NG Group

Annual Report and Sustainability Report 2022

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About the report

This report for 2022 covers sustainability information for NG Group AS and its wholly or partly owned subsidiaries shown in the Consolidated Financial Statements. The boundary is drawn around companies under the operational control of NG Group and covers the 2022 calendar year from January 1st to December 31st.

The report is also covering the financial information and the Consolidated Financial Statements, with Norsk Gjenvinning Norge AS as the holding company. This is covered in the "Annual Accounts" on page 108-177.

NG Group AS is a wholly owned subsidiary of Norsk Gjenvinning Norge AS, and all of the sustainable information reported for the NG Group, also applies for the group of Norsk Gjenvinning Norge AS.

The report addresses the legal requirements for company reporting as specified in section 3-3c of the Norwegian Accounting Act ("Regnskapsloven") for reporting on sustainability and social responsibility.

The report is written with reference to the requirements for sustainability reporting from the Global Reporting Initiative (GRI) and a GRI index (Appendix A) is found at the end of this report.

The aim of the NG Group is to keep enhancing and aligning with international standards and upcoming reporting obligations. It is of particular importance to be in accordance with the CSRD as soon as the Directive and the reporting requirements become mandatory.

The Board of Directors is responsible for reviewing and approving the reported financial and sustainability information and material topics.

Questions regarding the financial information in this report can be directed to the Chief Financial Officer, Espen Krey Brettås, espen.krey.brettas@ngn.no.

Questions regarding the sustainability information in this report can be directed to the Chief Sustainability Officer, Runa Opdal Kerr, runa.kerr@ngn.no.

Front page: The NG Group is proud to present this year's frontpage; The roof of Groruddalen Miljøpark, situated close to the city center of Oslo, covering 28.000 sqm, of sedum and mountain flowers. Being in an area where most of the surroundings consists of roads and buildings, it contributes to biodiversity, reducing the risk of stormwater, and contributing to carbon sequestration. Providing a safe space for birds and insects, the roof houses birds that otherwise would have no space to reproduce as they have now.

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Message from the CEO

Looking back, 2022 was an eventful year where we put the global pandemic behind us, and war returned to Europe when Russia invaded Ukraine. Combined with energy crises and rising inflation, this has created an uncertain future for our society yet again.

Despite the difficult geopolitical situation, I am pleased that last year NG Group delivered solid results and took strong measures to prepare for the future. This was a joint effort, for which I want to thank our employees, customers, partners, and owners.

In March, I had the privilege of returning as CEO of the NG Group. Together with 2200 purpose-driven colleagues, my main task going forward is to adapt our business model for the future. Built on our competitiveness and developed step by step in partnership with customers across geographies and industries, our purpose is clear: Leading the circular economy by decarbonizing our footprint through keeping materials in the loop.

In 2026 NG Group will have operated for 100 years. This coincides with the expansion of our position downstream by developing our infrastructure to produce green raw materials and energy with global impact.

From today onwards, sustainability will not only be a part of our strategy but will serve as the foundation, the very core, for all our companies. Such claims are useless without determined, solid, and measurable actions with concrete, transparent goals. To deliver the expected level of transparency, this year's report refers to the GRI standards. These standards will serve as a platform to adopt the new CSRD reporting directive in the coming years. In addition, NG Group is committing to the Science Based Targets initiative, having signed as a Business Ambition for 1.5 C campaign member. In 2023 NG Group will also commit to SBTs through a sustainability linked loan, further committing the group towards a sustainable future. We are committed to change!

The fundamentals of the material economy are changing, and material value chains are being reshaped. The capital market is transforming towards a more green and circular economy, driven by new EU politics and regulation, rising CO_2 prices, and companies' demands for recycled material and value-chain decarbonization efforts.

NG Group's response to the shift is to deliver through new technology, scale and industrialization, digitization of the waste industry, business innovation and collaboration in and across value chains. We will continue to work systematically to move waste upwards in the resource pyramid and reduce our climate footprint, so that we both directly and indirectly contribute to customers and countries reaching their climate goals.

Our history has proven our capability to lead necessary transformation by challenging ourselves, the industry, our customers, and our subcontractors to improve. Continuous improvement is a pillar in the group's operations and central in our leadership principles. We will continue working to ensure safety for our employees and transparency and traceability in our value chain to ensure that our activities do not harm the environment or people.

The glass is half full, not half empty. However, we all need to move faster to meet and solve the global challenges we face. The years to come will be years for tangible action. NG Group will increase our effort to deliver, guided by "Cooling the planet".

Bjørn Arve Ofstad

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Message from the Chairman of the Board

Bertrand Camus

Society's economy is still largely linear causing large economic and environmental problems. More than 30 percent of global CO_2 emissions are released from material production which also has serious consequences for biodiversity through large claims on land. Policymakers, consumers, companies, and investors are now turning to circular economy strategies to resolve these major issues.

The important transition to a circular Nordic economy requires massive shifts in material flows, the expansion of new technologies, and growth in circular business models that reuse products and materials and reduce waste.

With this background, the Board of Directors at NG Group is pleased to adopt the group's new strategy operating from January 1, 2023.

We will leverage our position as one of the leading actors in the Nordic circular economy, helping our customers reducing their CO_2 footprint. Our ambition is to develop new solutions for handling waste, increase the level of recycling, produce clean energy and fuel, and prolong the lifecycle of materials. Through investments in infrastructure and technologies as well as beneficial partnerships, we will expand our business to contribute even further to this achievement. I am excited about the opportunities lying ahead and am confident that we will achieve our ambitions. With NG Group's knowledge, experience, and workforce we are all set to scale up together with our owners in the coming years.

NG Group

NG Group is the leading player in the Norwegian waste management and recovery market and consists of a portfolio of companies within the circular economy. The group of companies has a long history and encompasses 68 companies at the end of 2022.

NG Group is controlled by Norsk Gjenvinning Norge AS, which holds 100 percent of the shares in NG Group AS. Norsk Gjenvinning Norge AS is controlled through an investment structure by Summa Equity AB. NG Group is headquartered at Lysaker outside of Oslo. Its geographical reach includes facilities in Norway, as well as an increasingly strong position and breadth of service offerings and operations in Sweden, Denmark, Finland, Poland and the United Kingdom.

Activities under the NG Group play an important role for the Nordics to achieve their climate goals and transition to a circular economy. Activities center around making available the materials embedded in waste streams and offering services related to reuse, waste management, environmental services, and material extraction throughout entire industrial value chains. Extension of usable life, reuse, and downstream merchandise production are becoming increasingly important areas for the group.

Through the group's business activities, discarded materials are directed into new products, mitigating the need for primary materials, thereby lowering the environmental and climate footprint of manufacture. As such, the NG Group facilitates sustainable industrial development and a sustainable supplier industry.

Services related to recycling still comprise the largest part of the business in terms of revenue. On an annual basis, 2.5 million tons of waste are processed for more than 40,000 customers, and recycled raw materials are produced which are returned in the production of new goods or energy. Waste is collected, processed, and sold as recycled raw materials to industry in Scandinavia, Europe, and Asia.

The service portfolio includes waste management, sorting and recycling of different types of commercial waste. Some of the key activities and services in the group are, recycling of metals and electronic equipment, medical equipment, cables, plastic recovery and production, sustainable construction services, demolition and decontamination, industrial services, reception and professional handling of hazardous waste, material storage and infrastructure, paper, security shredding, sensorics and software, as well as logistics for household renovation.

To meet the growing need for knowledge about circular solutions and how waste plays a critical role in keeping materials in the loop, the group has also set up an advisory team, to contribute to the shift needed for an efficient circular economy. Most of the companies in the group are wholly owned subsidiaries, while some are partly owned and operated together with strategic partners.

Today the company has established a position as a waste processor with processing sites across the Nordics, and world-leading waste management technology.

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Organizational structure

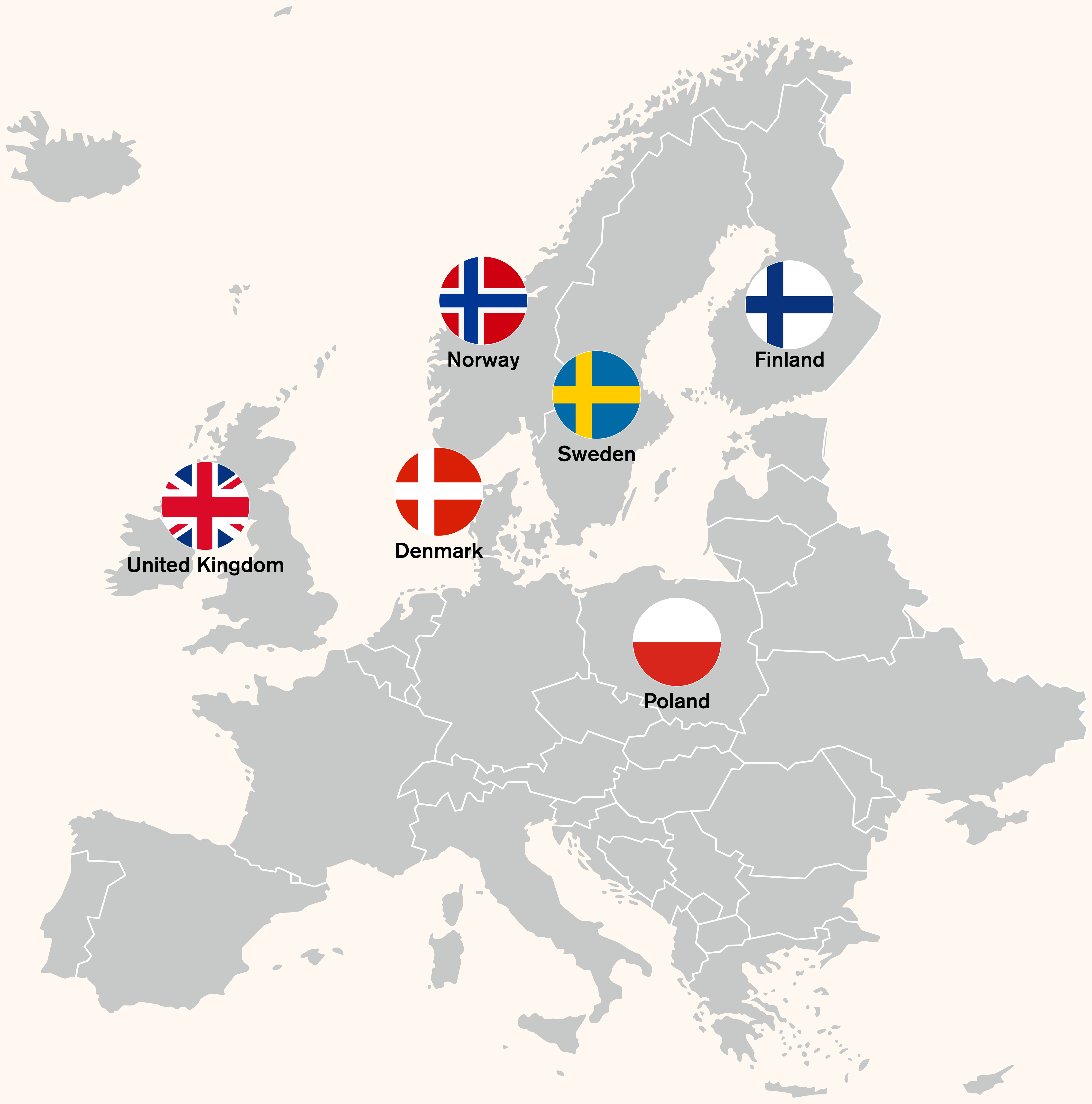
Throughout 2022 NG Group was organized with several divisions and business areas. A complete list of all NG Group enterprises and subsidiaries is available in the Consolidated Financial Statements.

- NG Recycling
- NG Markets
- NG Metal
- Nordic Demolition
- Nordic Industrial Services
- NG Growth
- Zirq Solutions

#1 Player leading the circularity transition

NG Group controls and manages a critical part of the Nordic waste management infrastructure through a large and modern asset base, serving more than 40, 000 customers.

Processing sites	>20
Vehicles	>600
Number of employees	2178
Material recovery and recycling rate	58%
Founded	1926
Revenue	NOK 7.8 bn



NG Group is a full-service provider of recycling and environmental services, with strong upstream Nordic presence in waste collection, logistics, sorting, pre-processing and trading, and downstream presence in material recovery and recycling, waste-to-energy and landfill, as well as providing consulting services and refurbishing of infrastructure.

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NG Group is transforming

Activities under the NG Group play an important role for the Nordics to achieve their climate goals and transition to a circular economy. Through the group's business activities, discarded materials are directed into new products, mitigating the need for primary materials, thereby lowering the environmental and climate footprint of manufacture. As such, the NG Group facilitates sustainable industrial development and a sustainable supplier industry.

The NG Group sustains a high pace of innovation to meet customer needs and enable climatefriendly choices. In 2022 NG Group embarked on defining a new strategy to take a stronger position in the circular economic transition. As resources grow scarce and high emissions become more costly, the value of materials produced from recycled feedstock will increase. This will alter the core activities of waste management companies. Going forward, NG Group is aiming to expand downstream activities to valorize waste and connect the current end and starting points for materials in the economy - closing the loop.

To meet new ambitions and changing markets, NG Group decided to alter its organizational structure. From 01.01.2023, the group subsidiaries will be reorganized into six platforms designed to secure upstream control, enable downstream expansion, and give value to data.

The six NG Group platforms:

Recycling and Sustainable Resources	Global Zirqular Solutions
Green Metals	Green Transition and Technology
Urban Reuse	Digitization Solutions

Throughout 2022, NG Group has prepared to implement the new platform-based structure. The platforms will capture NG Group's current activities and are also intended to be the bedrock for innovation, new business models, expansion, and acquisitions in the Nordics. The platforms will report to the CEO.

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Goals and key indicators

Climate change

NG Group will increase its focus on **emissions reductions and greenhouse gas accounting**

954,886 tons

Total emissions (scope 1,2,3,) in 2022

Learn more pp 67-73

Safety

"We never compromise on safety"
NG Group will increase its focus on **workplace safety** and further reduce the LTIFR value.

3.4

LTIFR-value in 2022

Learn more pp 85-90

Gender equality

NG Group will continue to focus on **improving gender representation** and increasing the proportion of women in leadership and specialist functions

29.5 %

Share of female leaders and specialists in 2022

Learn more pp 90-101

Supply chain

NG Group will place increased importance on an **ethical supply chain** and increase the number of on-site audits in the value chain.

84

Total number of audits in 2022

Learn more pp 101-105

Defining new targets for Sustainability from 2023

In 2022, the NG Group was in the process of establishing a Sustainability Linked Loan. This means that the group is now linking a proportion of the interest rate of the loan to the achievement of agreed upon sustainability targets. The agreement was developed during 2022, and is expected to be signed in March 2023, and will bolster NG Group's environmental, social, and corporate governance goals. The sustainability performance targets for the agreement (SPT) were developed in close collaboration with Norwegian banks and are rooted in NG Group's overarching sustainability strategy.

By defining clear targets and measurement methods, this is a key step for NG Group to transform sustainability visions into practical actions. The Sustainability Linked Loans for the NG Group will need to be operationalized in each platform to ensure a joint approach to achieving the targets.

Performance related to the SPTs will be publicly reported annually in NG Group's Annual Report to ensure transparency and will include an Independent third-party verification.

Results 2022

Environmental Results

Indicator	2022	Unit	Target 2022	Target 2025	Target 2030
Material recycling and recovery	1,340,181	thousand metric tons			
Energy recovery	862,108	thousand metric tons			
Disposal	84,450	thousand metric tons			
Material recycling and recovery	58	%		70	
Total GHG emissions	954,886	tons CO_2 equivalents			
Scope 1 emissions	20,612	tons CO_2 equivalents			
Scope 2 emissions	14,406	tons CO_2 equivalents			
Scope 3 emissions	919,868	tons CO_2 equivalents			
Scope 1 intensity	2.6343	tCO_2e/MNOK			
Scope 2 intensity	1.8412	tCO_2e/MNOK			
Scope 3 intensity	117.5632	tCO_2e/MNOK			
Total emissions intensity	122.6776	tCO_2e/MNOK			
Emissions avoided	-1,322,409	tCO_2e			

Social Results

Indicator	2022	Unit	Target 2022	Target 2025	Target 2030
Lost Time Injury Frequency Rate	3.4	Number of lost time injuries per 1,000,000 hours worked	<3.4		
Lost Time Injury Frequency Rate (3 year rolling)	5.7	Number of lost time injuries per 1,000,000 hours worked		4.9	4.4 (2027)
Incidents resulting in absense	13	Number of incidents			
Days lost to injuries	390	Number of days			
Incidents resulting in injury	131	Number of incidents			
Work related fatalities	0	Number of fatalities			
Sick leave	7	%	<5	<4	<3
Share of female employees	17	% of all employees	>15		
Share of female managers	25	% of all managers	>19		
Female specialists	33	% of all specialists			
Female specialists and managers	29.5	% of all specialists and managers outside operation		32,8%	40% (2027)
Female board members	50	% of all board members	>40	>40	>40

Governance Results

Indicator	2022	Unit	Target 2022	Target 2025	Target 2030
Audits total	84	Number of audits	>75		
External value chain audits (high risk)				42	50 (2027)

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The Circular Economy

Reducing our footprint through an efficient circular economy.

The planet is in dire need of change. Every nation must step up to meet the global goals agreed upon in the Paris-Agreement and most companies need to adapt to a sustainable way of doing business, as the finance market is moving to more sustainable investments and policy makers are increasing the pace, pushing through EU-regulations. At the same time, the reality of a global economy has been challenged by more unstable global markets the last few years, moving society towards regionalization. The needs of a region or nation are becoming more dependent on sourcing their own materials. Coupling the drive for policy-setting with a more volatile outlook on the world market, there is a trend and a need toward securing resources and becoming less dependent on the import of materials. This further confirms the need for a circular economy.

To achieve a circular economy, consumption must be reduced, waste minimized, and resources kept in the cycle. The materials and products that are consumed need to have longer useful lifetimes and have these lifetimes extended through repair before they end up as waste. Once they come to end-of-life and are defined as waste, they must be returned to the economy by means of high-tech solutions, such as sorting and recycling at scale to valorize the recycled materials. Finally, it is essential that these recycling and recovery processes result in resources which are of a quality and price that can compete with primary materials.

The planet is at a tipping point when it comes to certain critical materials. Without a circular economy approach, the bearing point of our planet will be passed. In 2022, the earth overshoot day – the day where the world's resources were already spent, fell on July 28. [1] In Norway the overshoot day came even earlier, on April 12. A key aspect of a circular economy is to decouple growth in consumption from the use of primary resources.

The NG Group welcomes the need to speed up to achieve an industrial system where product and material lifetimes are intentionally extended and kept in the economy for as long as possible. In the years to come, the group will play a critical role in transitioning and creating efficient circular solutions, to mitigate and reduce both the climate and nature crises.

A large share of all greenhouse gas emissions come from the extraction and production of steel, plastics, cement, and aluminum, which are some of the most used materials in construction of buildings and consumer products. These emission-intensive materials play important roles, as we are heavily dependent on them in our daily lives. The global demand for such key materials, is expected to increase dramatically over the next decade. At the same time, materials production alone risks exceeding the total remaining carbon budget for a two degrees Celsius scenario. [2] Reusing and recycling of these materials can help cutting emissions. [3] Combined with increased prices for raw materials, circular approaches will be needed to cope with the expected and needed demand for reused and recycled materials. Finding solutions that prolong the lifespan and recycling solutions to these materials are critical moving forward.

The EU's Circular Economy Action Plan places construction and buildings amongst the key product chains where there is urgent need for a comprehensive change to achieve a more circular economy. [4] Other key value chains on the European agenda are electronics, batteries, packaging, plastics, textiles, and food waste. The same value chains are placed as priorities on the agenda for the Norwegian National Strategy for Circular Economy. [5] The NG Group is already taking part in different ways to support this transition, and acknowledges that a circular economy requires a shift in how problems are solved. To speed up the transition, businesses will have to increase collaboration. This is why the NG Group continues to search for partnerships and new constellations. The NG Group believes part of the answer is increasing the level of risk-taking in innovative projects, to increase the speed of the global economic transition, to an efficient circular economy – mitigating the climate crisis.

[1] Earth Overshoot Day 2022 home - #MoveTheDate
[2] The Circular Economy - a Powerful Force for Climate Mitigation - Material Economics
[3] Greater circularity in the buildings sector can lead to major cuts in greenhouse gas emissions — European Environment Agency (europa.eu)

[4] EUR-Lex - 52020DC0098 - EN - EUR-Lex (europa.eu)
[5] Nasjonal strategi for ein grøn, sirkulær økonomi - regjeringen.no

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Taxonomy results 2022

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The EU Taxonomy

EUs classification system for sustainable economic activities.

The European Green Deal is the EU's growth strategy to make Europe the first climate-neutral region in the world by 2050. Part of the green deal is the Action Plan on Sustainable Finance, where the EU taxonomy provides a classification system and definitions of sustainable economic activities. The aim is to guide the financial markets to channel capital to sustainable activities and projects.

NG Group's assessment

In 2022 the NG Group carried out a taxonomy assessment pilot for all companies within the group. Technical screening assessments were carried out for the relevant activities included in the Climate Delegated Act. [6] NG Group's business is mainly covered by the activities defined under the sector "Waste management" where the main activities are "Material recovery from non-hazardous waste" and "Collection and transport of non-hazardous waste in source segregated fractions". The group also has minor activity related to the activities "Renovation of existing buildings", "Data-driven solutions for GHG emission reductions", "Plastic production" and "Electricity generation using solar photovoltaic technology".

Turnover

The results from the pilot show that 70 percent of the NG Group's turnover is related to activities that are described by and have technical screening criteria set out in the taxonomy (eligible). These activities are mainly "Material recovery from non-hazardous waste" and "Collection and transport of non-hazardous waste in source segregated fractions".

61 percent of NG Group's turnover meets the criteria set out by the taxonomy (aligned) whereas nine percent does not meet the criteria (non-aligned). The main driver for aligned activity is material recovery carried out by NG Metal and Zirq Solutions. The second largest driver is collection and transport of waste, mainly carried out by NG Recycling.

The non-aligned turnover is mainly related to waste that is not segregated at the source, not intended for preparation for reuse and recycling operations, or is mixed in waste storage and transfer facilities. The group will work closely with assessing the needed action to meet the criteria and find mitigation measures such as better sorting technology and more collaboration with customers and partners to achieve better sorting to ascend the waste streams in the waste hierarchy.

Another driver for non-aligned turnover is renovation of existing buildings where NG Group is not able to meet or document the criteria. One such example is the criteria of reducing the energy demand by at least 30 percent. This is due to the fact that NG Group's activities only cover the first part of the renovation process. Going forward the group will need to work more closely with the developers to meet the criteria.

[6] This is the first Delegated Act published by the EU and cover two of the six environmental objectives defined by the EU taxonomy. Delegated Acts are expected for the other four objectives.

Key definitions

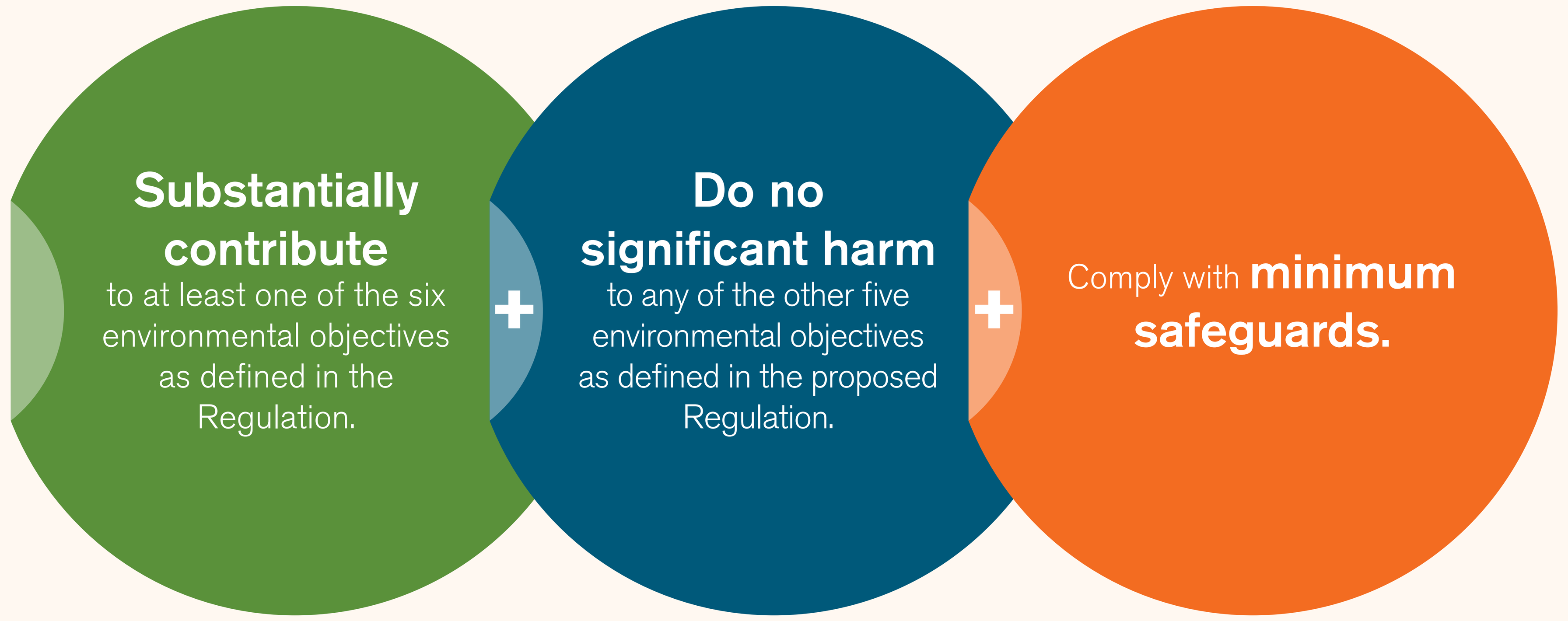
Eligible

An economic activity that is described and has technical screening criteria set out in the taxonomy.

