loss	0	1
Tax expense/ income (-) included in OCI	**-5**	**5**

Reconciliation of tax expense and accounting profit

(Amounts in NOK million)	2023	2022
Net income/ loss (-) before tax from continuing operations	45	-313
Estimated tax on income before tax	9	-63
Effect of permanent differences	-4	78
Effect of tax assets being (-)/ not being recognised	0	34
Other	2	2
Income tax expense/ income (-)	**8**	**51**

The tax rates for Norway, Sweden and Finland are 22%, 20.6% and 20%, unchanged from 2023. No changes in tax rates are expected for 2024.

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.

	2023	**2022**
Earnings per share (ordinary), NOK	0.52	-4.98
Profit/loss for the year attributable to shareholders of the parent, NOK million	38	-363
Weighted average externally owned shares	72,825,920	72,855,963
Effect of dilution from share options	1,485,200	1,255,256
Weighted average externally owned shares adjusted for dilution	**74,311,119**	**74,111,219**

	2023	**2022**
Earnings per share (diluted), NOK	0.51	-4.98

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 2023 year-end of NOK 2,422 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. Most sensitive to impairment is our operation in Sweden and Finland with book value of goodwill of SEK 270 million and EUR 125 as of 31 December 2023, respectively. The current headroom of approximately SEK 120 million and EUR 8 are most sensitive to the discount rate and the estimated future margin.

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. Specific risks may include more extreme weather that can impact the Group's operating processes negatively, and changes in regulatory requirements concerning emissions from fossil fuel, waste management and usage of materials and potential increased costs if not planned/managed well. Additionally, requirements to invest more in fossil free construction machines could increase capital expenditures and leasing payments. Any consequences of these risks are considered in the impairment test of goodwill. No such effects were identified related to the impairment test in 2023 or 2022.

Goodwill and other intangible assets

(Amounts in NOK million)	**Goodwill**	**Other intangible assets**	**Total**
Carrying amount as at 01/01/2023	**2,364**	**32**	**2,396**
Translation differences	105	2	108
Additions and adjustments	0	12	12
Disposals	-48		-48
Amortisation for the year	0	-15	-15
Impairment for the year	0	0	0
Carrying amount as at 31/12/2023	**2,422**	**31**	**2,453**

Acquisition cost	2,774	278	3,052
Accumulated amortisation	0	-241	-241
Accumulated impairment	-352	-6	-358
Carrying amount as at 31/12/2023	**2,422**	**31**	**2,453**

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 1/1/2022	**2,666**	**63**	**2,729**
Translation differences	50	3	53
Acquisitions	0	4	4
Additions and adjustments	0	-38	-38
Disposals	-352	0	-352
Amortisation for the year	50	3	53
Impairment for the year	0	4	4
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**

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)	**2023**	**2022**
Norway	727	778
Sweden	273	255
Finland	1,422	1,331
Total	**2,422**	**2,364**

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 2023, NRC Group's share price, operating losses in Sweden and negative profitability development in Finland 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 2024 – 2028 are based on projections approved by the Board. Revenue growth in average per year used in the impairment tests were 4.4% in Norway, 1.6% in Sweden and 3.2% in Finland. The revenue growth assumptions are supported by the current order backlog and external information such as the tender pipeline and the national transport plan in each country.

The discount rate before tax is 11.6% for Norway, 10.0% for Sweden and 10.5% for Finland. For the years subsequent to 2028, a terminal growth of the net cash flow of 2.00% has been applied for all segments.

Sensitivity
The calculation of value in use is sensitive to the estimates of revenues, project margin, discount rate and terminal growth. Most sensitive to impairment is our operation in Sweden and Finland with book value of goodwill of SEK 270 million and EUR 125 as of 31 December 2023, respectively. The current headroom of approximately SEK 120 million and EUR 8 are most sensitive to the discount rate and the estimated future margins.

The pre-tax discount rate applied is 10.0% in Sweden and 10.5% in Finland. Changes that may lead to an impairment in Sweden are an increase in the discount rate with more than 1.5 percentage points or reduced terminal EBIT margin of 0.7 percentage points. The assumption for terminal growth in Sweden is 2.00%. A terminal growth of zero will not lead to impairment. Changes that may lead to an impairment in Finland are an increase in the discount rate with more than 0.4 percentage points or reduced terminal EBIT margin of 0.4 percentage points. The assumption for terminal growth in Finland is 2.00%. A terminal growth of less than 1.4% would lead to impairment.

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

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 2023, 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 1/1/2023	**15**	**169**	**184**
Translation differences	0	9	9
Additions	0	36	36
Disposals	-13	-12	-25
Depreciation for the year	-0	-35	-35
Carrying amount as of 31/12/2023	**2**	**168**	**170**

Total cost	2	404	406
Accumulated depreciation	0	-236	-237
Accumulated impairment	-	-	-
Carrying amount as of 31/12/2023	**2**	**168**	**170**

Property, plant and equipment cont.

