NRC Group

20 Nov 2024

Quarterly report

Q3

From the CEO

During the year, NRC Group has faced major challenges. We have implemented several changes and strengthened the organisation for long-term profitable growth.

Substantial changes in the assumptions for the ETM (Electrification of Trønder- and Meråkerbanen) project have negatively affected our profitability and liquidity year-to-date. The project profitability of ETM remained unchanged in the third quarter, awaiting the mediation with the customer. All claims have been thoroughly documented and submitted to Bane NOR, and the mediation is expected to resume in January.

The third quarter results were according to our expectations. The guidance for the full year remains largely unchanged, while we continue to forecast a minimum of 2% EBIT margin next year.

We made material progress in the quarter by strengthening our financial platform with a successful capital raise. Additionally, our bank and bond agreements were re-negotiated. This positions us to execute our long-term strategy leading to more than NOK 10 billion in revenue and an EBIT margin exceeding 5% by 2028.

In Norway, we are pleased with the government's commitment to increased investments in sustainable infrastructure, estimated to reach NOK 32 billion in 2025, with a significant portion allocated to our operational segments. This provides us with many opportunities moving forward. During the quarter, we secured a notable contract for civil and rail work for Stange Station, valued at approximately NOK 180 million.

In Sweden, our largest rail project is currently generating high levels of activity, contributing to positive financial performance in the quarter. The tender pipeline looks promising, and with a focused bidding strategy, we aim to secure new, important contracts and strengthen our order backlog, which is essential moving forward.

We aim to be the most ambitious infrastructure builder in the Nordics.

In Finland, we recently announced two large tramway contracts. The construction phase of Tampere Part 3, valued at approximately EUR 81 million for NRC Group, will commence in December this year. Additionally, as part of the alliance, we secured the development phase of the Western Helsinki tramway contract. If the project advance to implementation, which is most likely, it is expected to start in 2026. Our share of the contract will then be approximately EUR 80 million. Our important transformation program in Finland, designed to improve profitability and competitiveness, is developing according to plan.

Our total order intake for the quarter improved slightly, and the order backlog remains at the same level as in the same period last year. We have solid performance across multiple large projects launched earlier this year and we are actively pursuing new opportunities, with tenders submitted for several major initiatives in this quarter across all three countries. We are therefore well positioned for the important order season for the next two quarters.

Looking forward, we remain optimistic and are confident that margin recovery will take hold. For 2025, we still forecast a minimum 2% EBIT margin for the full year, although the overall result for 2024 is expected to be on the negative side, as previously communicated.

I would like to express my appreciation for the dedicated efforts and resilience our employees have demonstrated throughout 2024. We have welcomed many talented professionals to NRC Group and strengthened our leadership teams across all three countries. Our employees are the cornerstone for profitable growth and essential to reach our long-term targets outlined in the new strategy.

Stay healthy and safe,

Anders Gustafsson,
CEO NRC Group

Group highlights

Third quarter

- Revenue of NOK 2,103 million (NOK 1,844 million), EBIT adj. of NOK 40 million (NOK 80 million) and operating profit margin (EBIT adj. margin) of 1.9% (4.3%). There were no adjusting items for the quarter.
- Operating cash flow of NOK -48 million (NOK 12 million), influenced by an increased net working capital. Net interest-bearing debt increased by NOK 114 million in the quarter to NOK 997 million.
- Order backlog of NOK 6,765 million (NOK 6,613 million) with a book-to-bill ratio of 0.5x in the quarter. Order intake of NOK 969 million (NOK 773 million). Tender pipeline in our core markets remains strong, with high activity levels aimed at strengthening the order backlog for 2025.
- Good progress has been made in the change program in Finland, with a new organisational structure set to launch in January 2025
- Mediation in the ETM (Electrification of Trønder- and Meråkerbanen) project is expected to resume in January 2025
- Improved underlying performance in Sweden. New Managing Director, Tomas Johansson, joined in September, completing the local management team.
- Financial platform significantly strengthened through a private placement of NOK 200 million (with proceeds received during the first week of October), a subsequent repair issue of NOK 50 million, and renegotiated covenants with bank and bondholders

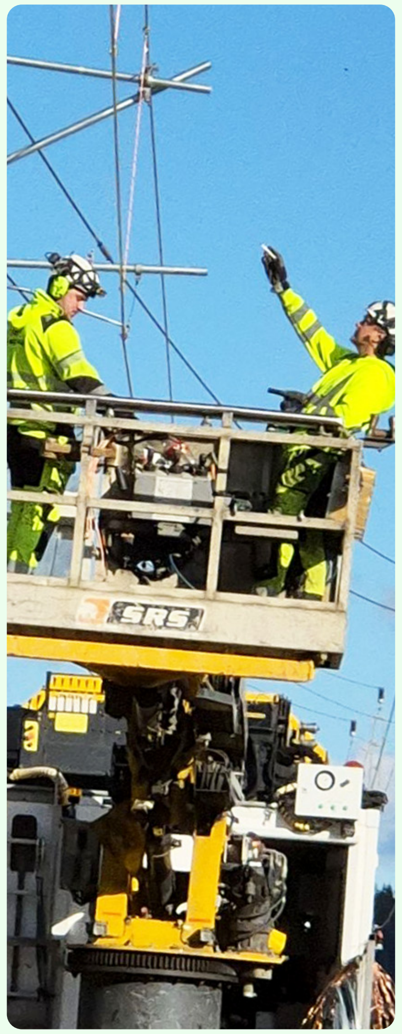
Year-to-date

- Revenue of NOK 5,156 million (NOK 4,932 million), EBIT of NOK -800 million (NOK 88 million) and order intake of NOK 4,789 million (NOK 3,590 million)
- Operating profit (EBIT adj.) of NOK -91 million (NOK 96 million), corresponding to a margin of -1.8% (2.0%). Year-to-date result significantly affected by downward adjustments of approx. NOK 160 million in the second quarter.
- Impairment charges of goodwill of NOK 500 million in Finland and NOK 150 million in Norway in Q2. Restructuring cost of NOK 63 million related to the demolition and recycling business NRC Kept (not included in EBIT adj.).
- Operating cash flow of NOK -167 million (NOK 70 million) and net interest-bearing debt at NOK 997 million (NOK 761 million at year-end 2023)

ORDER BACKLOG Q3 2024

6,765 MNOK

Q3 2023: 6,613 MNOK



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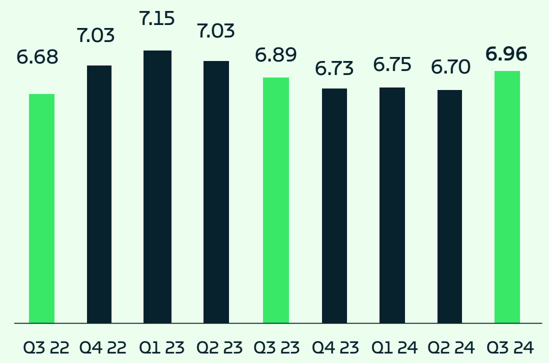
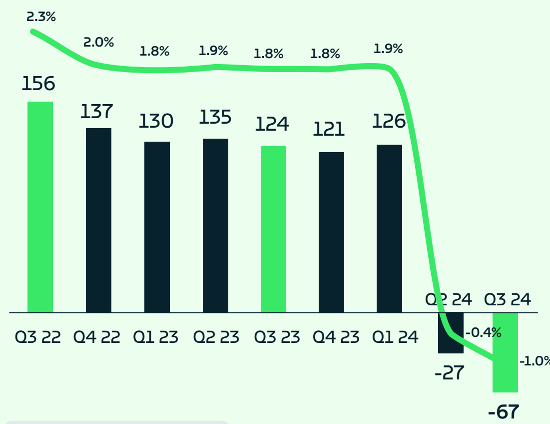
Group Revenue LTM

NOK billion



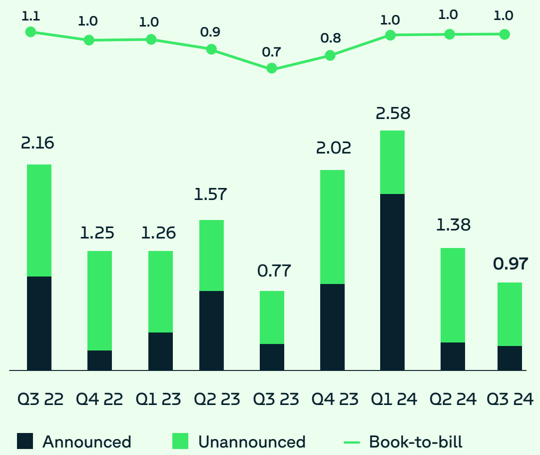
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