Aligned

An eligible economic activity that is making a substantial contribution to at least one of the climate and environmental objectives, while also doing no significant harm to the remaining objectives and meeting minimum standards on human rights and labour standards.

Classification of a sustainable economic activity



EU taxonomy environmental objectives

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

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Capex

Capex has a lower eligibility score than turnover, only 39 percent, and is mainly driven by acquisitions. In 2022 NG Group had several acquisitions within the demolition segment. Activities performed by the acquired companies are currently not covered by the taxonomy (non-eligible). The acquisition of Letbek, a recycling company which turns waste into high-end, low carbon plastic products is partially covered and meet the criteria for the activity "Plastic production". [7]

Capex includes acquired companies based on gross figures that represent the book value of purchased fixed assets, leasing, intangible assets, and allocation of goodwill in connection with purchase price allocation. The net cash investment is 338 million NOK.

Apart from the acquisitions, capex is mainly driven by "IAS 16 fixed assets", and "IFRS 16 leasing" related to the activities "Material recovery from non-hazardous waste" and "Collection and transport of non-hazardous waste in source segregated fractions".

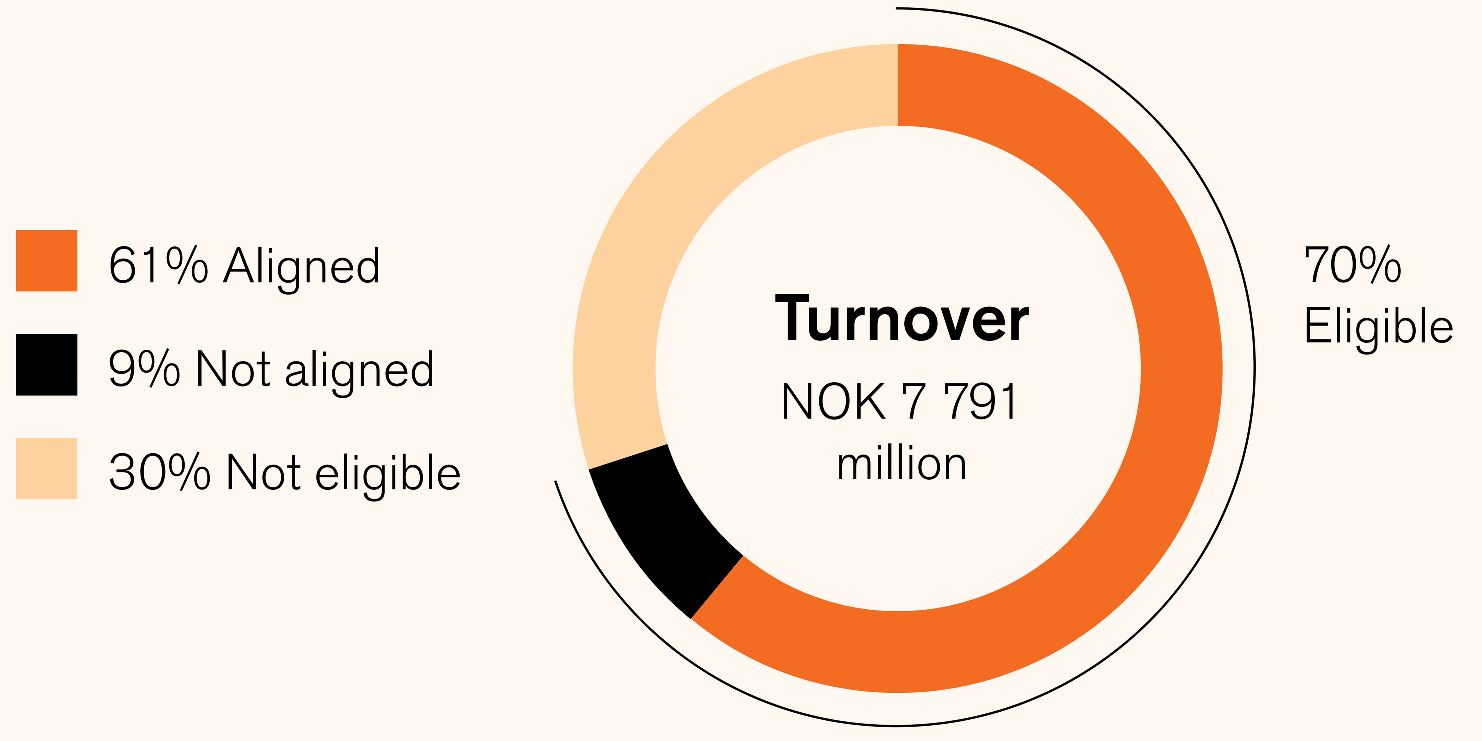
Opex

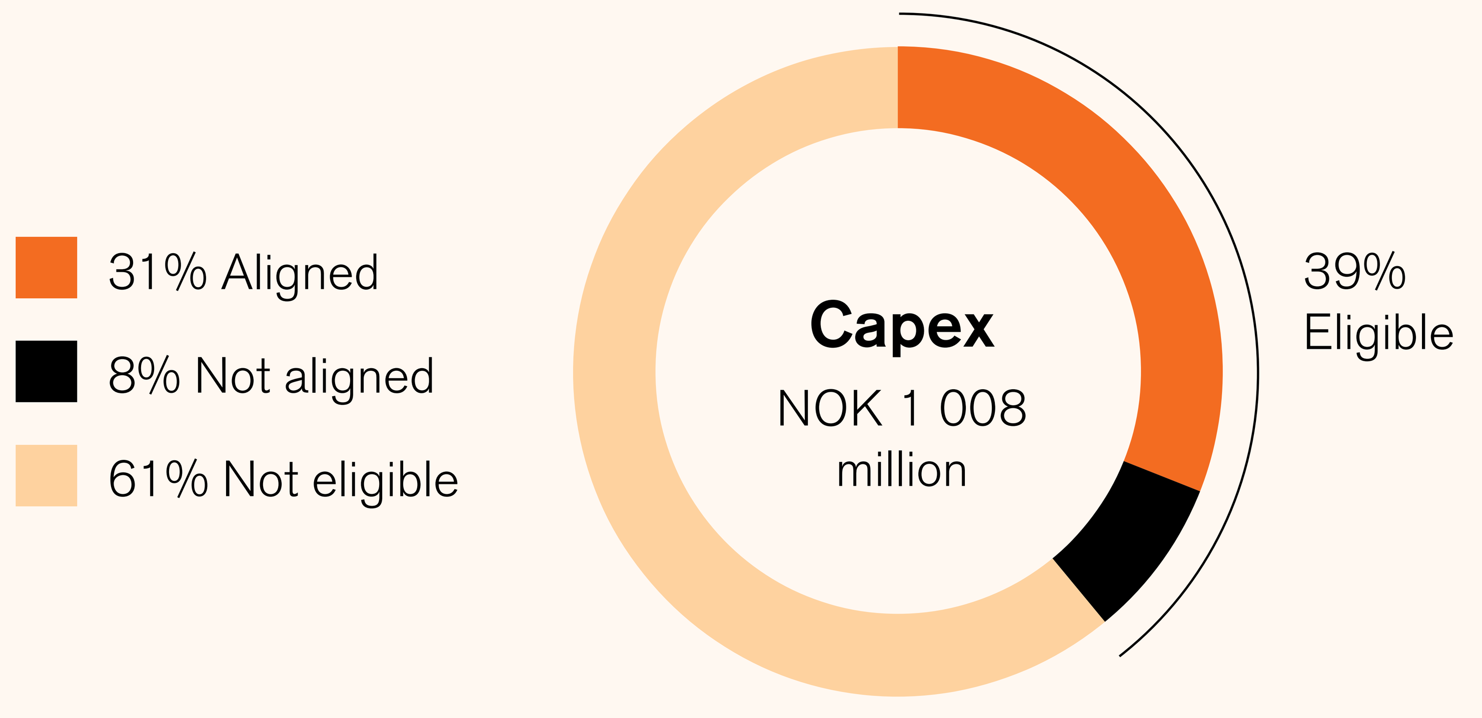
The Opex has a score of 58 percent eligibility and comprises repair and maintenance of assets related to the activities "Material recovery from non-hazardous waste" and "Collection and transport of non-hazardous waste in source segregated fractions". As opex is derived from the same activities as turnover, the score has a similar pattern, although somewhat lower eligibility.

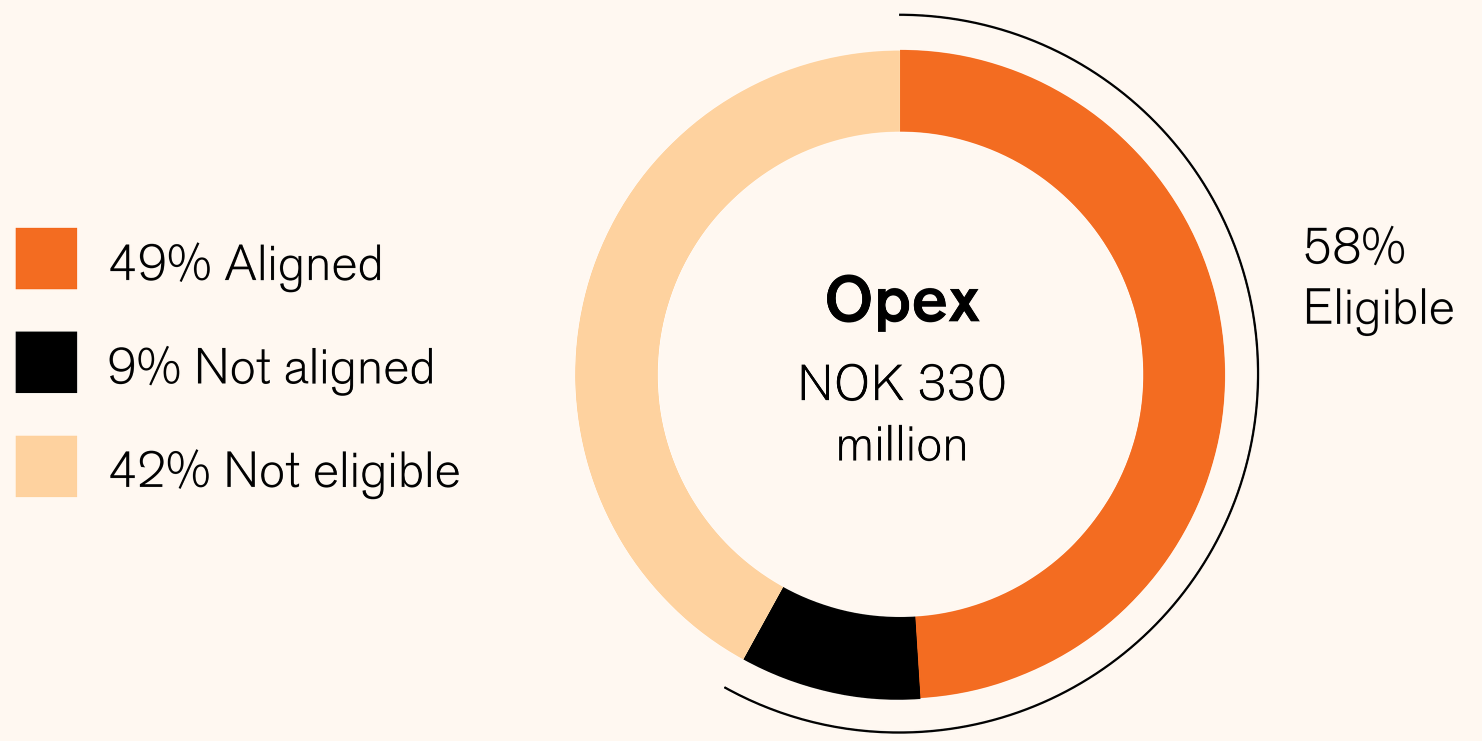
Going forward

NG Group welcomes more specific definitions and guidelines related to the screening criteria and cheers for all efforts to establish industry specific standards. As the taxonomy is a complex framework and the screening is subject to interpretation, NG Group acknowledges and assumes that the results will be subject to change as the definitions are further specified.

Using the taxonomy to assess and report what proportion of the company's activities are considered sustainable will become a legal requirement for the NG Group in the long term. For the reporting year 2023 the group will include a full report in line with taxonomy reporting template from Annex II of the Disclosures Delegated Act.







Total figures in the adjecent graphs are reconciled against the financial accounts for FY22. Capex includes acquired companies based gross figures that represent the book value of purchased fixed assets, leasing, intangible assets and allocation of goodwill in connection with purchase price allocation. The net cash investment is NOK 338m. Turnover includes Letbeks revenue in December (NOK 7.8m).

[7] Production of furniture is included in the set of drafted activities (EDA) and can become eligible when included in the screening.

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Governance and organization

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Governance and organization

A well-functioning governance structure is essential for achieving NG Group's strategic objectives and ensuring long-term sustainability. NG Group's governance framework is designed to respond to quickly changing markets and ensure effective decision-making and transparency in all activities.

Board of directors

The Board of Directors is the group's highest governing body. Through the Group Chief Executive Officer, the Board is responsible for ensuring a sound organization. The group's owner, Summa Equity, takes an active, collaborative approach to ownership, with Summa representatives occupying three of the board's positions in 2022. Another three members are elected representatives from NG Group's employees, while two members are external. Women comprised 50 percent of board representatives.

The Board is responsible for ensuring that the group has suitable systems for internal controls and risk management, based on the nature and scope of the group's activities. The Board receives quarterly reviews on the development within different risk areas, as well as any identified instances of non-compliance. In 2022, six main board meetings were held, with several extraordinary meetings in addition. The board is held to high ethical standards in the Rules of Procedure for the Board of Directors, which dictates conduct and procedures to prevent and mitigate conflicts of interest.

There are no current statutes or procedures for nominating or changing members of the board elected by the shareholders, beyond what follows from the Norwegian Limited Liability Companies Act. Decisions regarding nominating or changing members of the board are made by the General Assembly. The election of employee representatives to the board of the NG Group, is governed by the Norwegian Limited Liability Companies Act and a decision from the Corporate Democracy Committee of 2016.

The following comprised the Board of Directors 31.12.2022:

Name	Position	Stakeholder representation	Tenure	Competencies relevant to the impacts of the organization
Bertrand Camus	Chairman of the Board	Summa Equity	Elected in 2022	Broad industrial experience, including former Group CEO of Suez SA.
Reynir Kjær Indahl	Member of the Board	Summa Equity	Elected in 2018	Managing Partner in Summa Equity, with extensive experience within the PE-industry and impact investing.
Åge Nordstrøm Landro	Member of the Board	External	Elected in 2021	Broad industrial experience, and CEO of Altus Intervention.
Hannah Gunvor Jacobsen	Member of the Board	Summa Equity	Elected in 2019	Partner and COO in Summa Equity, with broad experience within impact investing.
Runa Opdal Kerr	Member of the Board	External	Elected in 2022	Broad industrial knowledge of the waste industry and financial markets
Elisabeth Johansen	Member of the Board	Employee representative	Re-elected in 2021, served since 2019	Team leader/operator in Norsk Gjenvinning AS
Cecilie Skauge	Member of the Board	Employee representative	Re-elected in 2021, served since 2016	Head of compliance and organizational development in NG Downstream
Kim Robert Haugerud Borredalen	Member of the Board	Employee representative	Elected in 2021	Operator at Norsk Gjenvinning Metal AS

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Group management

The NG Group's management has responsibility for financial reporting within the group and governs its subsidiaries through group policies and representation on the directly owned subsidiaries' boards. These policies and any other Group direction are then implemented by leadership in each directly owned subsidiary, which thereafter implements them further down to the indirectly owned subsidiaries. Group management reports on economics, HSEQ, and ESG to the Board of Directors in each of the main board meetings.

In addition to the Chief Executive Officer, the group management consisted of Chief Financial Officer, Director of Strategy and M&A[8], Director for Sustainability and Compliance[9] and six Divisonal Directors in 2022.

The group's management comprised of the following on December 31, 2022

Bjørn Arve Ofstad
Group CEO

Bjørn Arve Ofstad (1970) began at NG Group in 2013 and has held several positions including CEO of NGm3, several NG Group board positions, and Group COO. He has previous industry experience as Group CEO for Ocea Gruppen AS and Executive Director for Kverneland Group. Ofstad has an MSc. In Economics and Administration from NHH.

Espen Krey Brettås
Group CFO

Espen Krey Brettås (1978) began as CFO in NG Group in 2018. Brettås has been finance manager at EDB Business Partner ASA, and has had a long career at Telenor. Brettås is educated as a civil economist with a specialization in finance from BI Norwegian Business School.

Andreas Lindström
Divisional Director, Norsk Gjenvinning

Andreas Lindström (1984) has been with NG Group since 2014 and has worked as Divisional Director for both the Metal and Recycling divisions. Lindström has an MSc in Industrial Engineering and Management from Chalmers University of Technology in Sweden, and an MSc. In Management, Technology and Economics from the Swiss Federal Institute for Vocational Education and EHB in Zürich, Switzerland.

[8] The group executive committee was restructured during 2022, entailing that this position no longer was a part of the executive committee
[9] The group executive committee was restructured during 2022, and this position was decided changed to Group CSO as of 01.01.2023

Claes Merborn
Divisional Director, NG Metal

Claes Merborn (1970) started in NG Group in 2019. He has had several roles in NG Metal and became Divisional director in May 2021. Merborn has extensive experience in the metal and recycling industries in Sweden and has been Business Area Manager and leader of Downstream Sales in Veolia Recycling Solutions AB. Claes is an accredited Market Economist from Påhlmans Handelsinstitut in Stockholm.

Are Strøm
Divisional Director, Nordic Demolition

Are Strøm (1971) entered the group in 2020 Strøm has previous experience as CEO of the Holte Group and as head of Building Nordics in NCC Norway. Strøm is educated as a civil engineer from NTNU in Trondheim, with an Executive MBA from IE Business School in Madrid.

Thomas Mørch
Divisional Director, Zirq Solutions

Thomas Mørch (1976) has been with NG Group since 2013. He has held several board positions within the group and served as Director for Innovation and Sustainability for Zirq solutions. Mørch has experience as partner and portfolio manager in RS Platou Fund Management and worked for Nordea Markets. Mørch has an MSc in International Business from Skema Business School in France, and a Bachelor (BA Hons) in Social Economics from the University of Manchester in England.

Jon Bergan
Divisional Director, Green Transition and Technology

Jon Bergan (1969) began in NG Group in 2013. He has previously been Director for Chartering and Trading in the Torvald Klaveness Group and held leadership positions at Statkraft and Norsk Hydro. Bergan is a civil economist from BI Norwegian Business School and has an MSc in Energy.

Senior management are offered fixed pay according to market levels, and compensation follows the collective wage increase. There are no policies for sign-on bonuses or recruitment incentive payments. In the event of termination of the employment of senior executives, they are entitled to compensation equal to nine to12 months base salary. Retirement benefits are based on a contribution-based pension scheme according to the relevant collective agreement in the company of employment. In addition, there is an individual pension agreement for all senior executives.

Senior management formerly received bonuses based only on economic achievements, but in 2022, NG Group established indicators for evaluating achievements based on sustainability criteria. These will account for 30 percent of bonus calculations starting 2023.

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Division
NG Recycling

What we do: Norway's largest supplier of recycling and environmental solutions, and aim to put forward secondary raw materials in a global market.

The problem

The Norwegian population is at the top of the list of overconsumptions in a global perspective, producing large waste volumes. Most products have not been designed for repair, reuse, or even recycling. Total waste volumes in Norway are expected to keep rising, and if we couple that to the exponential growth in global consumption, there is a real threat that we are depleting the world's finite resources. The CO_2-footprint and nature impact of resource extraction and transport takes a toll on our globe as well as to local communities and ecosystems where these raw materials are extracted.

Our solution

The key to successful solutions in a circular economy is innovation and collaboration across the value chain to lift waste streams from both landfills and incineration into reuse, recycling and creating a higher value of the waste. By combining our internal competency and our customer's needs, we innovate and create solutions, waste stream by waste stream. The goal is creating input to production, through secondary raw materials of high enough quality that it can compete with virgin raw materials in production of new materials.

Our impact

We reduce reliance on primary resources by circulating resources already available in the economy and ensure that waste is handled responsibly.

Our goal is to have efficient solutions and processes with minimal emissions. Being an actor that offers responsible waste management benefits local communities and the environment. In 2022, we hired environmental officers for several of our service areas to ensure that we improve our impact. Our goal is to steadily modernize our fleet to reduce reliance on fossil fuels for our services. We are also a supplier to Heidelberg, the first emissions-free waste incineration plant.

Safety is paramount and involves both employees and leadership to reduce the risks contained in our operations. We are also passionate about offering opportunities and have an agreement with NAV for placement and training of workers.

Our material topics

Minimizing greenhouse gas emission

We aim for our logistics and production solutions to be as efficient as possible, and mitigate emissions related to primary resource extraction.

Responsible treatment of waste

We keep resources in circulation for as long as possible, and ensure responsible treatment of waste.

We never compromise on safety

By involving our employees we continuously work to reduce the risks contained in our operations.

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Division

NG Metal

What we do: By recycling electric and electronic waste, scrap cars, and metals, we contribute to a circular economy and provide responsibly sourced resources.

The problem

Our planet is being depleted of raw materials and we are travelling towards a future where we lack the required resources to drive new technologies and for the transition towards green, sustainable energy. Today a large amount of these resources are sourced from mines in countries with little regard for both safety and worker's rights.

Our solution

Though the recycling of metals, electric waste and scrap cars we aim to provide essential materials.

We collect and recycle EE waste and metal-based products into raw materials that replace virgin raw materials. This is a contribution to the shortage of raw materials in the world. Our production processes are sustainable, and we facilitate reuse, especially within EE waste. In this way, we reduce emissions of greenhouse gases. At NG Metal, everyone sees the meaning of their work and gets home safely.

Our impact

By recyling metals from waste, we provide necessary materials for the future. We handle materials responsibly to reduce the impact on the environment, while always putting safety and people first. We focus on both the physical and mental well being of our employees, and work to promote these values throughout our value chains.

Our material topics

Circular economy

Through the recycling of electronic waste, scrap cars, and metals, we preserve vital minerals.

Minimizing CO_2 emissions

Recycled materials have a significantly lower carbon emission footprint compared to virgin products.

A safe and inclusive work environment

We focus on the physical and mental health of our employees and work continously to provide all employees with the safest working conditions possible.

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Division
Nordic Demolition

What we do: We are transforming from a demolition company to a leading partner in sustainable, urban reuse.

The problem

Globally, the construction industry accounts for forty percent of all CO_2 emissions, forty percent of energy consumption, and forty percent of waste. New buildings are erected in place of old ones, using new, virgin materials.

Our solution

Together with Division NG Recycling and partners, we develop circular downstream solutions. As well as, assist our customers in finding new solutions to increase the degree of reuse. A key aspect is to secure a high level of material sorting throughout all our projects and facilitate the use of recycled materials in both new construction and rehabilitation.

Our impact

We reduce the environmental impact in construction through the reuse of materials and construtions, minimize the need for demolition of old construction and handle materials from demolition responsibly to ensure that it is recycled. Materials such as gypsum, concrete and glass is given new life through beneficial partnerships.

Our material topics

Circular economy

Through new technologies and solutions we contribute to reduced volume of waste and increased level of reuse in our projects.

Reduce CO_2 emissions

We reduce CO_2 emissions by increased level of reuse and reduced emissions from our operations through increased level of non-fossil machinery & equipment, and efficient logistics.

Diversity and equal opportunities

We give people from all sides of society equal opportunities to be part of a secure, safe and developing workplace.

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Division
Nordic Industrial Services

What we do: A trusted solutions provider for responsible cleaning service, underground infrastructure service, and raw material recovery in Northern Europe - enabling customers to improve their environmental footprint through asset life extension and efficient waste handling.

The problem

Replacing or renewing above and underground infrastructure are activities associated with large amounts of greenhouse gas emissions and high costs for both industrial and municipal actors.

Our solution

Our services aim to extend the lifespan of underground infrastructure and industrial assets. We also use separation technology to reduce the volume of waste and hazardous waste and handle these safely for both people and the environment.

Our impact

By prolonging the operational life of industrial assets and infrastructure, industry and municipalities can reduce the need for expensive replacements and repairs, while also minimizing waste generation and resource depletion from replacing these assets. Our industrial cleaning services generate hazardous waste, where we have expertise on how to handle and transport it safely for both people and the environment.

Safety is key to our operations, and we ensure weekly follow-up of HSE performance.

Our material topics

Reduce CO_2 emissions

We reduce our customers emissions by asset life extension services and reduced volume of waste. We reduce emissions from own operations by implementing new technology and renew our portfolio of machinery and equipment.

Safe local communities

We have a strong focus on safety in traffic with clear procedures for driving and reversing vehicles. We also invest in technical equipment available on the market, such as sensors and 360° cameras to increase traffic safety.

We never compromise on safety

Clear statement from management on prioritizing safety first. Weekly follow up of HSE performance in all meetings. Make foreman to HSE ambassadors in the field and conduct regular safety trainings.

Ethics and transparency in the value chain

Audits according to existing supplier code of conduct and/or industry standards/requests by the end customer.