(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**

Note 14:
Right-of-use assets

Accounting policy

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 4.49%.

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)	**2023**	**2022**
Land, offices and buildings	91	73
Machinery, cars and equipment	451	491
Total ROU assets	**542**	**564**

Depreciation charge during the year:

(Amounts in NOK million)	2023	2022
Intangible assets	0	0
Land, offices and buildings	31	30
Machinery, cars and equipment	130	121
Total depreciation expense	**160**	**151**
Interest expense on lease liabilities	20	11
Lease expense - short-term and low-value leases	155	132
Total cash outflow for all leases	339	302
Addition of ROU assets during the financial year	142	192

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)	2023	2022
Trade receivables	901	772
Provisions for expected losses	-6	-7
Trade receivables – net	**895**	**765**
Contract assets	379	475
Other current receivables	195	185
Total current receivables	**1,468**	**1,425**

Age distribution of trade receivables:

(Amounts in NOK million)	2023	2022
Trade receivables not due for payment	**636**	**604**
Up to 30 days	70	93
Between 30 and 90 days	41	42
Over 90 days	154	33
Total receivables due for payment	**265**	**168**
Total trade receivables	**901**	**772**

Trade and other current receivables by currency:

(Amounts in NOK million)	2023	2022
NOK	618	586
SEK	415	381
EUR	435	458
Total current receivables	**1,468**	**1,425**

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)	**2023**	**2022**
Cash and bank deposits	369	472
Restricted cash	0	0
Total	**369**	**472**

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

Cash and cash equivalents per currency:

(Amounts in NOK million)	**2023**	**2022**
NOK	157	389
SEK	-12	-118
EUR	224	201
Total	**369**	**472**

Negative cash in SEK 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 72,858,574 excluding 95,975 own shares (2022: 72,837,893 excluding 116,656 own shares), with a nominal value of NOK 1.00 each. The share capital as of 31 December 2023 totalled NOK 72,954,549 (2022: 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 4 May 2023, the option programme for senior management was renewed for two more years, comprising in total 1,500,000 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 4 May 2025. 131,407 shares have been issued and 401,000 options were granted and outstanding under this programme as per 31 December 2023. 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 798,500 options were granted and outstanding at 31 December 2023. 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 4 May 2023, 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 2024, 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 4 May 2023, 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 2024, but not later than 30 June 2024, 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 2022	72,954,549
Total number of shares on 31 December 2023	72,954,549

Treasury shares
The Company owned 116,656 treasury shares at the beginning of 2023. During 2023, the Company acquired 302,174 treasury shares at a total proceed of NOK 3,3 million. 322,855 of the shares were transferred to the employees participating in the 2023 share programme for employees. At the end of 2023, the Company owned 95,975 treasury shares corresponding to 0.13 % of the total number of outstanding shares. The Board of Directors has a mandate until the Annual General Meeting in the spring of 2024 and no later than 30 June 2024, to acquire up to 7,295,455 of the Company's own shares.

Ownership structure
The number of shareholders as of 31 December 2023 was 4,144, compared with 4,317 as of 31 December 2023. The percentage of issued shares held by foreign shareholders was 56.95%, compared with 56.75 % at year-end 2022.

NRC Group's 20 largest shareholders as of 31 December 2023:

Name	Country	Holding 2023	Stake (%)	Holding 2022
VR-YHTYMÄ OY	FIN	13 336 415	18.28	13 336 415
J.P. MORGAN SE	LUX	7 402 764	10.15	7 402 764
THE BANK OF NEW YORK MELLON SA/NV	BEL	6 894 701	9.45	7 014 701
J.P. MORGAN SE	LUX	3 702 909	5.08	3 702 909
VERDIPAPIRFONDET NORDEA NORGE	NOR	2 172 468	2.98	2 172 468
SBAKKEJORD AS	NOR	1 662 186	2.28	0
CLEARSTREAM BANKING S.A.	LUX	1 409 023	1.93	1 004 173
VERDIPAPIRFONDET NORDEA AVKASTNING	NOR	1 319 412	1.81	1 319 412
GUNNAR KNUTSEN HOLDING AS	NOR	1 252 677	1.72	1 252 677
AVANZA BANK AB	SWE	1 197 004	1.64	1 186 320
SKANDINAVISKA ENSKILDA BANKEN AB	LUX	1 079 017	1.48	1 720 000
HEIM HAUGO AS	NOR	850 745	1.17	850 745
J.P. MORGAN SE	LUX	829 460	1.14	829 460
LGA HOLDING AS	NOR	822 880	1.13	922 880
NORTH SEA GROUP AS	NOR	790 800	1.08	0
NORDEA BANK ABP	FIN	768 569	1.05	603 487
VERDIPAPIRFONDET NORDEA KAPITAL	NOR	680 855	0.93	680 855
VERDIPAPIRFONDET STOREBRAND NORGE	NOR	676 796	0.93	122 601
MELESIO INVEST AS	NOR	671 155	0.92	571 155
VERDIPAPIRFONDET NORDEA NORGE PLUS	NOR	658 078	0.90	669 115
Total number of shares owned by top 20		**48 177 914**	**66.04**	**45 362 137**
Total number of shares		**72 954 549**	**100.00**	**72 954 549**

