

Result Report

1st quarter 2021



From the CEO

The increasing demand to build and maintain high-quality infrastructure in the Nordics, together with the opportunities that lie in urbanisation and climate positive city development, promise an exciting outlook for us. The positive outlook for our industry is confirmed by the proposals for new national transportation plans in Norway, Sweden and Finland.

Recently, we launched our first Sustainability Report. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, the world's most widely used sustainability reporting standard. The report covers material environmental and social impacts and the management approach of NRC Group for 2020.

Our sustainable work going forward is of high importance. We closely monitor the EU's work on Sustainable Finance and the EU Taxonomy regulation and will classify revenues, investments and operational costs during 2021. Sustainable finance is an important enabler for implementing the Green Deal and making the EU's economy sustainable. Going forward, we believe the NRC Group will benefit from the EU taxonomy as our core business areas are largely aligned with the EU environmental objectives.

Finland performed good in this quarter, with light rail projects as the main driver for growth. Most of

the Swedish portfolio performed well, but a low activity level impacted the profitability. In Norway, rail construction is the main driver for revenue growth while the margins are weak within Environment. Winter conditions create challenging conditions for building and maintaining sustainable infrastructure, our project teams in all countries deserve great credit for their effort and for delivering high quality work during the quarter.

The Fornebu Metro Line is one of the largest metro expansions in Norway, where 8 km of tracks will connect two municipalities in 2027. Our Civil team in Norway signed an important contract for ground, foundation and construction work in connection with a new access tunnel to the new metro. On 1 April, our Finnish team was appointed to a major contract of EUR 42 million in Joensuu, to support the urbanisation and population growth by upgrading the Joensuu railway yard.

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

Stay healthy and safe.

Henning Olsen
CEO



Highlights Q1

Revenue

- NOK 1.1 billion (NOK 1.3 billion)

Orders

- Order intake of NOK 0.9 billion (NOK 1.4 billion)
- Order backlog of NOK 6.0 billion (NOK 8.0 billion)

EBITA*

- NOK -59 million (NOK -54 million)

Liquidity

- Operating cash flow of NOK 17 million (NOK 43 million)
- Cash position of NOK 551 million (NOK 821 million)

Key figures

(Amounts in NOK million)

	Q1 2021	Q1 2020	FY 2020
Revenue	1,129	1,254	6,449
EBITDA*	-10	-1	264
EBITA*	-59	-54	50
EBIT*	-71	-69	-8
EBITA* (%)	-5.2 %	-4.3 %	0.8 %
Order intake	860	1 417	5 339
Order backlog	5,961	8,048	6,475
Cash flow from operating activities (continuing operations)	17	43	312
Cash and cash equivalents	551	821	610
Net debt	1,107	1,098	1,158
Equity ratio	48 %	45 %	47 %
Employees	1,912	1,986	1,975

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

Comments on first quarter 2021 results



First quarter revenue was NOK 1,129 million compared to NOK 1,254 million for the same period of 2020. The revenue growth was -10% in the quarter mainly explained by an extraordinary sale of inventory of NOK 110 million in first quarter last year. Group EBITA* was NOK -59 million compared to NOK -54 million for the same period last year. The EBITA* margin was -5.2%.

Revenue in Norway was NOK 423 million compared to NOK 407 million in the first quarter of 2020. The organic growth was 4% in the quarter mainly explained by increased revenue in rail construction. EBITA* was NOK -17 million, compared to NOK -14 million in the same period of 2020. The EBITA margin was -4.0% this quarter compared to -3.5% for the same period last year.

Revenue from the Swedish operation amounted to NOK 259 million for the quarter compared to NOK 311 million in the same period of 2020. The organic growth in the quarter was -19% in local currency. The revenue was significantly lower than last year mainly due to the low order book going into 2021. The EBITA* was NOK -35 million compared to NOK -27 million in the same period of 2020, due to lower revenue and lower utilisation of machines. The EBITA* margin was -13.4% for the quarter compared to 8.8% last year.

Finland had revenue of NOK 446 million compared to NOK 540 million in the first quarter of 2020. The organic growth was -16% in the quarter in local currency. Adjusted for the additional sale of inventory of approximately NOK 110 million in first quarter last year, the revenue was approximately at same level. The EBITA* was NOK 2 million compared to NOK -3 million in the same period of 2020. EBITA* margin was 0.4% for the quarter, an increase from -0.6% last year, mainly explained by improved profitability in rail construction.

Group operating profit (EBIT) for the quarter was NOK -77 million, at same level as last year. Net financial items amounted to NOK -18 million for the quarter, compared to NOK -22 million for the same period last year. The Group has a 20% interest in a joint venture sharing risks and rewards of two larger projects with Astaldi and Gülermak in connection with the Station Haga in Gothenburg. The projects are complex with substantial risk, hence net income from the associated company has been reported at zero.

The order backlog amounted to NOK 5,961 million at end of March. First-quarter order intake was NOK 860 million, split on announced contracts of NOK 386 million and unannounced order intake of NOK 474 million including currency adjustments of NOK -245 million due to NOK strengthening vs SEK and EUR in the quarter. The unannounced

order intake also includes a reversal of NOK 183 million due to a decision from the Market Court in Finland which annulled the previous decision of the appointed contract of Maintenance Area 5 (with reference to stock release 1 March 2021). The contract was valued at approximately EUR 25 million, with an estimated yearly production of EUR 5 million in the period 2021 to 2025. The decision is estimated to have limited financial effect in 2021. The FTIA is expected to re-announce the contract to the market in the third quarter this year. NRC Finland will operate the contract for six months after the contract is awarded.

In Norway, new orders included an appointed contract by Oslo municipality of NOK 185 million, for ground, foundation and construction work in connection with establishing a new access tunnel to the Fornebu Metro Line at Skøyen. The work commenced in April 2021 and is scheduled for completion in October 2022. New orders in Finland included renewal of existing railway yards at Törölä, Tapavainola and Rasinsuo. The contract was appointed by FTIA, valued at EUR 6.25 million. The work commenced in April 2021 and is scheduled for completion in September 2022. The FTIA also appointed NRC Group Finland to a contract at EUR 4.8 million for signal installation at Oulu station. The work will commence in May 2021 and is scheduled for completion in November 2022. In Sweden, new orders included a SEK 51 million contract of civil construction work in connection with the installation of wind turbines in Sunne. The work commenced in February 2021 and is scheduled for completion in April 2022. NRC Group Sweden was also appointed to a contract of SEK 36 million by Premium Svensk Lax AB, for ground, foundation and construction work at Säfte. The work commenced in March 2021 and the project is scheduled for completion in October 2021.

