29 Aug 2024

Quarterly and half-year report

Q2

Group highlights Segments Market and outlook Financial information Sustainability Financial statements

From the CEO

During my first period as CEO for NRC Group, I have gained a solid understanding of our operations and employees. It's clear that the company has a great potential in a strong market. At the same time, we are addressing significant challenges. The end of last year was dedicated to comprehensive analysis, which extended into first quarter this year. The second quarter allowed us to conclude, set the stage for decisive actions and agree on the strategic roadmap for the next four years.

The financial performance in the second quarter was overall disappointing. This is primarily because the mediation related to claims and additional work for major changes in scope in the Electrification of Trønder- and Meråkerbanen (ETM) project, is still pending. The project has significantly impacted our liquidity, leverage and financial results for the full year 2024. A downward adjustment of NOK 125 million was booked in the quarter. Additionally, there were downward adjustments of NOK 35 million related to three projects in Finland, and a court decision related to a completed project in Sweden (decision is appealed).

Our Swedish team has made significant progress. The order intake doubled from the same quarter last year, and the turnaround is in many ways successful. The leadership in Sweden is strengthened with a new Managing Director starting in September. The profitability is impacted by the ETM project, as this is a joint Norwegian-Swedish project.

In Norway, we had a lower order intake in the quarter mainly due to improved risk and reward assessments of potential bids. Members of the management team in Norway are replaced, and a new Managing Director is starting in January 2025. Our mass-transportation company, Gunnar Knutsen, continues to deliver strong results.

Streamlining processes to improve operational efficiency in Finland is ongoing and expected to be completed in 2024. The backlog going forward

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

is promising for Finland. We are currently working in the design phase for two major alliance projects with the potential to move to production phase in 2025. The increasingly competitive market impacts our hit rate, as securing project at healthy margins is of high importance for us. Our strategic positioning and efforts will help us navigate these challenges effectively.

We reaffirm our recently released strategy from May, which underscores our long-term targets of delivering more than 5% margin and NOK 10 billion in revenues in 2028. This year is a setback for us, but we are confident about catching up and reaching the target for the strategic period with our unique position and the strong market.

By expanding into new target markets and leveraging our Nordic capabilities, we are dedicated to realising our potential as builders of critical and sustainable infrastructure. The market outlook remains strong with a tender pipeline at high levels. Governments across the Nordics are committed to enhancing and upgrading critical infrastructure, including rail, energy, and defence sectors. This widespread governmental support presents significant opportunities for our business.

In order to strengthen the liquidity position to mitigate potential impact of ETM and support the new strategic roadmap, the Group is considering a potential share issue to raise capital. To advise and assist in this process the Group has retained ABG Sundal Collier and Danske Bank.

In conclusion, we are confident that our actions will improve both liquidity as well as underlying performance. The management teams are strengthened, project control is improved and we will enhance unified standards with a conservative approach. We are confident that we are building a more robust organisation and will improve our financial results going forward. We remain steadfast in our long-term strategy with a promising market landscape.

Stay healthy and safe,

Anders Gustafsson,
CEO NRC Group

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Group highlights

Second quarter

- Quarterly result significantly affected by downward adjustments of approx. NOK 160 million, including a NOK 125 million downward adjustment of ETM, a joint Norwegian-Swedish rail project. The process with the customer is expected to continue during the fourth quarter of 2024. Additionally, NOK 35 million in downward adjustments on certain projects in Finland and a legal dispute in Sweden, affect the quarterly result negatively.
- Revenue of NOK 1,747 million (NOK 1,797 million) and EBIT of NOK -742 million (NOK 64 million) following downward adjustments of NOK 160 million and goodwill charges of NOK 650 million
- Impairment charges of goodwill of NOK 500 million in Finland and 150 million in Norway (not included in EBIT adj.)
- Operating profit margin (EBIT adj. margin) of -5.1% (3.6%). Operating profit of NOK -88 million (NOK 65 million).
- Operating cash flow of NOK 7 million (NOK 107 million) due to lower EBITDA partly levelled out by reduced working capital. Net interest-bearing debt increased by NOK 17 million in the quarter to NOK 883 million.
- Order backlog of NOK 7,766 million (NOK 7,982 million) with a book-to-bill ratio of 0.8x in the quarter. Order intake was NOK 1,327 million (NOK 1,566 million). The tender pipeline for our core markets remains strong.

Half year

- Revenue of NOK 3,053 million (NOK 3,088 million), EBIT of NOK -840 million (NOK 14 million) and order intake of NOK 3,904 million (NOK 2,817 million)
- Operating profit (EBIT adj.) of NOK -131 million (NOK 17 million), corresponding to a margin of -4,3% (0,5%). Half-year 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 150 million in Norway. 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 -119 million (NOK 58 million) and net interest-bearing debt at NOK 883 million (NOK 761 million at year-end 2023)

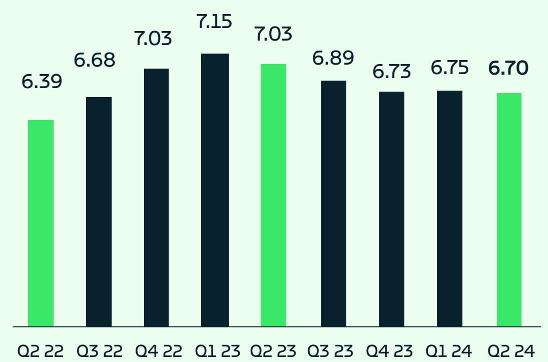
ORDER BACKLOG Q2 2024

7,766
MNOK

Q2 2023: 7,982 MNOK

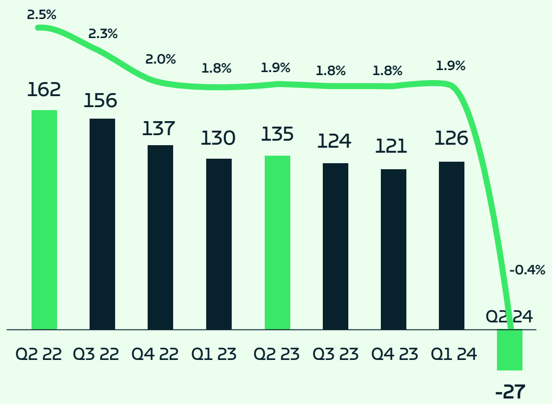
Group Revenue LTM

NOK billion



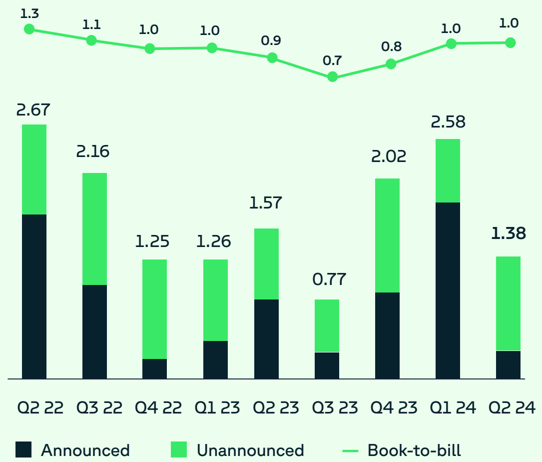
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