Shares held by members of the Board of Directors and executive management on 31 December 2023 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	3,000	
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	
Anders Gustafsson	CEO NRC Group	0	0
Ole Anton Gulsvik[1]	CFO NRC Group	145,442	90,000
Arild Moe	EVP & MD NRC Group Norway	239,198	96,000
Harri Lukkarinen	EVP & MD NRC Group Finland	16,962	157,500
Lene Engebretsen	EVP & Head of communications	9,259	51,000
Marianne Kellmer	EVP & Head of HR	4,281	4,000

[1] Including 133,996 shares held by Jodfabrikken AS, a company wholly owned by Ole Anton Gulsvik. As Ole Gulsvik has resigned after year-end, hence the 90,000 share options have been forfeited.

203,333 of the share options to the executive management were exercisable at year-end. See note 7 for further information.

Dividend
Based on the 2023 results and restrictions in the loan agreements, the Board of Directors will not propose a dividend from the year 2023.

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 2023 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)	**2023**	**2022**
Pension expenses		
Defined contribution plans	156	137
Defined benefit plans	5	0
Contractual pension, multi-employer plan, Norway	5	4
Total pension expenses	**166**	**141**
Number of employees covered		
Defined contribution plans	1,809	1,907
Defined benefit plans, active	13	37
Defined benefit plans, pensioners	360	374
Early retirement scheme, Norway (AFP)	512	391
Defined benefit expenses		
Defined benefit plan, net expense	0	0
Actuarial gain and losses recognised in OCI, net of tax	0	-6
Recognised in total comprehensive income	0	-6
Defined benefit obligation		
Defined benefit obligation 1 January	61	91
Current service cost	0	-
Interest cost	2	-
Benefits paid	-10	-8
Actuarial gain (+)/ losses (-)	1	-25
Curtailment	0	-
Currency differences	3	3
Defined benefit obligation 31 December	58	61

(Amounts in NOK million)	**2023**	**2022**
Plan assets		
Plan assets 1 January	52	75
Interest income	2	-
Contribution paid	3	-
Benefits paid	-10	-8
Actuarial gain (+)/ losses (-)	1	-19
Curtailment	0	-
Currency differences	4	4
Plan assets 31 December	52	52
Net defined benefit liability 31 December	**7**	**9**

(Amounts in NOK million)	**31.12.2023**	**31.12.2022**
Actuarial assumptions		
Discount rate	3.80%	3.25%
Salary increase	3.50%	3.70%
Inflation	2.50%	2.50%
Mortality (TyEL)	K2016	K2016
Benefit increase	2.60%	2.70%
Insurance company bonus index	0.25%	0.25%
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)	2023	2022
Interest-bearing non-current liabilities:		
Lease liabilities, financial agreements	183	203
Lease liabilities, operating agreements	158	150
Bond debt	400	600
Other loans and borrowings	172	141
Total interest-bearing non-current liabilities	**913**	**1,095**
Interest-bearing current liabilities:		
Lease liabilities, financial agreements	79	108
Lease liabilities, operating agreements	83	67
Loans and borrowings	55	153
Total interest-bearing current liabilities	**218**	**328**

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 has an unused credit facility of NOK 400 million at year-end. The credit facility was increased from NOK 200 million to NOK 400 million during the refinancing process in Q4 2023. The credit facility is subject to annual renewal.

(Amounts in NOK million)	Amount	NOK	EUR	SEK
Lease liabilities	NOK 552 million	+5.50% - 6.50%	+5.10% - 5.80%	+4.05% - 4.80%
Bond debt	NOK 400 million	3-month NIBOR* +4.40%		
Bank loan	EUR 20.9 million		3-month EURIBOR** + 2.30%	
Credit facility	NOK 400 million	3-month NIBOR +1.60%	3-month EURIBOR +1.60%	3-month STIBOR +1.60%

**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 divided by adjusted EBITDA). During 2023, the margin on the bank loan started at 2.05% and ended at 2.30% at year end. The margin can be in a range of 1.95% to 2.75%. During 2023, the margin on the credit facility was between 1.45% and 1.60 % of the total range of 1.00% and 1.65%. The margin on the amended credit facility valid from 20 October is aligned for all currencies at1.60%. 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)	**2023**	**2022**
NOK	733	987
EUR	342	388
SEK	56	47
Total interest-bearing liabilities	**1,130**	**1,423**

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 2023

(Amounts in NOK million)	1H 2024	2H 2024	2025	2026	2027	2028	2029 ->	Sum
Leasing	93	88	140	98	52	38	45	**552**
Bond	16	16	33	33	427	-	-	**526**
Bank loans	35	34	65	62	72	-	-	**267**
Total	**144**	**138**	**238**	**192**	**550**	**38**	**45**	**1,345**
Hereof interest	34	31	55	47	35	3	2	**207**

The bond matures at 25 October 2027. The bank loan refers to a EUR facility with Danske Bank with quarterly instalments of EUR 1.2 million and final settlement on 1 July 2027. An Amendment and Restatement Agreement related to the existing facilities agreement with Danske Bank was signed on 13 November 2023. Changes in the Agreement concern amongst others a postponed final settlement date of 1 July 2027.