The Group has identified an addressable tender pipeline of approximately NOK 22 billion for the next nine months. This compares to a NOK 21 billion tender pipeline three months ago and NOK 18 billion at the same time in 2020.

The tender pipeline in Finland is approximately NOK 3.9 billion, a decrease of approximately NOK 1.2 billion compared to the tender pipeline three months ago, but approximately NOK 2.4 billion higher than the same period last year. The first National Transport System Plan (NTSP) in Finland has now been prepared by the Government. It covers the period from 2021-2032. The NTSP is expected to be approved by the Parliament during spring 2021.

In Sweden, the tender pipeline is approximately NOK 9.2 billion, a decrease of NOK 0.3 billion

since three months ago and at same level as the same period last year. The Government in Sweden has recently presented their proposal for the National Transportation Plan (NTP) for the period 2022-2031 totalling SEK 799 billion. This is an increase of SEK 176 billion from the existing NTP. The NTP is expected to be approved in first half of 2022.

The tender pipeline in Norway is approximately NOK 9.2 billion, an increase of NOK 3.1 billion compared to the tender pipeline three months ago and an increase of approximately NOK 2.0 billion at the same time last year. The increase is mainly driven by larger pipeline in Rail construction and the tender for the first maintenance contract which will be in the market in the second half of 2021. The Government in Norway has recently presented a proposal for the National Transportation Plan for the period 2022-2033. Total investment proposal to railway infrastructure is NOK 400 billion, an increase of NOK 72 billion from existing NTP. The NTP for 2022-2033 is expected to be approved before summer in 2021.

Update on Covid-19

NRC Group continues a sharp focus on adopting guidelines and policies to prevent and handle Covid-19 outbreaks. The Group monitors the development of the pandemic and its potential impact on the industry and on business continuity. The main risks are related to potential operational impact if outbreaks intensify, and restrictions are resumed. Operations also depend on that customers, predominantly the public transport agencies and the municipalities in Norway, Sweden and Finland, continue to announce and award tenders as scheduled to enable efficient planning and execution of projects during 2021. Governmental restrictions and recommendations were intensified in all three countries as the numbers of affected has increased in first quarter and continued into second quarter in 2021. In order to limit import infection, foreigners' access to Norway has been tightened sharply. Only those non-Norwegian citizens who are residents of Norway are permitted to enter the country. In the first quarter, persons, including Norwegian citizens and foreigners residing in Norway, must spend the entry quarantine at quarantine hotels. A limited access for qualified foreign workers specialised in concrete work, has impacted the operation in some projects. Operations in Sweden are not affected by entry restrictions as no foreign workers are used in the operation. Finland still has open borders to foreign nationals seeking entry with a few exceptions.

NRC Group's main priority is to keep employees safe while maintaining operations. The Group communicates regularly and transparently to equip teams for virtual working and safe project execution. The Group complies with restrictions and guidelines from relevant authorities and follows up with immediate actions when relevant and needed.

Parts of NRC Group's activities are related to maintenance and upgrades of existing railway infrastructure. These operations are defined as critical to the society, and the company will prioritise these activities in case of situations where certain resources become scarce.

The Covid-19 pandemic has had limited financial impact for NRC Group to date. Still the long-term impact for the societies and people is characterised by uncertainty due to volatility in infection rates and new restrictions.

Outlook

NRC Group is strongly positioned in a growing market with a substantial tender pipeline. Recently confirmed national budgets and updated proposals of the National Transportation Plans with increasing long-term investments, confirm a positive market outlook.

NRC Group continues focus on implementation of the updated strategy and improvement measures to restore profitability. For 2021, the Group expects an EBITA margin between 1.75% and 2.5%.

Cash flow

Net cash flow from operating activities for the first quarter of 2021 was NOK 17 million, supported by reduced net working capital. The cash flow was NOK 26 million lower than the cash flow from continuing operating activities last year, which included approximately NOK 110 million from an extraordinary sale of inventory.

Net cash flow from investing activities in the first quarter of 2021 was NOK 13 million supported by sale of machinery, compared to NOK -8 million last year.

The quarterly net cash flows of NOK -96 million from financing activities include ordinary instalments and interests for loans and lease liabilities (financial and operating). Cash from sale of treasury shares relates to the 2020 employee share program. Last year's financing activities were significantly impacted by the NOK 700 million capital increase.

The first quarter net change in cash was NOK -59 million including currency effects, and cash at the end of the period amounted to NOK 551 million. Additionally, the Group had unused credit facilities of NOK 200 million.

Financial position

NOK strengthened towards SEK and EUR during the first quarter of 2021 leading to a net negative translation difference charged to other comprehensive income of NOK -83 million, compared to a positive adjustment of NOK 182 million last year due substantial weakened NOK towards EUR.

Intangible assets decreased by NOK 120 million to NOK 2,890 million at the end of the quarter. Goodwill is reduced by NOK 102 million due to currency adjustments only. Customer contracts and other intangible assets decreased by NOK 16 million due to amortisations and currency adjustments.

Net reduction of tangible and right-of use assets by NOK 71 million mainly relates to currency adjustments and the quarterly depreciation of NOK 49 million.

Total receivables decreased by NOK 202 million to NOK 1,169 million during the quarter. The decrease follows normal seasonal working capital changes in addition to currency adjustments. Total assets decreased by NOK 460 million to NOK 5,407 million in the quarter. The equity ratio was 47.7% at 31 March 2021.

Interest-bearing liabilities consist of a EUR 53.7 million bank loan, a NOK 600 million bond and discounted cash flows related to lease agreements, including operating leases (mainly real estate rents) under IFRS 16. Total interest-bearing liabilities amounted to NOK 1,658 million at the end of March, including operating lease liabilities of NOK 146 million. The repayment of the EUR bank loan was NOK 38 million in the quarter. Total lease liability decreased by NOK 47 million as new lease agreements were lower than the lease payments and terminated agreements.