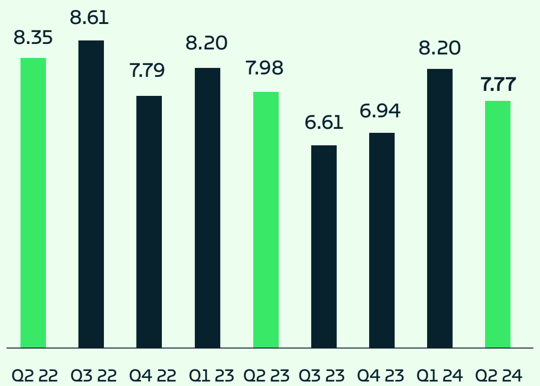
Order Intake & Book-to-bill LTM

NOK billion



Order Backlog

NOK billion



(Amounts in NOK million)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Revenue	**1 747**	**1 797**	**3 053**	**3 088**	**6 732**
EBITDA	-45	118	-96	121	316
EBIT	-742	64	-840	14	105
EBIT adj.	**-88**	**65**	**-131**	**17**	**121**
EBIT adj. (%)	**-5.1 %**	**3.6 %**	**-4.3 %**	**0.5 %**	**1.8 %**
Order intake	1 327	1 566	3 904	2 817	5 632
Order backlog	7 766	7 982	7 766	7 982	6 940
Cash flow from operating activities	7	107	-119	58	376
Net interest-bearing debt	883	968	883	968	761
Equity ratio	35 %	44 %	35 %	44 %	47 %
LTI	6.9	7.9	5.2	7.1	5.6
Sickness absence (%)	3.3 %	3.3 %	3.7 %	3.8 %	3.8 %

Norway

Second quarter
Revenue in Norway was NOK 494 million (NOK 524 million). The revenue decreased by 6% in the quarter mainly due to a project write-down of NOK 62.5 million. EBIT adj. was NOK -46 million (NOK 23 million), with an EBIT adj. margin of -9.3% (4.4%).

Pending clarification of substantial change orders, a write-down of NOK 125 million has been made to the ETM project, where Norway's share of the project is 50%. The initial total contract value was approx. NOK 760 million and substantial changes in scope have resulted in an estimated total contract value of +/- NOK 1.5 billion. So far, we have been unable to find a satisfactory solution through the mediation process with the client. The process with the customer is expected to continue during the fourth quarter, with the potential for both a negative and positive impact on the project's final financial outcome.

An impairment charge related to goodwill of NOK 150 million (not part of EBIT adj.) was made in the second quarter as described further in disclosure "1.3.2 Goodwill and other intangible assets".

Half year
Revenue amounted to NOK 937 million (NOK 1,013 million). The revenue decrease of 7% is due to the project write-down in Rail and lower volumes in the demolition and recycling business (NRC Kept). EBIT adj. was NOK -43 million (NOK 32 million), which resulted in an EBIT adj. margin of -4.6% (3.2%). The result is negatively affected by NOK 62.5 million write-down of the ETM project. Members of the management team in Norway are replaced and Ingvild Storås will take on the role as new Managing Director from January 2025.

A restructuring cost of NOK 63 million (not included in EBIT adj.) was recognised in the recycling and demolition business in first half of 2024, following the challenging markets. The unit will going forward be a part of the civil division and focus on key projects in core markets. Sale of all machinery and equipment is ongoing. An impairment charge related to goodwill of NOK 150 million (not part of EBIT adj.) was made in Q2 2024.

Order backlog, order intake and tender pipeline
The order backlog was NOK 2.0 billion at quarter-end, NOK 2.2 billion at the end of last quarter and NOK 1.7 billion in the same quarter last year. The order intake was NOK 0.3 billion, 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 8.1 billion, the same level as last quarter and NOK 0.5 billion higher than the same period last year.

ORDER BACKLOG Q2 2024

1,972

MNOK

Q2 2023: 1,674 MNOK

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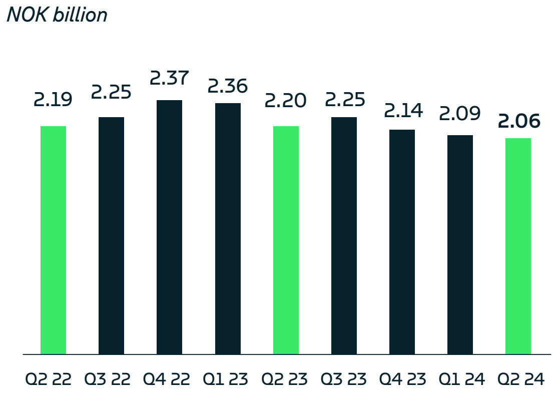
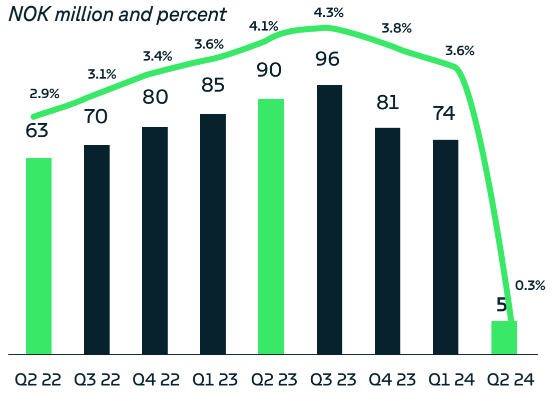
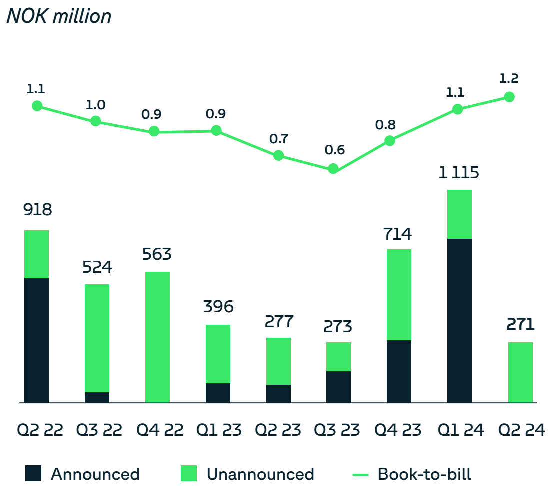
Group Revenue LTM



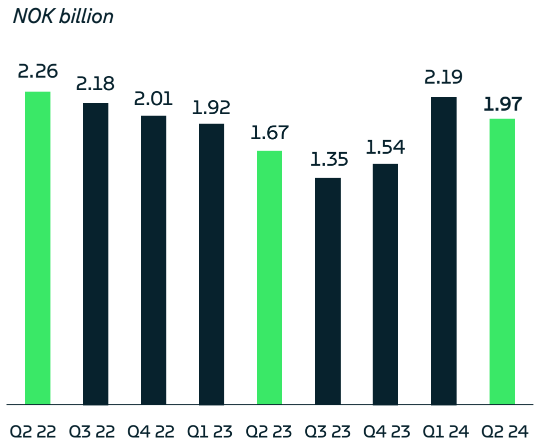
EBIT adj. LTM & EBIT adj. margin LTM



Order Intake & Book-to-bill LTM



Order backlog



(Amounts in NOK million)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Revenue	**494**	**524**	**937**	**1 013**	**2 136**
EBITDA	-28	49	-65	124	220
EBIT adj.	**-46**	**23**	**-43**	**32**	**81**
EBIT adj. (%)	**-9.3 %**	**4.4 %**	**-4.6 %**	**3.2 %**	**3.8 %**
Order intake	271	277	1 386	673	1 659
Order backlog	1 972	1 674	1 972	1 674	1 537