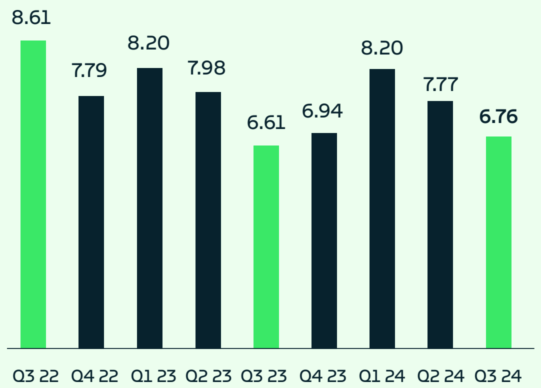
Order Intake & Book-to-bill LTM

NOK billion



Order Backlog

NOK billion



(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Revenue	**2 103**	**1 844**	**5 156**	**4 932**	**6 732**
EBITDA	88	126	-8	247	316
EBIT	40	73	-800	88	105
EBIT adj.	**40**	**80**	**-91**	**96**	**121**
EBIT adj. (%)	**1.9 %**	**4.3 %**	**-1.8 %**	**2.0 %**	**1.8 %**
Order intake	969	773	4 789	3 590	5 632
Order backlog	6 765	6 613	6 765	6 613	6 940
Cash flow from operating activities	-48	12	-167	70	376
Net interest-bearing debt	997	992	997	992	761
Equity ratio	34 %	44 %	34 %	44 %	47 %
LTI	5.1	3.1	5.1	5.8	5.6
Sickness absence (%)	3.4 %	3.5 %	3.6 %	3.7 %	3.8 %

Norway

Third quarter
Revenue in Norway was NOK 569 million (NOK 600 million). EBIT adj. was NOK 13 million (NOK 33 million), with an EBIT adj. margin of 2.2% (5.5%).

NRC Group has thoroughly documented the consequences of significant changes in assumptions relating to ground conditions, tunnel conditions, access to tracks, lack of signal design and incorrect cable mapping, and has submitted claims to Bane NOR regarding the ETM project. The mediation is expected to resume in January 2025. There is a potential for both a negative and positive impact on the project's final financial outcome.

Year-to-date
Revenue amounted to NOK 1,507 million (NOK 1,612 million). The revenue decrease of 7% is due to the project write-down in Rail in Q2 and lower volumes in NRC Kept. EBIT adj. was NOK -31 million (NOK 65 million), which resulted in an EBIT adj. margin of -2.0% (4.0%). The result is negatively affected by NOK 62.5 million write-down of the ETM project in Q2. Furthermore, an impairment charge related to goodwill of NOK 150 million (not part of EBIT adj.) was made in Q2 2024.

A restructuring cost of NOK 63 million (not included in EBIT adj.) was recognised in NRC Kept in first half of 2024, following the challenging markets. The main projects in NRC Kept are well performing.

Members of the management team in Norway have been replaced and Ingvild Storås will take on the role as new Managing Director from January 2025.

Order backlog, order intake and tender pipeline
The order backlog was NOK 1.7 billion at quarter-end, NOK 2.0 billion at the end of last quarter and NOK 1.3 billion in the same quarter last year. The order intake was NOK 282 million (NOK 273 million), giving a book-to-bill ratio of 0.5 in the quarter and 1.2x measured over the last 12 months. The tender pipeline in Norway remains attractive at NOK 8.6 billion, a 0.4 billion increase from last quarter and a NOK 4.2 billion decrease from the same period last year.

ORDER BACKLOG Q3 2024

1,684 MNOK

Q3 2023: 1,347 MNOK

Contracts over NOK 30 million in the quarter:

Client	Value (MNOK)	
Gjermundshaug Anlegg AS	179	Rehabilitation and upgrading of Stange railway station
Peab Anlegg AS	95	Demolition and remediation work at Bodø Airport
Total	**274**	

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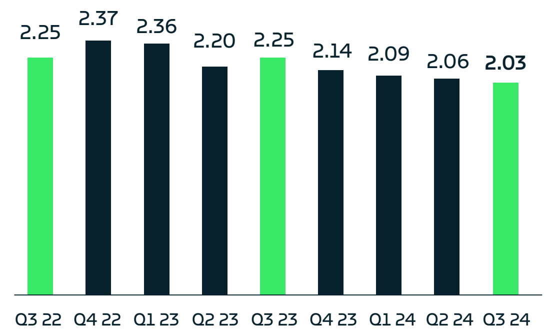
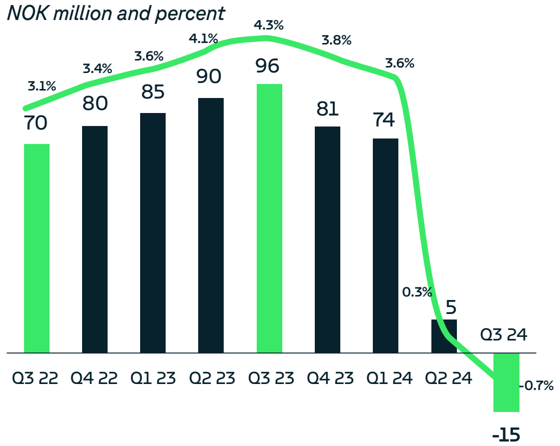
Revenue LTM

NOK billion



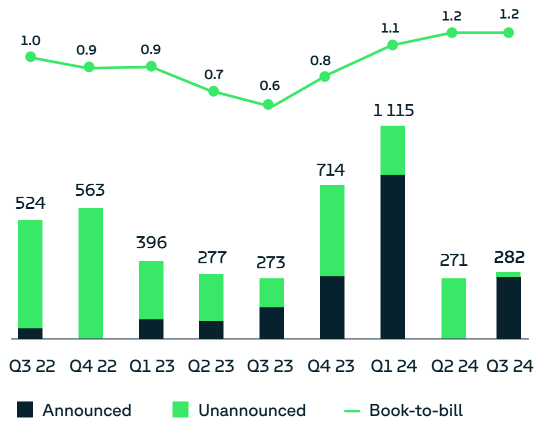
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



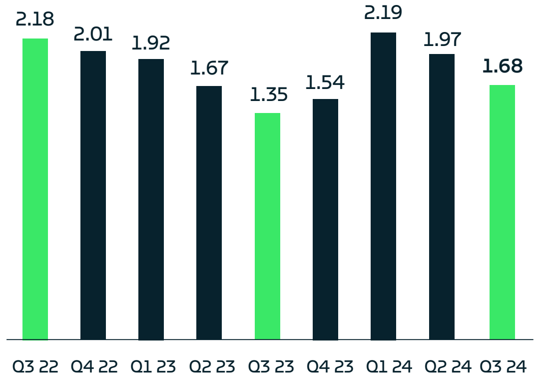
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK billion



(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Revenue	**569**	**600**	**1 507**	**1 612**	**2 136**
EBITDA	34	56	-31	180	220
EBIT adj.	**13**	**33**	**-31**	**65**	**81**
EBIT adj. (%)	**2.2 %**	**5.5 %**	**-2.0 %**	**4.0 %**	**3.8 %**
Order intake	282	273	1 668	945	1 659
Order backlog	1 684	1 347	1 684	1 347	1 537

Sweden

Third quarter
Revenue from Sweden amounted to NOK 701 million (NOK 447 million), driven by high activity in the Piteå track project. EBIT adj. was NOK 10 million (NOK 5 million), with an EBIT adj. margin of 1.4% (1.1%). The underlying performance in Sweden is steadily improving. Furthermore, the new Managing Director, Tomas Johansson, joined the company from September and the local management team is now complete.

Year-to-date
Revenue amounted to NOK 1,575 million (NOK 1,339 million). The revenue has increased due to high volumes in maintenance and the Piteå project and decreased by the ETM write-down in Q2. EBIT adj. was NOK -50 million (NOK -4 million), negatively affected by the NOK 62.5 downward adjustment of the ETM project and a NOK 15 million downward adjustment of a maintenance project in Q2.

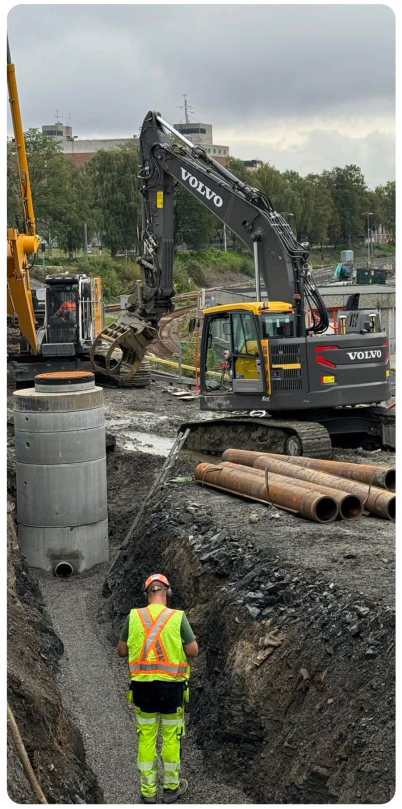
Order backlog, order intake and tender pipeline
The order backlog was NOK 3.0 billion, in comparison to 3.3 billion at the end of last quarter and NOK 2.6 billion in the same quarter last year. The order intake was NOK 294 million (NOK 170 million), yielding a book to-bill ratio of 0.4x in the quarter, and 1.1x measured over the last 12 months.

The tender pipeline is NOK 9.5 billion. The total tender pipeline has increased by NOK 1.5 billion compared to end of Q2 and is on the same level compared to Q3 2023.