Year-end 2022

(Amounts in NOK million)	1H 2023	2H 2023	2024	2025	2026	2027	2028 ->	Sum
Leasing	96	91	133	97	62	30	49	**559**
Bond	18	18	625	-	-	-	-	**660**
Bank loans	82	80	145	-	-	-	-	**307**
Total	**195**	**189**	**904**	**97**	**62**	**30**	**49**	**1,526**
Hereof interest	29	26	34	5	3	2	1	**100**

Financial covenants

The Company's term facilities with Danske Bank ASA and the NOK 400 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 (related to term loan agreement)): 12 months rolling EBITDA (adjusted for acquisition costs and certain non-recurring items) divided by the 12 months rolling net financial expenses excluding interest expenses related to the bond loan.
- Interest coverage ratio (related to bond loan agreement): 12 months rolling EBITDA (adjusted for acquisition costs and certain non-recurring items) divided by the 12 months rolling net financial expenses.
- Leverage ratio: Net interest-bearing debt in relation to adjusted 12 months rolling EBITDA
- Equity ratio: Equity in relation to total assets

Term loan and overdraft facility:

	2023		2022	
	Condition	Actual	Condition	Actual
Interest cover ratio, term loan	≥ 3.00	14.21	≥ 3.00	16.54
Leverage ratio, term loan	≤ 3.50	2.29	≤ 3.50	2.78
Equity ratio, term loan	> 25%	47%	> 25%	45%
Borrowing base	≤ 60% of AR*	0%	NA	NA

**Drawdowns on the Group's NOK 400 million multi-currency overdraft facility can maximum be 60% of last month's book value of the Group's accounts receivables (AR). Minimum twice a year, clean-downs the overdraft facility should be made.*

There have been no breaches of the financial covenants related to the term loan or overdraft facility in 2023 or 2022. 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.

Bond loan:

	2023		2022	
	Condition	Actual	Condition	Actual
Interest cover ratio, bond	>2.50	5.67	>2.50	5.88
Equity ratio, bond	> 25%	47%	> 25%	45%

There have been no breaches of the financial covenants related to the bond loan in 2023 or 2022.

The new NOK 400 million bond agreements includes for certain transactions such as paying dividend and taking on new loan agreements, requirements of an incurrence test with leverage ratio < 3.5 compared to actual 2.3 on 31 December 2023. The leverage ratio in respect of dividend distributions increased to 3.0 Paying dividend is restricted to 50% of any net income for the year. No dividend is proposed for 2023.

Changes in interest-bearing liabilities arising from financing activities:

(Amounts in NOK million)	**2023**	**2022**
Interest-bearing liability at 1 January	1,423	1,518
Net proceeds from borrowings	395	0
Repayment of borrowings	-681	-147
Payments of lease liabilities	-184	-171
Leasing liabilities, net of additions, terminations and adjustments	124	196
Currency adjustment	54	27
Interest-bearing liability at 31 December	**1,130**	**1,423**

Note 20:
Other current liabilities

(Amounts in NOK million)	**2023**	**2022**
Accrued salaries etc	265	266
Accrued project expenses	105	133
Provisions	15	20
Other current liabilities	73	74
Total	**458**	**492**

Note 21:
Provisions

<u>Accounting policy</u>

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**	**Restructuring provisions**	**Total provisions**
Opening Balance 1 January 2023	**5**	**15**	**0**	**20**
Translation differences	0	1	0	1
Acquisitions	1	3	2	6
Arising during the year	3	1	0	4
Utilised	-1	-13	0	-13
Unused amounts reversed	-1	-2	0	-2
Closing Balance 31 Decemeber 2023	**8**	**6**	**2**	**15**

Provisions cont.

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

Note 22:
Pledged assets, guarantees and security

Bank loans amounting to EUR 20.9 million and an unused credit facility of NOK 400 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 1,520 million. Leasing liabilities amounting to NOK 503 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 542 million.