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Sweden

Second quarter
Revenue from Sweden amounted to NOK 438 million (NOK 552 million). The revenue decreased due to the write-down in the ETM project, partly offset by higher volumes in rail maintenance. In addition, the discontinued civil operations had approx. NOK 70 million in revenues in Q2 2023. Excluding the civil operation, the organic growth in the quarter was -7%. The EBIT adj. for the quarter was NOK -60 million (NOK 10 million). The result is negatively affected by Sweden's 50% share of the NOK 125 million write-down. In addition, a negative adjustment of NOK 15 million was recognised due to a judgement by the District Court, related to a dispute in a completed project. The decision has been appealed.

Half year
Revenue amounted to NOK 875 million (NOK 892 million). The revenue decreased due to the ETM write-down, offset by higher volumes in rail maintenance. In addition, Sweden had last year approx. NOK 129 million in revenues from the civil operations. Excluding the civil operations, the organic growth in the first half of 2024 was 14%. The EBIT adj. was NOK -59 million (NOK -9 million). As mentioned, the result is negatively affected by the write-down of ETM and the negative adjustment of NOK 15 million. Leadership team in Sweden is strengthened with new Managing Director, Tomas Johansson starting September 2024.

Order backlog, order intake and tender pipeline
The order backlog was NOK 3.3 billion, at the same level as at the end of last quarter and NOK 3.1 billion in the same quarter last year. The order intake was NOK 525 million, yielding a book to-bill ratio of 1.2x in the quarter, and 1.2x measured over the last 12 months. During the quarter, Sweden was appointed to a major maintenance contract of Svealandsbanan, valued at approx. SEK 304 million. The work will commence in January 2025 and is scheduled for completion in January 2031 with an additional 1-year option period.

The tender pipeline is approx. NOK 8.1 billion, including NOK 6.4 billion for Rail construction and NOK 1.7 billion for Maintenance. The total tender pipeline has decreased by NOK 3.0 billion compared to three months ago, and increased with NOK 0.6 billion compared to Q2 2023.

Contracts over NOK 30 million in the quarter:

Client	Value (MNOK)	
The Swedish Transport Administration (TRV)	311	Maintenance of railways on Svealandsbanan
The Swedish Transport Administration (TRV)	64	Track related work at Morshyttan in Avesta Municipality
Total	**375**	

ORDER BACKLOG Q2 2024

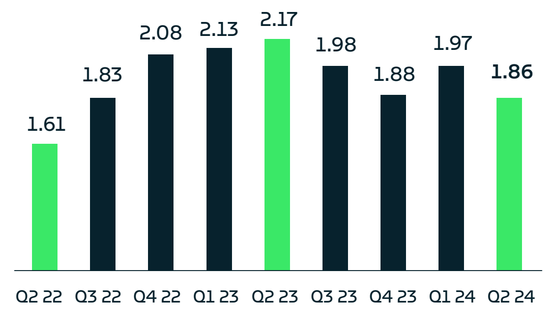
3,316

MNOK

Q2 2023: 3,071 MNOK

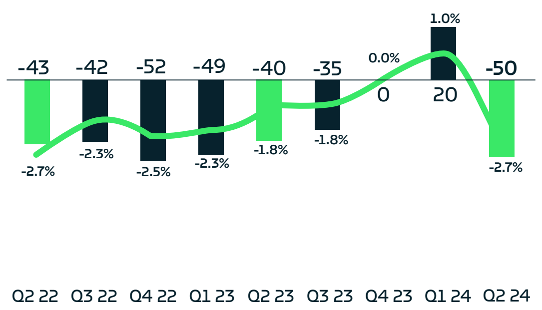
Group Revenue LTM

NOK billion



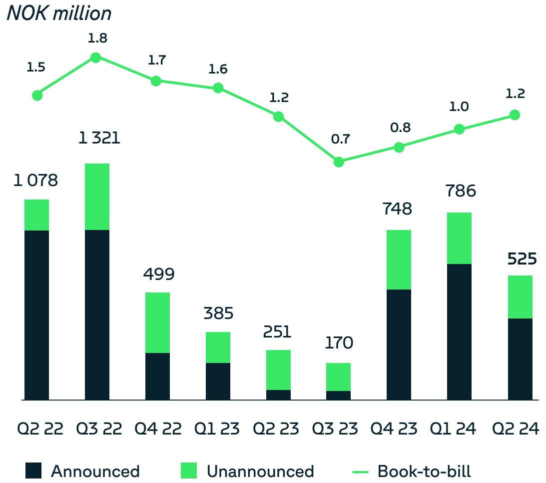
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



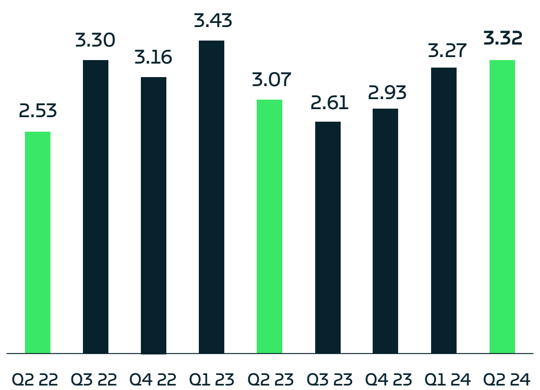
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK billion



(Amounts in NOK million)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Revenue	**438**	**552**	**875**	**892**	**1 877**
EBITDA	-50	21	-36	-28	-13
EBIT adj.	**-60**	**10**	**-59**	**-9**	**0**
EBIT adj. (%)	**-13.6 %**	**1.8 %**	**-6.8 %**	**-1.0 %**	**0.0 %**
Order intake	525	251	1 310	639	1 553
Order backlog	3 316	3 071	3 316	3 071	2 933

Finland

Second quarter

Finland had a revenue of NOK 823 (NOK 726 million). In local currency, the organic growth was 14% due to higher volumes in rail construction and light rail. The EBIT adj. was NOK 32 million (NOK 42 million), leading to an EBIT adj. margin of 3.9%(5.8%). The result is negatively affected by write-downs of NOK 20 million in three projects. Measures to improve performance have been identified with ongoing implementation, including optimising the machine fleet, reducing costs, improving resource planning, and enhancing project management, as well as better project risk evaluation processes.

An impairment charge related to goodwill of NOK 500 million (not part of EBIT adj.) was made to the Finland segment in the second quarter, as described further in disclosure "1.3.2 Goodwill and other intangible assets".