REVENUE Q3 2024

701 MNOK

Q3 2023: 447 MNOK



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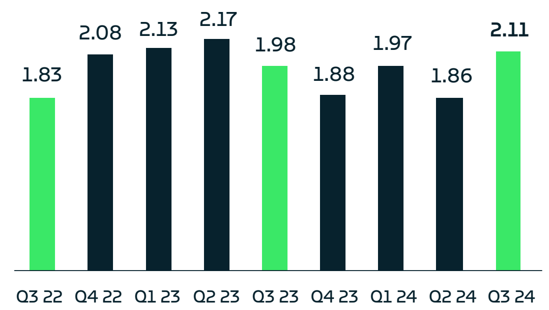
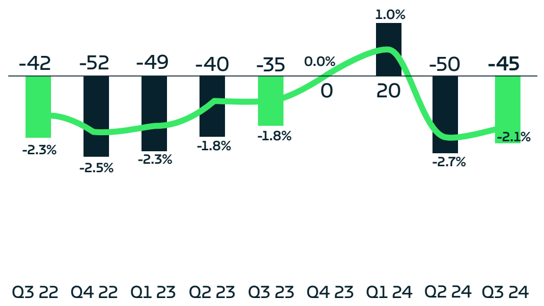
Revenue LTM

NOK billion



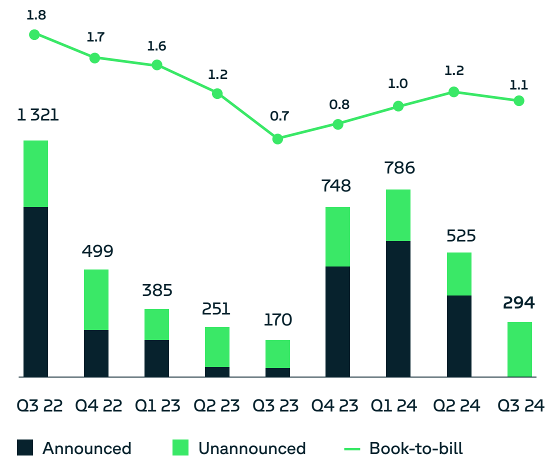
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



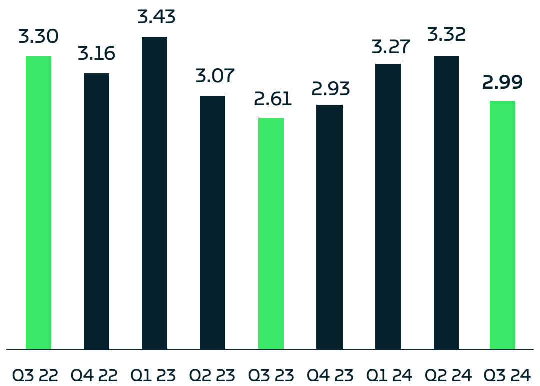
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK billion



(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Revenue	**701**	**447**	**1 575**	**1 339**	**1 877**
EBITDA	19	12	-16	-16	-13
EBIT adj.	**10**	**5**	**-50**	**-4**	**0**
EBIT adj. (%)	**1.4 %**	**1.1 %**	**-3.1 %**	**-0.3 %**	**0.0 %**
Order intake	294	170	1 605	806	1 553
Order backlog	2 986	2 615	2 986	2 615	2 933

Finland

Third quarter
Finland had a revenue of NOK 841 (NOK 805 million) in the quarter. The EBIT adj. was NOK 31 million (NOK 49 million), leading to an EBIT adj. margin of 3.7% (6.1%).

There has been good progress in the quarter with the change program designed to improve profitability and competitiveness. To align organisational capacity with current needs, a 10% workforce reduction is being implemented. A new organisational set-up will be implemented in January 2025.

Year-to-date
Revenue amounted to NOK 2,091 million (NOK 2,002 million). The EBIT adj. was NOK 30 million (NOK 64 million), leading to an EBIT adj. margin of 1.5% (3.2%). The result is negatively affected by the project write-downs of NOK 20 million in Q2 2024. Furthermore, an impairment charge related to goodwill of NOK 500 million (not part of EBIT adj.) was made in Q2 2024, as described further in disclosure "1.3.2 Goodwill and other intangible assets".

Order backlog, order intake and tender pipeline
The order backlog was NOK 2.1 billion at quarter-end, compared to NOK 2.5 billion at the end of last quarter and NOK 2.7 billion in the same quarter last year. The order intake was NOK 393 million (NOK 338 million), resulting in a book-to-bill ratio of 0.5x in the quarter and 0.7x measured over the last 12 months. The tender pipeline in Finland remains strong at approx. NOK 11.8 billion, a decrease of NOK 1.4 billion compared to the tender pipeline three months ago and NOK 0.5 billion compared with the same period last year.

The win of the construction phase of Tampere Part 3 was confirmed in October. The contract is valued at approximately EUR 81 million and will commence in December this year. Additionally, an important agreement with the Western Helsinki tramway alliance, valued at EUR 83 million, was also announced after the quarter end. The construction phase is expected to begin in 2026.

REVENUE Q3 2024

841 MNOK

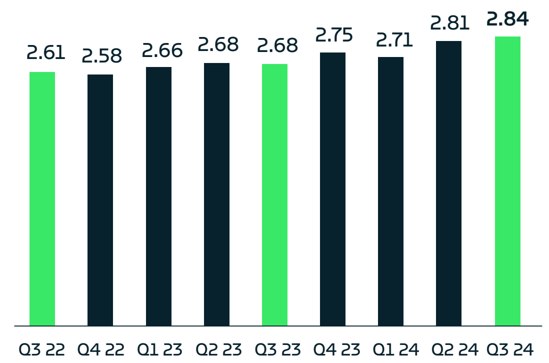
Q3 2023: 805 MNOK

Contracts over NOK 30 million in the quarter:

Client	Value (MNOK)	
Finnish Transport Infrastructure Agency (FTIA)	47	Construction of track with catenary and signalling works at Muurame
Total	**47**	

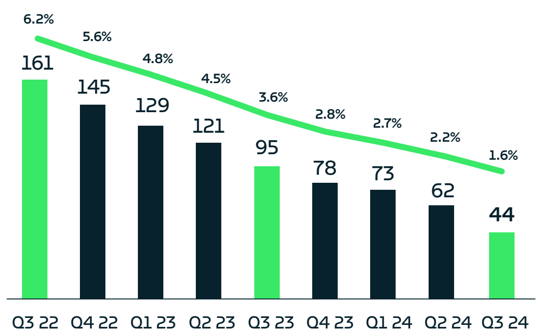
Revenue LTM

NOK billion



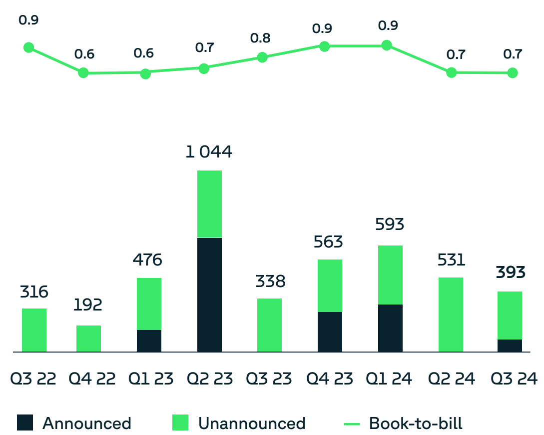
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



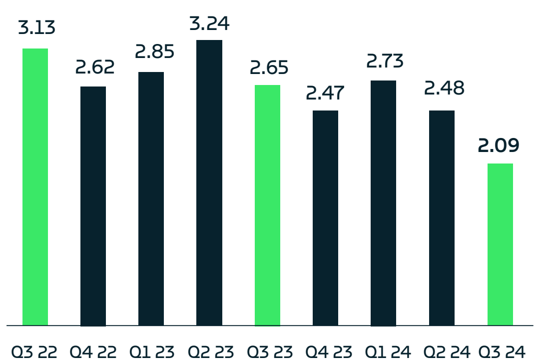
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK billion



(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Revenue	**841**	**805**	**2 091**	**2 002**	**2 753**
EBITDA	48	65	80	111	147
EBIT adj.	**31**	**49**	**30**	**64**	**78**
EBIT adj. (%)	**3.7 %**	**6.1 %**	**1.5 %**	**3.2 %**	**2.8 %**
Order intake	393	338	1 517	1 857	2 420
Order backlog	2 095	2 651	2 095	2 651	2 470

Update on strategy, market and outlook

STRATEGY UPDATE AND MARKETS
Our ambition for the next four years is to become the most ambitious infrastructure builder in the Nordics. The strategic roadmap for profitable growth and long-term value creation is reflected in the new financial targets for 2028.

The updated strategy is founded on clearly defined success factors:

- Delivering operational excellence, ensuring top quality and added customer value
- Building a unified, digital and cost-effective Nordic structure
- Creating a winning culture across the Nordics

Since the presentation of NRC Group's revised strategy at the Capital Markets Day in May, we have made significant efforts toward our 2028 financial and operational goals.