The Group has framework agreements with Tryg Garanti/ Tryg Forsikring A/S (utilised NOK 289 million out of NOK 450 million), Nordic Guarantee (utilised NOK 58 million out of NOK 250 million), House of Guarantees AS (utilised NOK 71 million out of NOK 200 million), Euler Hermes Norge (utilised NOK 146 million out of NOK 200 million), Garantia Insurance Company Ltd (utilised EUR 22 million of EUR 30 million) and Standard Garanti Forsikring AS (utilised NOK 9 million out of NOK 9 million). The Group also has framework agreements with Atlas Garanti AS (NOK 100 million) and IAM Insurance AS (NOK 100 million) that are not utilised. 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. In addition, the Group have issued parent company guarantees of a total amount of NOK 96 million.

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 2023

(Amounts in NOK million)	Balance sheet on 31 December 2023	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	1		1			
Total inventories	35					35
Trade receivables	895		895			
Contract assets	379		379			
Other current receivables	195		30			165
Cash & cash equivalents	369		369			
Total	**1,874**		**1,673**	**0**	**0**	**200**
Pension obligations	9					9
Non-current financial liabilities	7			7		
Interest-bearing non-current liabilities	913				913	
Deferred tax	0					0
Other non-current liabilities	0			0		
Interest-bearing current liabilities	218				218	
Trade payables	572				572	
Contract liabilities	341					341
Public fees payable	194					194
Tax payable	1					1
Other current liabilities	457					457
Total	**2,712**	**0**	**0**	**7**	**1,702**	**1,002**

Financial instruments per category 2022

(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	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**

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				
Derivatives defined as hedging instruments			15	0
Total at 31 December 2022	**0**	**0**	**15**	**15**
Financial assets at fair value through profit or loss				
Derivatives defined as hedging instruments				
Total at 31 December 2023	**0**	**0**	**0**	**0**

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				
Derivatives defined as hedging instruments				
Total at 31 December 2022	**0**	**0**	**0**	**0**
Financial liabilities at fair value through profit or loss				
Derivatives defined as hedging instruments			7	7
Total at 31 December 2023	**0**	**0**	**7**	**7**

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 20.9 million loan in Danske Bank hedges the net investment in Finland.

Net foreign exchange gains totalled NOK 1 million in 2023 (2022: NOK -1 million).

The NOK/SEK rate of exchange as of 31 December 2023 was 1.013 (2022: 0.9453), while the average of the monthly average rates used to translate the income statement was 0.9984 (2022: 0.9506). The NOK/EUR rate of exchange as of 31 December 2023 was 11.2405 (2022: 10.5138), while the average of the monthly average rates used to translate the income statement was 11.4549 (2022: 10.1021).

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)	**2023**	**2022**
Change in SEK rate	**-5 %**	**-5 %**
Effect on net income	2	23
Effect on equity	-21	-15
Effect on net interest-bearing debt	3	8
Change in EUR rate	**-5 %**	**-5 %**
Effect on net income	-4	-5
Effect on equity	-56	-48
Effect on net interest-bearing debt	6	9

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 400 million bond issued in October 2023 carries an interest of 3 months NIBOR + 4.40% until maturity 25 October 2027. The 3 months NIBOR has been hedged to a fixed rate of 3.843% for the full period using an interest rate swap. The bond creates an exposure to pay 3 months NIBOR interest on the NOK 400 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 3.843%. As the interest rate swap is based on the same notional, settlement dates and maturity as the bond, the hedge ratio is 100%. The interest rate swap related to the old bond was terminated in 2023, and accumulated OCI effects were hence recognised in the profit and loss statement, leading to a positive financial income of NOK 15 million. The fair value of the new interest rate swap was NOK -7 million at year-end (2022: NOK 15 million). The net effect interest rate swap related to the old bond and the interest swap related to the new bond impacts OCI negatively with NOK 17 million in 2023 (NOK 15 million in positive effect in 2022).

Net interest expense for 2023 amounts to NOK 59 million (2022: NOK 57 million). An increase in interest rate of 1 percentage point would have increased interest on debt by approximately NOK 8 million in 2023 (2022: NOK 9 million).

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.

82% of the revenues for 2023 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 2023, the Group has provisions of NOK 6 million (2022: NOK 7 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 769 million in liquid reserves at the end of the year, compared with NOK 672 million in liquid reserves at the end of the previous year. Restricted bank deposits totalled NOK 0 million (2022: NOK 0 million) and total cash were NOK 369 million (2022: NOK 472 million). In addition, the Group had year-end 2023 an unused credit facility of NOK 400 million, increasing the availability to the cash reserves for almost all subsidiaries. The Group increased the multi-currency credit facility from NOK 200 million to NOK 400 million during the year.

Total short-term interest-bearing debt including leasing liabilities at the year-end that are due to be paid during 2023 amounts to NOK 218 million (2022: NOK 328 million to be paid in 2023).

Moreover, the Group has total current liabilities excluding interest-bearing debt as of 31 December 2023, totalling NOK 1,562 million (2022: NOK 1,445 million). Total current assets amounted to NOK 1,873 million compared to NOK 1,927 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 2.3.