Net interest-bearing debt decreased by NOK 51 million during the quarter to NOK 1,107 million.

Risks

NRC Group is exposed to operational, financial and market risks. Operational risks include risk assessment and contingency appraisal in project tendering, project execution, 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 change in government spending or demand.

NRC Group aims to undertake operational risk that the business units can influence and control. NRC Group has developed risk management processes that are well adapted to the business. This includes analysis of project risk from the tendering phase through to completion to ensure appropriate pricing and risk management. NRC Group also seeks to minimise the exposure to risk that cannot be managed.

Financial risks include financial market risk, credit risk and liquidity risk. Financial market risks most relevant for the Group are currency risk and interest rate risk. A Group risk management policy for hedging is implemented to manage this risk. By having operational units in different functional currencies, NRC Group is exposed to currency translation risks related to subsidiaries in Sweden (SEK) and Finland (EUR). The Group has an EUR currency loan to hedge the net investment in Finland. Most transactions in the Group are in local functional currencies. Significant transactions in other than functional currencies are assessed, and hedging instruments are considered to limit the risks associated with foreign exchange. The bond issued in September 2019 carries an interest of three months NIBOR + 4% until maturity 13 September 2024. The three months NIBOR has been hedged to a fixed rate of 1.838% for the full period. The fair market value of the hedge at the end of the quarter was NOK -15 million, impacting other comprehensive income.

Liquidity risk is the risk that the Group will be unable to meet its financial obligations when they are due. The Group had total current assets of NOK 1,759 million at the end of the quarter, NOK 306 million higher than the short-term liabilities. Total cash amounted to NOK 551 million in addition to an unused multi-currency credit facility of NOK 200 million. The central management team and the local managers of the subsidiaries monitor the Group's liquid resources and credit facilities through revolving forecast based on expected cash flow. The cash flow is impacted by seasonal fluctuations. The current cash position and the multi-currency cash pool provides appropriate flexibility for managing cash flows and reserves within the Group.

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

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

The Covid-19 outbreak may still significantly impact markets and operations going forward as the situation affects both operational, financial and market risks. The extent will depend on how the virus infection spreads and the measures that are implemented by the authorities. The Group follows public recommendations closely and continuously updates internal policies accordingly. NRC Group project workers are active on a large number of projects in various locations, which reduces the risk. However, a scenario with wide-spread virus infection, may significantly impact the operations. A substantial part of the Group revenue comes from public customers with a low credit risk. Private sector clients are closely followed up to minimise credit risk related to the coronavirus. The current orderbook limits the short-term impact on revenue. However, project execution and revenue will depend on the availability of project people including sub-contractors considering Covid-19 impact and restrictions and measures implemented by the authorities. The overall impact during 2020 and 2021 has been limited. It is however still likely that the situation may lead to delays in projects and additional expenses. Financial impact will depend on the contract terms on a project by project basis. Long-term, NRC Group sees limited impact on infrastructure investments.

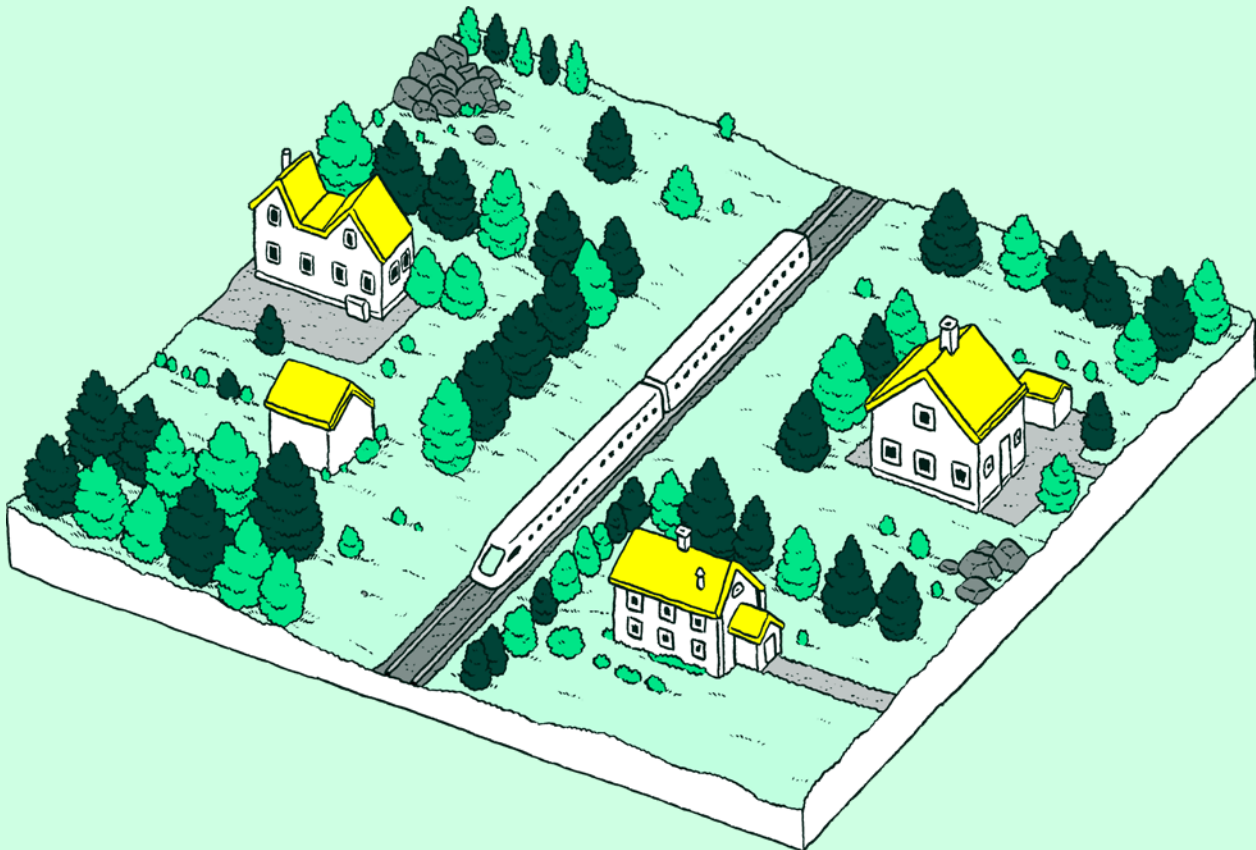


Building a sustainable company

In April, NRC Group published its first stand-alone Sustainability Report. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, the world's most widely used sustainability reporting standard. The report covers material environmental and social impacts and the management approach of NRC Group for 2020.