Our financial position has been reinforced through a successful equity raise of NOK 250 million. We have secured some key contracts in the Nordic rail and civil construction sectors, which not only enhance our project pipeline but strengthened our competitiveness in high-demand areas. In line with our strategy to expand into adjacent markets, we are preparing to enter the civil segment in both Finland and Sweden, where we leverage on the existing competencies in ground- and electrical work. Our commitment to operational excellence has been underscored by the recent rollout of a cross-Nordic tendering process. Furthermore, we are focused on improving our project management. As a result, we will streamline the initiation and execution of all major projects, improving both accuracy and efficiency. Additionally, we have implemented a Nordic-wide project portfolio risk model.

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As we continue to invest in our workforce and leadership - enhancing capabilities in project management and engineering, and implementing key actions to digitalise our operations - we will strengthen our Nordic-focused structure and execute complex projects with superior quality and precision.

The adoption of "The NRC Way" is driving a cultural transformation across the Group, creating a unified and collaborative Nordic spirit that fosters innovation, quality, and a shared commitment to sustainability and customer value.

OUTLOOK
For 2024, the Group expect a revenue of approx. NOK 6.6 billion and an EBIT adj. between NOK -60 million and NOK -100 million, due to uncertainty related to the ETM project.

The Group's long-term target is generating more than NOK 10 billion of revenue with an EBIT margin above 5% in 2028. For 2025, the Group still aims for a revenue of approx. NOK 7.0 billion and an EBIT margin above 2%, and with stable growth in margin until the end of the strategy period.

NRC Group has launched its new strategy and aims to become the most ambitious infrastructure builder in the Nordics for the next four years.

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Financial information

CASH FLOW

Third quarter
Net cash flow from operating activities for the third quarter of 2024 was NOK -48 million, compared to NOK 12 million in the same quarter last year. The net working capital increased by NOK 84 million in the quarter.

Net cash flow from investing activities was NOK 5 million, compared to NOK -7 million in the same period last year. This included net proceeds from sale of PPE with NOK 8 million, compared to NOK 9 million in the same period last year.

The net cash flows from financing activities amounted to NOK -73 million for the quarter, compared to NOK -80 million last year. The cash flows include ordinary bank instalments and interests for loans and lease liabilities (financial and operating). The net interest paid was NOK 19 million in the quarter, NOK 1 million lower than the same quarter last year. The Group has a NIBOR hedge linked to the outstanding bond. See further details in the Risks section.

The third quarter net change in cash, including currency impact, was NOK -113 million compared to NOK -82 million last year. Cash at the end of the period amounted to NOK 8 million. In addition, the Group had per third quarter an unused credit facility of NOK 400 million. There are however some covenants from the bank related to this facility, see note 6 to the interim financial statements section for details regarding this.

Year-to-date
Net cash flow from operating activities was NOK -167 million, compared to NOK 70 million in the same period last year. The weakening is mainly caused by a significantly lower EBIT in 2024.

Net cash flow from investing activities was NOK 22 million, compared to NOK 71 million in the same period last year. This included net proceeds from sale of PPE with NOK 56 million, compared to NOK 20 million in the same period last year. In 2023 the sale of the Gravco business unit contributed positively with NOK 97 million in investing cash flow.

The net cash flows from financing activities amounted to NOK -225 million year-to-date, compared to NOK -259 million last year. The cash flows include interests for the bank debt, the bond and for lease liabilities, and instalments for the bank loan and leasing liabilities (financial and operating).

The net interest expense amounted to NOK 60 million, an increase of NOK 7 million compared to the same period last year, primarily driven by higher interest rates on lease liabilities and increased interest costs associated with the credit facility. See further details in the Risks section.

The net change in cash year-to-date, including currency impact, was NOK -361 million compared to NOK -126 million last year. Cash at the end of the period amounted to NOK 8 million. In addition, the Group had per third quarter an unused credit facility of NOK 400 million. See note 6 to the interim financial statements section for details regarding this.

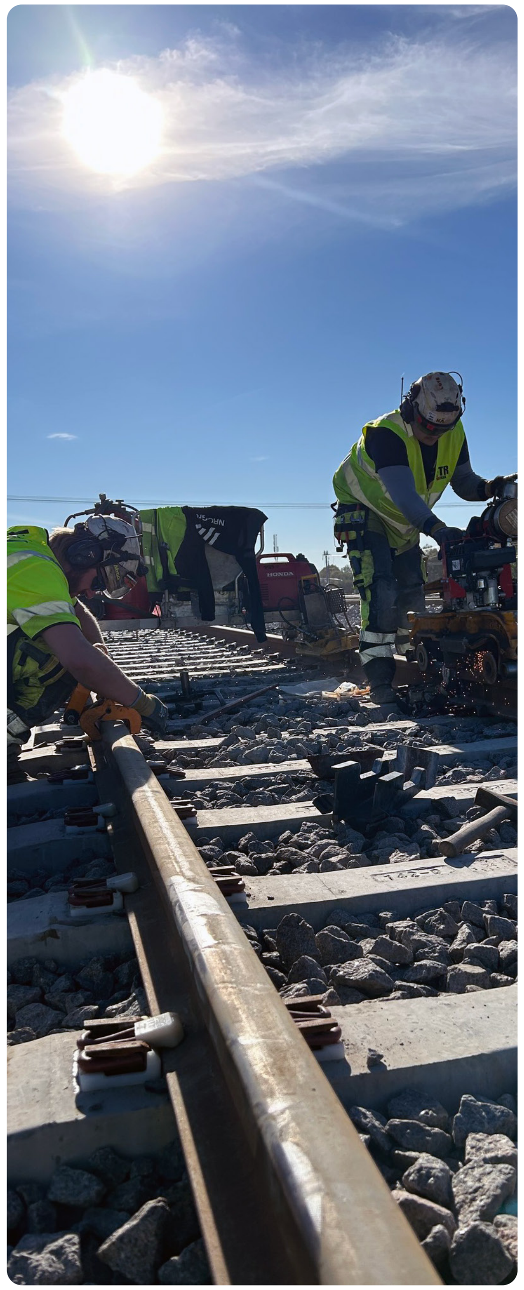
FINANCIAL POSITION

Third quarter
The Group strengthened its financial position by executing a share issue of 200 MNOK (followed by a subsequent issue of 50 MNOK in November), with the proceeds paid in after the end of quarter. Total receivables increased by NOK 205 million to NOK 1,962 million during the quarter. Total assets were NOK 4,591 million, compared to NOK 4,459 million last quarter. The equity ratio was 34% on 30 September 2024.

Interest-bearing liabilities consisted per third quarter of a EUR 17.2 million bank loan, a NOK 400 million bond, and discounted cash flows related to lease agreements, including operating leases under IFRS 16. Total interest-bearing liabilities amounted to NOK 1,005 million at the end of September, including operating lease liabilities of NOK 242 million. Total lease liabilities increased by NOK 16 million to NOK 416 million as the discounted value of the new lease agreements was higher than the lease payments and terminated agreements. The repayment of the EUR bank loan amounted to NOK 14 million in the quarter. The Group is not in breach of any loan covenants at 30 September 2024.

Net interest-bearing debt increased by NOK 114 million during the quarter to NOK 997 million. Net interest-bearing debt excluding lease liabilities increased by NOK 99 million during the quarter to NOK 582 million.

Year-to-date
Intangible assets have decreased by NOK 600 million year-to-date due to goodwill impairment charges of NOK 650 million partly offset by an increase of NOK 50 million due to changes in currency rates. Right-of-use assets has decreased by NOK



101 million partly due to 85 million being reclassified as assets held for sale following the restructuring of NRC Kept in Q1 2024. Total receivables have increased by NOK 493 million to NOK 1,962 million during the year, due to seasonal effects and ETM. Total assets were NOK 4,591 million compared to NOK 5,142 million at year-end 2023. The equity ratio was 34% on 30 September 2024.

Total interest-bearing liabilities amounted to NOK 1,005 million at the end of September, including operating lease liabilities of NOK 242 million. Total lease liabilities decreased by NOK 87 million to NOK 416 million partly due to NOK 80 million being reclassified to liabilities associated with assets held for sale following the restructuring of NRC Kept in Q1 2024. The repayment of the EUR bank loan amounted to NOK 43 million year-to-date. Net interest-bearing debt increased by NOK 236 million year-to-date to NOK 997 million. Net interest-bearing debt excluding lease liabilities increased by NOK 323 million year-to-date to NOK 582 million due to the negative results and cash flow in the period.

Information concerning financial covenants per Q3 2024 is found under note 6 to the interim financial statements section.

RISKS
NRC Group is exposed to i) operational-, ii) financial- and iii) market risks.

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

NRC Group aims to undertake operational risk that the business units can influence and control. NRC Group has developed risk management processes that are well adapted to the business. The processes are uniform across the businesses and countries, in order to build a common and transparent perspective. This includes an analysis of project risk from the tendering phase through to completion, to ensure appropriate pricing and risk management. NRC Group also seeks to minimise the exposure to risks that cannot be managed.