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)	**2023**	**2022**
Raw materials and materials for resale	21	21
Finished goods	14	8
Total inventories	**35**	**29**

Inventory relates to the Finish operations. No write-downs to inventory have been made in 2023. 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. 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 Kept AS, Norway
Gunnar Knutsen AS, Norway
Asker Miljøpark AS, Norway
NRC Vedlikehold AS, Norway
Nordic Railway Construction Group Holding Sverige AB
Nordic Railway Construction Sverige AB (previously named NRC Underhåll AB), Sweden
Signal & Banbyggarna i Dalarna AB, Sweden
Järnvägskonsulterna Bollnäs AB, Sweden
Gästrike Signal & Projektering AB, Sweden 2)
Nordic Railway Construction Group Sverige AB, Sweden
NRC Holding Finland Oy, Finland
NRC Group Finland Oy, Finland

Accounting policy

The Group holds an investment in an associated company, AGN Haga AB, accounted for according to the equity method. The financial statements of AGN Haga AB are prepared for the same reporting period as the Group. The accounting policies is aligned with those of the Group, hence no adjustments related to accounting principles are made when measuring and recognising the Group's share of the profit or loss after the date of the acquisition. 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. The Group assess the need for making any provisions to the Group's share of the results from the associate. More information about this is reflected in the note.

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

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

In 2022, NRC Group 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, net income from AGN Haga AB has not been recognised in NRC Group accounts, and all capital contributions of SEK 15.5 million was impaired in 2022. In 2023, a loss of NOK 2 million has been recognised related to AGN Haga.

On January 24, 2023, AGN Haga received a termination notice from Trafikverket in relation to Station Haga in Gothenburg (E04). The contract in relation to Kvarnberget (E03) was not part of the termination notice. During the first half of 2023, AGN Haga filed an application for reconstruction to the District Court, which was approved on the 22nd of May 2023. In December, the District Court approved to extend the reconstruction period until 19 March 2024 , which was later further extended to June 19 2024. AGN Haga filed a reconstruction plan to the District Court on March 19, and the plan negotionation is scheduled at April 22.

The book value of AGN Haga AB in the Group's annual accounts on 31 December 2023 is NOK 0 million.

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

(Amounts in NOK million)	**2023**	**2022**
Total revenue	950	1,413
Net profit for the year	-68	123
The Group's calculated share of the net profit (20%)	-14	25
Provisions made in the Group accounts	14	-25
The Group's reported share of the net profit	**0**	**0**

The associated company had no discontinued operations or other comprehensive income in 2023 or 2022.

Summary of financial information cont.

(Amounts in NOK million)	2023	2022
Current assets	843	704
Non-current assets	3	61
Current liabilities	624	477
Non-current liabilities	17	34
Equity	**205**	**253**
The Group's calculated share of equity (20%)	41	51
Accumulated provisions made in the Group accounts	-41	-51
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 2023 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

After the balance sheet date, the Group made a strategic decision to restructure parts of the demolition and recycling operations in NRC Kept AS due to prevailing market conditions and negative results in 2023. The restructuring includes the discontinuation of one department within this business affecting approximately 40 employees, sale of machinery and equipment, reductions in overhead costs, and other targeted actions aimed at enhancing the long-term profitability of the Group. The financial impact of the restructuring will be reflected in subsequent financial periods.

NRC Group ASA accounts

Income statement
NRC Group ASA

(Amounts in NOK million)	Note	2023	2022
Operating revenue	**2**	**17**	**15**
Salaries and personnel costs	3	33	31
Depreciation and amortisation		0	0
Other operating and administrative expenses	4	23	20
Operating expenses		**56**	**52**
Operating profit/loss (-)		**-39**	**-37**
Financial income/expenses (-)	5	54	53
Net financial items		**54**	**53**
Profit/loss before tax		**15**	**16**
Tax expense (-)/ income	6	-4	-4
Net profit/loss (-) for the year		**11**	**13**
Allocation of profit/loss:			
Dividend		0	0
Transfer from share premium		11	13
Total allocations		**11**	**13**

Statement of financial position 31 December
NRC Group ASA

(Amounts in NOK million)	Note	31.12.2023	31.12.2022
ASSETS			
Deferred tax asset	6	94	97
Total intangible assets		**94**	**97**
Shares in subsidiaries	7	1,840	1,840
Long-term intercompany receivables	8	180	144
Total financial assets		**2,020**	**1,984**
Total non-current assets		**2,114**	**2,081**
Other receivables	8/12	1,646	1,887
Cash and cash equivalents	9	365	449
Total current assets		**2,011**	**2,336**
TOTAL ASSETS		**4,125**	**4,417**