The European Commission recently proposed a Corporate Sustainability Reporting Directive. The EU standards aim to incorporate the essential elements of globally accepted standards currently being developed such as the GRI Standards.

The Commission also supports initiatives to develop a baseline of global sustainability reporting standards that would build on the work of the Task Force on Climate-related Financial Disclosures, as NRC Group did in 2020. The company undertook a review of the climate-related financial risks following the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. The review covered how NRC Group approaches climate-related risks and opportunities from a governance, strategy and risk management perspective, including the metrics and targets the company uses.

With an ambition to become the sustainable infrastructure partner of choice for the Nordic region, the company is committed to transparently report on environmental, social and governance performance.

GRI Standards to identify material topics

In 2020, NRC Group identified the sustainability topics that are material to its business. Material topics were defined for reporting in alignment with GRI's materiality principle. Topics which have a significant environmental, social or economic

impact or are considered important by stakeholders, are considered material. The company engaged with an independent ESG consultant to carry out stakeholder interviews, an employee survey and an assessment of the material topics. Responses were presented to Group management and the Board of Directors with recommendations of which material topics to report on.

The following topics have been determined to be material for NRC Group:

- Health and safety of our employees
- Climate and emissions
- Ethical business practices
- Employment
- Environmental safety and site management
- Sustainable supply chain

Sustainable Finance and the EU Taxonomy regulation

NRC Group is closely monitoring the EU's work on Sustainable Finance and the EU Taxonomy regulation. The new legislative and non-legislative actions introduced in the European Green Deal and the EU Sustainable Finance Action plan, will require financial market participants and companies to consider and disclose how they are working with sustainability in a new and standardized manner.

“The classification system for economic activities will contribute substantially to climate change mitigation, climate change adaptation and further environmental objectives. Sustainable finance is an important enabler for implementing the Green Deal and making the EU’s economy sustainable. Going forward, we believe that NRC Group will benefit from the EU taxonomy as our core business areas are largely aligned with the EU environmental objectives.”, says Dag Fladby, CFO of NRC Group.

During 2021, the company will further analyse and report how operations align with the final EU Taxonomy criteria.

A safe and secure workplace for employees

NRC Group aims to provide a safe and secure workplace for all employees. The goal is that all employees and partners shall return home every day completely free of injuries. The safety and health of the employees is of utmost importance.

The Lost Time Injury (LTI) rate measures safety at work and is defined as the number of work-related accidents with at least one full day absence per million working hours (including subcontractors). By the end of March, the LTI-1 was 9.6 compared to 1.8 in Q1 2020, due to challenging winter conditions. No serious incidents were reported in the quarter. The Group systematically works to reduce the rate and investigates each incident to identify why and how the company can avoid similar incidents.

The rate for LTI-2 is defined as number of lost time injuries in total, also including injuries that require medical treatment and alternative work (including subcontractors). By the end of March, the LTI-2 rate was 20.2 (6.7 in 2020).

As learning from all injuries is important, NRC Group systematically collects and analyses data through reports and investigations from incidents. The aim is to implement additional guidelines and routines that work and prevent new incidents from happening. All key learnings from health and safety incidents are shared via company-wide communication channels.

Sickness absence of 4.1% accumulated per March decreased from 5.7% in first quarter in 2020. NRC Group has defined the level as a healthy level, without significant absence due to occupational illnesses. HR Managers in each country monitor the situation and have a close follow-up of employees.

“Our people are the foundation for our success. In line with our values of caring, credible and entrepreneurial, we are building a strong safety culture and an attractive place to work. It is pleasing to see continuous improvement in our health and safety systems”, says Henning Olsen, CEO of NRC Group.



Building a low carbon future

NRC Group delivers long-term, low-carbon infrastructure solutions that create value now and for future generations. There is an increasing focus on the climate commitments of the Nordic countries in which we operate, and NRC Group recognises the responsibility to make operations even more sustainable. At the same time, investors' and other stakeholders' expectations around greenhouse gas (GHG) emission reductions are becoming urgent and unified.

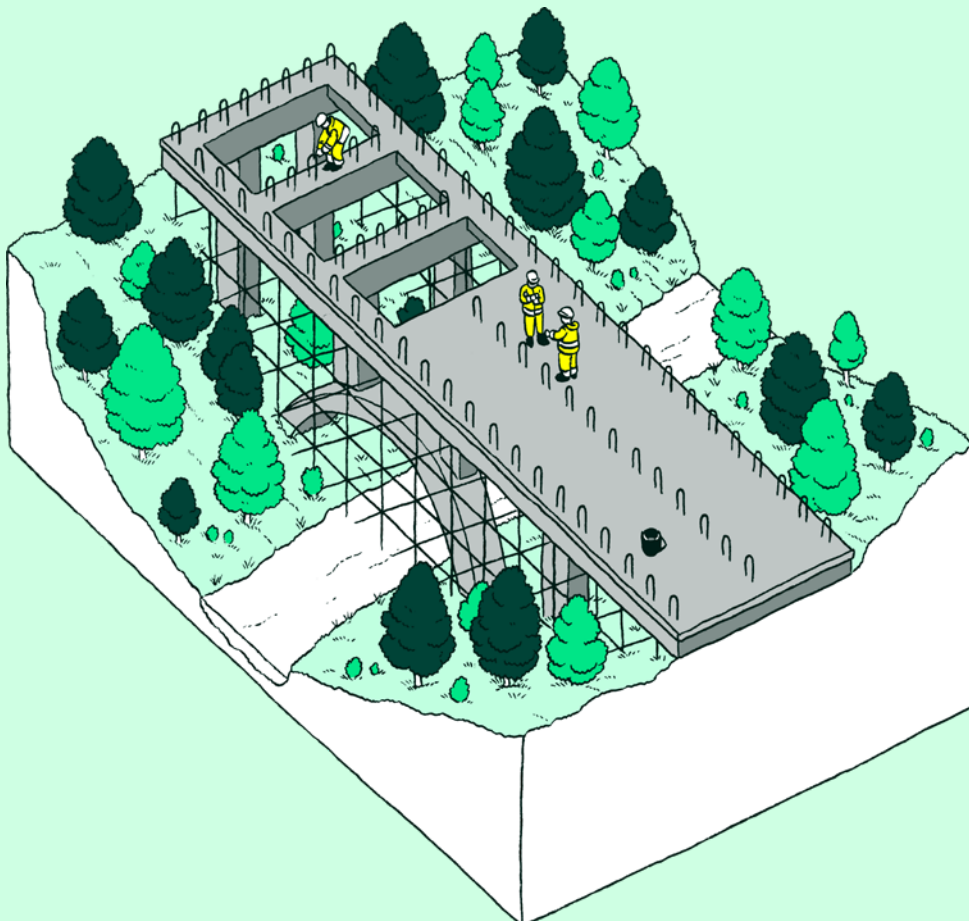
In 2020, NRC Group established a groupwide GHG emissions baseline, including scope 1, 2 & 3 emissions. The total emissions are 13,837 tonnes of carbon dioxide equivalents (t CO₂e), where the majority of emissions were generated in scope 1 through the use of diesel fuels in our equipment. In 2021, NRC Group will establish GHG emission reduction targets, including investigating the use of the Science Based Targets methodology to guide emissions reduction pathway. NRC Group will also develop appropriate emission intensity factors to provide useful context in our GHG reporting.