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The mediation with the customer related to the ETM project is expected to resume in January 2025. The mediation has the potential for both a negative and positive impact on the project's final financial outcome. Depending on the outcome, the Group's financial performance, liquidity and leverage may be further affected.

Financial risks include financial market risk, credit risk and liquidity risk. For the Group, the most relevant financial market risks are currency risk and interest rate risk. A Group risk management policy for hedging is implemented to manage this risk. By having operational units in different functional currencies, NRC Group is exposed to currency translation risks related to subsidiaries in Sweden (SEK) and Finland (EUR). The Group has a EUR currency loan to hedge the net investment in Finland. Most transactions in the Group are in local functional currencies.

The Group had total current assets of NOK 2,042 million at the end of the quarter, NOK 158 million lower than the short-term liabilities. Total cash amounted per quarter-end to NOK 8 million, in addition to an undrawn multi-currency credit facility of NOK 400 million. See note 6 to the interim financial statements section for details regarding this.

Group Finance monitors the Group's liquid resources and credit facilities through revolving forecasts based on expected short- and long-term cash flows. The overall cash flow is impacted by seasonal fluctuations, intramonth volatility, working capital volatility in specific projects, underlying profitability, investment activity and financial cash flows. Depending on the outcome of the expected discussions with the customer related to the ETM project mentioned above, the Group's liquidity and leverage ratio may be negatively affected.

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

NRC Group's customers are, to a large degree, municipalities or government agencies. NRC Group considers the risk of potential future bad debt losses from this type of customer to be low.

Market risk relates to the future activity level and competitiveness in the Nordic infrastructure market. The ongoing wars in Ukraine and Middle East, high inflation and increased interest rates have led to volatility in the financial market and uncertainty in the global economic outlook. Due to the situation, the global outlook is more uncertain both related to material prices, supply chain risks, and government spending on infrastructure.

The Group has analysed the direct earnings sensitivity from increasing material and fuel prices. The findings conclude that the direct effect for NRC Group has been limited, and that our business model is resilient and yields good protection against increasing material prices. In addition to frequently used index adjustments, the customer predominantly takes the risk on sector specific materials within rail infrastructure. The Group monitors the development, including both direct and indirect effects, and is actively evaluating opportunities to limit risk in the project portfolio.

Building a low carbon future

We continue monitoring our climate-related risks and opportunities and have disclosed these in our Sustainability Report for 2023 following the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD). We also actively follow the development of the EU Taxonomy and its related legislation, which came into force in Norway 1 January 2023.

Double Materiality Analysis
NRC Group has undertaken a double materiality assessment (DMA) with a third party vendor. The defined material sustainability matters – from both a financial and impact perspective, create a solid foundation for reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD) and enable NRC Group to create more value from sustainability going forward. The DMA is key to determine European Sustainability Reporting Standard (ESRS) disclosure requirements and data points we will report. NRC Group is in the process to finalise the material matters, identify potential gaps and agree on reporting structure and targets, and work in close collaboration with the auditor.

We have undertaken a double materiality assessment (DMA) with a third party vendor.

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Safe workplace

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 with a health and safety system that is certified to the ISO 45001 standard and is independently audited annually. Health and safety training starts at introduction 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 Lost Time Injury (LTI) frequency for the last twelve months was 5.1 in Q3 2024, which is a decrease from the frequency of 6.7 in the same quarter last year (LTM). Subcontractors are included in these figures. We have continued to maintain our record of zero serious or fatal injuries in 2024 (2023: 0). The sickness absence rate decreased slightly to 3.6 % year-to-date 2024, compared to 3.7% in the same period 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 LTM Q3 2024:

5.1

LTM Q3 2023: 6.7

How we do it matters to us

A glimpse into our daily work

On 15 August, we organised a get-to-know-the- worksite day, welcoming over one hundred children and their families to experince our work firsthand. The event started at Hakaniemi's Big Room where we introduced the project, our roles, and the meaningful work we do at NRC Group.

"This special evening not only brought our work community and families closer together, but it also gave the children a glimpse into their parents' daily contributions"

Mikael Kesenci
Project Manager, Crown bridges
NRC Group Finland

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Reducing CO2 Emissions by 24% in one project

Norrköping Freight Yard project is close to completion. We have constructed a new, modern and sustainable freight yard, that will strengthen Norrköping's position as a strategic hub in Sweden going forward. Our work will enable a more efficient integration between the port, motorway, and main rail network for both freight and passenger transport.

"We had a target of 15% CO2 reduction in this project when we started. And we are proud to exceed the expectations from our client, and now delivering about 25% reduction by making better choices in procurement and for logistics. We always strive to find new ways of working to minimise the negative environmental impact".

Mikael Brolin
Site Manager, Norrköping Freight Yard
NRC Group Sweden

New safety standards for "Regjeringskvartalet"

In 2023 the Norwegian government approved funding and the cost framework for reconstructing the Hammersborg and Vaterland Tunnels (Ring 1) to meet safety standards for a new headquarter (Regjeringskvartalet). Managed by the Norwegian Public Roads Administration in collaboration with Statsbygg, this project is being executed with high environmental standards. NRC Kept is conducting demolition work on Ring 1 using biodiesel, biogas, and electric machinery to minimise impact, while recycling materials and reclaiming suitable concrete and brick. By prioritising sustainable practices, we contribute to a safer and more environmentally friendly government quarter.

"We take care to preserve what matters and contribute to a safer and more environmentally friendly facility in collaboration with our partners"

Thor Odd Øigarden
Site Manager
NRC Kept, Norway

Interim condensed consolidated financial statement

Interim condensed consolidated statement of profit or loss

(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Revenue	2 103	1 844	5 156	4 932	6 732
Operating expenses	-2 015	-1 711	-5 104	-4 677	-6 400
EBITDA before other income and expenses	**88**	**132**	**51**	**255**	**332**
Other income and expenses	0	-6	-59	-9	-16
EBITDA	**88**	**126**	**-8**	**247**	**316**
Depreciation	-45	-49	-132	-148	-197
EBITA	**43**	**77**	**-140**	**99**	**119**
Amortisation and impairment	-3	-3	-660	-11	-15
Operating profit/loss (EBIT)	**40**	**73**	**-800**	**88**	**105**
Net financial items	-20	-18	-62	-50	-59
Share of loss from associates and joint ventures	-18	0	-18	0	-2
Profit/loss before tax (EBT)	**2**	**56**	**-881**	**38**	**45**
Taxes	-11	-7	-6	4	-8
Net profit/loss	**-9**	**49**	**-887**	**43**	**37**
Profit/loss attributable to:					
Shareholders of the parent	-9	49	-887	44	38
Non-controlling interests	0	0	0	-1	-1
Net profit / loss	**-9**	**49**	**-887**	**43**	**37**
Earnings per share in NOK (ordinary)	-0.13	0.67	-12.17	0.58	0.52
Earnings per share in NOK (diluted)	-0.13	0.66	-12.17	0.57	0.51

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Interim condensed consolidated statement of profit or loss

(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Net profit/loss	-9	49	-887	43	37
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Translation differences	30	-47	29	90	98
Net gain on hedging instruments	-4	-2	3	2	-17
Total comprehensive profit/loss	**17**	**0**	**-855**	**135**	**118**
Total comprehensive profit/loss attributable to:					
Shareholders of the parent	17	0	-855	136	119
Non-controlling interests	0	0	0	-1	-1
Total comprehensive profit/loss	**17**	**0**	**-855**	**135**	**118**

Interim condensed consolidated statement of financial position

(Amounts in NOK million)	Note	30.09.2024	30.09.2023	31.12.2023
ASSETS				
Deferred tax assets	1	104	96	104
Goodwill	1	1 830	2 413	2 422
Customer contracts and other intangible assets		22	30	31
Intangible assets		**1 956**	**2 540**	**2 557**
Tangible assets		150	175	170
Right-of-use assets		441	528	542
Other non-current assets		1	1	1
Total non-current assets		**2 549**	**3 243**	**3 270**
Total inventories		30	39	35
Total receivables		1 962	1 943	1 468
Cash and cash equivalents		8	346	369
Assets classified as held for sale	5	42	0	0
Total current assets		**2 042**	**2 328**	**1 873**
Total assets		**4 591**	**5 571**	**5 142**
(Amounts in NOK million)				
EQUITY AND LIABILITIES				
Equity				
Paid-in-capital		2 396	2 396	2 396
Other equity		-821	51	34
Total equity attributable to owners of the parent		**1 575**	**2 446**	**2 429**
Non-controlling interests		0	0	0
Total equity		**1 575**	**2 447**	**2 430**
Liabilities				
Pension obligations		9	11	9
Long-term leasing liabilities		272	325	341
Other non-current interest-bearing liabilities	6	532	0	572
Other non-current liabilities		3	0	7
Total non-current liabilities		**816**	**337**	**929**
Short-term leasing liabilities		144	164	162
Other interest-bearing current liabilities	6	58	849	55
Other current liabilities		1 956	1 775	1 566
Liabilities classified as held for sale	5	42	0	0
Total current liabilities		**2 200**	**2 787**	**1 784**
Total equity and liabilities		**4 591**	**5 571**	**5 142**