Half year

Revenue amounted to NOK 1,250 million (NOK 1,197 million). In local currency the organic growth was 4%. The EBIT adj. was NOK -1 million (NOK 15 million), leading to an EBIT adj. margin of -0.1% (1.3%). Net gain from sale of machinery was NOK 2 million in first half, compared to NOK 1 million in the same period last year. The result is negatively affected by the project write-downs explained above.

An impairment charge related to goodwill of NOK 500 million (not part of EBIT adj.) was made in Q2 2024.

Order backlog, order intake and tender pipeline

The order backlog was NOK 2.5 billion at quarter-end, compared to NOK 2.7 billion at the end of last quarter and NOK 3.2 billion in the same quarter last year. The order intake was NOK 531 million, resulting in a book-to-bill ratio of 0.6x in the quarter and 0.7x measured over the last 12 months. The tender pipeline in Finland remains strong at approx. NOK 13.1 billion, an increase of NOK 1.6 billion compared to the tender pipeline three months ago and NOK 7.0 billion compared with the same period last year.

ORDER BACKLOG Q2 2024

2,478

MNOK

Q2 2023: 3,237 MNOK

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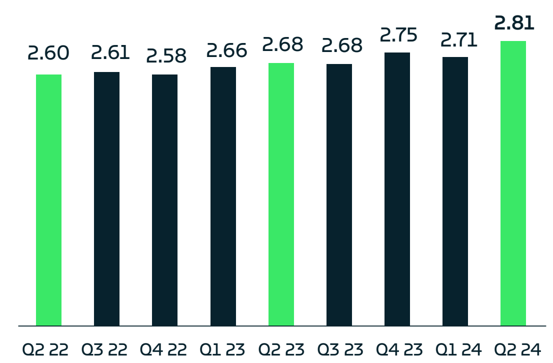
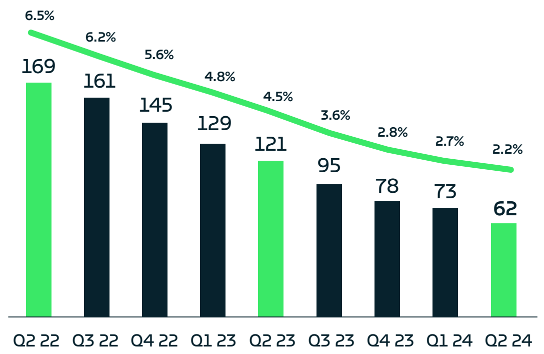
Group Revenue LTM

NOK billion



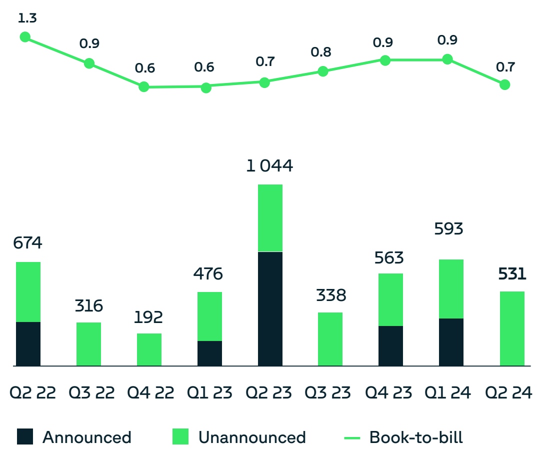
EBIT adj. LTM & EBIT adj. margin LTM

NOK million and percent



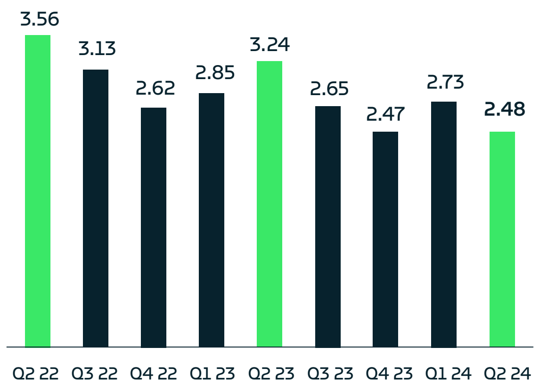
Order Intake & Book-to-bill LTM

NOK million



Order backlog

NOK billion



(Amounts in NOK million)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Revenue	**823**	**726**	**1 250**	**1 197**	**2 753**
EBITDA	48	59	32	46	147
EBIT adj.	**32**	**42**	**-1**	**15**	**78**
EBIT adj. (%)	**3.9 %**	**5.8 %**	**-0.1 %**	**1.3 %**	**2.8 %**
Order intake	531	1 044	1 124	1 520	2 420
Order backlog	2 478	3 237	2 478	3 237	2 470

Update on strategy, market and outlook

STRATEGY UPDATE AND MARKETS
On the Capital Markets Update 23 May 2024, NRC Group launched its new strategy and ambitions for the next four years as the most ambitious infrastructure builder in the Nordics. The plan for profitable growth and long-term value creation is reflected in the new financial targets for 2028.

NRC Group will continue to strengthen our position in rail construction and expand civil construction activities, leveraging the Group's established Nordic market position and unique capabilities in selected attractive niche markets. Maintenance, led by the rail business, remains an integral part of the offering with opportunities to include other critical infrastructure over time.

Investments in rail and other critical infrastructure is expected to increase from already historical high levels due to population growth, urbanisation and investments in defence, energy and water supply. This is reflected in budget proposals and national transportation plans in Norway, Sweden and Finland.

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

The Group's key strategic enablers are summed up in "The NRC way", focused on building winning positions in priority markets, improving project execution, creating a Nordic spirit and collaborative culture, strengthening leadership, and building with purpose.

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OUTLOOK
Due to the downward adjustments of NOK 160 million in the second quarter, in addition to lower order intake with production starting in 2024, the Group is unable to reach its previous communicated financial guidance for the full year 2024 of a slight increase in revenue and EBIT adj. margin. For 2024, the Group expects a revenue of approx NOK 6.5 billion and an EBIT adj. between NOK -60 million and NOK -100 million, due to uncertainty related to the ETM project.

NRC Group is well positioned in a growing addressable market with a substantial tender pipeline and with moderate to robust order backlogs across all countries. In the new strategy, the Group has set a long-term goal of generating more than NOK 10 billion of revenue with an EBIT adj. margin above 5% in 2028. For 2025, the Group aims for a revenue of approx. NOK 7.0 billion and an EBIT adj. margin above 2% with stable growth in margin until the end of the strategy period.

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

Financial information

CASH FLOW

Second quarter

Net cash flow from operating activities for the second quarter of 2024 was NOK 7 million, compared to NOK 107 million in the same quarter last year. This is due to lower EBITDA, which is partly offset by reduced working capital.

Net cash flow from investing activities was NOK 15 million, compared to NOK -9 million in the same period last year. This included net proceeds from sale of PPE with NOK 11 million, compared to NOK -9 million in the same period last year.

The net cash flows from financing activities amounted to NOK -76 million for the quarter, compared to NOK -78 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 22 million in the quarter, NOK 5 million higher than the same quarter last year due to higher interest rates on the leasing liabilities and the term loan. The Group has a NIBOR hedge linked to the outstanding bond. See further details in the Risks section.

The second quarter net change in cash, including currency impact, was NOK -57 million compared to NOK 33 million last year. Cash at the end of the period amounted to NOK 120 million. In addition, the Group had per second quarter an unused credit facility of NOK 400 million.