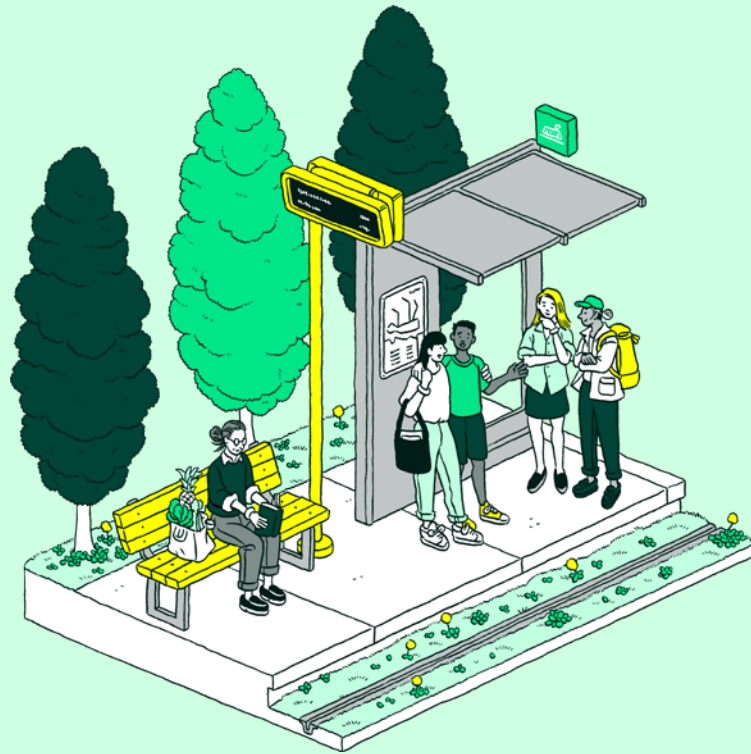
Building diversity and equal opportunity

NRC Group acknowledges diversity and inclusion, and offers equal opportunities regardless of gender, age, sexual orientation, ethnicity, religion, political opinions or social background. Being able to listen to and acknowledge different opinions, with different backgrounds, experiences and perspectives, enable more effective corporate decision-making for NRC Group. An inclusive workforce leads to diversity in thinking – a key driver for innovation and growth. This makes business sense to NRC Group.

“Our efforts to create and utilise diversity in our workforce continues to be a key priority. During 2021, our ambition is to improve gender diversity, and we remain focused on becoming the preferred employer in our industry when building tomorrow's sustainable infrastructure”, says Ina Pettersen, EVP & Head of Group HR.

NRC Group operates in a male-dominated industry, which is reflected in the Group's overall gender composition. As per March 2021, NRC Group employed 1,912 people (Q1 2020: 1,986). The Board of Directors consists of 42% women and the Group management of NRC Group has 16.7% women.





Ensuring ethical business practices

NRC Group's business success is built on a foundation of trust and believes that business behaviour should reflect the highest ethical standards. With long-term relationships with customers and suppliers, NRC Group demonstrates commitment to ethical business practice. Actively reviewing and maintaining these high standards, makes ethical business practice a material topic.

NRC Group has a comprehensive ethics policy and compliance programme, that focuses on priority ethics areas including anticorruption, anti-bribery, fair competition and supply chain integrity. NRC Norway has been ISO 37001 certified, the internationally recognised ISO standard for anti-bribery management systems, since 2019. Currently, only a few organisations hold this certification in Norway. An annual risk analysis is undertaken as part of the certification process.

"In what the United Nations is calling the "decade of action", we are actively contributing to a core set of UN Sustainable Development Goals (SDGs). Our focus is ensuring our SDG contribution is meaningful and measurable. Taking urgent action to combat climate change impacts is a critical and relevant SDGs, both from a business risk perspective and to reduce our own GHG emissions", says Henning Olsen, CEO of NRC Group.

A key component of the SDGs is the principle of collaboration for their achievement, including between Government, Civil Society and Business. NRC Group is focused on collaboration and contribution towards an initial core set of SDGs, while supporting the achievement of all SDGs. With a focus on continuous improvement, NRC Group is currently considering additional SDGs for inclusion in the core contribution set.

Contribution to the United Nations' Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) were agreed by 193 UN member states in 2015, including by the three Nordic countries NRC Group has operations in – Finland, Norway and Sweden. Each SDG includes measurable targets and indicators, with Governments of member states reporting on these to the UN.