Interim condensed consolidated statement of cash flows

(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Profit/loss before tax	2	56	-881	38	45
Depreciation, amortisation and impairment	48	52	792	159	211
Taxes paid	-1	-4	-9	-2	3
Net financial items	22	18	63	50	59
Gain from sale of property, plant and equipment	-3	-4	-11	-13	-21
Gain from disposal of subsidiary	0	0	0	-40	-40
Share of loss from associates and joint ventures	18	0	18	0	2
Change in working capital and other accruals	-134	-106	-140	-123	117
Net cash flow from operating activities	**-48**	**12**	**-167**	**70**	**376**
Purchase of property, plant and equipment	-3	-6	-38	-29	-35
Acquisition of companies, net of cash acquired	0	-10	4	-17	-17
Investments in associates and joint ventures	0	0	0	0	-2
Net proceeds from sale of property, plant and equipment	8	9	56	20	30
Disposal of companies, net of cash disposed	0	0	0	97	97
Proceeds from sale of shares and other investments	0	0	0	0	17
Net cash flow from investing activities	**5**	**-7**	**22**	**71**	**89**
Net proceeds from issue of shares	0	-1	0	-1	-1
Net proceeds from borrowings	0	0	0	0	395
Repayment/repurchase of borrowings	-15	-14	-43	-67	-681
Payments of lease liabilities	-41	-46	-124	-137	-184
Interest paid	-19	-20	-60	-53	-82
Net proceeds from acquisition/sale of treasury shares	1	1	2	-1	-1
Net cash flow from financing activities	**-73**	**-80**	**-225**	**-259**	**-553**
Net change in cash and cash equivalents	**-116**	**-74**	**-370**	**-118**	**-88**
Cash and cash equivalents at the start of the period	120	427	369	472	472
Translation differences	4	-7	8	-9	-15
Cash and cash equivalents at the end of the period	**8**	**346**	**8**	**346**	**369**
Hereof presented as:					
Free cash	8	346	8	346	369
Restricted cash	0	0	0	0	0

Interim condensed consolidated statement of changes in equity

(Amounts in NOK million)	Share capital	Treasury shares	Other paid-in capital	Hedge reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2023	**73**	**0**	**2 323**	**12**	**48**	**-145**	**2 310**	**2**	**2 312**
Profit/loss for the period						44	44	-1	**43**
Other comprehensive income				2	90		92		**92**
Employee share program			3				3		**3**
Share-based payments			0				0		**0**
Acquisition of treasury shares		0	-3				-3		**-3**
Total changes in equity	**0**	**0**	**0**	**2**	**90**	**44**	**136**	**-1**	**135**
Equity at 30 September 2023	**73**	**0**	**2 323**	**14**	**138**	**-101**	**2 446**	**0**	**2 447**
Equity at 1 January 2024	**73**	**0**	**2 323**	**-6**	**146**	**-107**	**2 429**	**0**	**2 430**
Profit/loss for the period						-887	-887	0	**-887**
Other comprehensive income				3	29		32		**32**
Total changes in equity	**0**	**0**	**0**	**3**	**29**	**-887**	**-855**	**0**	**-855**
Equity at 30 September 2024	**73**	**0**	**2 323**	**-3**	**175**	**-994**	**1 575**	**0**	**1 575**

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Notes to the interim condensed consolidated statement

1.1 General information

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

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

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

1.2 Accounting policies and basis for preparation

The condensed consolidated financial statements as of 30 September 2024 are prepared in accordance with IFRS® Accounting Standards as approved by the EU and comprise NRC Group ASA and its subsidiaries. The interim financial report is presented in accordance with IAS 34 Interim Financial Reporting. The accounting principles applied in the interim report are the same as those described in the consolidated accounts for 2023.

The interim accounts do not contain all the information that is required in complete annual accounts, and they should be read in connection with the consolidated accounts for 2023. The report has not been audited.

The selected historical consolidated financial information set forth in this section has been derived from the company’s consolidated, unaudited interim third quarter financial report for 2024, and the audited financial report for the full year of 2023.

1.3 Significant estimates and judgement

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

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1.3.1 Revenue from contracts with customers

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

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 was accrued for ETM, a joint Norwegian-Swedish rail project, in Q2 2024. The total ETM project loss for YTD 2024 is NOK 125 million.

1.3.2 Goodwill and other intangible assets

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

In Q2 2024, an impairment charge of EUR 44 million (NOK 500 million) was recognised in the Finland segment. The adjustment was a consequence of recent periods negative profitability development in the segment and lower current hit rate due to an increasingly competitive market, in addition to IFRS requirements. Goodwill related to the Finnish operations per 30 September 2024 is EUR 83 million (NOK 972 million). Restoring profitability in Finland is one of the main priorities for the Group. Measures to improve performance have been identified with ongoing implementation, including optimising the machine fleet, reducing costs, improving resource planning, enhancing project management and risk evaluation processes and restructuring two of the divisions.

The assumptions applied for impairment testing of goodwill in Finland was a pre-tax discount rate of 10.6%, an EBIT margin of 3.2% in the terminal year, and a terminal growth of 2.0%. Small negative changes to the assumptions in the impairment model would lead to further impairment charges. An increase in the discount rate of 1.0% would lead to further impairment of EUR 12 million, while a terminal growth of zero would lead to an impairment of EUR 5 million. A decrease in the EBIT margin of 0.5 percentage points in the terminal year would lead to an additional impairment loss of EUR 12 million.

In Q2 2024, an impairment charge of NOK 150 million was recognised in the Norway segment. The adjustment reflects short-term negative profitability development, reduced activity in the demolition and recycling business (NRC Kept), in addition to IFRS requirements. Remaining goodwill related to the Norwegian operations per 30 September 2024 is NOK 577 million.

The assumptions applied for impairment testing of goodwill in Norway was a pre-tax discount rate of 11.6%, an EBIT margin of 3.2% in the terminal year, and a terminal growth of 2.0%. Small negative changes to the assumptions in the impairment model would lead to further impairment charges. An increase in the discount rate of 1.0% would lead to further impairment of NOK 111 million, while a terminal growth of zero would lead to an impairment of NOK 32 million. A decrease in the EBIT margin of 0.5 percentage points in the terminal year would lead to an additional impairment loss of NOK 96 million.

The goodwill in the Sweden segment was impaired in 2022. There were no indications that the carrying value of NOK 281 million in this segment is impaired.

1.3.3 Purchase price allocation and accounting for contingent consideration in business combinations

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

Contingent considerations will be recognised at fair value at the acquisition date. The contingent consideration can include facts and circumstances not available at the balance sheet date or assumptions related to future events such as meeting earning targets. Estimating the fair value of contingent consideration requires determination of all facts and information available and how this will impact on the calculations. The key assumption is to consider the most likely outcome based on the current state of the target.

1.3.4 Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that deferred tax liability or taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

At 31 December 2023 the Group has total tax losses carried forward in Norway of NOK 482 million and in Sweden of NOK 740 million corresponding to gross deferred tax assets of NOK 106 million in Norway and NOK 152 million in Sweden that can be used to reduce future tax payments. In Norway there were no non-recognised deferred tax assets related to unused tax losses. In Sweden, total non-recognised deferred tax assets related to unused tax losses was NOK 130 million. Net of deferred tax liabilities and non-recognised assets, deferred tax assets of NOK 79 million in Norway and NOK 22 million in Sweden have been recognised as of 31 December 2023 as it is assumed probable that they can be utilised against future taxable profit based on forecasts and projections. In addition, a net deferred tax asset of NOK 3 million has been recognised in Finland.

In 2024, the Group has considered it prudent not to increase net deferred tax assets in Norway and Sweden. A tax expense of approx. NOK 30 million was recognised following the increase in non-recognised tax assets related to Norway and Sweden.