Half year

Net cash flow from operating activities for first half of 2024 was NOK -119 million, compared to NOK 58 million in the same period last year due to lower EBITDA.

Net cash flow from investing activities was NOK 17 million, compared to NOK 77 million in the same period last year. This included net proceeds from sale of PPE with NOK 13 million, compared to NOK -12 million in the same period last year. Last year included a positive cash effect of NOK 97 million related to the sale of the Gravco business unit which affected the half year figures positively.

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The net cash flows from financing activities amounted to NOK -151 million year to date, compared to NOK -179 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 41 million in first half, NOK 8 million higher than in the same period last year due to higher interest rates on the leasing liabilities and the term loan. The Group has a NIBOR hedge linked to the outstanding bond. See further details in the Risks section.

The net change in cash during first half, including currency impact, was NOK -249 million compared to NOK -45 million last year. Cash at the end of the period amounted to NOK 120 million. In addition, the Group had per second quarter an unused credit facility of NOK 400 million.

FINANCIAL POSITION

Second quarter

Intangible assets decreased by NOK 691 million due to goodwill impairment charges of NOK 650 million and currency effects. Total receivables increased by NOK 229 million to NOK 1,757 million during the quarter due to seasonal effects and ETM. Total assets were NOK 4,459 million, compared to NOK 5,046 million last quarter. The equity ratio was 35% on 30 June 2024.

Interest-bearing liabilities consisted per second quarter of a EUR 18.4 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 1,003 million at the end of June, including operating lease liabilities of NOK 225 million. The repayment of the EUR bank loan amounted to NOK 14 million in the quarter. Total lease liabilities decreased by NOK 21 million to NOK 400 million as the discounted value of new lease agreements was lower than the lease payments and terminated agreements.

Net interest-bearing debt increased by NOK 17 million during the quarter to NOK 883 million. Net interest-bearing debt excluding lease liabilities increased by

NOK 38 million during the quarter to NOK 482 million.

Due to the significant downward adjustments of NOK 160 million in the quarter, the Group was in technical breach of the leverage ratio and interest cover ratio covenants on the bank loan as per 30 June 2024. The Group has received a waiver from the bank and is in compliance with its financial covenants for both bank and bond debt as of Q2 2024. Since the waiver from the bank was received after the balance sheet date, the full EUR 18.4 million loan is classified as current liabilities in the balance sheet as required by IFRS. The Group, together with our advisor Danske Bank, have initiated dialogues with certain key bondholders, with the aim to agree the terms of the necessary waivers within short.

Half year

Intangible assets have decreased by NOK 636 million year-to-date due to goodwill impairment charges of NOK 650 million. Right-of-use assets has decreased by NOK 118 million mainly since 85 million was reclassified to assets held for sale following the restructuring of NRC Kept in Q1 2024. Total receivables have increased by NOK 289 million to NOK 1,757 million during the year due to seasonal effects and ETM. Total assets were NOK 4,459 million compared to NOK 5,142 million at year-end 2023. The equity ratio was 35% on 30 June 2024.

Total interest-bearing liabilities amounted to NOK 1,003 million at the end of June, including operating lease liabilities of NOK 225 million. The repayment of the EUR bank loan amounted to NOK 28 million year-to-date. Total lease liabilities decreased by NOK 102 million to NOK 400 million as NOK 80 million was reclassified to liabilities associated with assets held for sale following the restructuring of NRC Kept in Q1 2024. Net interest-bearing debt increased by NOK 14 million during first half to NOK 883 million. Net interest-bearing debt excluding lease liabilities increased by NOK 224 million year-to-date to NOK 482 million due to the negative results and cash flow in the period.

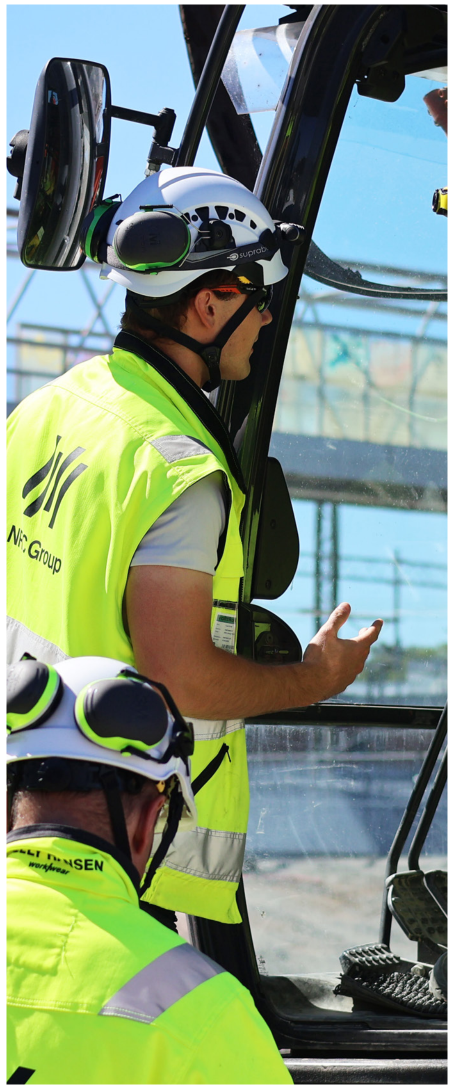
Information concerning financial covenants and classification of bank debt as short-term debt per Q2 2024 is explained above.

RISKS

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

NRC Group aims to undertake operational risk that the business units can influence and control. NRC Group has developed risk management processes that are well adapted to the business. This includes 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.

Pending clarification of substantial change orders, a write-down of NOK 125 million has been made to the ETM project. The initial total contract value was approx. NOK 760 million and substantial changes in scope has resulted in an estimated total contract value of of +/- NOK 1.5 billion. So far, we have been unable to find a satisfactory solution through the mediation process with the client. The process with the customer is expected to continue during the fourth quarter of 2024, with the potential for both a negative and positive impact on the project's final financial outcome. Depending on the outcome of the expected discussions, the Group's financial performance, liquidity and leverage may be further affected. The project was initially scheduled to be completed in November 2024, but due to the substantial changes in the project, we expect the project to be completed during the end of 2025. The remaining production in the project is approx. NOK 320 million.



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 1,961 million at the end of the quarter, NOK 267 million lower than the short-term liabilities partly because the full EUR 18.4 million bank loan is classified as short-term as the waiver from the bank was not received before after the balance sheet date. Total unrestricted cash amounted per quarter-end to NOK 120 million, in addition to an undrawn multi-currency credit facility of NOK 400 million.

Group Finance monitors the Group's liquid resources and credit facilities through revolving forecasts based on expected short- and long-term cash flows. The cash flow is impacted by seasonal fluctuations, intramonth volatility and working capital volatility in specific projects. 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. The Group is monitoring the situation and is evaluating measures to strengthen its liquidity. The Group, together with our advisor Danske Bank, have initiated dialogues with certain key bondholders, with the aim to agree the terms of the necessary waivers within short.

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

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. NRC Group voluntarily discloses the Key Performance Indicators (KPIs) as defined in the current Taxonomy structure.