Identifying risks and opportunities

In 2020, NRC Group undertook a review of our climate-related financial risks and followed the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. The review covered how the company approaches climate-related risks and opportunities from a governance, strategy and risk management perspective. It also includes the metrics and targets used. Business development opportunities associated with increased long-term investment in low carbon transport solutions were analysed, as well as upgrades to existing infrastructure.

79% response rate at Group-wide employee survey

A group-wide employee survey was conducted during the quarter, providing solid insight of what we do well in NRC Group, and what we should focus on improving in order to reach our ambitions of becoming the most attractive employer and partner of tomorrow's infrastructure.

New Eco system handbook published in Sweden

To reduce our ecological and environmental footprint and to take care of our biodiversity whilst making way for railroads and construction, a handbook for ECO system services and how to conserve nature has been developed and distributed throughout the Swedish organisation.

NRC Group in Finland certified for ISO 45001

In January 2021, NRC Group Finland was certified for ISO 45001:2018 standard, governing health and safety. The new ISO certification replaces the previous OHSAS 18001 certificate. The new occupational health and safety certificate increases employee listening and participation. NRC Group Finland is also certified with ISO 9001 and ISO 14001 related to environmental responsibility and quality.

Private Covid-19 test station

In line with NRC Group's main priority to keep employees healthy and safe, and to prevent Covid-19 outbreaks, a private test station for Covid-19 has been established at Fornebu in Norway. At the test station employees are offered drop-in for rapid antigen tests, allowing employees to be tested every week.

Interim condensed consolidated statement of profit or loss

(Amounts in NOK million)

	Q1 2021	Q1 2020	FY 2020
Revenue	1,129	1,254	6,449
Operating expenses	1,139	1,255	6,185
EBITDA before other income and expenses	-10	-1	264
Other income and expenses	-6	-7	-1
EBITDA	-16	-8	263
Depreciation	49	53	214
Operating profit/loss before amortisation (EBITA)	-64	-61	49
Amortisation	12	15	59
Operating profit/loss (EBIT)	-77	-77	-10
Net financial items	-18	-22	-84
Profit/loss before tax (EBT)	-95	-99	-94
Taxes	20	21	34
Net profit/loss from continuing operations	-75	-78	-59
Net profit from discontinued operations	0	0	-2
Net profit/loss	-75	-78	-61
Profit/loss attributable to:			
Shareholders of the parent	-75	-78	-63
Non-controlling interests	0	0	1
Net profit/loss	-75	-78	-61
EARNINGS PER SHARE IN NOK (ordinary)			
From continuing operations	-1.03	-1.28	-0.82
From discontinued operations	0.00	0.00	-0.03
EARNINGS PER SHARE IN NOK (diluted)			
From continuing operations	-1.03	-1.28	-0.82
From discontinued operations	0.00	0.00	-0.03

Interim condensed consolidated statement of comprehensive income

(Amounts in NOK million)

	Q1 2021	Q1 2020	FY 2020
Net profit / loss	-75	-78	-61
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Translation differences	-83	182	101
Net gain on hedging instruments	8	-29	-20
Total comprehensive profit/loss	-150	74	20
Total comprehensive profit/loss attributable to:			
Shareholders of the parent	-150	74	18
Non-controlling interests	0	0	1
Total comprehensive profit/loss	-150	74	20

Interim condensed consolidated statement of financial position

(Amounts in NOK million)

	31.03.2021	31.03.2020	31.12.2020
ASSETS			
Deferred tax assets	113	70	115
Goodwill	2,678	2,876	2,780
Customer contracts and other intangible assets	99	123	115
Intangible assets	2,890	3,068	3,010
Tangible assets	207	307	231
Right-of-use assets	541	539	588
Other non-current assets	10	28	24
Total non-current assets	3,647	3,942	3,852
Total inventories	39	66	33
Total receivables	1,169	1,318	1,371
Cash and cash equivalents	551	821	610
Total current assets	1,759	2,205	2,014
Total assets	5,407	6,147	5,867
EQUITY AND LIABILITIES			
Equity			
Paid-in-capital	2,395	2,386	2,395
Other equity	183	389	332
Total equity attributable to owners of the parent	2,578	2,774	2,727
Non-controlling interests	3	2	4
Total equity	2,581	2,777	2,731
Liabilities			
Pension obligations	11	14	12
Long-term leasing liabilities	348	350	395
Other non-current interest-bearing liabilities	986	1,210	1,042
Deferred taxes	7	22	9
Other non-current liabilities	20	29	31
Total non-current liabilities	1,372	1,625	1,489
Short-term leasing liabilities	178	191	178
Other interest-bearing current liabilities	146	168	153
Other current liabilities	1,129	1,386	1,316
Total current liabilities	1,453	1,745	1,647
Total equity and liabilities	5,407	6,147	5,867

Interim condensed consolidated statement of cash flows

(Amounts in NOK million)

	Q1 2021	Q1 2020	FY 2020
Profit/loss before tax	-95	-99	-94
Depreciation and amortisation	61	69	273
Taxes paid	-8	-12	-10
Net interest expenses	17	19	77
Change in working capital and other accruals	41	66	66
Net cash flow from operating activities – cont. oper.	17	43	312
Net cash flow from operating activities – disc. oper.	0	14	4
Net cash flow from operating activities	17	57	316
Purchase of property, plant and equipment	-7	-12	-34
Acquisition of companies, net of cash acquired	0	0	-123
Net proceeds from sale of property, plant and equipment	17	5	23
Proceeds from sale of shares and other investments	3	0	0
Net cash flow from investing activities – cont. oper.	13	-8	-133
Net cash flow from investing activities – disc. oper.	0	0	-17
Net cash flow from investing activities	13	-8	-150
Net proceeds from issue of shares	0	672	672
Repayments of borrowings	-38	0	-119
Payments of lease liabilities	-43	-47	-179
Interest paid	-17	-17	-70
Net proceeds from acquisition/sale of treasury shares	1	2	1
Net cash flow from financing activities	-96	610	304
Net change in cash and cash equivalents	-66	659	470
Cash and cash equivalents at the start of the period	610	154	154
Translation differences	7	8	-14
Cash and cash equivalents at the end of the period	551	821	610
Hereof presented as:			
Free cash	550	821	610
Restricted cash	1	0	1
Cash and cash equivalents – continuing operations	551	821	610
Cash and cash equivalents – discontinued operations	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 2020	54	0	1,662	1	8	305	2,030	3	2,033
Profit/loss for the period						-78	-78	0	-78
Other comprehensive income				-29	182		152		152
Increase share capital	19		681				700		700
Costs related to capital increase			-28				-28		-28
Share-based payments			0				0		0
Acquisition of treasury shares		0	-1				-1		-1
Total changes in equity	19	0	651	-29	182	-78	744	0	744
Equity at 31 March 2020	73	0	2,313	-29	190	228	2,774	2	2,777
Equity at 1 January 2021	73	0	2,322	-20	109	243	2,727	4	2,731
Profit/loss for the period						-75	-75	0	-75
Other comprehensive income				8	-83		-75		-75
Share-based payments			0				0		0
Total changes in equity	0	0	0	8	-83	-75	-149	0	-149
Equity at 31 March 2021	73	0	2,322	-12	26	168	2,578	4	2,581