Statement of financial position 31 December
NRC Group ASA

(Amounts in NOK million)	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Paid-in capital:			
Share capital		73	73
Treasury shares		0	0
Share premium		2,237	2,226
Total equity	**10**	**2,311**	**2,299**
Interest-bearing liabilities		572	741
Total non-current liabilities	**11/13**	**572**	**741**
Interest-bearing liabilities	13	55	153
Intercompany payables	12	1,172	1,212
Public fees payable		2	2
Other current liabilities		13	8
Total current liabilities		**1,242**	**1,376**
Total liabilities		**1,813**	**2,117**
TOTAL EQUITY AND LIABILITIES		**4,125**	**4,417**

The Board of Directors of NRC Group ASA
Lysaker, 2 April 2024

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

Anders Gustafsson, CEO NRC Group ASA

Statement of cash flows
NRC Group ASA

(Amounts in NOK million)	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/loss before tax		8	16
Depreciation, amortisation and impairment		0	0
Net financial items		-47	-53
Change in current receivables		1	-2
Change in trade payables		3	-3
Change in other accruals		4	7
Net cash flow from operating activities		**-32**	**-34**
CASH FLOW FROM INVESTING ACTIVITIES			
Repayment from subsidiaries		61	131
Net effect of cash-pool	12	166	-157
Other long-term investments		17	0
Net cash flow from investing activities		**243**	**-26**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from sale of treasury shares		3	4
Proceeds from borrowings		395	0
Repayment of borrowings		-682	-147
Aquisition of treasury shares		-3	-7
Interest received		126	79
Interest paid		-78	-56
Group contribution received		40	17
Group contribution paid		-95	0
Net cash flow from financing activities		**-295**	**-110**
Net change in cash and cash equivalents		**-84**	**-170**
Cash and cash equivalents as at 1 January		449	619
Cash and cash equivalents as at 31 December	**9**	**365**	**449**

Notes to NRC Group ASA accounts

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% (2022: 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)	**2023**	**2022**
Norway	6	6
Sweden	4	3
Finland	7	6
Total operating revenue	**17**	**15**

Note 3:
Salaries and personnel costs

(Amounts in NOK million)	**2023**	**2022**
Salaries	22	23
Board remuneration	3	3
Social security tax	5	4
Pension costs	2	2
Other personnel costs	0	0
Total	**33**	**31**

The full-time equivalent employees' number for 2023 was 11.6 (2022: 11.3). 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)	**2023**	**2022**
Rent and other office expenses	5	4
External services	6	6
Merger and acquisition expenses	2	1
Other operating and administrative expenses	10	10
Total	**23**	**20**

Compensation to auditors

(Amounts in NOK million)	**2023**	**2022**
Statutory audit	1.4	1.0
Other assurance engagements	0.0	0.0
Tax related services	0.0	0.0
Other services	0.1	0.0
Total excluding VAT	**1.4**	**1.0**

Note 5:
Financial income and expenses

(Amounts in NOK million)	**2023**	**2022**
Interest income from subsidiaries	118	73
Group contribution	0	40
Other interest income	25	6
Currency gain	19	16
Total financial income	**162**	**135**

(Amounts in NOK million)	**2023**	**2022**
Interest cost to subsidiaries	26	14
Other interest and financial expenses	67	52
Currency loss	22	16
Total financial expenses	**115**	**82**

Note 6:
Tax

Tax expense

(Amounts in NOK million)	2023	2022
Tax payable	0	0
Tax expense / income recognised in equity	0	0
Change in deferred tax	-4	-4
Total tax expense (-) / income	**-4**	**-4**

Result before tax

(Amounts in NOK million)	2023	2022
Result before tax	**15**	**16**
Change in temporary differences	-16	-17
Permanent differences	1	1
Basis for tax payable for the year	**0**	**0**
Tax payable	**0**	**0**

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

(Amounts in NOK million)	2023	2022
Tax losses carried forward	-425	-442
Other differences	0	0
Net	**-425**	**-442**
Unrecognised tax benefit basis	0	0
Basis for deferred tax	**-425**	**-442**

(Amounts in NOK million)	2023	2022
Net deferred tax (-)/ tax asset	**94**	**97**
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.

Note 7:
Subsidiaries

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

Note 8:
Non-current and current receivables

(Amounts in NOK million)	**2023**	**2022**
Long-term intercompany receivables (note 12)	180	144
Total non-current receivables	**180**	**144**

(Amounts in NOK million)	**2023**	**2022**
Short-term intercompany receivables (note 12)	1,644	1,846
Group contribution	0	40
Other current receivables	3	2
Total current receivables	**1,647**	**1,887**

Note 9:
Cash and cash equivalents

(Amounts in NOK million)	**2023**	**2022**
Cash and bank deposits	365	449
Restricted bank deposits	0	0
Total	**365**	**449**

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 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**
Profit/loss for the year			11	11
Employee share programme[1)]			3	3
Share-based payments			0	0
Treasury share transactions[1)]		0	-3	-3
Equity as at 31 December 2023	**73**	**0**	**2,237**	**2,311**

[1)] The Company owned 116,656 treasury shares at the beginning of 2023. During 2023, the Company acquired 302,174 treasury shares at a total proceed of NOK 3.3 million. 322,855 of the shares were transferred to the employees participating in the 2023 share program for employees. At the end of 2023, the Company owned 95,975 treasury shares corresponding to 0.13% 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 21 million and an unused credit facility of NOK 400 million are secured by pledge over shares in subsidiaries amounting to NOK 2,000 million (book value NOK 1,840 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. 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 aggregate NOK 239 million at year-end consisting of a EUR 21 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 397 million, including a total receivable from Group companies of NOK 1,573 million and a liability to Group companies of NOK 1,172 million (see note 8 and 9).