2. Segments

(Amounts in NOK million)	Norway	Sweden	Finland	Other	Consolidated
Q3 2024					
External	601	660	841	0	2 103
Inter-segment	-32	41	0	-9	0
Total revenue	**569**	**701**	**841**	**-9**	**2 103**
Operating expenses	-535	-682	-793	-5	-2 015
Other income and expenses	0	0	0	0	0
Depreciation	-21	-9	-14	0	-45
EBITA	**13**	**10**	**34**	**-14**	**43**
Amortisation and impairment	0	-1	-2	0	-3
EBIT	**12**	**10**	**31**	**-14**	**40**
Adjusting items	0	0	0	0	0
EBIT adj.	**13**	**10**	**31**	**-14**	**40**
Order backlog	**1 684**	**2 986**	**2 095**		**6 765**

(Amounts in NOK million)

Q3 2023	**Norway**	**Sweden**	**Finland**	**Other**	**Consolidated**
External	652	386	805	0	1 844
Inter-segment	-53	61	0	-8	0
Total revenue	**600**	**447**	**805**	**-8**	**1 844**
Operating expenses	-544	-436	-740	1	-1 719
Other income and expenses	0	1	0	0	1
Depreciation	-26	-9	-14	0	-49
EBITA	**30**	**3**	**51**	**-7**	**77**
Amortisation and impairment	0	-1	-2	0	-3
EBIT	**30**	**2**	**49**	**-7**	**73**
Adjusting items	3	3	0	0	6
EBIT adj.	**33**	**5**	**49**	**-7**	**80**
Order backlog	**1 347**	**2 615**	**2 651**		**6 613**

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2. Segments (continued)

(Amounts in NOK million)	Norway	Sweden	Finland	Other	Consolidated
YTD 2024					
External	1 662	1 403	2 091	0	5 156
Inter-segment	-155	172	0	-17	0
Total revenue	**1 507**	**1 575**	**2 091**	**-17**	**5 156**
Operating expenses	-1 498	-1 595	-2 011	0	-5 104
Other income and expenses	-39	4	0	-24	-59
Depreciation	-62	-27	-42	-1	-132
EBITA	**-93**	**-43**	**38**	**-41**	**-140**
Amortisation and impairment	-150	-3	-507	0	-660
EBIT	**-243**	**-46**	**-470**	**-41**	**-800**
Adjusting items	213	-4	500	0	709
EBIT adj.	**-31**	**-50**	**30**	**-41**	**-91**
Order backlog	**1 684**	**2 986**	**2 095**		**6 765**

(Amounts in NOK million)

YTD 2023	**Norway**	**Sweden**	**Finland**	**Other**	**Consolidated**
External	1 823	1 107	2 002	0	4 932
Inter-segment	-211	232	0	-21	0
Total revenue	**1 612**	**1 339**	**2 002**	**-21**	**4 932**
Operating expenses	-1 474	-1 355	-1 890	-7	-4 726
Other income and expenses	41	1	-1	-1	40
Depreciation	-77	-30	-40	-1	-148
EBITA	**103**	**-46**	**71**	**-29**	**99**
Amortisation and impairment	0	-3	-8	0	-11
EBIT	**103**	**-49**	**63**	**-29**	**88**
Adjusting items	-38	45	1	1	9
EBIT adj.	**65**	**-4**	**64**	**-29**	**96**
Order backlog	**1 347**	**2 615**	**2 651**		**6 613**

2. Segments (continued)

(Amounts in NOK million)	Norway	Sweden	Finland	Other	Consolidated
FY 2023					
External	2 401	1 578	2 753	0	6 732
Inter-segment	-265	299	0	-33	0
Total revenue	**2 136**	**1 877**	**2 753**	**-33**	**6 732**
Operating expenses	-1 957	-1 890	-2 613	-4	-6 464
Other income and expenses	41	1	7	-1	48
Depreciation	-103	-39	-54	-1	-197
EBITA	**116**	**-51**	**93**	**-39**	**119**
Amortisation and impairment	0	-4	-10	0	-15
EBIT	**116**	**-56**	**83**	**-39**	**105**
Adjusting items	-36	56	-5	1	16
EBIT adj.	**81**	**0**	**78**	**-38**	**121**
Order backlog	**1 537**	**2 933**	**2 470**		**6 940**

3. Interests in associated companies

The Group has, through the wholly owned subsidiary Nordic Railway Construction Sverige AB, 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 ("AGN"). 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.

Due to substantial uncertainty in the projects, net income from AGN has not been recognised in NRC Group accounts, and all previous capital contributions of SEK 15.5 million was impaired in 2022 and earlier.

On January 24, 2023, AGN received a termination notice from Trafikverket in relation to Station Haga in Gothenburg (E04). The contract in relation to Kvarnberget (E03) was not part of the termination notice. The Group's subsidiary Nordic Railway Construction Sverige AB and the other owners have given surety to Trafikverket related to AGN's execution of project E03.

Trafikverkets termination of Station Haga (E04) affected AGN's liquidity negatively, leading to the company's application for reconstruction. Trafikverket has furthermore claimed AGN and the owners for a preliminary gross amount of SEK 247 million, while AGN and the owners have a counterclaim, related to E03. During the first half of 2023, AGN filed an application for reconstruction to the District Court, which was approved on the 22 May 2023. In December, the District Court approved to extend the reconstruction period until 19 March 2024, which was later further extended to 19 June 2024. The reconstruction period is now finished, a debt settlement agreement with the company's creditors has been made, and the company has during Q2 2024 in all material respect finished the work on Kvarnberget (E03). The Group's subsidiary Nordic Railway Construction Sverige AB and the other owners have provided a guarantee for AGN to pay its creditors in accordance with the debt settlement agreement.

Final settlement with Trafikverket is expected to commence during Q4 2024. Both AGN and Nordic Railway Construction Sverige AB are contesting the claim and are considering the situation together with their legal advisors. Should the situation not be resolved, Nordic Railway Construction Sverige AB could ultimately be subject to litigation from Trafikverket.

Nordic Railway Construction Sverige AB has, together with the other shareholders, agreed to a capital contribution in AGN Haga to fund the company's liquidity needs for the rest of 2024. The total amount includes settlement to the creditors in the restructuring mentioned above. The Group's share is SEK 17.6 million and will be paid in two tranches in Q4 2024. The capital contribution is considered to be impaired and thus charged in Q3 2024 as share of result from associated companies.

The book value of AGN Haga AB in the Group's Q3 2024 accounts is NOK 0 million. Note 27 to the Group accounts in the annual report for 2023 provides further disclosures regarding the associated company.

4. Transactions between related parties

Primary insiders participated in the private placement described in note 7 Events after the balance sheet date. NRC Group ASA had no other significant related party transactions other than in ordinary course of business in the third quarter of 2024. Note 28 to the Group accounts in the annual report for 2023 provides further disclosures on the size and types of related party transactions during the previous years. NRC Group ASA has had agreements with Board members for consultancy services related to certain internal projects, investments, management recruitment and other. The agreements are based on hourly rates and are carried out on arm's length terms. Currently, there exists one agreement with Mats Williamson. Total fees year-to-date amount to SEK 0.1 million.

5. Assets held for sale

In Q1 2024, 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 included the discontinuation of one department within this business as well as sale of all machinery and equipment.

The Group classifies disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the disposal group is available for immediate sale in its present condition. These criteria were met when the agreement to sell one of the divisions in NRC Kept was signed in Q1 2024, and the decision to sell machinery and equipment was made in Q1 2024.

The major classes of assets and liabilities of NRC Kept classified as held for sale as of 30 September 2024 were right of use assets of NOK 42 million and leasing liabilities of NOK 42 million.

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6. Loans and other non-current liabilities

Due to significant downward project adjustments of NOK 160 million in Q2 2024 the Group was in technical breach of the interest cover ratio and leverage ratio covenants on the bank loan as of 30 June 2024. The Group obtained a waiver from the bank for this non-compliance subsequent to 30 June 2024. During Q3 2024 new financial covenants were agreed for the bank and bond loans for periods from Q3 2024 up to and including Q3 2025.

Since the waiver from the bank was received after the balance sheet date the EUR 18.4 million loan was classified as current liabilities in the balance sheet as of 30 June 2024. After receipt of the waivers during Q3 2024 the non-current portion of the loan is reclassified as non-current in the balance sheet as of 30 September 2024.

The margin above 3-months interest rates for the Group's bank loan has increased to 3.25% and the credit facility to 2.35% from 1 September 2024 and is expected to remain at this level through 2025.

Financial covenants

The Group's term bank loan and credit facility with Danske Bank ASA and the NOK 400 million senior unsecured bond contain financial conditions based on the facility agreements that may not be directly related to reported IFRS numbers. Certain covenants have been added, suspended or amended for parts of 2024 and 2025 as described in the tables below:

• Interest cover ratio: 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

• New temporary covenant of minimum 12 months rolling EBITDA adjusted

• New temporary covenant of minimum liquidity

• Amended restriction on dividend distribution

Term loan and overdraft facility

Date	Leverage ratio	Interest coverage	Minimum 12 months rolling adjusted EBITDA	Minimum liquidity
30.09.2024	Suspended	Suspended	NOK 70 million	NOK 50 million
31.12.2024	Suspended	Suspended	NOK 45 million	NOK 100 million
31.03.2025	Suspended	Suspended	NOK 70 million	NOK 100 million
30.06.2025	Suspended	Suspended	NOK 170 million	NOK 75 million
30.09.2025	Suspended	Suspended	NOK 210 million	NOK 75 million
31.12.2025	≤3.25	≥3.00	Covenant removed	Covenant removed

As a consequence of the minimum liquidity requirement available limit on the credit facility was NOK 358 million at 30 September 2024 reduced from NOK 400 million. Net credit facility limit reduces to NOK 300 million in Q4 2024 and Q1 2025, increases to NOK 325 million from Q2 2025 and back to NOK 400 million from Q4 2025 onwards. The credit facility is unused as of 30 September 2024.

Bond loan

The interest cover ratio on the bond loan is suspended for financial quarters ending 30 September 2024, 31 December 2024 and 31 March 2025. For the quarters ending 30 June 2025 and 30 September 2025, the interest cover ratio shall exceed 1.50x and 2.00x respectively. Thereafter the ratio shall exceed 2.50x.