Notes to the interim condensed consolidated financial statement





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.

The company is listed at Oslo Stock exchange under the ticker "NRC" and with ISIN NO0003679102.

Accounting policies and basis for preparation

The condensed consolidated financial statements as per 31 March 2021 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 2020.

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 2020. 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 and first quarter financial reports for 2020 and the audited financial report for the full year of 2020.

In August 2019, an agreement to divest the operating segment Design was signed and based on this reported as discontinued operations. Discontinued operations in 2020 are related to this transaction.

Significant estimates and judgements

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.

COVID-19

The Covid-19 pandemic has had limited operational impact for NRC Group to date. Still the long-term impact for the societies and people is characterised by uncertainty due to increase in infection rates and further intensified restrictions. This may also impact on our material accounting judgement, estimates and assumptions, and in particular regard to assumptions related to revenue from contracts with customers and the impairment test of goodwill as described below. The coronavirus outbreak has increased the uncertainty related to total project expenses, including any projects being delayed due to resources not being available and increased cost for sub-contractors or delivery of materials.

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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. No impairment was made at 31 March 2021 or subsequently.

Most sensitive to impairment is our operations in Sweden with a book value of goodwill of SEK 640 million as of 31 March 2021. The current headroom of approximately SEK 170 million is most sensitive to the discount rate and the estimated future cash flows.

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 require determination of all facts and information available and how this will impact on the calculations. These calculations require the use of assumptions and estimates related to future cash flows and discount rate.

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

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 463 million and in Sweden of NOK 701 million corresponding to gross deferred tax assets of NOK 102 million in Norway and NOK 144 million in Sweden that can be used to reduce future tax payments. Net of deferred taxes and unrecognised assets, deferred tax assets of NOK 81 million in Norway and NOK 32 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.

Segments

(Amounts in NOK million)

Q1 2021	Norway	Sweden	Finland	Other	Consolidated
External	424	259	446	0	1,129
Inter-segment	0	0	0	0	0
Total revenue	423	259	446	0	1,129
EBITDA*	6	-22	15	-9	-10
Depreciation	23	13	13	0	49
EBITA*	-17	-35	2	-9	-59
Amortisation	1	1	11	0	12
EBIT*	-18	-36	-9	-9	-71
Other income and expenses	4	0	1	1	6
EBIT	-21	-36	-10	-10	-77
Order backlog	1,872	1,940	2,149		5,961

(Amounts in NOK million)

Q1 2020	Norway	Sweden	Finland	Other	Consolidated
External	404	311	539	0	1,254
Inter-segment	3	1	1	-4	0
Total revenue	407	311	540	-4	1,254
EBITDA*	7	-15	16	-9	-1
Depreciation	22	12	19	0	53
EBITA*	-14	-27	-3	-9	-54
Amortisation	4	0	11	0	15
EBIT*	-18	-28	-14	-10	-69
Other income and expenses	4	0	0	3	7
EBIT	-23	-28	-14	-12	-77
Order backlog	1,953	2,738	3,357		8,048

(Amounts in NOK million)

FY 2020	Norway	Sweden	Finland	Other	Consolidated
External	1,863	1,775	2,811	0	6,449
Inter-segment	3	2	0	-5	0
Total revenue	1,866	1,777	2,811	-5	6,449
EBITDA*	82	-21	231	-27	264
Depreciation	95	48	70	1	214
EBITA*	-14	-69	161	-28	50
Amortisation	9	2	45	2	59
EBIT*	-23	-71	116	-30	-8
Other income and expenses	-4	1	0	4	1
EBIT	-19	-73	116	-34	-10

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

Business combinations

JÄRNVÄGSKONSULTERNA BOLLNÄS AB (JVK)

On 16 April 2020, NRC Group completed the transaction to acquire 100% of JVK at an estimated net settlement of SEK 15 million, including a contingent consideration of SEK 3 million. The acquisition of JVK was financed by cash. The purchase price has been allocated at the fair value of the assets and liabilities of the acquired company using the acquisition method according to IFRS 3. The allocation was not finalised by 31 March 2021, and preliminary estimates are made regarding the opening balance sheet and estimated purchase price. The acquisition resulted in an estimated goodwill of SEK 15 million. Goodwill is related to the fair value of expected synergies arising from the organisation's competence within track renewal projects.

GÄSTRIKE SIGNAL & PROJEKTERING AB (GSP)

On 2 July 2020, NRC Group completed the transaction to acquire 70% of GSP at an estimated net settlement of SEK 17.5 million including a contingent consideration of SEK 2.5 million. The acquisition of GSP was financed by cash. The purchase price has been allocated at the fair value of the assets and liabilities of the acquired company using the acquisition method according to IFRS 3. The allocation is not finalised by 31 March 2021, and preliminary estimates are made regarding the opening balance sheet and estimated purchase price. The acquisition resulted in an estimated goodwill of SEK 17 million. Goodwill is related to the fair value of expected synergies arising from the organisation's competence within signalling projects.

Interests in associated companies

The Group has a 20% interest in a joint venture sharing risks and rewards of two larger projects with Astaldi and Gülermak in connection with Station Haga in Gothenburg, accounted for using the equity method. The projects commenced during 2018/2019 and are scheduled to be completed in 2021 and 2026. The projects are complex with substantial risk, hence net income from the associated company has been reported at zero. Note 28 to the Group accounts in the annual report for 2020 provides further disclosures regarding the associated company.