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Division
Zirq Solutions

What we do: Provide innovative circular solutions for complex infrastructure and health sector waste materials.

The problem

Society's decarbonization and electrification depend on access to the finite resource copper. Demand for copper is expected to increase by 50 percent between 2022 and 2040. By the early 2030s, copper demand could outstrip supply by more than six million tons annually.

Medical waste needs sustainable and circular solutions. In 2018 more than 1,5 million tons of medical waste were incinerated in Europe alone. If the health sector were a country, it would be the 5th largest emitter on the planet.

Our solution

Our expertise enables us to recycle cables and transformers into attractive low-carbon raw materials; copper, aluminum and plastics which in turn replace virgin material. Pioneering circular recycling solutions for contaminated medical waste, through our in-house R&D certified technology to decontaminate medical waste with 99.9 percent purity.

Our impact

The combination of experience, know-how, and technology makes us a trustworthy and established supplier of in-demand, recycled raw materials to the European industry.

Zirq Solutions is the leading copper recycler in Scandinavia and is Norway's biggest supplier of copper through our supply of nine thousand tons of recycled cobber to the market.

In 2022 we recycled 650 tons of medical waste, which historically has been burnt or landfilled.

We cooperate with organizations to provide job opportunities for people who face difficulties when entering the job market to promote diversity, inclusion and equality

Our material topics

Circular economy

Zirq Solutions supply the market with nine thousand tons of recycled copper. In 2022 we recycled 650 tons of medical waste, which historically has been burnt or landfilled.

Minimizing greenhouse gas emissions

We produce low-carbon raw materials like plastic, glass, and metal that are part of industrial value chains within building materials and high-end design products.

Ethics and transparency in the value chain

We set strict customer requirements and offer complete traceability on our services.

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Highlighted company in the NG Group REEN

REEN is a technology provider that streamlines the way waste is collected and transported. By combining world-class sensors with intelligent cloud-based tools, REEN uses data to make waste containers come to life.

The problem

The amount and type of waste generated can vary greatly and depend on several factors, making it a challenge to accurately predict waste collection needs. This results in unnecessary resources spent collecting near-empty waste containers, as well as some containers overflowing before they are due to be collected.

Our solution

REEN's technology and services streamline waste management and create a more sustainable and profitable world for future industries and generations to come. REEN's expertise and technology provide the valuable insights needed to improve how waste management companies collect, transport, and distribute their waste. In this way, waste containers become treasure troves of data, used to help assets move smarter, cost-effectively, and with ease.

Our impact

By reducing unnecessary truck movements on the road, controlling waste overflow, and monitoring driver behaviors, our local communities become safer, more resilient, and sustainable.

Highlighted company in the NG Group NGm3

We aim to become Norway's leading actor in sustainable mineral waste handling and storage.

The problem

Norway needs recycled resources to produce building materials, and therefore we have to start reusing them. Some resources are polluted or doesn't have sufficient quality to be reused. This waste have to be stored safely to protect both people and the environment.

Our Solution

We have developed a unique concept for recycling and reusing masses, where mineral waste is elevated in the resource pyramid. Polluted soil and polluted construction and demolition waste are reused as high-quality secondary raw materials in infrastructure projects. This process is done both with and without mechanical processing. Demolition waste is partly processed by being coarsely crushed and removing concrete reinforcement. There is no need for mechanical processing when it comes to polluted soil. We also work on developing other recycling methods for polluted mineral waste.

For the waste that is too polluted or has insufficient quality, we use traditional landfilling methods for environmentally safe storage.

Our Impact

Through reuse, recycling, and sustainable landfilling, we reduce the need for virgin materials and ensure responsible handling of mineral waste. In 2022 we delivered materials for infrastructure projects in Lillestrøm and a new freight terminal in Horten. We also cooperate closely with our local communities to ensure people feel safe and strive to be the best neighbor possible.

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Highlighted company in the NG Group

NG Household collection

We collect household waste in Norway and Sweden, serving eight municipal contracts in Norway, and eight in Sweden.

The problem

Per capita waste In Norway, in 2021 was 431 kg, where 186 kg was recycled.* The household waste accounts for 21 percent** of all waste generated in Norway and municipalities are in need of good solutions to reduce waste and increase the rate of recycling. The EU has also set strict regulations to increase the utilization of waste, by demanding 55 percent recycling rate of all household waste within 2025, 60 percent in 2030 and 65 percent by 2035.

Our solution

NG Household collection is the leading low emission household collector in Norway and Sweden, with a fleet of 75 percent low emission vehicles. Our mission is to become a partner to the municipalities to enable them to meet the needs of increased sorting at home combining it with well-planned routes to reduce the footprint locally.

Our impact

We will continue to deliver low-emission services to municipalities, as well as deliver innovative sorting solutions, helping them meet future regulations. We will continue to strive to be the most efficient household collection company, with a low carbon impact, in current markets.

*SSB numbers of household waste 2021: https://www.ssb.no/natur-og-miljo/avfall/statistikk/avfall-fra-hushala
**https://www.regjeringen.no/contentassets/c6a9a384d90c4af18bfd8458f3167708/avfallsplan-2020-2025.pdf

Highlighted company in the NG Group

REvise

REvise provides advisory services to clients that want to embed sustainability into their business models and targets and help them address environmental and waste management concerns. Our goal is to keep materials circulating for as long as possible, reducing the need for primary resources and minimizing waste.

The problem

The private and public sectors need to make significant adjustments to their operations to adapt to future sustainability, waste management, and circularity requirements from the EU and in Norwegian law. They also need to show how their operations impact the environment and provide a full overview of their greenhouse gas emissions. However, there is a lack of both competence and resources to handle these topics on both strategic and operational levels.

Our solution

REvise helps businesses overcome waste management and circularity challenges through our advisory services, which include sustainable design choices, value chain analysis, and circular business models. We assist clients in adapting to future challenges and regulatory requirements. As a subsidiary of the NG Group, we have access to exclusive waste handling data and client waste quantities and composition, enabling accurate estimates of carbon emissions. Our professional expertise also allows us to help companies report their environmental impacts with greater precision.

Our impact

At REvise, we take a holistic approach to waste management and sustainable development. We assist our clients in developing comprehensive waste management strategies that prioritize efficient resource use and maintain the quality of resources. By prioritizing these principles, we enable our clients to move their waste further up the waste management hierarchy, leading to more sustainable outcomes. Finally, our approach is aligned with green growth principles, helping our clients achieve sustainable operations while promoting economic growth.

Partnerships are key to succeeding in our mission. We aim to connect different parts of the economy. As such, REvise works through partnerships and across industries, disciplines, and borders.

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Acquisitions

NG Group completed several strategic acquisitions in 2022, acquiring Letbek AS, Outercore and Letbek SP along with Diamant Wire Teknikk and EC Svenska, Drillcon, Sørvest Betongsaging, and AIP Betongsaging AS og AIP Sanering.

These acquisitions into NG Group's divisions will facilitate growth in key market segments and as well as expansion into new, targeted markets. Some acquisitions enable vertical integration, increasing the potential to trace key materials and their abilities. The table below provides information on each company acquired, as well as the rationale for doing so.

LETBEK re-imagineering plastic

Letbek AS, Outercore and Letbek SP

Division 2022: Zirq Solutions
Platform 2023: Global Zirqular Solutions
Geography: Denmark, Poland
Segment: Plastic recycling

Strategy / Rationale
The acquisition of Letbek AS is key to support the transforming of NG Group and Zirq into a vertically integrated recycling company, which turns waste into high-end, low carbon plastic products. This integration allows for full traceability and circularity of plastics, giving Zirq a unique market position.

SØRVEST BETONGSAGING

Sørvest Betongsaging

Division 2022: Nordic Demolition
Platform 2023: Urban Reuse
Geography: Rogaland, Norway
Segment: Demolition, wire cutting

Strategy / Rationale
The acquisition of Sørvest Betongsaging strengthened the competency and capacity at Nordic Demolition related to concrete cutting and drilling, indoor demolition, and remediation services.

DRILLCON A/S

Drillcon

Division 2022: Nordic Demolition
Platform 2023: Urban Reuse
Geography: Askim, Norway
Segment: Demolition

Strategy / Rationale
Drillcon is a top-quality company with a good reputation and excellent client referrals. This acquisition reduces NG Group's dependency on the cyclical building market through life-expansion, small upgrade, and change-of-use-project

DIAMANT WIRE TEKNIKK AS

EC SVENSKA

Diamant Wire Teknikk and EC Svenska

Division 2022: Nordic Demolition
Platform 2023: Urban Reuse
Geography: Halden, Norway
Segment: Demolition, wire cutting

Strategy / Rationale
This acquisition enables growth in Nordic Demolition by bringing in competency in vibration sensitive areas, noise and adjacent infrastructure. In addition, it will reduce the company's dependency on a cyclical building market, through new growth in hydropower plants, waste and sewage systems, and rock removal services. This strengthens Nordic Demolitions position as the preferred partner within sustainable urban reuse and gives the company a strategic position below ground.

AIP GRUPPEN

AIP Betongsaging AS og AIP Sanering

Division 2022: Nordic Demolition
Platform 2023: Urban Reuse
Geography: Oslo, Norway
Segment: Demolition, wire cutting, remediation

Strategy / Rationale
The acquisition of the AIP Group fuels growth in one of Nordic Demolition's high priority market segments by bringing in highly attractive personnel and increasing the volume of Nordic Demolition's core business. This acquisition also allows Nordic Demolition to expand into parallel business areas and build a portfolio of sustainable construction and real estate initiatives.

Sustainability in M&A

NG Group aims to have sustainability as a central focus throughout the entire group, and therefore includes sustainability throughout Merger and Acquisition (M&A) processes.

Environment, social, and governance (ESG) due diligence is included in all M&A processes, looking at risk assessments and group targets. Sustainability is a core part of structured onboarding of all new additions to NG Group, with acquisitions receiving regular support from the group. Part of this onboarding includes internal and external reporting integration, with clear delegation of reporting responsibility.

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Sustainability at NG Group

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Sustainability at NG Group

At NG Group, circularity is seen as the foundation for the business activities, and the group takes an integrated approach to its sustainability work. Both the group's mission to "accelerate the world's transition to an efficient circular economy", and its vision; "there is no such thing as waste", are based in sustainability. The development of circular solutions improves global resource efficiency, reduces greenhouse gas emissions, and protects nature.

NG Group is working to develop and commercialize new technology to facilitate a global circular economy and to become the leading industrial supplier of sustainable solutions in the Nordic region. The group knows that waste holds value, and that resources must be kept in the economy to the greatest extent possible. An essential part of the group strategy is extending the useful life of materials and products that will minimize our burden on nature and planet.

Strategic focus areas for sustainability in NG

NG Group's divisions each have their own priorities and address different sustainability challenges with different strategies. Looking at the group, the strategic focus areas reflect the NG Group as fundamentally sustainable.

The following strategic areas were important in 2022:

- Continuous improvement and industrialization of own business.
- Consolidation and selective geographical expansion, where it makes commercial sense.
- Further reduction of the business' footprint.
- Taking a leading position on extension of usable life and reuse.
- Production of competitive materials and end products based on recycled raw materials.
- Increases the proportion of material recovery and limits the incineration and disposal of valuable raw materials.
- Ensuring responsible and sustainable handling of fractions that are leaving the cycle.
- Promoting and developing digitalization as a catalyst for the circular economy.
- Strengthening customer interfaces and collaboration in the value chain through concept development and partnerships with our customers and partners.
- Developing employees' skills and attracting talent.

In 2022 the NG Group developed a new sustainability strategy, which was accepted by the Board of Directors in December 2022. This strategy builds on key sustainability areas, based in the results of and focus areas selected in NG Group's 2021 project to define the material topics.

Sustainability strategy overview

PURPOSE

To accelerate the world's transition to an efficient circular economy

VISION STATEMENT

There is no such thing as waste

OVERALL TARGET

Top tier recognition for sustainable impact in the Nordics

STRATEGIC SUSTAINABILITY INITIATIVES

ENVIRONMENT

- Drive the shift to a circular economy across the Nordics
- Emission reduction – towards clean transport and operations
- Prepared for future climate and nature change, and related policy shifts

SOCIAL

- Zero vision for injuries and accidents
- A diverse mix of voices in leaderships and teams
- A healthy work environment

GOVERNANCE

- Compliance throughout value chain
- Value chain impact beyond laws and regulations
- Include sustainability review in MSA process
- Include add-ons in sustainability program within 12 months

KEY PROJECTS

- Taxonomy assessments
- SBTI
- TCFD
- Safety first 2.0
- Diversity and inclusion guideline
- Digitalization of ESG data
- Sustainability in commercial activities

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Going forward, there is still a potential to ensure even closer interconnectedness between the group sustainability strategy and the strategic focus of each of the platforms. The new Group Sustainability Network will have a key role in ensuring the coherency, and facilitate knowledge sharing, and discussions across all areas starting in 2023.

Double materiality as a basis for sustainability in NG Group

NG Group's sustainability work and reporting are based on the concept of double materiality. This means that the most important sustainability topics for the group are based on assessments along two dimensions: NG Group's impact on the environment, people and society (inside-out perspective), and the impact the environment, people and society have on NG Group's current and future operations, position and development (outside-in perspective). The latter highlights both financial risks and opportunities for the group.

The group worked to identify its material topics during 2021. The process resulted in a structure with five focus areas for the further sustainability work, with ten associated significant topics. The five focus areas and ten significant topics are shown in the table below, alongside the corresponding key Sustainable Development Targets. All together, these five areas complement and support the mission, vision, and values of the NG Group.

Focus areas	Significant topics
Accelerated circular economy	Circular economy
	Self-generated waste
Minimizing our own footprint	Climate emissions
	Nature and biodiversity
Safe and sustainable communities	Safe local environment
	Sustainable communities
Safe and inclusive work environment	"We never compromise on safety"
	Diversity and equal opportunities
Ethics and transparency in the value chain	Our own business
	Customers, suppliers, and partners

NG Group's impact on the environment, people, and society

The group's business operations have both positive and negative impacts on the environment, people, and society. The group has a positive impact on society's overall sustainability through its services, ensuring high recycling rates, creating new secondary raw materials, ensuring environmentally friendly renovation and demolition of buildings, and performing environmentally friendly renewal of industrial and municipal infrastructure. The group also uses the data gathered from its services to provide insights and promote environmentally friendly behaviour.

On the other hand, waste transportation and handling activities generate their own greenhouse gas emissions, which have a negative impact on society. Some of the activities may pose a threat to the local environment, for example through the risk of pollution to the air, water, or ground in case of chemical leaks or fires at waste treatment facilities. Additionally, transportation and waste handling are inherently high-risk activities, and NG Group's operations can negatively impact its employees and society, should accidents occur.

The group's impacts and potential impacts on the environment, people, and society must be considered in decision-making at all levels, from individual employees performing their daily operations to the Board and Group management level.

The environment, people, and society's impact on NG Group

Environmental and social developments in the wider society have the potential to impact NG Group's operations and development both today and in the future. The group must deliver on stakeholder demands and reporting requirements on sustainability, and adapt to global megatrends, political situations, and physical climate and environmental changes. This requires continuously analyzing the surroundings and their impact on NG Group's activities, while anticipating future developments and ensuring broad, comprehensive risk assessments.

Changes in the surroundings also present opportunities. How NG Group manages the actual and potential risks and opportunities will be key to further and future sustainable growth.

Process to determine and prioritize material sustainability topics
In 2021 NG Group mapped the actual and potential impacts on the environment, people, and society across business activities and business relationships. The impacts were identified through a series of workshops, where all the group's business areas and a variety of professional functions contributed with their insights.

Each type of impact was evaluated and classified as high, medium, or low depending on severity, extensiveness, and how difficult it is to counteract or correct the consequences of the negative impacts. The ten areas where activities have the highest impact – positive or negative – were identified and then synthesized into five focus

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areas for the group: Accelerated circular economy, minimisation of own footprint, safe and sustainable communities, safe and inclusive working environment, and ethics and transparency in the value chain.

Corporate governance and compliance
Corporate governance is the foundation for profitable, sustainable business operations. For NG Group, it is crucial that the entire group strives to follow good corporate governance practice and complies with applicable laws and regulations in all business areas. To ensure compliance, relevant frameworks, policies, and procedures for governance and compliance are available in the management system NG-Pro.

NG Group systematically assesses risk, trains employees and managers, records and learns from non-conformance incidents, and conducts internal audits and audits of customers, suppliers, and partners in the value chain. Good governance and compliance are management responsibilities but are carried out at all levels in the group. A dedicated department targets governance and compliance as its key task and ensures learning and development across all divisions. Significant updates in procedures, approaches, and relevant actions carried out by the group in 2022 are presented in this report, with the five sustainability focus areas.

The group is raising its ambitions to share more information and data about its impacts on the environment, people, and society throughout the value chain with customers and other stakeholders. To reach these ambitions, NG Group must disclose information with high credibility, openness, and precision. As an important step in this journey, the NG Group has worked to align more closely with international reporting frameworks and this 2022 report is written in reference to the GRI standards.

The group continuously assesses and monitors existing sustainability issues and is eager to identify and refine its approach to material topics. The group plans to conduct a new double materiality assessment in 2023 or 2024. The assessment will be in accordance with new standards and guidance from the EU through the Corporate Sustainability Reporting Directive (CSRD) and the corresponding European Sustainability Reporting Standards (ESRS).

FOCUS AREAS	**Accelerated circular economy**	**Minimizing environmental impact**	**Safe and sustainable communities**	**Safe and inclusive work environment**	**Ethical and transparent value chain**
KEY IMPACTS	Circular economy	Climate emissions	Safe local communities	"We never compromise on safety"	Our own business
	Self-generated waste	Nature and biodiversity	Sustainable communities	Diversity and equal opportunities	Customers, suppliers and partners

Improving the circularity of electrical waste handling in the Nordics

There is great potential value hidden away in old electronic equipment in the form of metals and other materials that are becoming more and more scarce across the globe – now NG Metal is preparing to capture this potential.

Old or broken cell phones, computers, and other electronic equipment are often left in closets and cupboards in peoples' homes. In this way, valuable materials are also locked away. The NG Group's purchase of Mirec Recycling AB has opened new possibilities for re-using and recycling these materials.

In 2021 the NG Group acquired Mirec Recycling AB, a company which specialized in the sorting and handling of electrical waste. After it was purchased by NG Group, Mirec Recycling AB was integrated into the group and became NG Metal AB.

NG Metal AB handles electrical waste in two ways. The waste which can be re-used is cleaned and wiped of data, and then sold via NG Metal's global sales network. The remaining electrical waste is sorted, and hazardous waste and batteries are removed and responsibly handled. The remaining materials are further sorted into as pure fractions as possible, such that 97.5 percent of all the electrical waste can be sent to material and energy recovery.

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The Board and group management's role in sustainability governance

NG Group's Board of Directors (BoD) and the Group CEO receive regular updates on sustainability matters within the group, although the BoD does not have a sustainability committee. At the group level, the CEO was responsible for overseeing sustainability in 2022. Each division supported the work in the sustainability areas, through a dedicated contact person. With the new group structure, the group responsibility will be placed at the role of the Group Chief Sustainability Officer (CSO).

NG Group reports on sustainability indicators to Summa Equity on a quarterly basis.

NG Group's stakeholder interaction and their main concerns
NG Group has identified 14 stakeholder categories whose influence, needs, and expectations impact NG Group's sustainability work. Regular, transparent dialogue with these stakeholders strengthens the group's position as an industry leader that provides sustainable solutions, and creates value for customers, the environment, and society. Below is NG Group's stakeholder map, including their concerns and NG Group's methods for engagement.

NG Group's stakeholders

Stakeholder group	Main concerns and interests	Engagement and interactions in 2022
Customers	Sustainable services High material recovery Supply chain transparency and input to their sustainability reporting Innovative solutions for a circular economy	Annual customer survey Proactively asking for feedback Maintaining dialogue
Employees	Health and safety Diversity, equality and inclusion	Annual employee survey 'Puls' surveys, annual employee conversations 'Open safety talks' youNG network, courses and trainings, e-learning, management programmes, talent development
Owners	Transparency and reporting on ESG information Long term financial performance Risk management	Continuous dialogue Quarterly ESG reporting EU Taxonomy assessments
Suppliers and partners	Supply chain sustainability Ethics & Anti-corruption Efficient logistics	Collaboration and audits Supplier commitment to Code of Conduct Regular dialogue
Trade Unions	HSE Labour rights	Annual negotiations, formal meetings in line with the Norwegian Employment Act and the main agreement between LO and NHO
Public authorities and political environments	Compliance with European and national regulations Transparency and reporting Enabling the circular economy	Dialogue for better solutions Evaluation of permits Events, as the recycling day Knowledge sharing
Local communities	Safe environments Noise reduction	Dialogue with neighbours Community engagement Partnerships
Financial institutions	Liquidity ESG Indicators for loan agreements	Dialogue and negotiation related to sustainability linked loan
Member organizations	Long term framework conditions Predictability for waste management	Membership engagement

Collaboration is the key to success for NG Group's sustainability work. NG Group strives to develop strong, long-lasting partnerships with customers, and ensure constructive feedback and dialogue. Long-time customers have high expectations for sustainability and demand sustainable waste handling and environmental services. As a result, focusing group development and decisions on customer needs ensures attention to sustainability – while remaining competitive and creating value.

Out of all stakeholders, employees have the greatest impact on sustainability work through their daily operations, whether their position is an operator, driver, route planner, HR employee, customer service representative, manager, or something else. They also affect the group's sustainability work through their expectations, the most material of these being the expectation of meaningful work without the risk of physical or psychological injuries.

Increased attention to climate risk
Historically NG Group's focus has been placed on how the group's operation impacts the climate and environment. In 2022, the group started to formally consider the reverse view of how the changes in the climate and environment will have an impact on the group. As a part of this effort, NG Group conducted the first iteration of climate risk assessments following the guidance from the Task Force on Climate Related Financial Disclosures (TCFD). Climate risks were also included in risk management workshops for the group's divisions for the first time in 2022. The full TCFD report is published on the NG Group's website. The following two pages present a summary of the group's climate risk work and its most important findings.

TCFD Summary

Introduction
NG Group has conducted climate risk assessments in line with the Taskforce for Climate-related Financial Disclosures (TCFD) framework in 2022. A set of TCFD recommended disclosures helps companies to better understand and assess climate-related risks and opportunities, related financial impacts, mitigation, and adaptation measures, and effectively communicate this information to investors and other stakeholders.

Methodology
A dedicated internal group was responsible for identifying and assessing climate risks and opportunities. TCFD distinguishes climate risks and opportunities into physical, resulting from direct impacts of climate-related hazards and transition, arising from the society's transition to a low-carbon economy. According to TCFD, physical risks are categorized into acute (event-driven) or chronic (longer-term shifts in climate patterns), while transition risks contain the following categories: technology, market, reputation, policy and legal. The time horizons (short, medium, and long-term) and severity in terms of potential impact were assessed for each risk and opportunity.

A characteristic feature of the TCFD approach is the use of forward-looking scenarios. NG Group considered a combination of Socio-Economic Pathways (SSP) narratives and Representative Concentration Pathways (RCP) emission scenarios used by the Intergovernmental Panel on Climate Change (IPCC) and energy scenarios from the International Energy Agency's (IEA) World Energy Outlook (WEO). For the current assessment, scenarios were bundled under three groups: "Insufficient climate policy", "Middle of the road", and "Well below 2 degrees" (see the box on the following page). Risks were evaluated for key facilities and broader climate-related impacts.

Identified risks and opportunities
Identified risks and opportunities are summarized in the following table. Under the "Insufficient climate policy" scenario, physical climate impacts on NG Group's facilities, infrastructure, and operations will be more significant than today, requiring

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adequate adaptation measures. While NG Group faces several transition risks, this area is where opportunities for NG Group lie ahead as the world transitions to a low-carbon economy. Circularity and waste management are vital to addressing the climate crisis. They are at the core of NG Group's business model, making the company even more resilient and relevant in a "Well below 2 degrees" scenario.

Climate risk management

NG Group is working to integrate climate risks into its overarching corporate governance and risk management procedures. Specific climate-related risks are already considered, such as physical climate risks related to droughts and the risk of fires at NG Group's facilities or transition risks that require NG Group to address GHG emission reductions. In 2022, NG Group held risk management workshops for key employees in its different divisions.

The way ahead

In the years to come, NG Group will conduct climate risk and opportunities analyses for more of its facilities, further extend the analysis in line with TCFD expectations, and work on measures to mitigate risks. As a part of the process, NG Group will work to quantify the financial impacts of identified material climate-related risks and opportunities. NG Group will continue integrating climate change risks and opportunities into overall risk management, including developing risk mitigation plans. Additionally, the group plans to evaluate and integrate nature risk considerations in line with the Task Force on Nature-related Financial Disclosures (TNFD) recommendations.