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. Currently, there exists one agreement with Mats Williamson. Total expense amounted to NOK 0.2 million for 2023. 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)	**2023**	**2022**
Bond debt	400	600
Other loans and borrowings	172	141
Total interest-bearing non-current liabilities	**572**	**741**

Current interest-bearing liabilities:

(Amounts in NOK million)	**2023**	**2022**
Loans and borrowings	55	153
Other current interest-bearing liabilities	**55**	**153**

The loan and borrowings consist of a EUR 20.9 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 2023 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, 2 April 2024

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

Anders Gustafsson
CEO NRC Group ASA

Auditors report

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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 statement of financial position as at 31 December 2023 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 statement of financial position as at 31 December 2023, 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 material accounting policy information.

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 2023 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 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting 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.

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 2023. 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.

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working world

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 2023 was NOK 2 422 million and make up 47 % of total assets for the group. The carrying amounts, which are allocated to three cash generating units, relates to acquisitions primarily in 2019 and prior years. In connection with the annual impairment test in 2023 management identified several impairment indicators, including the low market capitalization compared to book value of equity, operating losses in Sweden and negative profitability development in Finland. Management has assessed the recoverable amounts of each cash generating unit based on value-in-use (VIU) calculations, which require significant judgement related to estimated future cash flows and discount rates. 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, including identification of cash generating units. 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 in 2022 and 2023 to assess the reasonableness of management forecasts for future cash flows. We agreed the input data used by management to evidence such as actual results, budgeted revenues and project margins in order backlog, and budgets approved by the board of directors. Further we performed sensitivity analyses and 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
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

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

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.

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.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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.

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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.

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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-2023-12-31-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, 2 April 2024
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The auditor's report is signed electronically

Tommy Romskaug
State Authorised Public Accountant (Norway)

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Tommy Romskaug
Statsautorisert revisor
På vegne av: EY
Serienummer: UN:NO-9578-5992-4-2914925
IP: 147.161.xxx.xxx
2024-04-02 13:33:42 UTC

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

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

Reconciliation of EBITA adj. and EBITDA adj.

(Amounts in NOK million)	**FY 2023**	**FY 2022**
Operating profit/loss (EBIT)	**105**	**-240**
Adjusting items		
Gain from sale of Gravco business unit	-40	0
M&A expenses	-7	2
Amortisation and impairment from PPA*	0	376
Restructuring items	21	0
Write-down operations to be discontinued	43	0
Adjusting items total	**16**	**378**
EBIT adj.	**121**	**137**
Depreciation	197	185
Amortisation of IT software investments	15	13
EBITDA adj.	**332**	**335**

Reconciliation of Net cash/net interest-bearing debt position

(Amounts in NOK million)	**31.12.2023**	**31.12.2022**
Long-term leasing liabilities	341	353
Other non-current interest-bearing liabilities	572	741
Short-term leasing liabilities	162	175
Other interest-bearing current liabilities	55	153
Interest-bearing debt	**1,130**	**1,423**
Minus:		
Cash and cash equivalents	369	472
Net interest-bearing debt	**761**	**950**
Minus:		
Total leasing liabilities	503	528
Net interest-bearing debt excl. leasing	**258**	**422**

Reconciliation of Net cash/net interest-bearing debt position

(Amounts in NOK million)	**31.12.2023**	**31.12.2022**
Total inventories	35	29
Total receivables	1,468	1,425
Current assets (ex cash)	**1,504**	**1,454**
Minus:		
Other current liabilities	1,566	1,445
Net working capital	**-62**	**9**

Term	Description
Adjusting items	Adjusting items are material items outside ordinary course of business such as impairment of goodwill, operating profit from businesses decided to be closed down, restructuring costs, gains or losses arising from the divestments of a business or part of a business, M&A expenses, and impacts of the fair value adjustments from purchase price allocations, such as amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation ("PPA")."
Addressable tender pipeline	The total of any tender processes above NOK 30 million expected to be made available during the next 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. Earnings before net financial items and share of profit from associates and joint ventures.
EBIT adj.	Operating profit excluding adjusting items.
EBIT adj. %	Operating profit excluding adjusting items in relation to operating revenues.

Term	Description
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.
EBITDA adj.	EBITDA excluding adjusting items.
EBITDA adj. %	EBITDA adj. excluding adjusting items 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.

Term	Description
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.
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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