The NOK 400 million bond agreement includes requirements of an incurrence test with leverage ratio <3.5 for certain transactions such as paying dividend and taking on new loan agreements. For dividend distributions this ratio has been reduced to <2.0 for periods after 31 December 2025. Dividend distribution in 2024 and 2025 is not permitted under the agreement.

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7. Events after the end of the period

On 10 September, a private placement of new shares in the Company was successfully completed. The Company raised NOK 200 million in gross proceeds through the private placement of 80 million new shares, at a price per share of NOK 2.50. The Private Placement took place through an accelerated book building process after close of markets on 10 September 2024. The share capital increase was approved by an extraordinary general meeting on 2 October 2024 and the share capital increase was registered on 3 October 2024. The Company's share capital at 30 September 2024 was NOK 72 954 549 divided into 72 954 549 shares. Following the share capital increase, the Company's share capital is NOK 152,954,549 divided into 152,954,549 shares, each with a par value of NOK 1.00.

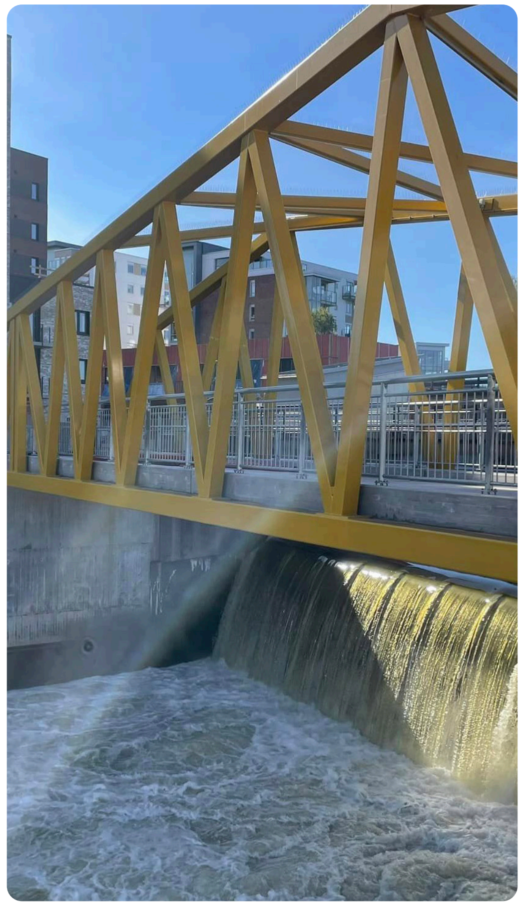
On 6 November, a subsequent offering to shareholders at 10 September 2024 that did not participate in the private placement was completed. The Company raised NOK 50 million in gross proceeds through the subsequent offering 20 million new shares, at a price per share of NOK 2.50. The share capital was registered on 18 November 2024. Following this second share capital increase, the Company's share capital is NOK 172,954,549 divided into 172,954,549 shares, each with a par value of NOK 1.00.

Primary insiders participated in the private placement as follows:
Anders Gustafsson, CEO, 400 000 shares
Åsgeir Nord, CFO, 150 000 shares
Rolf Jansson, Chairman of the board, 80 000 shares
Karin Bing Orgland, member of the board, 80 000 shares
Mats Williamson, member of the board, 80 000 shares
Tove Pettersen, member of the board, 40 000 shares
Outi Henriksson, member of the board, 40 000 shares
Heikki Allonen, member of the board, 40 000 shares
Eva Nygren, member of the board, 40 000 shares

Tampere Tramway Ltd., the City of Tampere and the Municipality of Pirkkala has appointed NRC Group Finland, a company wholly owned by NRC Group ASA, as a construction party for the first phase of the construction of the Pirkkala-Linnainmaa tramway. The project will be implemented in two phases. The cost estimate of the phase 1 Partola-Niihama is around EUR 211.8 million, with NRC's share amounting to appromaximately EUR 81 million. According to the preliminary project schedule, track construction is planned to commence in December 2024.

The City of Helsinki and Metropolitan Area Transport have appointed NRC Group Finland, a company wholly owned by NRC Group ASA, and three alliance parties for the Helsinki Urban Development and Tramway Program Alliance. Western Helsinki Tramway is the first confirmed project in the Alliance, with options for the design and construction of the Western Harbour Light Rail and Viikki-Malmi Tramway. NRC Group's share of the design phase is approximately EUR 2 million, and is scheduled for completion in 2025. Should the project advance to the implementation phase, NRC Group's value of the contract will be approximately EUR 80 million, with construction expected to proceed from 2026 through 2031.

Alternative performance measures



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

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

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

Reconciliation of EBIT adj.

(Amounts in NOK million)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Operating profit/loss (EBIT)	**40**	**73**	**-800**	**88**	**105**
Adjusting items					
Gain from sale of Gravco	0	0	0	-40	-40
M&A expenses	0	-1	-4	0	-7
Restructuring recycling and demolition business [1] (NRC Kept)	0	0	63	0	0
Restructuring items, other	0	3	0	9	21
Write-down operations to be discontinued (Civil Sweden)	0	4	0	40	43
Impairment of goodwill (Norway)	0	0	150	0	0
Impairment of goodwill (Finland)	0	0	500	0	0
Adjusting items, total	**0**	**6**	**709**	**9**	**16**
EBIT adj.	**40**	**80**	**-91**	**96**	**121**
Depreciation	45	49	132	148	197
Amortisation of IT software investments	3	3	10	11	15
EBITDA adj.	**88**	**132**	**51**	**255**	**332**

[1] In Q1 2024, the Group made a strategic decision to restructure parts of the demolition and recycling operations in NRC Kept due to prevailing market conditions and negative results in 2023. The negative financial effects of the year-to-date of 2024 was NOK 63 milllion from the restructuring. This includes losses in relation to disposal of one department within this unit, estimated and realised loss from sale of machinery and equipment, and other close-down costs related to the discontinued business.

Reconciliation of Net cash/ net interest-bearing debt position

(Amounts in NOK million)	30.09.2024	30.09.2023	31.12.2023
Long-term leasing liabilities	272	325	341
Other non-current interest-bearing liabilities	532	0	572
Short-term leasing liabilities	144	164	162
Other interest-bearing current liabilities	58	849	55
Interest-bearing debt	**1 005**	**1 338**	**1 130**
Minus:			
Cash and cash equivalents	8	346	369
Net isterest-bearing debt	**997**	**992**	**761**
Minus:			
Total leasing liabilities	415	489	503
Net interest-bearing debt excl. leasing	**582**	**504**	**258**

Reconciliation of Net working capital (NWC)

(Amounts in NOK million)	30.09.2024	30.09.2023	31.12.2023
Total inventories	30	39	35
Total receivables	1 962	1 943	1 468
Current assets (ex cash)	**1 992**	**1 982**	**1 504**
Minus:			
Other current liabilities	1 956	1 775	1 566
Net working capital	**36**	**208**	**-62**

Definitions

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

Term	Description
FTIA	Finnish Transport Infrastructure Agency.
Equity ratio	Total equity in relation to total assets.
LTI	Injuries resulting in absence at least one full day per million man-hours including sub-contractors.
LTM	Last twelve months on a rolling basis.
M&A expenses	Expensed external costs related to merger and acquisitions, including any subsequent adjustments to the final settlement of contingent considerations that is not included in the final purchase price allocation.
Net interest-bearing debt	Interest-bearing liabilities (excluding interest-bearing liabilities held for sale) minus cash and cash equivalents.
Net working capital (NWC)	The net amount of inventories, receivables (including contract assets) and other current liabilities (including contract liabilities).
Operating lease agreements	Lease agreements that are not financial lease agreements, including real estate rent.
Order backlog	Total nominal value of orders received less revenue recognised on the same orders.
Order intake	Total nominal value of orders received.
Organic growth	Total revenue growth compared to comparable numbers for the same period prior year including full year revenue effect (proforma) for any acquired business and excluding full year revenue effect (proforma) for any disposed business, calculated in local currency.
Other income and expenses	Other income and expenses consist of M&A expenses, subsequent adjustment of contingent considerations or other subsequent adjustments of final purchase price allocation in business combinations that are recognised in profit or loss.
Serious injuries	Injury that results in prolonged disability.
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.

Executive Management

Anders Gustafsson
CEO

Åsgeir Nord
CFO

Harri Lukkarinen
EVP and MD NRC Group Finland

Lene Engebretsen
EVP and Head of Strategy, Sustainability and Communications

Marianne Ullsand Kellmer
EVP and Head of People, Culture and Digitalisation

Tomas Johansson
EVP & MD NRC Group Sweden

Board of Directors

Rolf Jansson
Chairman of the BoD

Mats Williamson
Board member

Eva Nygren
Board member

Tove Elisabeth Pettersen
Board member

Outi Henriksson
Board member

Heikki Allonen
Board member

Karin Bing Orgland
Board member

NRC Group ASA

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Norway

Financial calendar

4th quarter 2024: 12 February

1st quarter 2025: 16 May

2nd quarter 2025: 14 August

3rd quarter 2025: 4 November

NRC Group