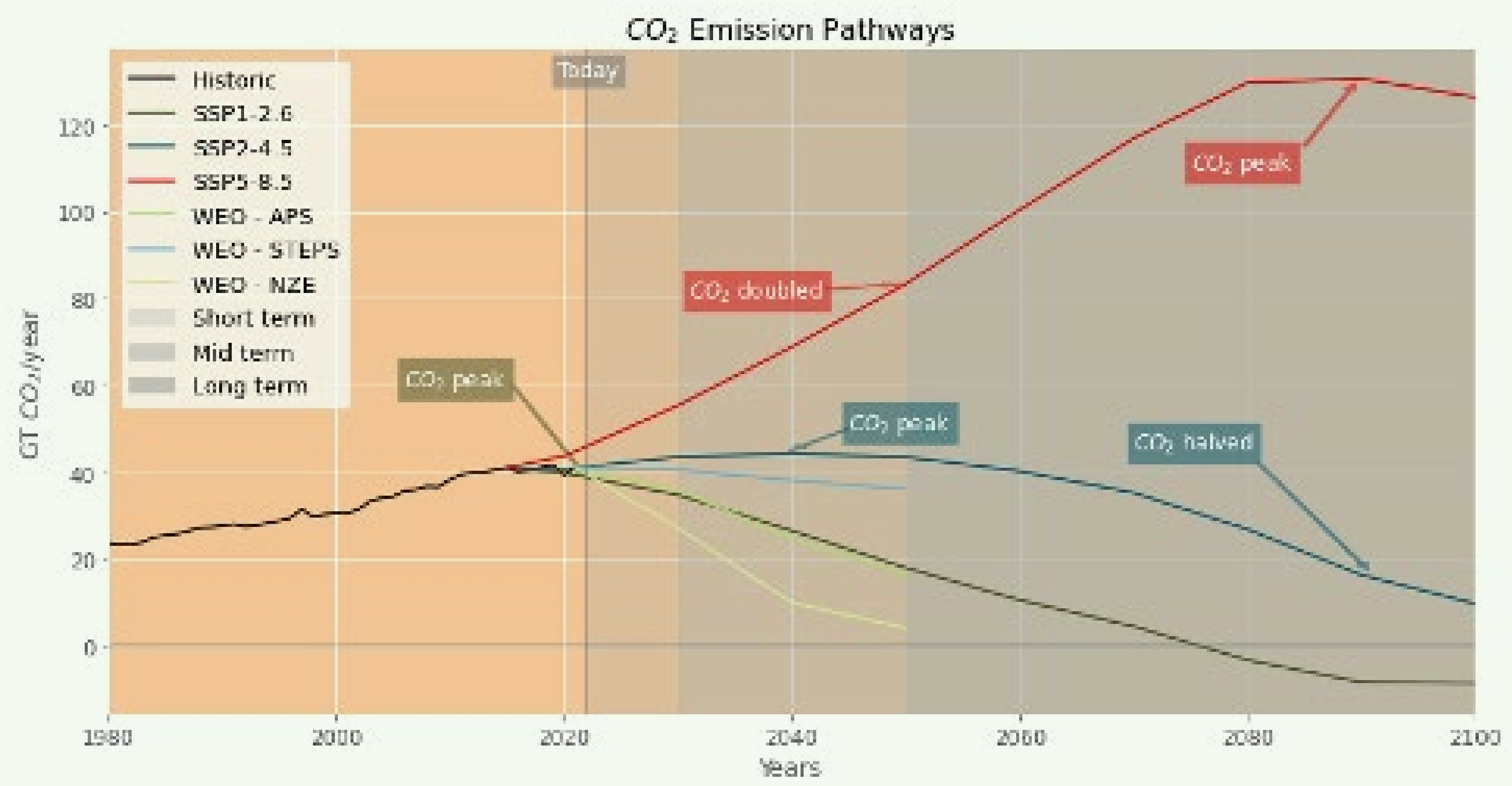

Figure: Projected CO_2 emissions by scenario (grouped by colour). The time horizons are indicated by the background shading.

Insufficient climate policy scenario implies limited climate policy leading to a doubling of emissions by 2050 and eventually peaking around 2090. This scenario is dominated by ubiquitous exposure to severe physical climate risks.

Middle of the road scenario climate mitigation efforts help to slow the rise of GHG emissions, which will peak around 2040, eventually resulting in a global temperature increase of 2.7-3.4 degrees C. This scenario is characterized by a combination of moderate transition and physical risks.

Well below 2 degrees scenario assumes that society makes the significant transformation to curb emissions to keep global temperature rise below 2 degrees C. Deep policy interventions result in substantial transition risks, challenging carbon-intensive legacy industries and incentivizing new business models.

The following table presents a summary of the identified climate risks and opportunities.

		Description — Insufficient climate policy scenario (5.5°C)	Subcategory	Time horizon	Impact
Physical	Risk	**Floods and storm surges** Floods and storm surges are expected to be more frequent due to the combined effects of sea level rise and extreme weather, affecting NG Group's facilities near the coast. Initial scenario analysis revealed that facilities in Øra and Trondheim are among the most exposed to the risk.	Acute	M, L	
		Extreme precipitation and associated flash floods and landslides It is expected that many parts of Norway will witness increased precipitation and extreme weather, such as heavy rain, leading to more surface runoff, flash floods, and landslides. This will have impacts on both facilities and road transportation of waste.	Chronic	M, L	
		Droughts Droughts are expected to be more common, increasing the risks of fires at NG Group's facilities. Some mitigation measures are already in place to minimize these risks. Another issue related to droughts is the increasing amount of particles in the air requiring caution with hazardous waste handling.	Chronic	M, L	
	Opportunity	**Water risk in the mining sector will boost recycling of materials** Water-associated risks will further impact traditional mining operations elsewhere. More awareness and stricter reporting requirements of water risk related to mining operations will likely boost the recycling of materials, thus, providing further opportunities for NG Group.	Acute	M, L	

		Description — Well below 2 degrees scenario (1.5°C)	Subcategory	Time horizon	Impact
Transition	Risk	**Too slow adjustment to fossil-free vehicles among suppliers** A large proportion of NG Group's operations is related to the collection and transport of waste. In the case of a sudden and radical shift in fuel requirements, NG Group would struggle to adapt due to slow adjustment to fossil-free vehicles among its suppliers.	Technology	S	
		Lack of renewable infrastructure In the case of further regulatory pressure (in line with the "Well below 2 degrees scenario") on ICE vehicles, an increase in fossil-free commercial vehicles may result in a lack of renewable infrastructure.	Technology	M	
		Electricity deficit in Norway between 2026-2030 Between 2026-2030, a significantly increased electricity demand in Norway is expected due to rising and demand and projected flat electricity production. Combined with altered precipitation patterns and, thus, unstable hydropower production, this will likely lead to higher electricity prices and price fluctuations.	Market	M	
		Competitors adapt better to climate requirements and win the market In the transition to a circular economy, there is a significant risk of newcomers bypassing large established groups, such as NG Group, due to faster adoption and new solutions. This is especially relevant regarding new recycling technology, traceability, and reuse business models.	Market	S	
		Increasing regulatory pressure and new reporting requirements As a large group operating in various industries, NG Group faces the risk of being unable to adapt to new regulations and reporting requirements fast enough.	Market	S	
		Increase in carbon prices Carbon pricing mechanisms pose a significant risk for NG Group, particularly the recent developments within the EU Emissions Trading System (EU ETS) and Carbon Border Adjustment Mechanism (CBAM). The implications will affect the incineration of waste and its export out of Norway, thus calling for local solutions.	Policy and legal, Market	S	
	Opportunity	**Recycling technology and reuse business models** Early investment in environmental technology intended to bring waste higher in the waste pyramid and expand further down the value chain, making circular end-products represent a significant opportunity for NG Group.	Technology, Policy and Legal	M, S, L	
		A greater focus on recycling of critical raw materials locally Critical mineral demand for clean energy technologies will rise by six times by 2040 in the NZE scenario. Price volatility and awareness of the value chain will put pressure on keeping resources locally through recycling, especially the minerals critical for the transition under the "Well below 2 degrees scenario".	Policy and legal	S, M	

Opportunity scale: Low Medium High

Risk scale: Low Medium High

Time horizon: S 2022-2030 M 2030-2050 L 2050-2100

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1. Accelerated circular economy

The big picture
As the world deals with the compounding and worsening challenges of climate change, biodiversity loss, and political instability resulting in unstable resource availability and economic uncertainty, the circular economy will only become more and more essential.

The climate crisis and the biodiversity crisis mean that it is essential that society reduce the overall footprint of its economic activity. Primary resource extraction generates greenhouse gas emissions and pollution, and often ruins the local area – contributing to the overall global degradation of nature and biodiversity. Shifting to a more circular economy will result in less primary resource extraction and, thus, mitigate the climate and biodiversity crises. Additionally, a more circular economy will be less dependent on imported resources and instability in the global supply chain. The war in Ukraine and the Covid-19 pandemic have shown vulnerabilities in the present-day global supply chain and highlighted the need for circular resource use.

According to the Circular Gap Report, the world's economy is only 7.2 percent circular, a decrease from 9.1 percent in 2018 – due to increasing primary material extraction[10]. A specific analysis was done in Norway in 2020, showing that the country was only 2.4 percent circular. This puts the country near the top of the list for the most consumption and waste production per capita in the world[11]. In 2021 Norway generated a total of 11.58 million tons of waste, with the average Norwegian contributing 431 kilograms in household waste[12].

The EU have set circular economy goals which will create value, improve resource efficiency, and help to mitigate climate change. The authorities, acting as legislators, claimants, and purchasers, have an impact on the Nordics' and the world's transition to a circular economy. Authorities are taking increased legislative action by setting recycling requirements, requirements for the use of recycled raw materials in new products, and new type of requirements in public procurement.

NG Group's impact
NG Group contributes to the acceleration of the circular economy by implementing new solutions and working with waste handing innovation. Several of the group's strategic focus areas are aimed at increasing the impact it has on accelerating the circular economy, including consolidating operations and expanding strategically in the Nordic region and internationally, as well as producing competitive recycled materials which increase overall societal circularity.

NG Group also impacts the adoption of the circular economy in a practical manner through functioning as a raw material aggregator and processor. The group has a significant capacity to collect, sort and facilitate for waste handling as high in the resource pyramid as is feasible and handles about 2.3 million tonnes of waste per year, including about 25 percent of all industrial waste in Norway. This process is optimized by adopting advanced technology and through innovation – which is another strategic focus area for NG Group. The technology NG Group is adopting is improving the traceability of materials, which then allows organizations which are concerned with improving circularity to make strategic purchasing decisions and contributes to accelerating the circular economy.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

UN sustainable development goal 12 is focused on responsible consumption, with targets 12.4 and 12.5 being particularly relevant to the recycling industry's role in circular economy. Target 12.4 aims to achieve environmentally responsible management of chemicals, as well as all forms of waste, throughout their lifecycles by 2020 and 12.5 is focused on significantly reducing waste generation by 2030. These goals are closely connected with the global transition to a circular economy, and this an area where NG Group can have a large impact.

Zirq - the road into the future

Zirq Solutions is NG Group's flagship company for creating new and innovative solutions for recycling complex waste streams. By tapping into difficult-to-recycle waste resources, Zirq plays an important role in creating a more circular economy, and as a result won the prestigious Circular Economy award at the SDG tech awards in 2022.

Zirq is built on a foundation of recycling cables, and annually reintroduces 9,500 tons of recovered copper to the market. In 2022, Zirq continued to build on these achievements by creating new solutions aimed at recovering medical waste. This waste stream is largely incinerated or landfilled due to contamination, but with innovative treatment processes Zirq has made it possible to achieve a 67 percent material recovery rate from medical waste. By the end of 2022, Zirq recycled a total of 650 tons of medical waste.

Zirq is creating circular solutions for global industry players. To do this, Zirq must meet high demands from customers looking to dispose of waste in an environmental manner as well as the producers' demands for high-quality raw materials.

NG Group's approach
NG Group's central circular economy goal is to continually increase the share of waste that is processed higher up in the resource pyramid. Specifically, the group aims to increase the proportion of waste that is reused and recycled, thereby reducing the amount of unnecessary waste that is incinerated or sent to landfill.

At the same time, as a major actor in the waste industry, NG Group has a responsibility to the Norwegian and Nordics societies to collect and handle waste that the group's customers produce.

[10] CGR 2023 (circularity-gap.world)
[11] 5f9a846b70a22c1c4eb97522_20201028 - CGR NOR - report WEB - 297x210mm Optimized.pdf (website-files.com)
[12] https://www.ssb.no/natur-og-miljo/avfall/statistikk/avfall-fra-hushalda

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In order to achieve its overall goal of moving waste up the resource pyramid, NG Group places a strategic focus on collaborating extensively across the value-chain with customers and partners to find relevant, circular solutions for different waste fractions and increase Nordic reuse and recycling rates. Through collaboration with partners or customers the group explores new technology and shares knowledge around waste to find optimal solutions.

An important part of accelerating the circular economy is transparency and traceability. The group has, therefore, an overarching goal that waste can be traced through the recycling process and into new resources. With complex upstream and downstream value chains and many different types of waste, an extensive digitalization process is required. The need for traceability is just as relevant for social and ethical aspects.

NG Group provides reuse and waste reduction advisory services to customers in all industries. This involves, for example, helping customers setting demands to their own suppliers to ensure that products are designed for efficient reuse, repair, and recycling. Providing these insights and educating customers on waste sorting also contributes to increasing material recovery rates in NG Group's own operations, increasing the value of downstream fractions.

NG Group works with industry organizations to contribute to legislation development and support the use of public procurement as a driver for better resource management, increased transparency, and standardized reporting.

Letbek - Channeling secondary materials into high-quality designer furniture

The 2022 acquisition of Letbek by Zirq Solutions opens exciting opportunities for re-imaging waste and was an important step forward related to NG Group's strategic focus on producing competitive, recycled materials and end products. The move couples Zirq's high-tech solutions for providing low-carbon raw materials with Letbek's 49 years of experience with manufacture, strengthening the circular economy, lowering emissions, and ensuring traceability in the value chain.

Letbek has unmatched understanding of plastic types and their properties, with recycled plastics comprising 75 percent of their plastic inputs. It is the creator of design icons such as the "Egg" and the "Y-chair," and produce furniture for brands like Hay, &Tradition and GUBI, companies known not to compromise on quality.

The acquisition marks a new, bold path for NG Group, with results already emerging. Zirq Solutions is providing recycled plastic from medical waste to Letbek. These materials can now be made into recyclable designer furniture - ensuring high-value outputs downstream of NG Group.

Development 2022
In 2022 NG Group handled about 2.3 million tons of waste. Residual waste was the largest individual waste stream accounting for about 38 percent of total tonnage. The proportion of waste that was reused recycled or recovered amounted to 58 percent.

NG Group has decided to adopt the EU Waste Framework Directive's waste definitions for reporting starting in 2022. To be in accordance with the EU definitions NG Group is renaming the previous "material recycling" KPI to "material recycling and recovery"[13]. Renaming the category will have no further impact on the KPI or how it is measured to be comparable with precious reporting periods.

In 2022 the proportion of materials sent to reuse, recycling, or recovery was lower than in 2021, largely driven by lower volumes of metals and masses used for backfilling. The volume of masses that NG Group receives is largely project driven, which means there is significant variation over time. As shown in the table below, excavated material (inert masses) used in infrastructure projects make up one of NG Group's largest waste streams and accounted for about 500,000 metric tons in 2022. These volumes were mostly related to the Kopstad filling center, where lightly contaminated and clean masses replace virgin masses in building new railway infrastructure.

In 2022 the volume of metals was also lower than in 2021, due to a strategic decision to focus on higher-value volumes in combination with reduced production hours at the Øra plant. In 2022 NG Group received about 300,000 metric tons of metals, about 45,000 metric tons less than in 2021.

Tonnage and treatment*

In MTk	2021	2022	2021	2022
Material recycling	1 513 632	1 340 181	61 %	58 %
Energy recovery	924 254	862 108	37 %	38 %
Disposal	60 892	84 450	2 %	4 %
Total	**2 498 779**	**2 286 738**	**100 %**	**100 %**

* Measured in thousand metric tons. The waste volumes do not include Letbek as the company was acquired in December.

[13] NG Group's category includes masses used in projects such as backfilling and as aggregates in concrete production, which are defined by the EU Waste Directive as material recovery rather than recycling.

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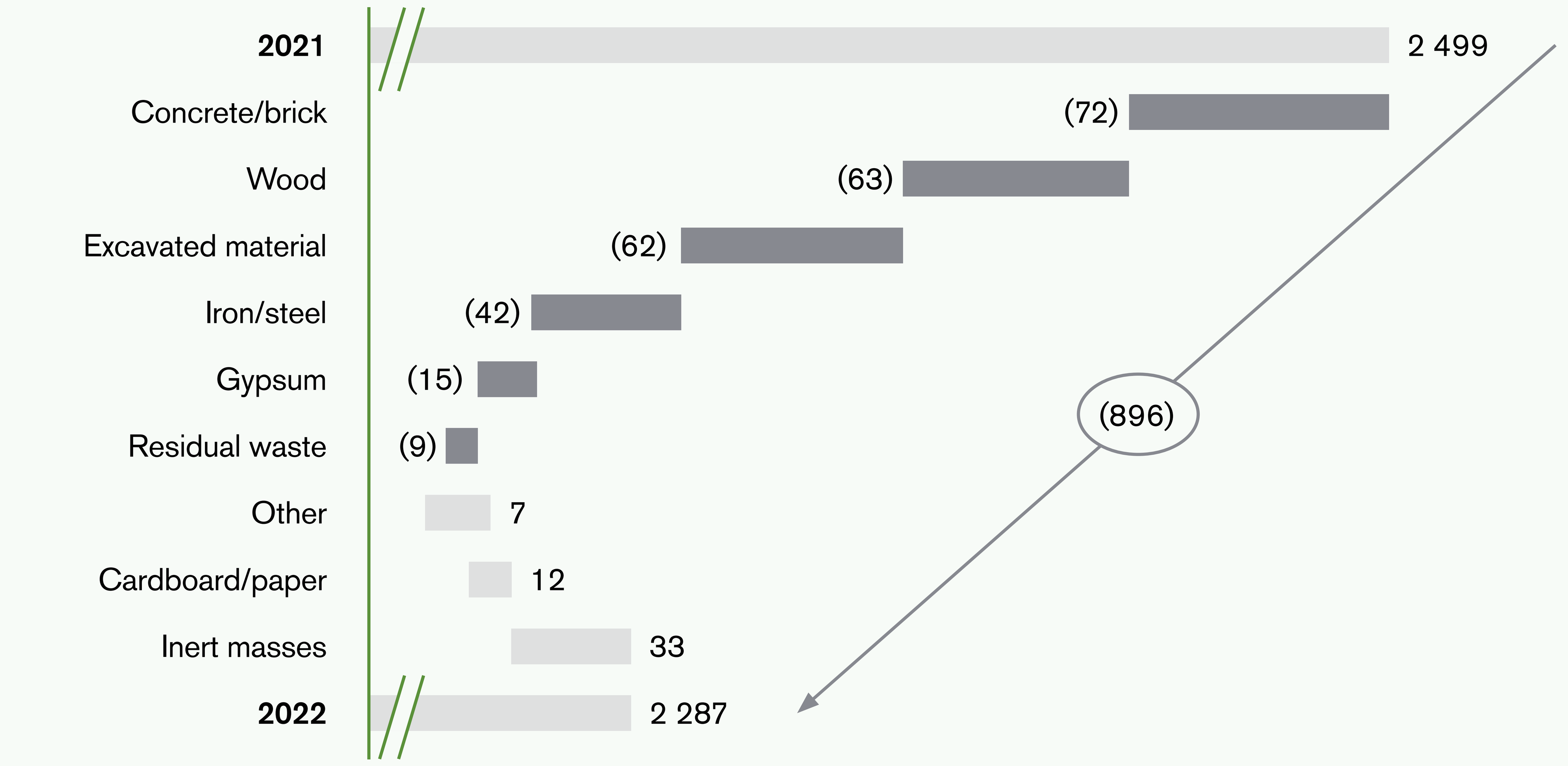
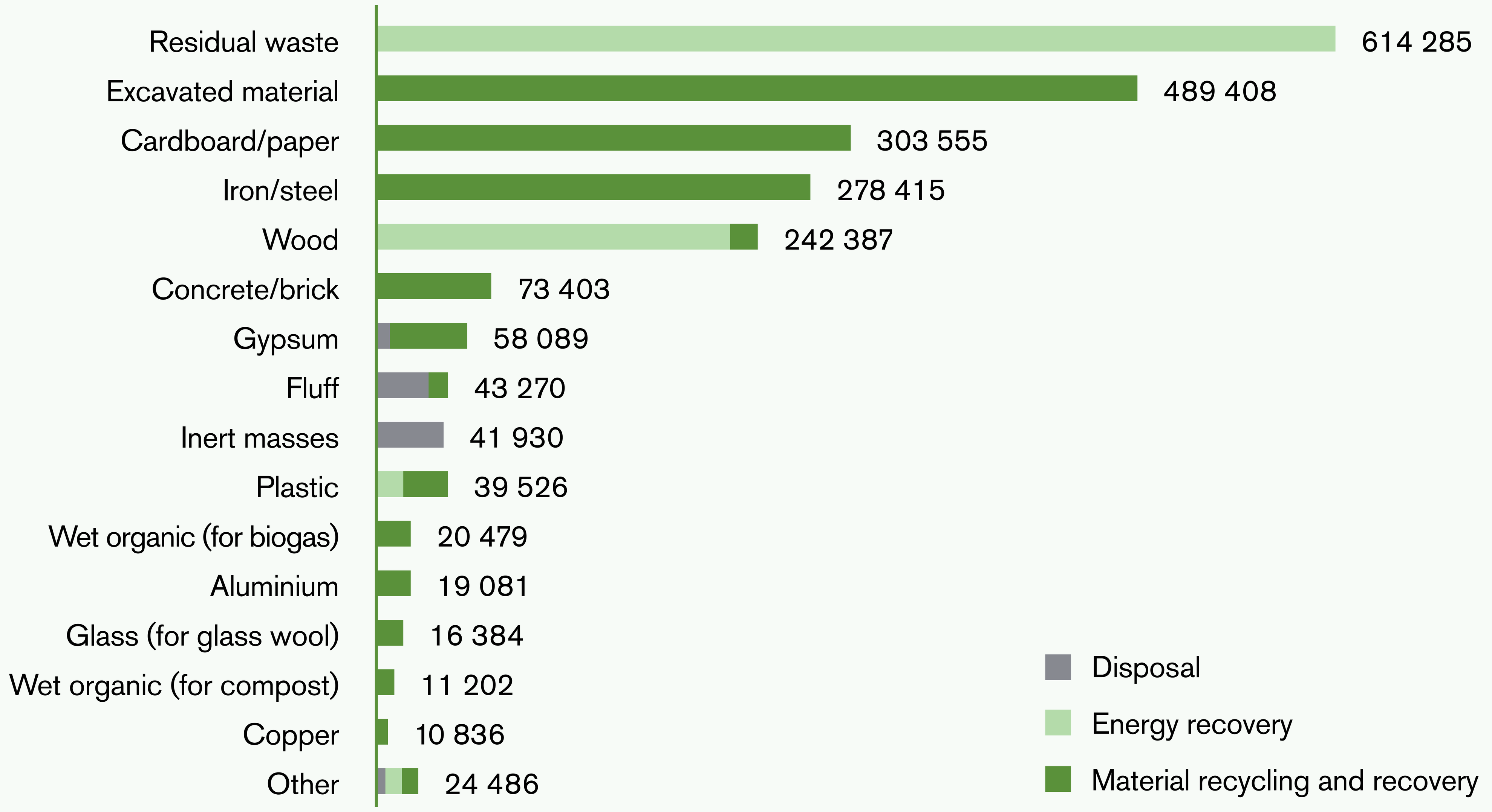
Changes in volumes in thousands of metric tons



This figure shows the change in volume from 2021 to 2022 for some of NG Group's largest fractions.

Largest fractions 2022 in thousands of metric tons

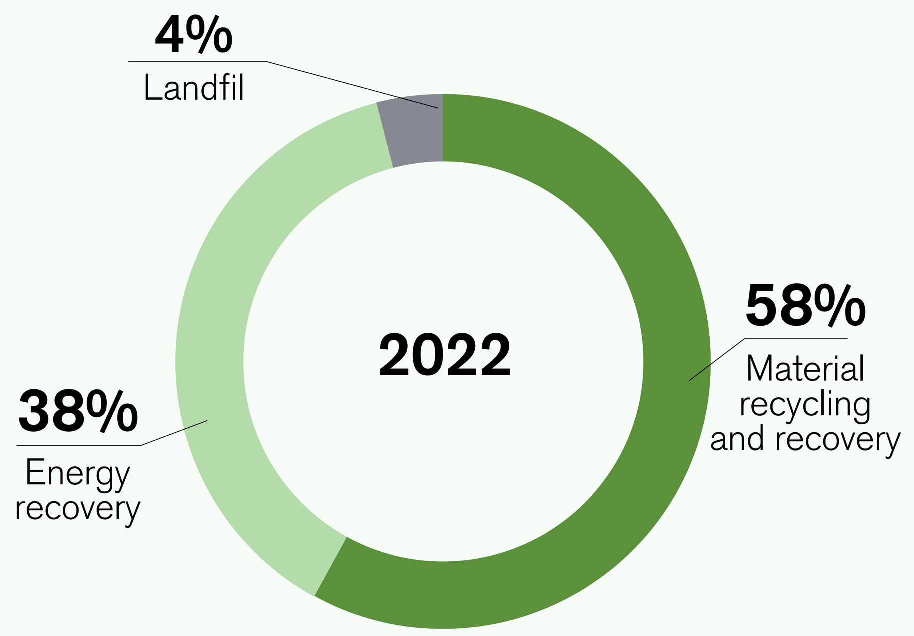


Comments

- The proportion of material recycling is somewhat reduced largely driven by lower volumes of metals and masses for backfilling.
- Note that this analysis is based on a high-level categorization of fraction groups. The NG Group has started a digitalization project to better analyse waste streams and their downstream solutions to gain more insight.