Transactions between related parties

NRC Group ASA had no significant related party transactions other than ordinary cause of business in the first quarter 2021. Note 6, 7 and 29 to the Group accounts in the annual report for 2020 provide 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, 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.

Contract announcements

The table presented below provides an overview of the Stock Exchange announced contracts during first quarter 2021.

(Amounts in NOK million)

Client	Estimated value	Country
Oslo Municipality	185	Norway
Finnish Transportation Infrastructure Agency	48	Finland
Premium Svensk Lax AB	36	Sweden
Finnish Transportation Infrastructure Agency	64	Finland
Bixia Byggvind AB	52	Sweden
Total	386	

Events after the end of the period

On 1 April, NRC Group was appointed a EUR 42 million contract related to rehabilitation and upgrading of the Joensuu railway yard in Eastern Finland by the Finnish Transportation Infrastructure Agency.

On 27 April, NRC Group was appointed a SEK 35 million contract for ground, foundation and construction work at Östra Kroppkärr in Sweden by Karlstad municipality.

On 29 April, NRC Group was appointed to a NOK 38 million for ground, foundation and construction work by Drammen municipality.

On 6 May, the Annual General Meeting approved all items in accordance with the Notice to the General Meeting. The Annual General Meeting appointed Heikki Allonen and Outi Henriksson as new board members, replacing David Christopher Montgomery and Brita Eilertsen. Existing board member Rolf Jansson was appointed new Chair of the Board of Directors, replacing Helge Midttun.

IR Policy

The company's objective is to serve the financial market precise and relevant information about the company to ensure that the share price reflects the underlying values and future prospects.

The company discloses price sensitive information relating to significant contracts and investments or other material changes or events in NRC Group to investors and other market players through the Oslo Stock Exchange, www.newsweb.no, and the company's website, www.nrcgroup.com. In addition, the company intends to publicly disclose all tenders awarded with value exceeding NOK 30 million. All tenders awarded are normally subject to a 10-days appeal period before the award is definitive. The company's policy is to not inform the market of expiry of any such appeal period unless an actual appeal has been filed and the company is informed by the customer that the appeal is being considered and that this may lead to a delay or cancellation of the contract. Information about other tenders awarded will be updated quarterly as part of the company's order backlog.

Dividend Policy

The company expects to create value for its shareholders by combining increased share value in a long-term perspective and distribution of dividends. The company aims to have a dividend policy comparable with peer Groups in the industry and to give its shareholders a competitive return on invested capital relative to the underlying risks. The Board of Directors at NRC Group has introduced a dividend policy whereby, subject to a satisfactory underlying financial performance, it is NRC Group's ambition over time to distribute as dividend a minimum of 30% of the profit for the year. The target level will be subject to adjustment depending on possible other uses of funds. The Annual General Meeting (AGM) resolves the annual dividend, based on the proposal by the Board of Directors. On 6 May, the AGM resolved there will be no dividend paid for 2020.





Alternative performance measures and definitions

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

The Group believes that APMs such as EBITA* and EBITDA* (*excluding other income and expenses) are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as

depreciation on fixed assets, amortisation of intangible assets and M&A expenses, which can vary significantly, depending upon accounting methods (in particular when acquisitions have occurred) or based on non-operating factors.

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

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.

BOOK-TO-BILL RATIO LTM

The nominal value of orders received last twelve months divided by external revenue for last twelve months.

CONTRACT VALUE

The amount stated in the contract for contract work excluding VAT.

EBIT

Operating profit.

EBIT*, EBITA* AND EBITDA* (EX M&A)

EBIT, EBITA and EBITDA plus other income and expenses.

EBITA

Operating profit plus amortisations on intangible assets, including intangible assets such as customer relations and order backlog accounted for as part of the purchase price allocation under business combinations and IT software investments.

EBITA* (EX M&A) %

EBITA ex M&A in relation to operating revenues.

EBITDA

EBITA plus depreciations on fixed assets and right-to-use assets.

EBT

Profit before tax. EQUITY RATIO
Total equity in relation to total assets.

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 CASH/ NET DEBT

Cash and cash equivalents minus interest-bearing liability.

OPERATING LEASE AGREEMENTS

Lease agreement that are not financial lease agreements, including real estate rent.

ORDER BACKLOG

Total nominal value of orders received less revenue recognised on the same orders.

ORDER INTAKE

Total nominal value of orders received.

ORGANIC GROWTH

Total revenue growth compared to comparable numbers for the same period prior year including full year revenue effect (proforma) for any acquired business, calculated in local currency.

OTHER INCOME AND EXPENSES

Other income and expenses consist of M&A expenses and including subsequent adjustment of contingent considerations in business combinations recognised in profit or loss.

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

(Amounts in NOK million)

	Q1 2021	Q1 2020	FY 2020
Operating profit/loss (EBIT)	-77	-77	-10
Other income and expenses	6	7	1
EBIT*	-71	-69	-8
Amortisation	12	15	59
EBITA*	-59	-54	50
Depreciation	49	53	214
EBITDA*	-10	-1	264

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

NRC Group ASA

Management

HENNING OLSEN
CEO

DAG FLADBY
CFO

ARILD INGAR MOE
EVP and MD NRC Norway

HARRI LUKKARINEN
EVP and MD NRC Finland

ROBERT RÖDER
EVP and MD NRC Sweden

LENE ENGBRETSSEN
EVP and Head of communications

JUSSI MATTSSON
EVP and Head of Strategy Group and Finland

INA PETTERSEN
EVP and Head of HR

Board of Directors

ROLF JANSSON
Chairman

MATS WILLIAMSON
Board member

EVA NYGREN
Board member

TOVE ELISABETH PETTERSEN
Board member

HEIKKI ALLONEN
Board member

OUTI HENRIKSSON
Board member

Company information

VISITING ADDRESS

Lysaker Torg 25
1366 Lysaker
Norway

POSTAL ADDRESS

P.O. Box 18
1324 Lysaker
Norway

Financial calendar 2021

2ND QUARTER AND FIRST HALF 2021

19 August 2021

3RD QUARTER 2021

9 November 2021