Based on the Group's review of economic activities for first half of 2024, the following KPIs have been consolidated:

	Eligible		Aligned	
	YTD Q2 2024	YTD Q2 2023	YTD Q2 2024	YTD Q2 2023
KPIs				
Turnover (Revenue)	97%	91%	72%	68%
Operational expenses (OpEx)	97%	91%	73%	68%
Investments (CapEx)	92%	91%	57%	77%

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 CSRD and enable NRC Group to create more value from sustainability going forward. The DMA is key to determine which ESRS disclosure requirements and data points we will report. During third quarter 2024, NRC Group will finalise the material matters, identify potential gaps and agree on reporting structure and targets.

We have a unique position in the market, with 72% of revenue defined as taxonomy aligned

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 LTI frequency was 6.9 in Q2 2024, which is a reduction from the frequency of 7.9 in the same quarter last year. 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 3.7 % year-to-date 2024, down from 3.8% 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 Q2 2024:

6.9

Q2 2023: 7.9

How we do it matters to us

Building artificial reefs for fish and crabs

There is always concrete left over when you build something big. In one of our projects outside Oslo, we construct a speed boat quay. Here we use the leftover concrete to build artificial reefs for fish and crabs, and as a breeding ground for algae. This way, we contribute to a rich life under water in the fjord, after trawling has destroyed the natural reefs that existed there many years ago.

“We demonstrated our commitment to sustainable practices by reusing leftover concrete to create artificial reefs. These reefs are providing critical habitats for marine life and contributing to the restoration of local ecosystems. This initiative exemplifies our integrated approach to environmental responsibility, and also enhance biodiversity and operational efficiency.

Tor Øyvind Andersen
Project Manager
NRC Group Norway

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New headquarter in Sweden

Our relocation of the new headquarter in Sweden, not only optimises our operational efficiency but also underscores our dedication to environmental responsibility. The strategic location is a five-minute walk from the Central Station and will encourage our employees and partners to use public transportation going forward. By reusing existing furniture and equipment from many of our project offices, we promote sustain-able practices throughout the organisation.

Alice Wristel
Office Manager
NRC Group Sweden

Transition to renewable diesel for all company vehicles in Finland

As a part of our Carbon roadmap implementation, we now use renewable diesel in all our company cars. This is an important milestone in our carbon roadmap to decrease our emissions in Finland. We follow up and communicate the usage rate monthly.

Sanna Ström
Sustainability director
NRC Group Finland

Interim condensed consolidated financial statement

Interim condensed consolidated statement of profit or loss

(Amounts in NOK million)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Revenue	1 747	1 797	3 053	3 088	6 732
Operating expenses	-1 788	-1 678	-3 090	-2 965	-6 400
EBITDA before other income and expenses	**-41**	**119**	**-37**	**123**	**332**
Other income and expenses	-3	-1	-59	-2	-16
EBITDA	**-45**	**118**	**-96**	**121**	**316**
Depreciation	-44	-51	-87	-99	-197
EBITA	**-88**	**68**	**-183**	**22**	**119**
Amortisation and impairment	-653	-4	-657	-7	-15
Operating profit/loss (EBIT)	**-742**	**64**	**-840**	**14**	**105**
Net financial items	-23	-17	-42	-32	-59
Share of profit from associates and joint ventures	0	0	0	0	-2
Profit/loss before tax (EBT)	**-765**	**47**	**-882**	**-18**	**45**
Taxes	-20	-10	5	12	-8
Net profit/loss	**-785**	**37**	**-878**	**-6**	**37**
Profit/loss attributable to:					
Shareholders of the parent	-785	37	-878	-5	38
Non-controlling interests	0	0	0	-1	-1
Net profit / loss	**-785**	**37**	**-878**	**-6**	**37**
Earnings per share in NOK (ordinary)	-10.78	0.51	-12.05	-0.08	0.52
Earnings per share in NOK (diluted)	-10.78	0.51	-12.05	-0.08	0.51

Interim condensed consolidated statement of profit or loss

(Amounts in NOK million)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Net profit/loss	-785	37	-878	-6	37
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Translation differences	-1	34	-1	137	98
Net gain on hedging instruments	7	0	7	4	-17
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Net actuarial gain/loss on pension expense	0	0	0	0	0
Total comprehensive profit/loss	**-779**	**71**	**-872**	**135**	**118**
Total comprehensive profit/loss attributable to:					
Shareholders of the parent	-779	71	-872	136	119
Non-controlling interests	**0**	**0**	**0**	**-1**	**-1**
Total comprehensive profit/loss	**-779**	**71**	**-872**	**135**	**118**

Interim condensed consolidated statement of financial position

(Amounts in NOK million)	Note	30.06.2024	30.06.2023	31.12.2023
ASSETS				
Deferred tax assets	1	107	96	104
Goodwill	1	1 790	2 474	2 422
Customer contracts and other intangible assets		25	32	31
Intangible assets		**1 921**	**2 602**	**2 557**
Tangible assets		151	190	170
Right-of-use assets		424	560	542
Other non-current assets		2	21	1
Total non-current assets		**2 499**	**3 374**	**3 270**
Total inventories		33	27	35
Total receivables		1 757	1 717	1 468
Cash and cash equivalents		120	427	369
Assets classified as held for sale	5	50	0	0
Total current assets		**1 961**	**2 170**	**1 873**
Total assets		**4 459**	**5 544**	**5 142**
(Amounts in NOK million)				
EQUITY AND LIABILITIES				
Equity				
Paid-in-capital		2 396	2 396	2 396
Other equity		-838	50	34
Total equity attributable to owners of the parent		**1 558**	**2 447**	**2 429**
Non-controlling interests		0	0	0
Total equity		**1 558**	**2 447**	**2 430**
Liabilities				
Pension obligations		9	12	9
Long-term leasing liabilities		261	348	341
Other non-current interest-bearing liabilities	6	400	815	572
Deferred taxes		3	1	0
Other non-current liabilities		0	7	7
Total non-current liabilities		**673**	**1 182**	**929**
Short-term leasing liabilities		139	174	162
Other interest-bearing current liabilities	6	203	58	55
Other current liabilities		1 839	1 683	1 566
Liabilities classified as held for sale	5	46	0	0
Total current liabilities		**2 227**	**1 915**	**1 784**
Total equity and liabilities		**4 459**	**5 544**	**5 142**

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Interim condensed consolidated statement of cash flows