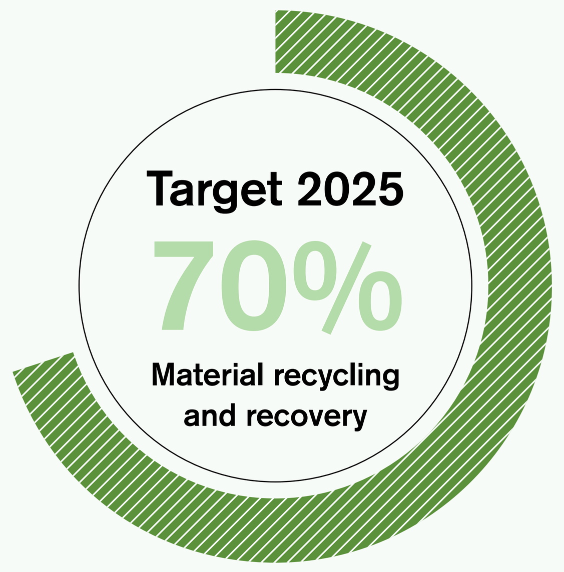
Performance and targets

Recycling, recovery and disposal in % of total tonnage.



Historic performance

The proportion of material recycling is somewhat reduced largely driven by lower volumes.



Future target

Target to increase waste volumes to reuse and recycling to 70% by 2025.

NG Group's 2022 waste handling rates can be seen in the figures below, along with the group's targets. These results are based on a high-level categorization of waste fraction groups. The group has started a digitalization project to analyze waste streams and their downstream solutions and gain more insights and track results with a higher level of detail. It is also important to note that NG Group's 2022 waste volumes and handling rates do not include numbers from the Letbek companies which were not acquired by NG Group until December 2022.

As part of the effort to close the circular economy gap, NG Group purchased Letbek AS in 2022, a Danish company which recycles previously used plastic and creates products which can easily be recycled again. Through purchasing Letbek, NG Group ensures that recycled plastic is utilized in new products at a larger scale than the group were able to prior to the acquisition of Letbek.

The way ahead

In line with the new strategy, the group has ambitions to grow through six defined platforms and take a stronger position in the circular economic transition.

The goal is to secure more upstream control, enable downstream expansion, and give value to data.

To proceed with these ambitions, the group aims to invest more in R&D and establish three new pilot plants within 2026. There will be increased efforts towards realizing opportunities in biogas production, bio-coal, and innovative technology for clean energy production.

In the years to come NG Group will continue working to increase the share of waste that is handled at the higher levels of the waste pyramid by improving waste sorting, expanding activities and downstream recovery operations, and continually searching for innovative, data-driven new solutions across platforms. NG Group has set ambitious, specific waste handling targets for 2025 and 2030. Finally, NG Group will increase its political work in 2023 in order to obtain regulations that support the development towards a circular economy, both on national level and European level.

One of the group's most challenging goals is increasing proportion of waste that is re-used and

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NG Recycling and RE:inventar create new value chains for reuse of furniture and movable property.

NG Recycling launched a new initiative in cooperation with RE:inventor to develop new and better value chains for the reuse of furniture and movable property. The seed of the idea was planted because NG Recycling was receiving quite a few requests regarding solutions for the reuse of furniture.

The collaboration with RE:inventor is an important step in the work towards establishing new, circular value chains and it gives customers access to a comprehensive service for the disposal of furniture, and access to new re-used movable property and furniture.

– NG Recycling is continuously working to move waste higher in the waste hierarchy, and a natural next step is to look at solutions for reuse. The collaboration with RE:inventar on further developing solutions together with our customers gives us a unique opportunity to build new circular business models and give new life to waste, says Charlotte Koritzinsky Luisa, Head of Construction in NG Recycling.

RE:Inventar is a collaboration between Norwegian manufacturers and suppliers of furniture and other movable property. RE:inventar's goal and ambition is to give customers better access to environmentally friendly and locally produced products at the right price, with the goal of making it just a simple to buy a reused product as buying a new one.

The CEO of RE:inventar, Lars Erik Sikkeland, is enthusiastic about the collaboration with NG Recycling.

– We will, through close cooperation, develop new green and circular business models that will increase the rate of reuse, redesign and documentation of furniture and movable object – on an industrial level.

NG Recycling is currently working on a project with Statkraft and Mustad where they are moving offices, and need assistance to preserve as many of the pieces of furniture as possible, making it the first project where NG can test the collaboration with RE:inventar in practice.

the proportion of materials that are recovered and kept in the economy. Succeeding will reduce waste handling emissions, the need for raw material extraction, and exploitation of land areas.
It is, however, important to note that there will, for the foreseeable future, be a need to responsible handling of waste that cannot be re-used or recycled. This includes some types of hazardous waste that has no place in a circular economy, as it may harm the environment and should be taken out of the loop. NG Group will actively seek low environmental impact and low emission solutions for handling this type of waste in a safe and environmentally sound manner.

Minimizing self-generated waste

The big picture
Increasing global consumption results in a corresponding increase in waste. This waste then has a profound impact on the environment, taking up space, contaminating its surroundings, and in some cases emitting greenhouse gases as it breaks down. While society and waste handling companies work to find solutions for handling all this waste, it is also essential that society develops more responsible, limited consumption habits. This waste minimization will require businesses and private citizens alike to work together and can be facilitated through targeted efforts.

NG Group's impact and approach
NG Group strives to handle waste responsibly and reduce the overall impact that waste generation has on the environment and society, however the group's operations and office activities also generate waste, which must be handled.

NG Group aims to limit the group's self-generated waste through understanding which activities generate the most waste and investigating waste elimination and replacement opportunities.
Development 2022 and the way ahead
In the future the group plans to create targets and KPIs for self-generated waste and will look for opportunities to reduce own produced waste wherever possible.

The group will develop a policy for procurement to define more clearly how sustainability requirements should be used, as well as how the group should take life cycle impacts into account when assessing products.

2. Minimizing our own footprint

Climate Emissions

The big picture
Global climate change is one of the greatest risks to society. Atmospheric concentrations of the most important greenhouse gases have continued to increase despite global concern, with the Global Carbon Project reporting an average CO_2 concentration of 417.2 parts per million in 2022[14]. To limit global warming to 1.5-degrees Celsius above pre-industrial temperatures in accordance with the Paris Agreement, the world must achieve net-zero greenhouse gas emissions by 2050. At the same time, the International Panel for Climate Change (IPCC) has reported that, as of 2020, human activities have already caused between 0.8 and 1.3 degrees Celsius of warming[15]. Regardless of whether society achieves the goals set out in the Paris Agreement, it is essential to eliminate as many emissions as possible and therefore mitigate climate change as much as possible.

[14] ESSD - Global Carbon Budget 2022 (copernicus.org)
[15] IPCC, 2021: Climate Change 2021: The Physical Science Basis

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The world is already seeing the effects of climate change through increasingly strong and frequent extreme weather events, and these effects will only be amplified in the coming years. The physical challenges humanity faces due to climate change will also lead to an increasing number of climate refugees and migrants, and an increase in resource related conflicts.

To meet the Paris Agreement 1.5-degree target, global emissions must be reduced at least 45 percent by 2030. At the same time, energy related CO_2 emissions grew by 0.9 percent, or 321 megatons in 2022[16]. These greenhouse gasses are not emitted equally. Most of the emissions are generated by consumption and economic activity in the world's richest countries and by the world's richest people. They come mainly from the energy, agriculture, transportation, and manufacturing industries – with as much as 34 percent being related to material extraction and use[17]. All these factors combined make it absolutely essential that actors in the countries and industries responsible for most of the emission take action – making climate emissions an incredibly important topic for NG Group.

NG Group's impact
NG Group's central business activities – facilitating recycling and material recovery – reduce society's total greenhouse gas emissions by keeping resources in the value chain for longer and reducing the necessity of extracting primary resources. These efforts reduce global emissions and contribute to the mitigation of climate change.

On the other hand, these same activities are responsible for their own significant emissions. The group generates emissions through transportation activities and is also a major purchaser of transportation services from third-party companies. Additionally, NG Group's waste sorting and processing operations generate emissions. The largest portion of NG Group's emissions, however, are indirect emissions from downstream waste handling, such as those generated by incineration plants or metal melting facilities.

NG Group's approach
NG Group aims to be transparent about the group's climate impacts, while simultaneously working strategically to reduce the group's emissions. The NG Group works actively to increase the amount of waste handled at higher levels of the resource pyramid, which will reduce society's total waste handling and resource extraction emissions. NG Group also works to reduce its own direct and indirect emissions.

NG Group reports its greenhouse gas emissions in CO_2 equivalents (CO_2e) broken down into the three scopes specified by Greenhouse Gas Protocol: direct emissions from fuel use in Scope 1, indirect emissions from purchased energy in Scope 2, and indirect value chain emissions in Scope 3.

Although NG Group's operations use a lot of energy, the group has until now chosen not to purchase renewable energy guarantees of origin to bring down its reported Scope 2. The group's opinion has been that there are other, better suited approaches to ensure sustainable power use.

NG Group works strategically to reduce the emissions the group has control over. The group has streamlined operations to avoid unnecessary transportation emissions through optimizing routes, reducing empty loads, and identifying alternative transportation solutions with a lower climate impact – such as trains and ships. As a part of this, NG Group has implemented sensors which measure the degree of fill in waste receptacles to reduce the total number of collection trips. Additionally, some subsidiaries of the group are making their own strategic emissions reductions efforts.

For Scope 2 emissions from purchased electricity, the group is working on reducing its energy use through targeted efficiency measures, such as the strategic selection of energy efficient partners.

[16] https://www.iea.org/reports/co2-emissions-in-2022
[17] UNEP Gap Report 2019, CICERO.

Moving towards a fossil-fuel free fleet

NG Recycling has defined a dedicated fleet strategy, and is working systematically to achieve a zero-emission fleet by 2030, and a fossil-fuel free fleet by 2029. The strategy was defined in 2022 and implemented right away, with the division ordering 11 new fossil-free vehicles to be delivered in 2023.

In 2018, NG Renovation became the first company in the waste industry to adopt electric refuse collection trucks. At the end of 2022 NG Renovation and NG NÅS had a total of 11 electric vehicles and 69 bio-fuel vehicles, making up 52 percent of the company's fleet.

Due to technological limitations, it is not currently possible for all of NG Group's operations to sue emissions free vehicles. In these cases, NG Group aims to move away from fossil-fuels and use bio-fuel vehicles to the greatest extent possible. Progress has not been equal in all of NG Group's divisions, with some facing greater practical difficulties in moving away from fossil-fuel vehicles than others.

Development in 2022
In October of 2022, NG Group submitted a commitment letter to the Science Based Targets initiative (SBTi). SBTi is a global initiative to curb greenwashing and validates corporate emissions reductions targets which are in line with the Paris Agreement 1.5 degrees Celsius goal and backed up by concrete, technologically and economically feasible emissions reduction plans.

SBTi requires that greenhouse gas accounting is aligned with the Greenhouse Gas Protocol (GHG Protocol) guidelines and NG Group is currently in the process of updating its greenhouse gas accounting procedures to align with these requirements. Additionally, following the GHG Protocol guidelines will improve the accuracy and transparency of the group's emissions reporting.

As a part of this alignment process, the group has changed the way it reports avoided emissions. Formerly, NG Group kept a separate emissions account related to waste treatment, where the advantage of material recycling was netted against emissions from waste processing. This means that NG Group's Scope 3 reporting has historically shown an incomplete view of value-chain emissions. The group's greenhouse gas accounts for 2020 and 2021 have been recalculated without the inclusion of avoided emission to be comparable over time.

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Reducing emissions from cement production with Heidelberg

Heidelberg and NG Group have collaborated for 25 years, making use of their geographic proximity and synergistic interests. By carefully treating non-recoverable waste, NG Group supplies an alternative fuel for cement production with a much lower carbon footprint.

The waste-based fuel is used in cement production. This process requires a lot of energy, and only select fuel sources have the correct properties that will not interfere with the cement's final quality. These requirements are usually met by coal, resulting in substantial global greenhouse gas emissions from this sector. By designing a locally sourced waste-derived fuel that meets these requirements in close collaboration with Heidelberg, NG Group has helped Heidelberg reduce their CO_2 -emissions.

In the future, Heidelberg aims to reduce their footprint even further by introducing technology for carbon capture and sequestration in Brevik. This will be the first such facility in the Nordics in operation. By collaborating with a partner like Heidelberg, NG Group will be able to sequester the carbon from non-recoverable resources unfit for another round in the circular economy.

2022 Emissions
NG Group collected a mix of activity and spend data from each of its divisions. This data has been used by Normative to calculate the group's emissions.

Calculation methodology
NG Group's Scope 1, 2, and 3 emissions have been calculated by Normative and are reported on a consolidated basis, using the best available data. This includes a mix of activity and spend data collected by NG Group from its subsidiaries.

In addition to the 2022 emissions, the NG Group's 2020 and 2021 emissions have been re-calculated using the same boundaries as the 2022 greenhouse gas account.

Scope 1
Scope 1 includes all of NG Group's direct emissions from fuel consumption. These emissions were calculated using fuel purchasing data and fuel specific emissions factors. In some cases, the group had the exact volume of fuel purchased, but when this was not available, an estimation of volume of fuel purchased was calculated based on fuel prices.

Scope 2
Scope 2 includes NG Group's indirect emissions from purchased heat and electricity. These emissions were based on a mix of activity and spend data and were calculated using location-based emissions factors.

Scope 3
Scope 3 emissions are mainly related to downstream handling of waste which is calculated based on lifecycle analyses carried out by Asplan Viak on behalf of Norsk Industri for each waste category. Further, NG Group's Scope 3 emissions include business travel, employee commuting, and purchase of products and services calculated through a spend analysis. The largest share of the scope 3 emissions is related to downstream treatment of waste streams.

Scope 1

DIRECT
Emissions from own use of fuel

Scope 2

INDIRECT
Emissions from the production of purchased heat and electricity

Scope 3

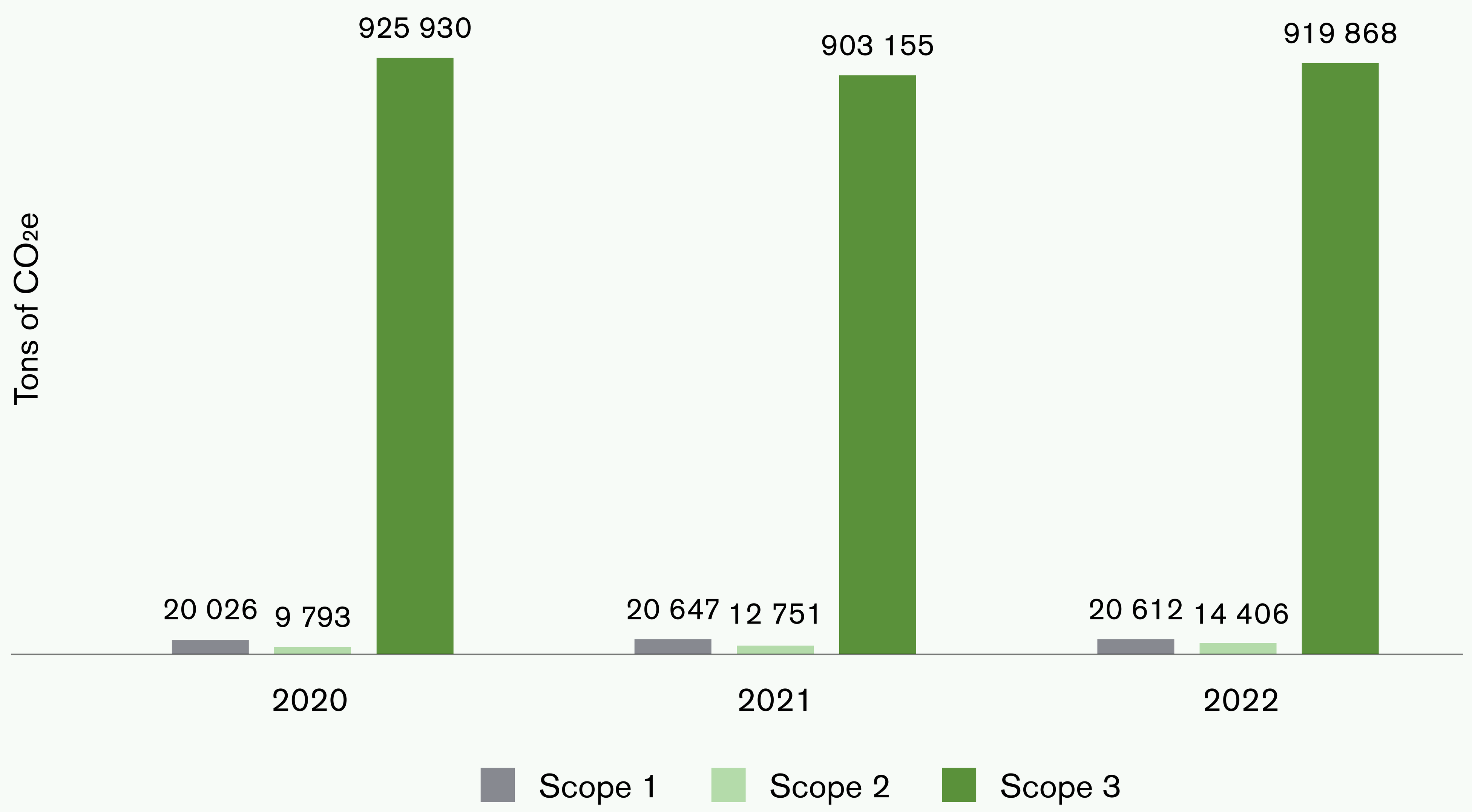
ALL INDIRECT
Emissions that are not included in Scope 2 which occur in the value-chain

Results
In 2022, NG Group emitted a total of 954,886 tons of CO_2e. This is an increase of two percent from 2021, driven by the group's acquisition of new, energy intensive companies such as Mirec (under NG Metal AB) which are included in the group from 2022.

The table and graph below show NG Group's calculated Scope 1, 2, and 3 emissions for 2020, 2021, and 2022. NG Groups 2020 and 2021 emissions have been recalculated using the new methodology adopted for 2022 and are therefore higher than reported in the group's 2020 and 2021 sustainability reports.

NG Group Greenhouse Gas Emissions

	Reported 2020	Corrected 2020	Reported 2021	Corrected 2021	2022	unit
Scope 1	20,026	**20,026**	20,647	**20,647**	**20,612**	tCO_2e
Scope 2	9,763	**9,793**	12,751	**12,751**	**14,406**	tCO_2e
Scope 3	60,947	**925,930**	68,428	**903,155**	**919,868**	tCO_2e
Total emissions	90,736	**955,749**	101,826	**936,553**	**954,886**	tCO_2e



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NG Group's efforts to move away from fossil-fuel vehicles have kept the group's scope 1 emissions at near about the same level as in 2021 despite the inclusion of new acquisitions. On the other hand, NG Group's scope 2 and 3 emissions increased by 13 percent and 1.9 percent respectively between 2021 and 2022.

The group is also reporting its 2022 emissions intensity, in terms of revenue in the table below. These emissions are calculated based on NG Group's total operating income, which is reported in the Annual Accounts section of this report.

Emissions intensity indicators

	2020	2020 corrected	2021	2021 corrected	2022	units
Scope 1 intensity	3.6477	3.6476	2.9517	2.9517	**2.6343**	tCO_2e/MNOK
Scope 2 intensity	1.7783	1.7733	1.8229	1.8229	**1.8412**	tCO_2e/MNOK
Scope 3 intensity	11.1015	168.653	9.7824	129.119	**117.5632**	tCO_2e/MNOK
Total emissions intensity	not reported	174.0843	not reported	136.6381	**122.6776**	tCO_2e/MNOK
Total operating income	5,490.14	5,490.14	6,994.75	6,994.75	**7,824.46**	Million NOK

Emissions intensity is an important indicator, which allows companies to compare their emissions performance over time even when there are large internal changes, such as acquisitions. NG Group's total financial emissions intensity has decreased by 29.5 percent between 2020 and 2022. This overall decrease is driven by decreases in the group's scope 1 and 3 financial emissions intensities. At the same, the group's electrification efforts have resulted in an increase in scope 2 financial intensity. NG Group's waste volume emissions intensities have been more varied since 2020. The group emitted more greenhouse gases per ton of waste handled in 2022 than in 2021. This indicator is largely dependent, however, on what types of projects the group has in a given year.

Avoided emissions

When recycled raw materials replace the need for primary resources, significant emissions resulting from extraction of new primary materials can be avoided. The group calculated the avoided emissions associated with its recycling and recovery activities using the primary resource extraction and end of life handling emissions listed in the lifecycle analyses carried out by Asplan Viak on behalf of Norsk Industri. These avoided emissions are reported separately from greenhouse gas accounting and are considered by NG Group to be high level calculations.

In 2022 NG Group's work with reusing, recycling, and recovering materials contributed to the avoidance of over 1.3 million tons of CO_2 equivalents compared with the alternative of the same volume being extracted and processed from virgin materials. The largest contributor to these avoided emissions was the group's handling of 300.000 metric tons of metals, as their extraction as primary resources is highly emissions intense. Almost all metals can be infinitely recycled with no deterioration to the quality and almost all metal that enters NG Group's facilities is reused or recycled.

Emissions avoided

	2020	2021	2022	unit
Material recovery	- 1,164,063	- 1,166,184	- 1,081,788	tCO_2e
Energy recovery	- 277,929	- 243,545	- 240,621	tCO_2e
Landfill	-	-	-	tCO_2e
Total	- 1,441,992	- 1,409,729	- 1,322,409	tCO_2e

The way ahead

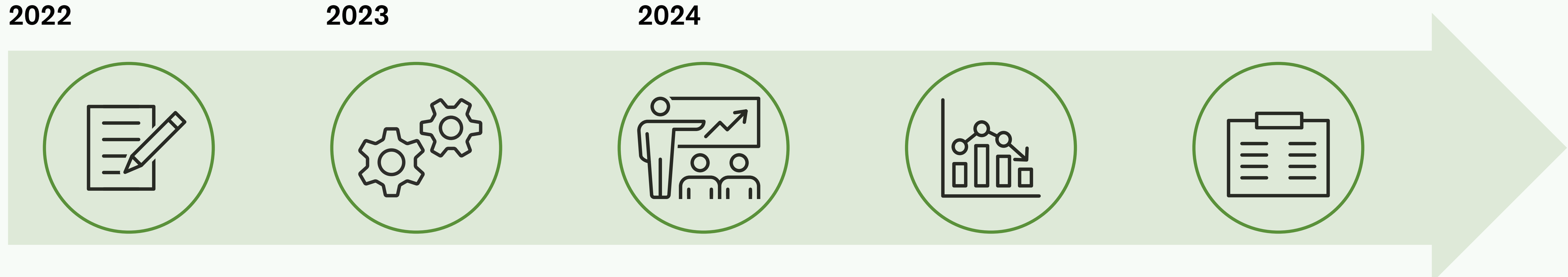
NG Group will establish 2023 as the baseline year for its SBTi targets. Both the near-term and net-zero targets will be submitted for validation in the first quarter of 2024.

In 2023 NG Group will prioritize improving the accuracy and transparency of its greenhouse gas accounting and ensuring that 2023 can be used as a baseline year for the Science Based Targets initiative.

As of today, NG Group's emission calculations are based on a mix of purchasing data and activity data. Going forward the group will use activity data and supplier specific data whenever possible, as this data can be used to guide decision-making, such that the suppliers with the lowest CO_2 impact are selected.

NG Group also aims to improve its scope 3 calculations in the future related to downstream waste handling. This work will include mapping downstream solutions and gathering of emission factors for each specific solution.

2022 2023 2024



COMMIT
NG Group submitted a commitment letter in October 2022 establishing our intent to set Science Based Targets

DEVELOP BASELINE AND TARGETS
Establish baseline in accordance with SBTi's criteria and submit targets for validation*

COMMUNICATE
Announce targets and inform stakeholders

REDUCE
Reduce emissions in line with the target trajectory

DISCLOSE
Report company-wide emissions and progress against targets on annual basis

*No later than 120 days after the Financial Year ending 2023.

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A digital solution for sustainable handling of masses

An innovative partnership between Bærum municipality, Norconsult, Pure Logic and NGm3 was signed to develop a digital marketplace for sustainable handling of masses.Over the next few years 2.5 million truckloads of masses will be transported through Bærum municipality, and over the next decade 25 million cubic metres of stone mass will be excavated as part of six large infrastructure projects. This constitutes a real environmental burden which the municipality wants to address.

- It is not unusual that one is left with large excess masses of stone, soil, concrete and asphalt as part of construction projects. The problem is that these excess masses are not properly utilized, and in addition there are large GHG emissions connected to disposal of masses, at the same time as masses are often transported over long distances, according to Ida Nilsson, Head of NGm3.

The solution to this issue is a digital marketing system that is to help clients and the industry to make good decision, through optimalization of transport, resource utilization and climate footprint. In practice, the system is to make it easier to make use of the value of excess masses locally, by facilitating a smarter and easier cooperation between actors in the industry. An app will be developed as part of the project that will provide access to transport- and location data to achieve greater control over the flow of masses and ensure that they are delivered where they are supposed to. The system will make tracking and documentation more readily accessible and add transparency to the industry.

In summary, the main goal of the project and partnership to enable a circular solution that contributes to markedly improving the resource utilisation in the handling of masses, so that one avoids excavating virgin raw materials, which is in everyone's interest.

Nature and Biodiversity

The big picture
At the same time as the climate crisis, the world is experiencing a biodiversity and nature crisis, the effects of which are already visible and will only grow in severity until society manages to reverse the nature damage trend. The damage that society is doing to nature does not only impact nature itself, according to the UN Nature Panel land degradation costs us more than 10 percent of the world's total gross domestic product each year[18]. At the same time, the rate of degradation is 60 percent higher than nature's rate of reproduction[19]. Most global production today uses primary resources. In 2017, this involved the consumption of 100 billion tons of primary resources in total. NG Group's recycling and waste reduction and recovery activities make a positive contribution towards mitigating the nature and biodiversity crisis by allowing us to avoid some of this primary material extraction.

Pollution is a major source of this nature and biodiversity degradation. Each year over 400 million tons of industrial waste is dumped into rivers, lakes, and seas globally and more than 80 percent of all wastewater is released without being treated. Furthermore, plastic pollution has increased tenfold since 1980 and has become a major issue, especially with microplastic pollution. Other significant threats to nature and biodiversity today include land use change, the exploitation of plant and animal species, and the spread of foreign species into areas. Additionally, climate change has a major impact on ecosystems, and the effects of this are expected to increase in the years to come[20].

NG Group's impact
Reusing products and extending their lifetimes reduces the need for primary material extraction. By ensuring circular and responsible waste handling, NG Group helps keep resources and raw materials in circulation for longer and prevents pollution. This also curbs the degradation of nature and biodiversity by reducing the need for material extraction.

Although NG Group's activities and efforts to extend product lifetimes and increase recycling rates reduce the degradation of nature and biodiversity, some aspects of the group's activities have a negative impact. Receiving waste and operating recycling facilities require permits from the national and regional environmental authorities, and there are strict limits on emissions to air and water, as well as noise requirements. NG Group acknowledges and takes seriously its duty to monitor and reduce the group's environmental impact and pollution as much as possible, and this duty has a high priority at each of NG Group's facilities. NG Group complies with all regulations set by the authorities and reports the relevant information to the correct government bodies for each facility.

Still, NG Group's activities have a significant impact on nature. Waste handling involves significant amounts of energy, causes noise pollution, and has an inherent risk for contaminating the air, water, and ground with chemicals.

NG Group's approach
NG Group's contribution to the circular economy through increasing reuse and material recovery rates constitutes the group's greatest impact on biodiversity and nature. By accelerating the global transition to the circular economy, NG Group reduces society's need for extracting primary resources. One example of this is NG Group's production of gypsum powder from old plasterboards and production cuttings, which can be used in new plasterboards, replacing primary gypsum which would otherwise be landfilled in Norway or mined in Germany or Spain. This conversion of gypsum waste into gypsum powder also reduces the climate footprint of the gypsum-based products it is used in and reduces the need for material transportation.

NG Group's facilities are mainly located in established industrial areas, and the group focuses its nature and biodiversity efforts on their surroundings. NG Group has measurement programs to monitor its emissions and report this data to environmental authorities on a regular basis. Through collaborative projects with customers and partners, NG Group contributes to the sustainable use of material to build roads and other infrastructure and replace the use of primary materials.

Development 2022
NG Group works actively to ensure that it meets all requirements from the environmental authorities related to nature and biodiversity. Additionally, the group aims to identify nature and biodiversity problems it can contribute to solving. In 2022 NG Group's subsidiary, NGm3, worked in collaboration with other actors to find a solution for reducing the environmental impact of mass excavation and disposal.

The way ahead
NG Group will develop its nature and biodiversity work in the coming years to comply with the Corporate Sustainability Reporting Directive (CSRD). The group will be required to comply with CSRD in its 2025 reporting, to be published in 2026. This means that NG Group will need to increase its focus on environmental impacts such as water use and pollution. CSRD will also require that the group reports on its facilities in red-list species habitats and, because the group works in waste services, require that it reports in accordance with the Task Force for Nature related Financial Disclosures (TNFD).

18 https://energiogklima.no/meninger-og-analyse/kommentar/tap-av-biologisk-mangfold-er-en-ny-form-for-finansiell-risiko/
19 https://www.wwf.no/nyheter/earth-overshoot-day
20 https://www.fn.no/tema/klima-og-miljoe/naturmangfold

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Closing the loop for fire extinguishers

A new collaboration with Miljø Norge aims to increase the number of fire extinguishers that can be reused - thus contributing to closing yet another loop and reducing emissions and resource use.

Fire extinguishers are found in all types of buildings and infrastructure, both public and private, and need to be replaced regularly. Historically, NG Group receives about 50,000 fire extinguishers a year of which about 50 percent are fit for reuse. Fire extinguishers are considered hazardous waste and there are strict requirements for companies that empty used fire extinguishers. Miljø Norge has a license to do this.

According to Miljø Norge, reusing an extinguisher saves 38 kilograms of CO_2 and four kilograms of virgin steel.[21] Multiplying this with the number of fire extinguishers fit for reuse implies that the collaboration between NG Recycling and Miljø Norge will save 950 tons of CO_2 and the extraction of 100 tons of virgin steel on a yearly basis.

A circular economy requires cooperation and action across the entire value chain. For NG Group this implies solving one task, or type of waste, at a time with the aim of making a contribution for their customers to reduce their waste, reuse what can be reused and recover everything that is of value as a raw material. The cooperation with Miljø Norge is an example of reuse in practice and will contribute to reducing the extraction of new virgin raw materials.

- This collaboration is also important in connection with NG Group's focus on fire safety. Through collaborations like this the group creates circular solutions,while at the same time increasing the fire safety in peoples' homes, according to Andreas Lindstrøm, divisional director of NG Recycling.

[21] According to Miljø Norge, reusing an extinguisher saves 38 kilgrams of CO2 and four kilograms of virgin steel.

3. Safe and sustainable local communities

Safe local environment

The big picture

Everyone wants a safe local environment for themselves and their families. The local environment is public spaces, parks and playgrounds, nature and green areas, buildings, streets, and other physical surroundings.

NG's impact

The activities carried out by the NG Group affect the safety of people and the local environment. The group's operations often use heavy vehicles close to where people live for demolition projects, to deploy containers, and to collect waste from customers. Various types of waste, including hazardous waste, are transported and can injure humans and animals if there are any accidents.

At the group's facilities, many different types of waste are received, sorted, treated, and stored. There may be odor and noise pollution from activity at and near the facilities, and there is a risk of harming the external environment. NG Group is very conscious that the group's activities can cause stress among those who travel, live, or work where group operations are carried out. The number of fires in waste management facilities is increasing, and a potential fire could have an impact on neighbors and the local environment. Additionally, the risk and potential fires negatively impact employees and pose an increased financial risk for NG Group. The group's approach and activities to mitigate fire risk is described in the "Safe and inclusive work environment" part of this report.

NG's approach

Ensuring the responsible and sustainable handing of waste fractions is a strategic focus for NG Group, and this includes keeping the local environment safe. The local community is therefore important in the systematic risk assessments and HSE work of the NG Group. Risk mitigation measures must protect the environment and residents in the same way as they must protect NG Group employees and values.

NG Group works actively to undertake a good dialogue with neighbors and other stakeholders in the local communities. Ensuring good communication with neighbors includes taking enquiries and complaints seriously and dealing with them quickly. Engaging in dialogue with municipalities, particularly on land planning, is essential to ensure the efficiency in NG Group's business, as access to area is key to carry out the group's activities.

Ensuring compliance with operating hours and noise levels at all facilities is important to reduce the negative impacts on the surroundings, as well as frequent cleaning sessions to remove any potential airborne waste and risk of littering. It is important to maintain good control of waste that can harm the environment and people. Keeping the facilities closed to un-authorized persons is also a central safety measure.

Holding the necessary permits for the group's facilities and keeping an active dialogue with environmental authorities are key to discussing

3 GOOD HEALTH AND WELL-BEING

The UN SDG 3 is focused on good health and well-being and is closely related to NG Group's work with ensuring a safe local environment. Sub-goals 3.6 and 3.9 deal with halving the number of global deaths and injuries from road traffic accidents, and substantially reducing the number of deaths and illnesses from pollution respectively.

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New guidance for cooperation in the field of HSE in the recycling industry

In an effort to improve and develop new guidelines for HSE in the recycling industry, NG Recycling, along with SAR, Renor, Stena recycling, and Franzefoss Gjenvinning have participated in a collaborative effort to strengthen cooperation in the HSE field. The goal has been to develop a set of new guidelines based on the experiences and input from the participating companies. These guidelines contain advice on how to improve the interaction between employee representatives, senior safety delegates, and management, and are meant to mark an improvement for the entire industry. The project was organized by Hovedorganisasjonenes Fellestiltak, a collaboration project between LO and NHO.

The project also aims to reduce the number of personal injuries in recycling companies, identify risk factors and HSE initiatives in addition to those already known in the industry, and strengthen reporting and learning from incidents that have a risk of personal injury.

The project has included site visits to the different participating plants and dialogue with employee representatives, safety delegates, employees, and site management in addition to workshops. The Norwegian Federation of Industries (Norsk Industri) conducted a workshop at NG Recycling's plant Groruddalen miljøpark.

future renewal application needs for the group's facilities. NG Group prioritizes a close dialogue with the National Environment Agency and the regional County Governors.

Logistics and transport are large activities for the group, and road safety is important. In recent years, NG Group has looked more closely at the impact of the drivers to the local environment and how to reduce the potential for accidents. When performing renovation services, special requirements apply for driver caution at kindergartens, schools, and other places with particularly high risk, especially when reversing. NG Group has a defined set of "Lifesaving rules" as a part of the group's safety work. One of the rules addresses reversing in particular, and new technology such as camera systems, blind spot assistance, and mirrors are implemented on a number of new vehicles to provide the drivers with a better overview from the driver seat. NG Group is actively working to increase the number of registrations of adverse events, regardless of the severity of the incidents. It is particularly important to register the near misses.

Several of the NG Group divisions have set separate targets and taken steps to increase the number of such cases registered.

Development in 2022

NG Group carries out annual conformity assessments for all permits and this year, when NG Recycling did the annual review of their permits, a stakeholder analysis was carried out for all regions, with the aim of inviting the stakeholders to active involvement in the review. Together with the stakeholders, NG Recycling looked at the upcoming risks, discussed plans for future activities, and more. This gave the stakeholders more insight at an early phase, and means that the facility managers took an even more active approach to the permit.

In 2022 NG Recycling developed a bonus scheme and a dedicated drivers' manual. Additionally, several of the regional headquarters organized safety conversations with the drivers – and directly related these to the new bonus model. There was also a focus on increasing the reporting of incidents. The

Skanska and NG Recycling signs agreement for a new long term partnership for circularity

In order to achieve their climate ambitions to reduce emissions by 70 per cent by 2030, and be climate neutral by 2045, Skanska has established a road map, where circular value chains are one of the key areas. Skanska and NG Recycling already had a framework agreement for handling of waste from Skanska's projects since 2010. In the work to establish circular value chains and find solutions for re-use and recovery, they found that a strategic partnership with NG Recycling would be a natural next step after many years of close collaboration.

The partners have identified several possibilities for the future cooperation, such as increasing operational efficiency to create more forward-looking construction sites. These more efficient, forward-looking sites will, in turn, create a more sustainable community.

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bonus arrangement was considered successful as all drivers were awarded a bonus during all of 2022.

The “Lesson learned” initiative was implemented as a procedure in all divisions during 2022 and is an area with positive developments. Read about this in “We never compromise on safety”.

The way ahead
Going forward, the NG Group will continue monitoring the development of new technologies and assessing them for investments, as well as working with drivers, employees, and subcontractors with a focus on safety.

Keeping Bergen’s coastlines free of litter with the Plastic Patrol

In 2022, NG Recycling in Hordaland started collaborating with Norwegian Sea Rescue to support the Plastic Patrol (Plastpatruljen). The mission is to keep Bergen’s coastline free of marine litter.

NG Recycling supports the Plastic Patrol by financing a vessel trawling for floating plastics on the ocean surface in the harbour and nearby fjords. In addition, the company supplied equipment for marine litter clean-ups organized centrally in Bergen and knowledge for handling the collected waste. These were designed to build awareness with a broad audience by inviting passers-by to spontaneously to join a clean-up. 10 clean-ups were organized in 2022, and together with daily trawling of the fjord, the Plastic Patrol played at mayor role in cleaning the harbour of Bergen, a site placed on UNESCOs World Heritage list.

A circular economy without litter requires national and global dedication, but the road to a clean environment begins in the company’s own communities, and collaboration is essential to success. The initiative was joined by other central actors in Bergen including Bergen Municipality, Tryg, Clear Ocean, and the Bergen Outdoor Recreations Council.

Well organized waste rooms allow for high quality sorting

REvise helps their customers achieve cost-reducing and environmentally friendly waste solutions. An example is the collaboration with Bislett Alliansen, who operate Bislett Stadium, in Oslo.

Bislett Stadium is firmly committed to sustainability, and one of the ways this manifests itself is in its commitment to waste sorting – a process which REvise has contributed to. The Stadium has set a goal of 70 percent waste sorting, which will reduce the costs associated with waste management by 50 percent and create higher quality waste that can be utilized as new material. As part of this work, REvise has helped develop a plan for optimizing waste sorting at Bislett stadium including designing different waste stations located around the stadium, where it is clearly marked how to dispose of the different types of waste. Another part of this process has been designing a waste handling room to reduce costs and optimize sorting.

The room includes, for instance, a refrigerator for food waste, a press for both general waste and cardboard. These are all examples of means to optimize waste handling and management. Having a refrigerator for food waste ensures that more time can elapse between each time the food waste containers are emptied as it takes longer for the waste to smell bad. Another example is a press for both general waste and cardboard which reduces the space the waste occupies, and in turn reduces the regularity with which the waste needs to be collected.

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Sustainable communities

The big picture

Sustainable communities are those which provide citizens access to basic services such as housing, energy, and transport, as well as well-functioning infrastructure such as waste management.

Sustainable communities are those which provide citizens access to basic services such as housing, energy, transport, and well-functioning infrastructure such as waste management.

Well-functioning waste management is essential to having a sustainable community, and prevents the spread of disease, ground and water pollution, fires, and exposure to hazardous waste in population centers. As the global population grows, all societies need to be prepared to handle increasing volumes waste. This is compounded by the fact that humanity – especially people in high income countries – are consuming resources at such a high rate that despite efforts to make the economy more circular and improving recycling and reuse rates, the global economy is becoming less circular[22]. Additionally, more and more people are settling in urban areas, meaning that most of this waste is generated in small, concentrated areas.

This is especially relevant in the Nordics, where Finland, Norway, Sweden, and Denmark rank among the top 20 countries for consumption per capita, with Finland and Norway in 7th and 8th place respectively[23]. Along with rapidly urbanizing populations, it is becoming even more essential that the Nordic countries have reliable, efficient waste management infrastructure and procedures in place to prevent adverse local impacts.

NG Group's impact

Waste management is a critical societal task to ensure sustainable cities and communities. NG Group is an important contributor to reliable collection and management of waste from growing cities and surrounding areas. The NG Group will be an important player in ensuring that resources are reused or recycled for the benefit of the environment, people, and the local community.

NG Group's approach

The NG Group aims to be a reliable partner and contributor to efficient and robust waste management in the Nordics. The group works towards this goal through collaboration with other relevant actors, through educating the public on waste sorting and handing, and through the innovation of new waste management solutions. All efforts contribute to reducing the volume of material which is discarded as waste. Reducing the final waste volume contributes in turn to emissions reductions and harm to the environment, as well as to the reduction of adverse impacts such as fire risk on local communities. NG Group has broad experience and insight into the value chains for waste treatment and the circular economy. Therefore, NG Group is a source of knowledge for public authorities, politicians, and other decision-makers in society.

The first step towards maintaining strong, reliable waste management infrastructure is ensuring that the system is not overloaded with unnecessary volumes of material. For NG Group, this means educating customers and the public on waste sorting and waste handling methods so that more waste is sorted correctly from the beginning and in the hopes that they choose to consume resources more responsibly – both by reducing consumption entirely and by choosing products and packaging which can be handled higher up on the resource pyramid.

Correct sorting contributes to responsible waste handing, which contributes in and of itself to sustainable communities by making the economy more circular. Additionally, correct waste sorting allows for more efficient waste processing, thus reducing the resources that society must invest in waste management. NG Group works towards this goal through providing specialized advisory services to customers on waste minimization and proper waste sorting. Nordic Demolition, for example, advised customers with demolition, renovation, and expansion projects on approaches which facilitate dismantling, recycling, and reuse. Additionally, NG Group aims to establish industrial value chains for the reuse of these materials, thereby contributing to overall sustainable resource use.

Finally, NG Group contributes to sustainable waste infrastructure through a focus on efficiency, logistical solutions, and investment in modern sorting technology and low and zero emissions vehicles. Efficient waste routes and a reduction in trips to collect waste from not full containers reduce the group's emissions, which is beneficial to climate change mitigation, local air quality when non-electric vehicles are used, and reduces the risk of accidents in waste transportation process. The group also aims to place its facilities in rational locations, accounting for minimizing the distance waste must be transported and for selecting locations where there is a lower environmental impact or where the environment is not as vulnerable. NG Group also focuses on good logistics within its own facilities, on the security of the group's locations, and on the reduction of risks, such as fires.

NG Group wants to contribute with waste expertise and experience to ensure comprehensive development of future waste management in the local communities.

11 SUSTAINABLE CITIES AND COMMUNITIES

The UN SDG 11 aims to protect, restore, and promote the sustainable use of ecosystems. Targets 11.3 and 11.6 are specifically aimed at ensuring sustainable local communities by 2030 and are particularly relevant to the NG Group. Sub-goal 11.3 will strengthen inclusive and sustainable urbanization and the possibility of participatory, integrated, and sustainable community planning and administration in all countries. Sub-goal 11.6 will ensure that we reduce the local communities' negative impact on the environment, with particular emphasis on air quality and waste management in the public or private sector.

Creating new life to discarded glasses

NG Recycling launched a campaign together with Specsavers and Asker Produkt to collect used glasses for reuse.

Every year, Specsavers' stores collect thousands of pairs of glasses that are either sent to Tanzania or are dismantled by a non-profit organization, Asker Produkt, a non-profit organization that employs people with various disabilities. The pairs that will serve no purpose in Tanzania are given a new life by Asker Produkt, by sorting the components of the glasses into metal, plastic, and glass. The components are then sent to NG Recycling, who reuses the glass and metal, and the plastic is responsibly handled and becomes waste.

– Reused metal can be turned into new products such as bicycles, gardening tools, and other tools. The glass is also 100 percent re-usable and can be used for new glass products or as raw material for isolation and glass concrete. Materials that can be reused ought not to go to waste, says Andrea Villa, head of concepts in NG Recylcing.

Richard Shillington, operations manager for Asker Produkt, is happy to have made Specsavers one of its customers and to have started this project.

[22] CGR 2023 (circularity-gap.world)
[23] OECD (2023), Material consumption (indicator). doi: 10.1787/84971620-en (Accessed on 31 March 2023)

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The National day of Recycling

Several local politicians participated when NG Group organized the "National Day of Recycling" in 2022 (Gjenvinnerdagen) on August 24th. In 2022 the event was co-hosted with the Agency for Waste Management in Oslo municipality. The day is a yearly event orchestrated by Avfall Norge and hosted locally by private and municipal waste companies across Norway.

The goal of the National Day of Recycling is to inform and show politicians and the press about the role our industry plays in the circular economy.

In 2022, the municipality of Oslo and NG Group invited local politicians to present their views on political actions that are needed to ensure that Oslo has a well-functioning infrastructure for waste management and recycling. After presentations from NG Group's own Andreas Lindstrøm and the Head of the Agency for Waste Management in Oslo municipality, Hans Petter Karlsen, the politicians were given a tour around Oslo's waste handling site and NG Group's production at Haraldrud.

The recycling industry has an important role to play in the work towards achieving both local and national climate reduction targets. This will require innovations and investments, but has, at the same time, the potential to create new business opportunities and new jobs.

Development in 2022
NG Group participated in various partnerships and collaborations during 2022. Some established partnerships, as with Norsk Industri and Avfall Norge, were continued, and new ones were formed. In 2022 NG Group decided to join the Skift partnership. Skift is an organization dedicated to bringing together Norwegian industry and businesses in collaboration with the aim of working together to find and create emissions reductions opportunities and meet Norway's goal of cutting emissions by 55 percent by 2030. NG Group is also a member of "Næring for klima", an initiative run by the Municipality of Oslo.

The NG Group has been actively sharing knowledge through participating at different arenas and organizations in 2022. Egil Lorentzen, Director for business development in NG Recycling, is the deputy chairman of the board in Avfall Norge, the industry association for the Norwegian recycling industry and its stakeholders. Zirq Solutions has a committee membership in International Solid Waste Association's (ISWA) Healthcare Waste Working Group.

NG Group has also hosted several podcasts, and CEO Bjørn Arve Ofstad was a guest in the podcast #Klimalederne from Skift - Næringslivets klimaledere, where they discussed the circular economy, the solutions NG Group provides, and the solutions that will be needed in the future. NG Group representatives have also held lectures at BI Norwegian Business School and the Norwegian University of Life Sciences (NMBU).

NG Group was active at Arendalsuka, several industry gatherings, and seminars. The group also participated actively in the Construction City cluster and Hovinbyen Sirkulære Oslo, and the cluster Sammen 2030 with the construction industry. Active participation in various arenas is prioritized to improve general understanding in the population of how waste is handled today and which innovations are needed for a circular economy in the future. Additionally, it is important that other actors are aware of the group's current solutions and challenges, so that they can point to potential collaboration opportunities that NG Group is unaware of.

The way ahead
To keep the group's commitment to sustainable communities, NG Group must continue its engagement with central stakeholders. This will involve regular, transparent dialogue to uncover and fix any problems and search for new circular solutions. The group will work actively in forums such as Skift and Avfall Norge to contribute to the effort to develop new, more circular and environmentally friendly business models. Finally, the zoning regulations for the Haraldrud area surrounding the group's largest plant are being revised. NG Group aims to remain closely involved in this process to account for, minimize, and mitigate any negative impacts business operations may have on local communities and environments, and ensure community trust and local acceptance of the group in the future. Engaging with authorities and local communities will be essential to this work.

4. Safe and inclusive work environment

"We never compromise on safety"

The big picture
Systematic, comprehensive, and professional safety work is a prerequisite to achieve a safe working environment and to being a serious and reliable business partner.

The number of fatal workplace injuries in Norway has been decreasing over the past years, although there were still 28 deaths in 2022. [24] Accordingto The Norwegian Labor Inspection Authority, eight of these were in the construction industry, followed by seven in the transport industry, and six in agriculture. The number of fatal accidents in the manufacturing industry decreased from six in 2021 to one in 2022. The number of foreign workers in fatal injuries is largely decreased; going from ten in 2021 to three in 2022. The Authority cannot provide an explanation for this decrease, and remarks that the total numbers are still too high and that foreign workers should still be given a particular focus due to language and cultural differences.

Fire risk in waste management facilities has become an increasingly important topic over the past few years, due to increasing concern over local air pollution – including the emission of greenhouse gases – runoff of the now polluted water used to put out the fires, and the risks they pose to employees and firefighters. Fire risk in waste treatment

8 DECENT WORK AND ECONOMIC GROWTH

UN SDG sub- goal 8.8 aims to protect workers' rights and promote a safe and secure working environment for all workers, with particular focus on migrant workers, female immigrants, and workers in an insecure employment relationship. Protecting employees is very important to NG Group and, in addition to being the right thing to do, contributes to competitive advantage, profitability, and a strong reputation.

[24] 28 arbeidstakere døde på jobb i 2022 (arbeidstilsynet.no)

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Mitigating fire risk

Fire risk is a particular area of focus for NG Group, due to the increasing quantity of lithium batteries that end up at the group's facilities. This is most evident at the waste treatment facilities of NG Recycling and NG Metal. Several major fire incidents at other Norwegian waste management facilities in 2022 have put even more focus on the important of working to prevent fire risk.

The group approaches fires from a prevention standpoint and works on this continuously. Since 2017, the group has been working on a new standard for facility fire protection, and several upgrades in equipment were made in 2021. These included the installation of thermal cameras to detect early signs of fire and allow for faster response, and the adoption of fire extinguishing robots.

NG Recycling reports on fires monthly, including number of trainings, incidents, and the number of incidents involving the fire department. These reports show that the number of serious fires in NG Recycling facilities is low, despite the fact that there has been a large increase in the total number of reported incidents.

In 2021 NG Recycling has a total of 30 registered fire incidents, including one serious fire.

In 2022 the division had 117 registered fire incidents, and no serious fires.

facilities will become more important as precipitation patterns change and droughts become more frequent and severe in many locations, including Norway. Additionally, many waste treatment facility fires are caused by batteries and the number of batteries in waste is increasing with increasing electrification and as people use more and more personal technology which must eventually be disposed of.

NG's impact

NG Group's operations include activities in construction and transportation, which were the industries with the highest number of fatal workplace accidents in Norway in 2022. This, combined with the fact that NG Group has a higher-than-average proportion of foreign workers, means that the group has a statistically high risk for occupational injuries and fatal workplace accidents.

Much of NG Group's activity takes place on roads or in interaction with external actors. These activities, and the corresponding safety work in NG Group, affect the group's customers' and partners' workplaces, the surrounding environment, and everyone who encounters NG Group. NG Group's approach.

NG Group's approach

NG Group has a zero accident and injury vision. The group puts Health, Safety, and Environment (HSE) at the forefront of its work, and continuously strives to develop and maintain a safety culture that ensures that all employees return home safely from work - every day.

NG Group has integrated HSE work at all levels and the corporate emergency preparedness team works closely with the individual divisions to develop common safety measures and industry specific risk management. HSE is an integrated part of NG Group, with close collaboration between management, employees, shop stewards, safety representatives, and the working environment committee (AMU in Norwegian) to assess and identify all work-related hazards. One example of focus on facility specific risks is the use of signage and traffic planning to ensure the safe handling of heavy machinery.

NG Group has 13 "lifesaving rules", which cover the full range of the group's activities and are used in rotation. This ensures that the rules are regularly revisited in meetings and receive extra attention at sites with high-risk activities. Some of NG Group's divisions have further adapted the rules to ensure they are relevant for their own activities.