(Amounts in NOK million)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Profit/loss before tax	-765	47	-882	-18	45
Depreciation, amortisation and impairment	697	55	744	106	211
Taxes paid	-4	8	-8	2	3
Net financial items	22	16	41	32	59
Gain from sale of property, plant and equipment	-2	-4	-8	-8	-21
Gain from disposal of subsidiary	0	0	0	-40	-40
Share of profit from associates and joint ventures	0	0	0	0	2
Change in working capital and other accruals	60	-15	-6	-17	117
Net cash flow from operating activities	**7**	**107**	**-119**	**58**	**376**
Purchase of property, plant and equipment	-33	-15	-35	-23	-35
Acquisition of companies, net of cash acquired	4	0	4	-8	-17
Investments in associates and joint ventures	0	0	0	0	-2
Net proceeds from sale of property, plant and equipment	44	6	48	11	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	**15**	**-9**	**17**	**77**	**89**
Net proceeds from issue of shares	0	0	0	0	-1
Net proceeds from borrowings	0	0	0	0	395
Repayment/repurchase of borrowings	-14	-14	-28	-52	-681
Payments of lease liabilities	-41	-45	-83	-91	-184
Interest paid	-22	-17	-41	-33	-82
Net proceeds from acquisition/sale of treasury shares	1	-3	1	-2	-1
Net cash flow from financing activities	**-76**	**-78**	**-151**	**-179**	**-553**
Net change in cash and cash equivalents	**-55**	**20**	**-253**	**-43**	**-88**
Cash and cash equivalents at the start of the period	177	395	369	472	472
Translation differences	-2	13	4	-2	-15
Cash and cash equivalents at the end of the period	**120**	**427**	**120**	**427**	**369**
Hereof presented as:					
Free cash	120	427	120	427	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						-5	-5	-1	-6
Other comprehensive income				4	137		141		141
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**	**4**	**137**	**-5**	**136**	**-1**	**135**
Equity at 30 June 2023	**73**	**0**	**2 323**	**15**	**185**	**-150**	**2 447**	**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						-878	-878	0	-878
Other comprehensive income				7	-1		6		6
Share-based payments			0				0		0
Total changes in equity	**0**	**0**	**0**	**7**	**-1**	**-878**	**-872**	**0**	**-872**
Equity at 30 June 2024	**73**	**0**	**2 323**	**1**	**145**	**-984**	**1 558**	**0**	**1 558**

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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 per 30 June 2024 are prepared in accordance with IFRS as approved by the EU and comprise NRC Group ASA and its subsidiaries. The interim financial report is presented in accordance with IAS 34, Interim Financial Reporting. The accounting principles applied in the interim report are the same as those described in the consolidated accounts for 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 second quarter financial report for 2023, 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.

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 has been accrued for the ETM project. The total project loss reported is NOK 125 million. Remaining production on the project is approx. NOK 320 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 is a consequence of recent periods negative profitability development in the segment and lower current hit rate due to increasingly competitive market, in addition to IFRS requirements. Remaining goodwill related to the Finnish operations per 30 June 2024 is EUR 83 million (NOK 942 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, and enhancing project management, as well as better project risk evaluation processes.

The assumptions applied for impairment testing of goodwill in Finland is 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 June 2024 is NOK 577 million.

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The assumptions applied for impairment testing of goodwill in Norway is 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 are no indications that the carrying value of NOK 271 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. 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 are no non-recognized deferred tax assets related to unused tax losses. In Sweden, total non-recognised deferred tax assets related to unused tax losses amount to 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 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 35 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
Q2 2024					
External	520	405	823	0	1 747
Inter-segment	-26	33	0	-7	0
Total revenue	**494**	**438**	**823**	**-7**	**1 747**
Operating expenses	-522	-488	-774	-7	-1 792
Other income and expenses	0	0	0	0	0
Depreciation	-21	-9	-14	0	-44
EBITA	**-49**	**-59**	**34**	**-15**	**-88**
Amortisation and impairment	-150	-1	-502	0	-653
EBIT	**-199**	**-60**	**-468**	**-15**	**-742**
Adjusting items	153	0	500	0	653
EBIT adj.	**-46**	**-60**	**32**	**-15**	**-88**
Order backlog	**1 972**	**3 316**	**2 478**		**7 766**

(Amounts in NOK million)					
Q2 2023	**Norway**	**Sweden**	**Finland**	**Other**	**Consolidated**
External	599	471	726	0	1 797
Inter-segment	-75	81	0	-6	0
Total revenue	**524**	**552**	**726**	**-6**	**1 797**
Operating expenses	-475	-530	-667	-5	-1 678
Other income and expenses	0	-1	0	-1	-1
Depreciation	-26	-11	-14	0	-51
EBITA	**23**	**11**	**45**	**-11**	**68**
Amortisation and impairment	0	-1	-3	0	-4
EBIT	**23**	**10**	**42**	**-11**	**64**
Adjusting items	0	1	0	1	1
EBIT adj.	**23**	**10**	**42**	**-11**	**65**
Order backlog	**1 674**	**3 071**	**3 237**		**7 982**

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2. Segments (continued)

(Amounts in NOK million)	Norway	Sweden	Finland	Other	Consolidated
YTD 2024					
External	1 060	743	1 250	0	3 053
Inter-segment	-123	131	0	-9	0
Total revenue	**937**	**875**	**1 250**	**-9**	**3 053**
Operating expenses	-1 002	-914	-1 218	-19	-3 153
Other income and expenses	0	4	0	0	4
Depreciation	-41	-18	-28	0	-87
EBITA	**-106**	**-53**	**4**	**-28**	**-183**
Amortisation and impairment	-150	-2	-505	0	-657
EBIT	**-256**	**-56**	**-501**	**-28**	**-840**
Adjusting items	213	-4	500	0	709
EBIT adj.	**-43**	**-59**	**-1**	**-28**	**-131**
Order backlog	**1 972**	**3 316**	**2 478**		**7 766**

(Amounts in NOK million)					
YTD 2023	**Norway**	**Sweden**	**Finland**	**Other**	**Consolidated**
External	1 171	721	1 197	0	3 088
Inter-segment	-158	171	0	-13	0
Total revenue	**1 013**	**892**	**1 197**	**-13**	**3 088**
Operating expenses	-930	-878	-1 150	-8	-2 965
Other income and expenses	41	-42	-1	-1	-2
Depreciation	-51	-21	-26	0	-99
EBITA	**73**	**-49**	**20**	**-22**	**22**
Amortisation and impairment	0	-2	-6	0	-7
EBIT	**73**	**-51**	**14**	**-22**	**14**
Adjusting items	-41	42	1	1	3
EBIT adj.	**32**	**-9**	**15**	**-21**	**17**
Order backlog	**1 674**	**3 071**	**3 237**		**7 982**

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**

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3. Interests in associated companies

The Group has a 20% interest sharing risks and rewards of two larger projects (E04 Station Haga, and E03 Kvarnberget) with Webuild (40%) and Gülermak (40%) in connection with Station Haga in Gothenburg, through the associated company AGN Haga AB ("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 capital contributions of SEK 15.5 million has been 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. Trafikverkets termination of Station Haga (E04) affected AGN's liquidity negatively, leading to the company's application for reconstruction. During the first half of 2023, AGN 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. 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 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 settlements with Trafikverket and creditors are expected to commence during second half of 2024. 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 Kvarnberget. After the balance sheet date, Trafikverket has claimed AGN and the owners for a preliminary gross amount of SEK 247 million. 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 is a wholly owned subsidiary of the Company. Other companies in the Group are not exposed to the claim. No provisions related to the claim towards Nordic Railway Construction Sverige AB has been made as of 30 June 2024.

The book value of AGN Haga AB in the Group's Q2 2024 accounts is NOK 0.0 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

NRC Group ASA had no significant related party transactions other than ordinary cause of business in the second 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 includes 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 June 2024 were right of use assets of NOK 50 million and leasing liabilities of NOK 46 million.