The group ensures continual attention to and development of safety through the active use of adverse events and regular training. NG Group strives to ensure that all types of adverse events are registered in the system, and systematically follows up on these incidents to identify dangerous conditions or practices and areas for improvement. Training is essential to ensuring a strong safety culture. Safety representatives and members of the Workplace Environment Committee (AMU in Norwegian) are required by law to take a 40-hour safety course, which the group also requires all operative managers to complete. The course includes a two day gathering where key leaders, AMU members, and other key employees share their experience to create cross-function and cross-divisional learning, and a holistic approach HSE throughout the group.

The group is particularly proud of its so-called "safety walks", which are conversations where managers walk with employees through production sites to discuss safety culture, positive operational conditions, and challenges the employees face in their daily work. The overall goal is to build safety culture and increased risk awareness, highlight good safety practices, and uncover opportunities for improvement.

Development in 2022

Throughout 2022 NG Group took several measures to strengthen its HSE work. This included the establishment of monthly HSE-meetings with the group management with a set agenda including each division's HSE status, the discussion one specific incident, and the status of the open safety talks.

The open safety talks were an explicit focus area for top group management in 2022, and this has led to a large increase in the number of open safety talks across the divisions from 2021 to 2022. NG Metal took the occasion of the World Mental Health Day to incorporate questions related to employee's mental health in the open safety talks, adding the important focus to the psychological aspects of safety and the working conditions.

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The Lost Time Injury Frequency Rate (LTIFR) is a statistic which refers to the number of lost-time injuries per million hours worked. The NG Group's goal was to have an LTIFR of less than 3.4 in 2022, which would represent a halving of the number of lost-time injuries in the group from 2021. The group is proud to have reached this goal. NG Group views this improvement as the result of its prolonged focus on safety work and efforts to build a safety culture. The group has a zero-vision for incidents and accidents and aims, eventually, to reach a zero LTIFR and will continue working towards this in the future. LTIFR is volatile in nature, thus NG Group will base new target for LTIFR on a 3-year rolling average and aim for a 5% annual improvement from the 2022 level going forward.

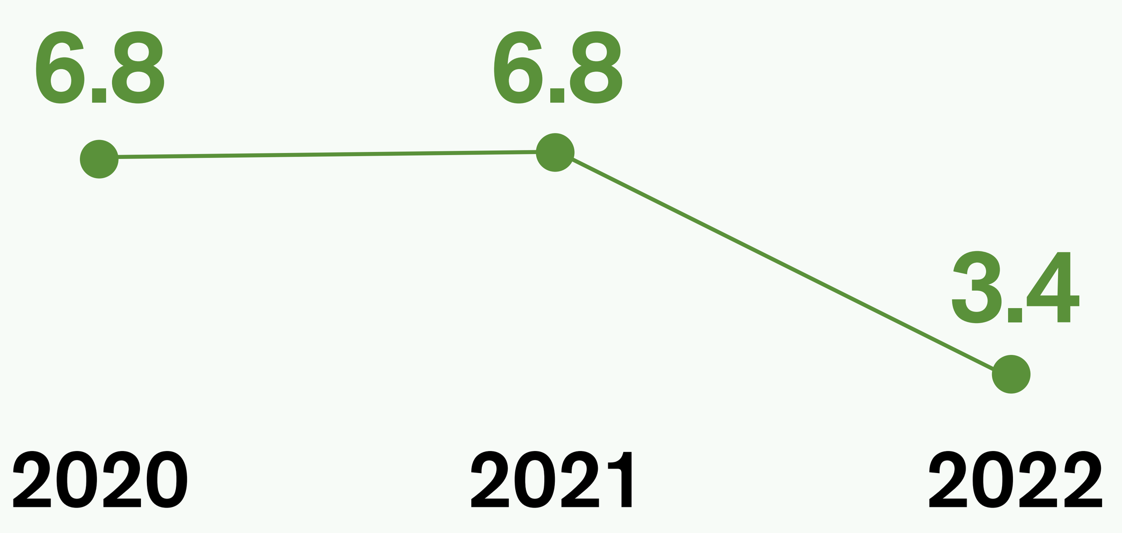
There were no incidents with fatal injuries in NG Group in 2022, and there was a decrease in serious injuries resulting in absence. In 2022, the group had a total of 13 injuries that resulted in at least one day of absence, so-called lost-time injuries, which resulted in a total of 390 days of absence. This is a reduction from 2021. The target set for sick leave was not reached, and the group will increase the focus on reducing sick leave through leadership training and safety to reduce work related sick leave.

Number of injuries and consequential days of absence

Indicator	2020 Result	2021 Result	2022 Result
Number of work-related fatalities	0	0	0
Number of days lost to injuries	397	411	390
Number of incidents resulting in absence	19	25	13
Number of incidents resulting in injury	103	129	131
Sick leave	5%	7%	7%

LTIFR Value

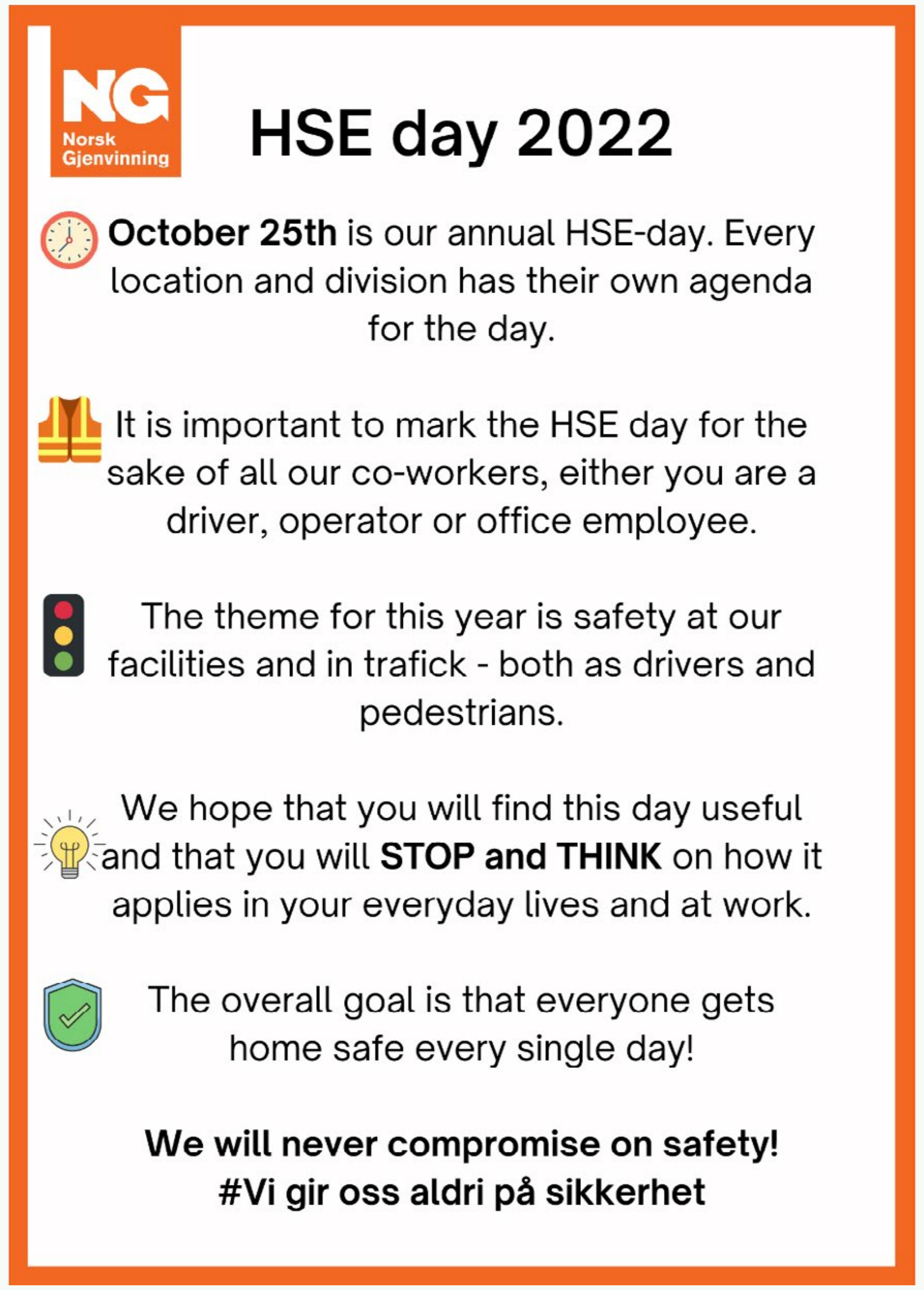
(number of lost-time injuries per 1 000 000 hours worked)



In 2022 the number of basic HSE training courses was back to normal, after two years with challenging times for conducting trainings during the Covid-19 pandemic.

The group's network for health, safety, environment, and quality (HSEQ) was reorganized and strengthened in 2022., This included the anchoring of a new structure in the Board of Directors, where HSEQ-leaders and other relevant employees were appointed in all divisions to ensure complete representation in the network. The network meets monthly, is led by NG Group's Compliance Manager, and is used to share best practices, implement and improve HSEQ processes, and be a sounding board for the CEO and the Executive Committee.

In 2022 there were two extended network meetings in addition to the annual HSE-day. HSE-day was organized and coordinated across all divisions for the first time in 2022 and focused on safe travel in traffic and at group facilities.



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The way ahead
The group will continue to focus on HSE and improved safety across all business areas and believes that it will continue to see improvement based on the work it has done over the past few years.

Further, efforts will be put into defining and adjusting the key indicators for safety and setting dedicated revised targets that will apply for the coming years. Measures will be tailored to the challenges in the various business areas based on the nature of the work and the area's risk assessments.

In 2023 digitalization will be a focus area for HSE work, as access to more data will improve analysis and create a better foundation for decision-making.

LESSON LEARNED

"Lesson learned" is an initiative to facilitate learning across all NG Group divisions. Learning from incidents and near accidents is important to avoid similar incidents to happen again.

Every division shares a list of selected incidents across divisions on a weekly basis. The list is based on all incidents reported from employees and the HMSK's in each division assess the severity of the incident along a red/yellow/green category. The list is shared by e-mail amongst all managers and facility managers, as well as the Group CEO. Further, each manager is responsible for sharing cases from the sharing with their employees, through relevant meetings and channels.

Also, a fourth, blue category represents incidents and observations that are assessed as positive. This gives the opportunity to focus on the positive stories of the NG Group's safety culture.

NG Recycling and NG Metal were early adaptors of this way of sharing and learning and in 2022 the Lesson Learned procedure was implemented in all NG Group's divisions.

Diversity and equal opportunity

The big picture
The global business community must take an active role in reducing inequality and poverty by working on inclusion and providing job opportunities for everyone. Norway is known for being one of the world's most equal countries, but there are still systematic differences between genders, cultures, and nationalities that affect actual opportunities in the labor market. Women and men often work in different sectors and industries and are hired for different positions. Women work part-time more often than men and take more parental leave which affects their career trajectories. At the same time, many foreign workers and people from different cultures struggle to break into the employment market due to a lack of a local network, employer preference for references from Norwegian workplaces, and having non-Norwegian sounding names.

In addition to being the right thing to do, embracing diversity is important for sustainability, innovation, and value creation in business. A versatile workforce with complementary experience and skills is a competitive advantage. Diversity and equality are profitable, creating positive development on many levels, and benefit the whole society.

NG Group's impact
NG Group is a large employer with 2,178 employees across 68 companies, across Norway and the Nordics. The group has a responsibility to facilitate equal opportunities for the employees and aims to recruit women into the traditionally male-dominated recycling industry and hire employees and managers of different nationalities and backgrounds. Once these people are employed, the group has the opportunity to offer career advancement through trainings, formal courses, and networking.

NG Group's approach
NG Group has zero tolerance for harassment and discrimination and aims to be a good workplace for everyone, regardless of background. The group treats all employees equally, regardless of age, gender, disability, cultural background, religious belief, or sexual orientation, both in recruitment processes and under employment. The group works actively to promote the purpose of the Gender Equality Act through recruitment, pay and working conditions, promotion, development opportunities, and protection against harassment. NG Group makes individual arrangements for workplaces and work tasks due to disability when needed. Divisions such as NG Recycling and NG Metal collaborate with NAV and employ people with employment gaps, contributing to the achievement of full and productive employment. The group works continuously to broaden employees' skills and competency through the NG Academy, an internal channel for training and courses. Additionally, many divisions have their own skills and competency initiatives.

HSE is a major focus for all divisions in the NG Group. Nordic Demolition has successfully implemented a learning management system with relevant courses available to all employees alongside custom-made courses for new employees.

Some of the courses offered throughout the year include: training in HSE and risk mapping, waste regulations, hazardous waste, characterization of waste to landfill, notification and NG Group's guidelines, competition law, corruption prevention, and sick-leave.

NG Group offers Norwegian language classes and training in cultural understanding in an effort to integrate foreign and employees. Language is an especially important element in the group's safety work, and the group works actively to address this challenge by offering Norwegian courses for drivers and operative personnel, and by using an interpreter when needed.

NG Group is an approved apprenticeship company and offers adapted practical training in close collaboration with educational institutions. Being a major player within the industry, it is vital that the group contributes to educating the future generation in how to carry out safe and sustainable operations.

Taking care of, challenging, and inspiring employees to take new paths and take on more responsibility is profitable and creates a good learning culture. This is an important part of the group's strategic focus on continuous improvement, which then contributes in turn to increasing employee satisfaction. Therefore, NG Group facilitates internal career development and encourages internal recruitment as a means of employee development. The group aims to attract, develop, and retain younger employees and makes an effort to give these employees new challenges and opportunities. NG Group carries out an annual employee survey to track employee satisfaction. NG Recycling and NG Metal conduct additional, regular pulse surveys tracking employee satisfaction and professional development.

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The UN's Sustainable Development Goal 8.5 states that, by 2030, we will achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value

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An improvement project between operators and drivers at Groruddalen Miljøpark

At Groruddalen Miljøpark (GMP), there is a strong and male dominated workforce and culture, and some challenges were observed between operators at GMP and drivers unloading their waste trucks, in regards to foul language and irritation.

A project was initiated by the facility manager to look into how these two groups could improve communication. The project was facilitated by the department for organizational development at the end of 2022, and 40 interviews were conducted with managers, employees, and drivers across departments.

It had been assumed that the irritation was due to the drivers having to wait and stand in line, but during the project, it became clear that the drivers were lacking information as to what was going on at GMP. Some examples are moving of tipping zones, or the weight system being down for certain periods. Also, another challenge identified was the difference in mindset of the two employee groups, with different perspectives on efficient tipping of waste from the trucks versus important safety issues that need more time.

The findings were analyzed and presented for the management team in Region East just before Christmas and a set of 60 actions were defined and registered in NG Pro – NG's own security system – and each action was assigned to a person for follow up.

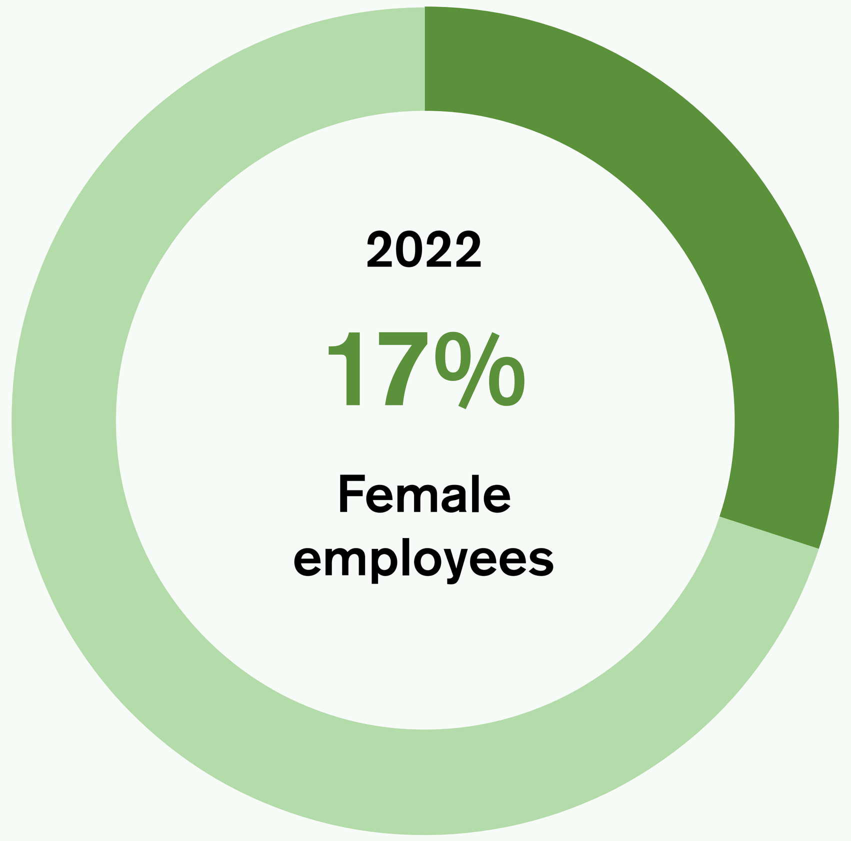
The main aim of the project was to make sure that operators and drivers get a better understanding of each other's perspectives. The implementation phase will be in 2023.

Development in 2022

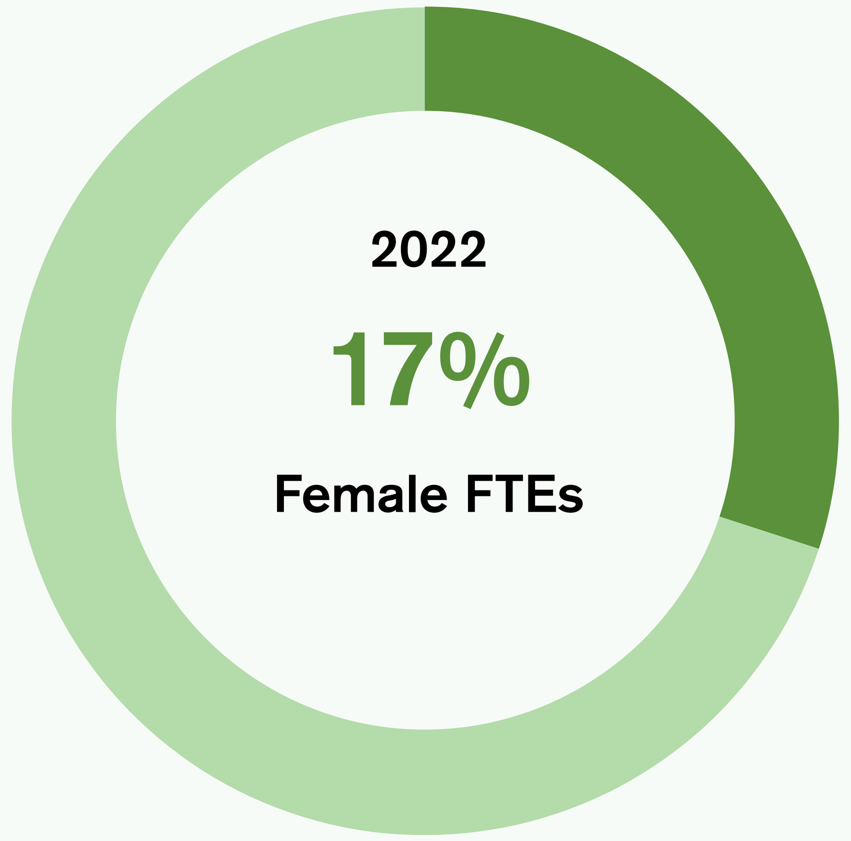
In 2022, the number of employees in NG Group increased from 1,862 to 2,178 while the number of full-time equivalents (FTEs) increased from 1,792 to 2,052. This is a positive development, as the group strives to have as many full-time employees as possible. More details will also be made available in the NG Group's reporting on "Aktivitets- og redegjørelsesplikten", which is available on the group's website.

Indicator	2020 Result	2021 Result	2022 Result
Number of employees	1680	1862	**2178**
Number of FTEs	1623	1792	**2052**
Number of female employees	235	279	**356**
Number of female FTEs	239	278	**343**
Number of male employees	1445	1583	**1822**
Number of male FTEs	1468	1514	**1709**

Share of female employees



Share of female FTEs



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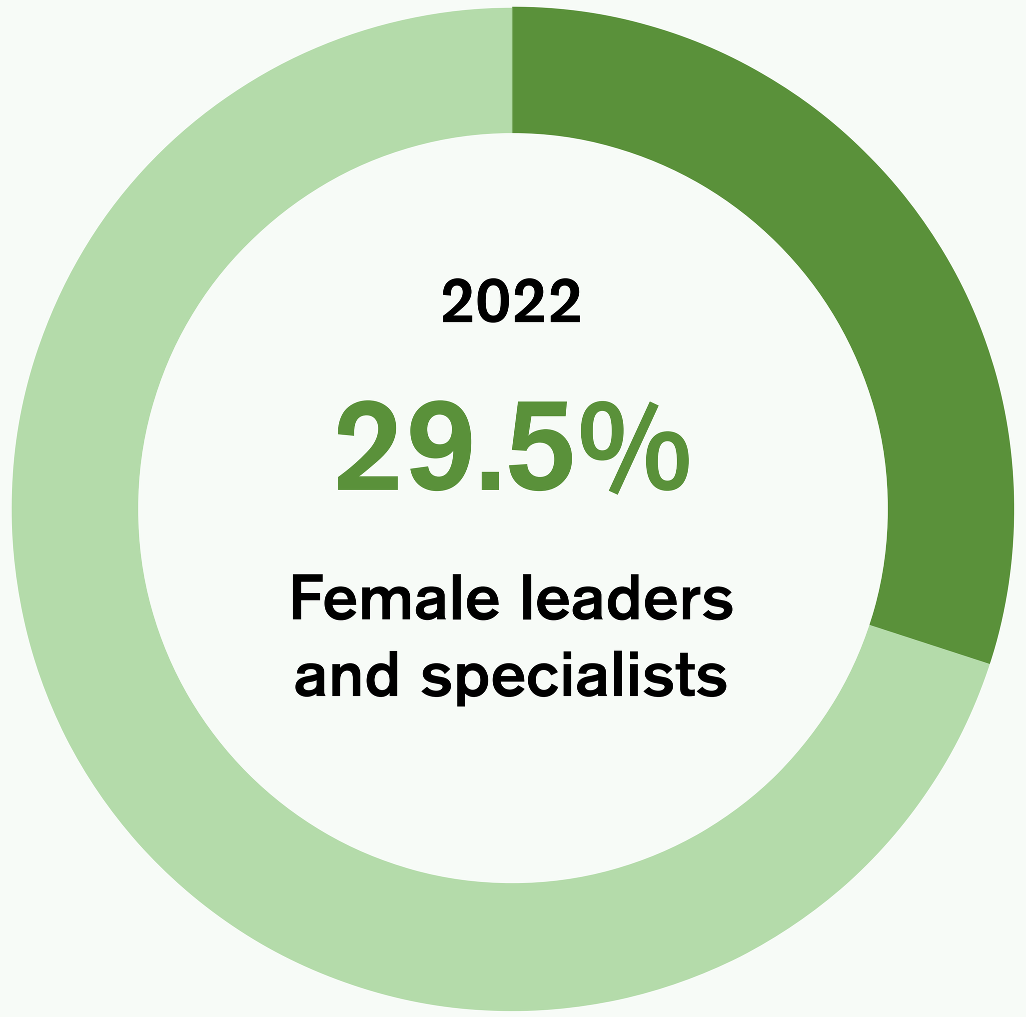
Share of female managers

Indicator	2020 Result	2021 Result	2022 Result
Number of managers	224	217	**244**
Number of female managers	39	39	**61**
Share of female managers	17 %	18 %	**25%**

At the end of the year 17 percent of the group's employees were women, which is a two percent increase from 2021. In 2022, both the number and the share of women among managers was largely increased, reaching 25 percent which is well above the 19 percent target.

There are many positions in the NG Group with leadership tasks, but without personnel responsibilities. To capture the gender ratio and trends in these roles, the title of "specialist" was created in 2022. As of 2022, women hold almost 33 percent of these specialist functions. As the tasks and responsibilities in these roles are similar to those of management with personnel responsibilities, the group counts the two roles together – giving a total of women holding 29.5 percent of them[25].