6. Loans and other non-current liabilities

Due to significant downward adjustments of NOK 160 million in the quarter the Group was in technical breach of the interest cover ratio and leverage ratio covenants on the bank loan as per 30 June 2024. After 30 June 2024, the Group has received a waiver from the bank and is thereafter in compliance with its financial covenants for bank debt. Since the waiver from the bank was received after the balance sheet date the EUR 18.4 million loan is classified as current liabilities in the balance sheet as required by IFRS.

New financial covenants have been agreed for quarters Q3 2024 to Q3 2025. For this period an EBITDA requirement and a liquidity clause are used instead of the previously used leverage ratio and interest coverage ratio. This waiver is contingent upon the Group obtaining a waiver from the bondholders, within a specific timeframe.

The group is in compliance with financial covenants for the bond loan as of 30 June 2024, and the loan is thus classified as non-current. The Group, together with our advisor Danske Bank, have initiated dialogues with certain key bondholders, with the aim to agree the terms of the necessary waivers within short.

7. Events after the end of the period

Peab Anlegg AS has appointed NRC Kept AS, a company wholly owned by NRC Group ASA, to a contract for demolition and remediation works at Bodø Airport. The contract is valued at approx. NOK 95 million. The work will commence in Q3 2024, and the project is scheduled for completion in February 2025.

The Finnish Transport Infrastructure Agency has appointed NRC Group Finland, a company wholly owned by NRC Group ASA, to a contract for the construction of the new main track with catenary and signalling works at Muurame. The contract is valued at approx. EUR 4,1 million, and the work commenced in August 2024 and is scheduled for completion in August 2025.

After the balance sheet date, the Group has received a waiver from the bank and is in compliance with its financial covenants for both bank and bond debt as of Q2 2024. The Group, together with our advisor Danske Bank, have initiated dialogues with certain key bondholders, with the aim to agree the terms of the necessary waivers within short. In order to strengthen the liquidity position to mitigate potential impact of ETM and support the new strategic roadmap, the Group is considering a potential share issue to raise capital. To advise and assist in this process the Group has retained ABG Sundal Collier and Danske Bank.

The Statement of the Board of Directors and CEO

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The Board of Directors and CEO have today reviewed and approved the interim financial report and the unaudited condensed interim consolidated financial statements for the second quarter and half year of 2024.

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. To the best of our knowledge, the interim financial report gives a fair view of NRC Group's assets, liabilities, financial position and performance.

In addition, the report gives a fair overview of important events in the reporting period and their impact on the financial statements and describes the principal risks and uncertainties associated with the next reporting period.

Lysaker, 28 August 2024

THE BOARD OF DIRECTORS OF NRC GROUP ASA

Rolf Jansson
Chairman of the BoD

Outi Henriksson
Board member

Mats Williamson
Board member

Heikki Allonen
Board member

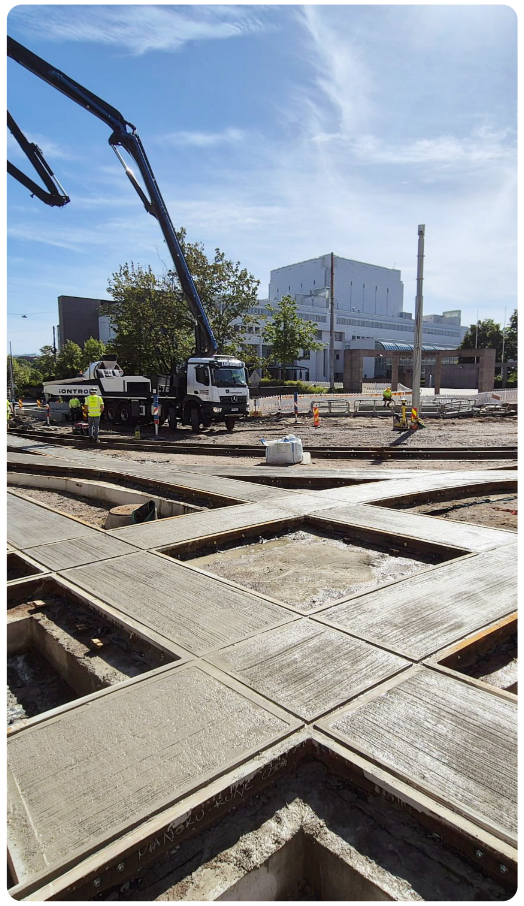
Eva Nygren
Board member

Karin Bing Orgland
Board member

Tove Elisabeth Pettersen
Board member

Anders Gustafsson
CEO NRC Group ASA

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)	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Operating profit/loss (EBIT)	**-742**	**64**	**-840**	**14**	**105**
Adjusting items					
Gain from sale of Gravco	0	0	0	-40	-40
M&A expenses	0	0	-4	1	-7
Restructuring recycling and demolition business (NRC Kept)	3	0	63	0	0
Restructuring items, other	0	1	0	6	21
Write-down operations to be discontinued (Civil Sweden)	0	0	0	35	43
Impairment of goodwill (Norway)	150	0	150	0	0
Impairment of goodwill (Finland)	500	0	500	0	0
Adjusting items, total	**653**	**1**	**709**	**2**	**16**
EBIT adj.	**-88**	**65**	**-131**	**17**	**121**
Depreciation	44	51	87	99	197
Amortisation of IT software investments	3	4	7	7	15
EBITDA adj.	**-41**	**119**	**-37**	**123**	**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 first half 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.

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Reconciliation of Net cash/ net interest-bearing debt position

(Amounts in NOK million)	30.06.2024	30.06.2023	31.12.2023
Long-term leasing liabilities	261	348	341
Other non-current interest-bearing liabilities	400	815	572
Short-term leasing liabilities	139	174	162
Other interest-bearing current liabilities	203	58	55
Interest-bearing debt	**1 003**	**1 395**	**1 130**
Minus:			
Cash and cash equivalents	120	427	369
Net isterest-bearing debt	**883**	**968**	**761**
Minus:			
Total leasing liabilities	400	522	503
Net interest-bearing debt excl. leasing	**482**	**445**	**258**

Reconciliation of Net working capital (NWC)

(Amounts in NOK million)	30.06.2024	30.06.2023	31.12.2023
Total inventories	33	27	35
Total receivables	1 757	1 717	1 468
Current assets (ex cash)	**1 790**	**1 743**	**1 504**
Minus:			
Other current liabilities	1 839	1 683	1 566
Net working capital	**-49**	**60**	**-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 subcontractors.
LTM	Last twelve months on a rolling basis.
M&A expenses	Expensed external costs related to merger and acquisitions, including any subsequent adjustments to the final settlement of contingent considerations that is not included in the final purchase price allocation.
Net interest-bearing debt	Interest-bearing liabilities (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.
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 communications

Marianne Ullsand Kellmer
EVP and Head og HR

Board of Directors

Rolf Jansson
Chairman of the BoD

Mats Williamson
Board member

Eva Nygren
Board member

Tove Elisabeth Pettersen
Board member

Outi Henriksson
Board member

Heikki Allonen
Board member

Karin Bing Orgland
Board member

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Financial calendar

3rd quarter 2024: 20 November

NRC Group