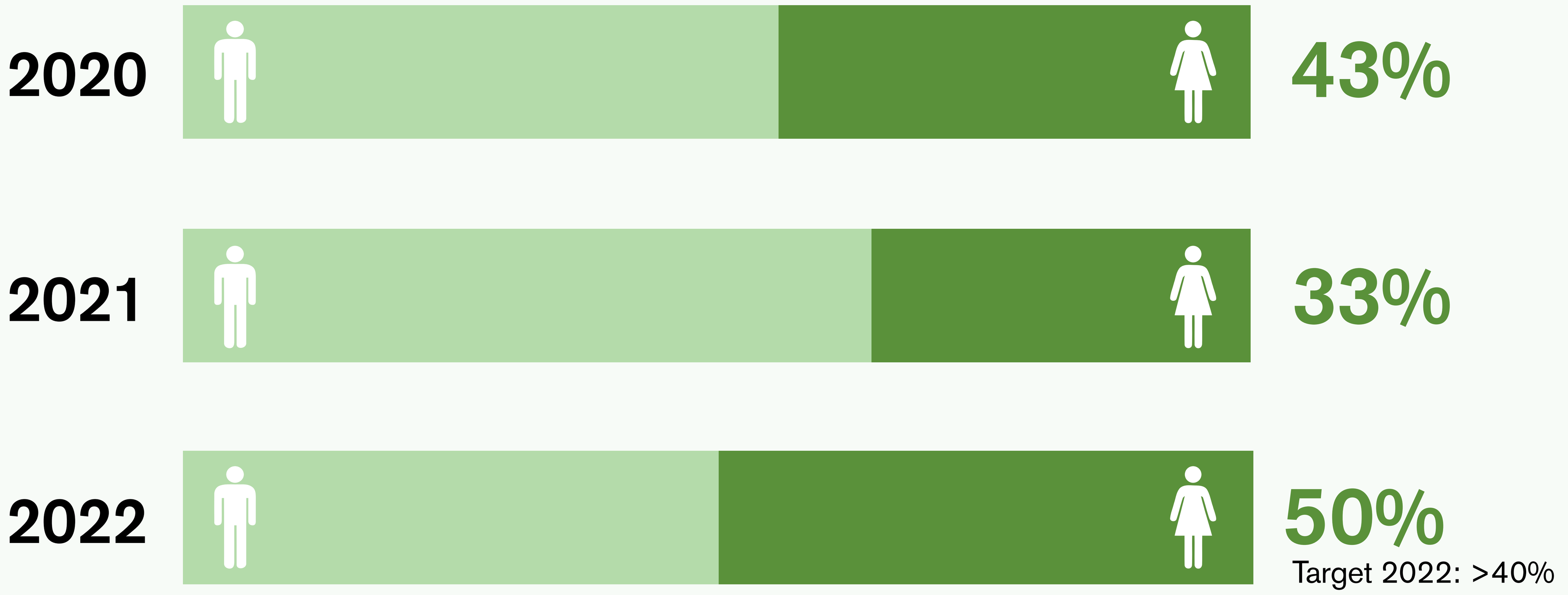
Share of female leaders and specialists



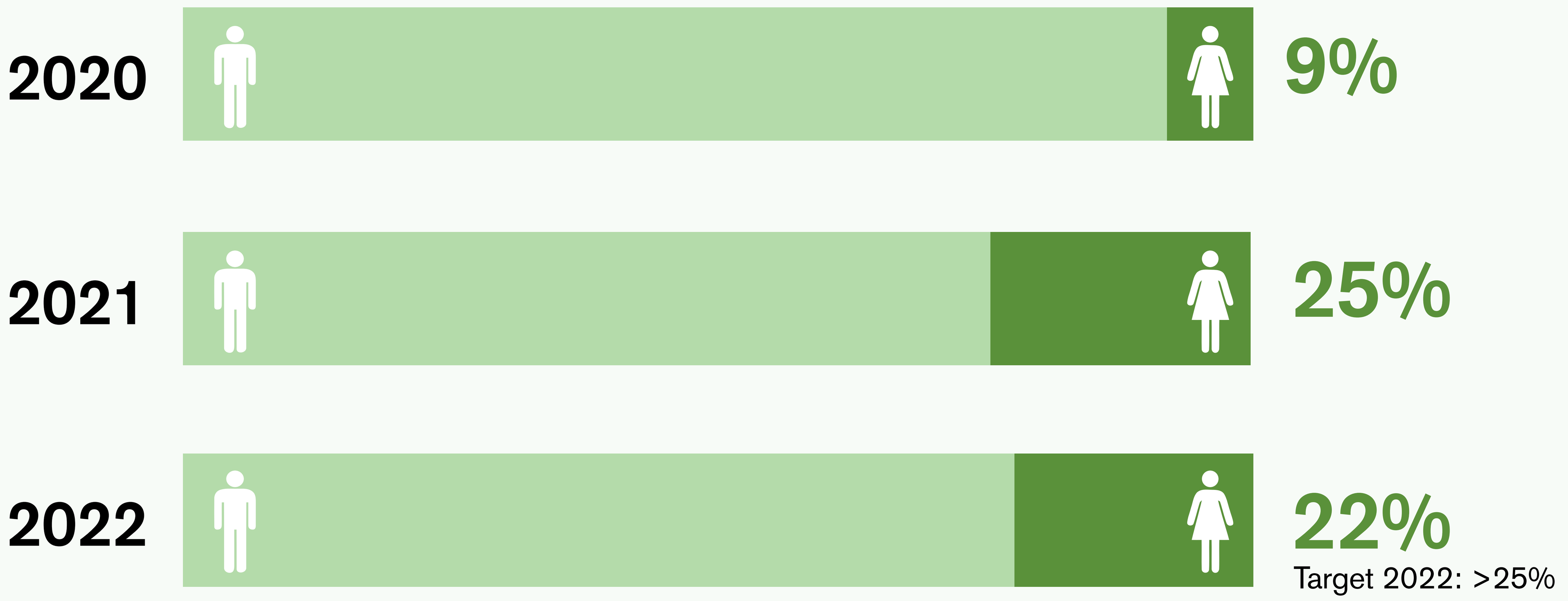
[25] Based on best available data November 2022.

The share of women in corporate management was reduced in 2022, as well as the number of people in total. Two women left the corporate management at the end of 2022, hence there were nine members during most of the year, but not at the end of the year.

Share of female board members in NG Group



Share of women in Group Corporate Management



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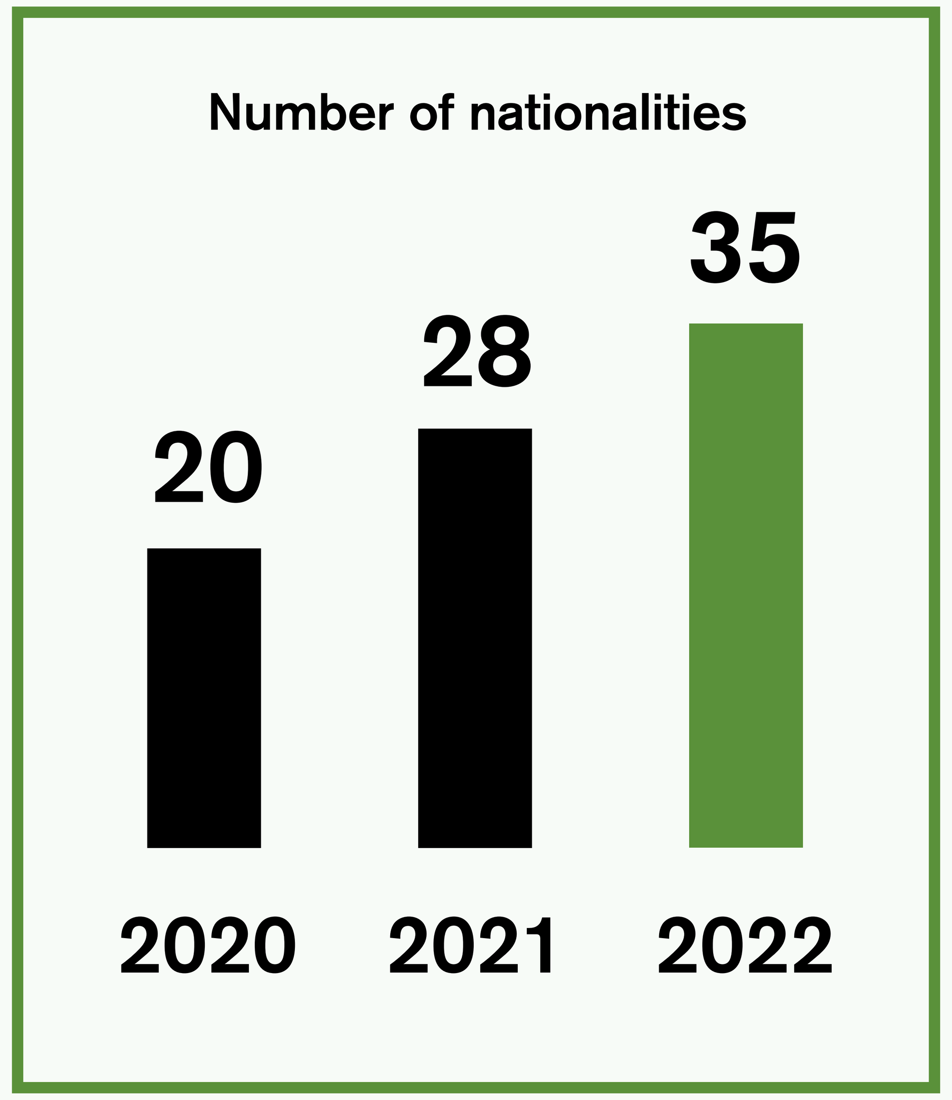
NG Group is proud to employ many nationalities. At the end of 2022, NG Group employees represent 35 different nationalities. Employees from non-Nordic countries makes up 12.7 percent of the workforce, a statistic which gives the group great diversity in terms of language, experience, and culture. This forms an important part of the group's identity and culture.

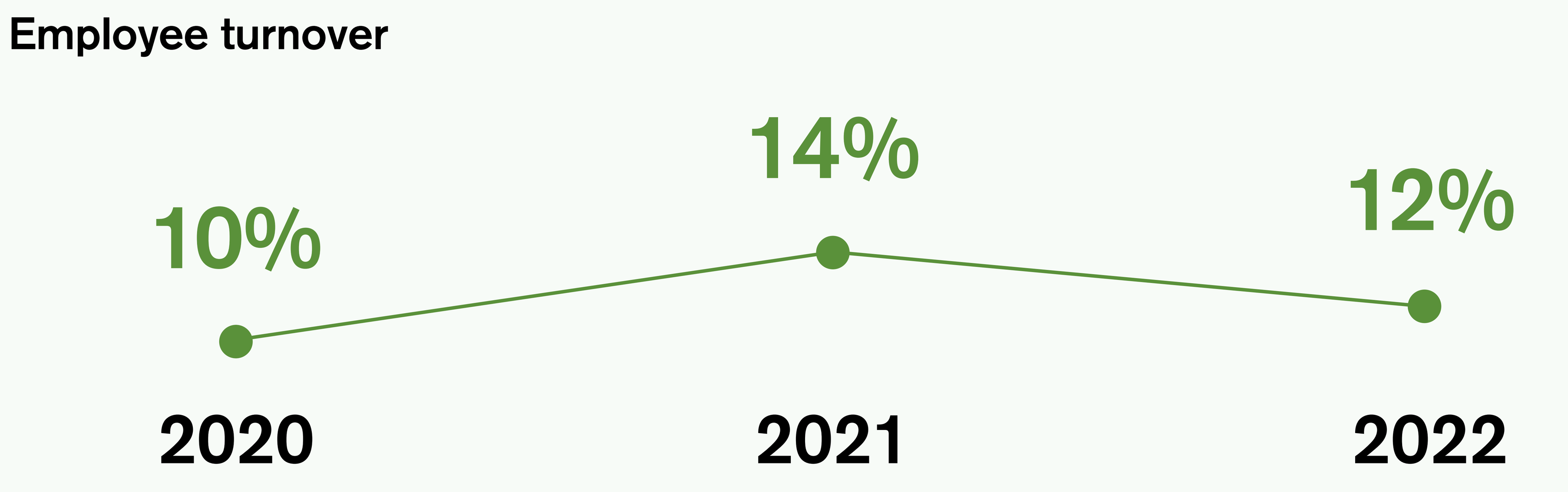
Turnover in the group includes both normal turnover and undesirable turnover. The total group turnover was reduced from 14 percent in 2021 to 12 percent in 2022. NG Group considers it to be a positive thing that its employees are attractive in the labor market, however, the group must take measures to prevent unwanted turnover where the loss of competency prevents the desired development.

In 2022, the NG Group strengthened the youNG program, which was launched in 2021 with the aim of taking care of the younger generation in the group. The program's facilitation of network building and collaboration across the group will give younger employees broad insight into the NG Group strategy and business areas.

In 2022 parts of the NG Group rolled out Winningtemp, an automated employee feedback tool which was piloted in 2021. The Winningtemp pulse meter uses artificial intelligence and AI technology to give management the ability to immediately identify problems and respond to employees. During 2022, the program was implemented across the entire NG Recycling division – with the exception of two regional offices – as well as in NG Metal. Winningtemp-surveys are sent out every 14 days and yield high response rates, with the results being presented to managers and followed-up on a regular basis.

The group also uses a "net promoter score" indicator, which measures the extent to which employees will recommend jobs in the group to others. This indicator showed clear improvement from 2020 to 2021, but was calculated using a new methodology in 2022 such that it is not relevant to compare to earlier years.





The youNG -network really defining its place in 2022

youNG is a professional and social program directed towards individuals, with the aim of 'taking care of' the younger generation in NG Group, in line with the group's strategic focus on developing employee skills and attracting talent.

The program develops a cultural and social platform in the group and contributes to facilitating and supporting opportunities for networking and collaboration across various business units, gaining insights across units, and attracting, developing, and keeping the younger generations in the NG work force. youNG will be a continuous program for the group to test, discuss, and gain insights for solutions to relevant challenges.

Invitations to youNG-meetings are open to all, and there is no limitation to participation. Being youNG is not defined by age, but how one feels. Although, there is a prerequisite that participants want to influence the future of group culture to the better.

There is a sounding board consisting of youNG participants from across all divisions in the NG Group. The main task of the sounding board is to identify and define the content of the meetings.

Five reasons to become a youNG-participant:

01	02	03	04	05
Build network	**Professional development**	**Personal development**	**It is important to have fun**	**We are better together**
YouNG provides you the opportunity to build network with others in NG.	At the youNG-meetings you will learn more about exciting topics adjusted to you and the other participants.	As a participant you get access to knowledge and friendship that will contribute to fostering personal development in your career.	At each youNG meeting there is a social element. As a participant you can decide, only creativity is the limitation.	YouNG is an important arena for cross-unit competences, diversity and collaboration. Together we can raise NG Group to new heights.

Annual survey for employee satisfaction

Prompted by Summa Equity, the altus employee survey was conducted by Humatica in autumn of 2022. The survey measures management behaviors that enable the organization to adapt and implement change, and the results are benchmarked against Humatica's past clients across industries. All employees in the NG Group received the survey and the overall response rate was 80 percent. The results were summarized in areas of strengths and areas of improvement.

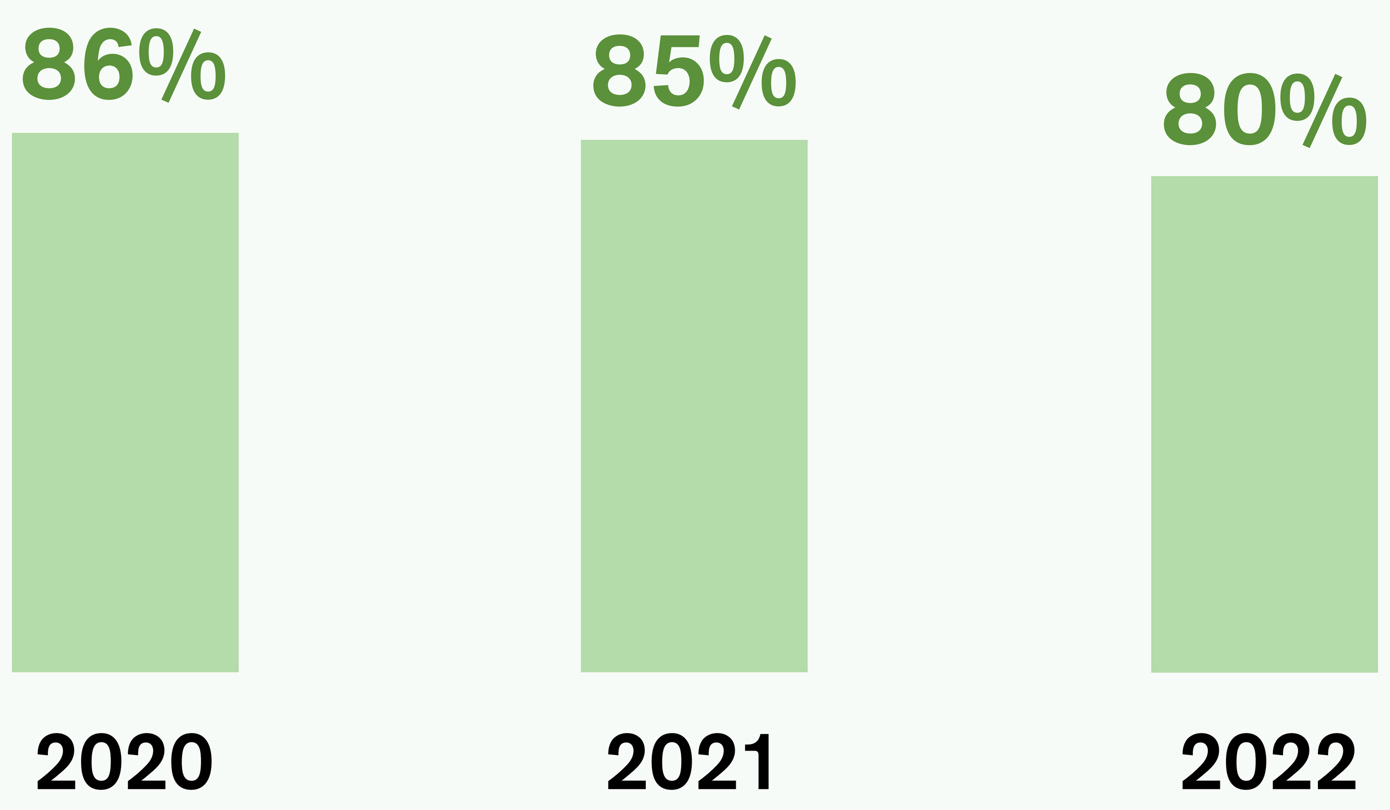
Areas of greatest strengths

- a general belief in senior leadership and clarity of vision
- employees enjoy coming to work and feel there are good development opportunities
- meetings are productive with good team collaboration

Areas for improvement

- performance management could be more effective
- decision making processes with the right people involved
- lead by example
- more effective communications from the leadership team

Response rate for employee survey



The group launched WorkiNG, a new HR system, for the majority of the group's Norway based companies in 2022. The first module with master data went live in autumn 2022. The system marks a milestone in creating a digital solution for on-, off-, and cross boarding, including centralized and digital storage of personal files. It stores data in one solution and reduces time spent on manual processes and ensuring the correct handling of different employee processes.

A series of courses focused on 'power skills' for managers and employees – launched in 2021 – were held in 2022. A total of nine courses were attended by a total of 560 employees, which is an increase from six courses and 471 participants in 2021.

In NG Recycling, a management course was initiated in 2021, for all operational and middle managers, where focus was development and training on defined management skills that will provide safer and more qualified leaders. The same course was carried out in 2022.

NG Group underwent an extensive reorganizing and restructuring process in 2022. Many employees were relocated from the central group level out into the different divisions. There were also significant changes at the group leadership level, which took full effect in January 2023. In line with this, the Group CEO created a management development program for the executive committee in 2022. The group sees this as an investment in the transformation process and the adaptation to the new organization and strategy, building a strong culture for innovation, technology, and growth.

A new initiative called Refuel was also started in 2022 and included over 60 employees, with the aim of connecting leadership teams and key employees during the building of the new organization.

Factory manager Tiril Bratt (26) has been accepted to NHO's leadership development program Female Future

Every year 60 talented women are accepted into the nine-month long program which includes issues such as leadership, communication, and network building in its curriculum.

– I find it very exciting that NG has nominated me for this program, and I think it is good that the company dares to bet on young, female leaders in addition to their targets of getting more female leaders into the company, says Tiril.

Through NG's participation in the "Female Future" program, they commit to working towards a gender balance among the top leadership and board, be a force for getting more women into top leadership and board positions, as well as facilitating combining work with family responsibilities.

Tiril says that she looks forward to learning more about herself and develop her leadership skills. The head of HR in NG Recycling, Linn Holm Strømskroken, and the head of finance, Wenche Kristin Brandal Lehre, have previously participated in the program.

– As part of the program you are provided with extensive knowledge about leadership and good communication training. I wish my colleague all the Tiril all the best, and I find joy in the fact that NG prioritizes its employees, says Linn.

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NG Awards 2022

The NG Group has dedicated a set of internal 'awards' to a variety of accomplishments throughout 2022. The nominations and selections were made by the executive committee in NG Group and awarded in the beginning of 2023 (hence the new names, as the new platforms came into force from 01.01.2023). These awards are a way to dedicate positive attention to positive achievements made by the employees to be shared as good examples across the group.

The HESQ award goes to NG Green Metals for innovative thinking in safety culture	The platform has included psychosocial conditions in its 'open safety talks', which will increase the feeling of security and well-being at work.
The HESQ award goes to NG Recycling & Sustainable Resources	Work has been carried out actively and systematically with measures that reduce the risk of fire at the facilities. This is very important, both for reasons of operation and the possibility of insuring the facilities.
The innovation award goes to Zirq Medical	Zirq Medical has developed SterliZon, a technology that decontaminates medical waste and makes it recyclable. The company has also developed a dedicated recycling line for glass ampoules from the medical sector. Through this line, more than 200 tons were recovered in the first year of operation.
Customer journey of the year goes to NG Recycling & Sustainable Resources	Skanska chose to enter into a strategic and unique partnership based on the importance of innovation in the circular economy. A 10-year long collaboration became with a new strategic collaboration.
Acquisition of the year goes to Urban Reuse	The acquisition of Sørvest Betongsaging, a leading player in demolition and core services in South-West Norway, shows how important integration is in an M&A case. The company joined the group in September and is already well integrated according to plan and good figures are delivered from day 1.
Team of the year goes to Green Metals Øra	The team at Øra went from 2 to 1 shift, a process that has been challenging, but where the team has succeeded with a major cultural change, for which the team deserve credit.
Team of the year goes to Øst-Riv	The American Embassy project is Urban Reuse's biggest project to date and required a strong collaboration internally, with customers, suppliers, and advisers. The project demonstrated very good risk management and had a fantastic customer-focused management towards good profitability.

The way ahead

In the coming years, NG Group will significantly increase its focus on the proportion of women and men in different positions, departments, and teams in order to ensure a good gender balance. Additionally, the ongoing management and development alignment initiative for the executive committee will be extended into 2023 and 2024, along with the Refuel initiative, which will hopefully be extended into platform specific initiatives.

The group will also focus on courses and training in 2023. The courses on power skills will be expanded to include new topics, and NG Recycling will develop its own management training courses focused on general management skills as well as the specific skills certain management positions need. This focus on training is not limited to management, however. NG Group will also continue to focus on its younger employees through the youNG network. Additionally, the group will strive to give more employees access to free certifications – especially in NG Recycling – and will continue to offer Norwegian language courses to foreign employees.

Going forward, the group will also focus on educating personnel in automation and digital tools in the waste management industry. Different digital solutions will be implemented across NG Group, and specific digitalization courses will be necessary. This will include further developing the WorkING system with more modules such that it will form the basis for employee information and further development of employees.

Finally, NG Group will follow up on the employee survey results. Three main areas of improvement have been identified and will be the focus of further work in this area: aligning managers and employees for action, decision making and implementing, and proactive monitoring of performance. In addition to these general focus areas, departments and managers with low employee satisfaction scores will receive specific action points for improvement.

5. Ethics and transparency in the value chain

The big picture

In order to truly benefit society, a company must be responsible by complying with laws and regulations as well as acting ethically and with integrity in decision-making and in the face of challenges. There is always a risk of corruption, anti-competitive behavior, and other unethical business practices, regardless of where a company operates. However, when doing business on a global scale, a company faces a higher risk of getting involved with companies that violate human and labor rights.

In recent years there has been an increasing focus on sustainability and ethical procurement. Many actors are beginning to require detailed, trustworthy, and confirmable information about the products and services they purchase. Additionally, disclosing this information is moving from being voluntary to being required by law, with new sustainability-related information reporting requirements being published on a seemingly continual basis. There are new legal requirements on both the European and the national levels, such as the EU's Corporate Sustainability Reporting Directive (CSRD) and the Norwegian Transparency Act.

On the European level, CSRD aims to standardize sustainability reporting, and in 2022, drafts for the corresponding European Sustainability Reporting Standards (ESRS) were published. The Directive requires that all impacted companies report on topics, such as greenhouse gas emissions, as well as the topics which are material to the company. On the national level, the Norwegian Transparency Act came into force on July 1, 2022. The Transparency Act requires that all impacted

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entities conduct Due Diligence for Human Rights in their supply-chain, in line with the OECD's guidelines for multinational companies. This involves identifying and assessing actual and potential threats to human and workers' rights throughout the company's own operations and in the value-chain. Impacted entities must publicly report on their Due Diligence work, with a deadline for publishing the first report on June 30.2023.

NG Group's impact
As Norway's largest provider of recycling and environmental services, NG Group is an important contributor to providing public and private actors with insight into how waste handling affects the environment, people, and society. The group's customers expect transparency, frequently requesting information about where the waste ends up and how it is treated.

The group buys goods from and sends waste for final treatment to countries in and outside of Europe. NG Group is aware that the risks of corruption, anti-competitive behavior, human and labor rights abuses, and other unethical business practices can be significantly higher outside of Norway and the other Nordic countries.

By setting clear requirements and expectations both internally and externally, NG Group can help reduce corruption, strengthen competition, and otherwise promote ethical behavior in the waste management industry. With this approach, the group can also help counteract forced labor and child labor, and violations of decent working conditions.

NG Group's approach in its own business
NG Group's management has a strong focus on its ethical responsibility. A solid, clear, and consistent tone from the top is crucial for creating good attitudes. The same applies to operations and middle management.

Over the past ten years, NG Group has built a comprehensive management system for risk and incident management and procedures, with periodic internal control. The management system contributes to safe and efficient operations and facilitates compliance. Additionally, it operationalizes the group's strategy and goals in a framework of best practices and provides structured guidance for employees.

NG Group has strict requirements for ethical behavior, compliance with laws and regulations, health and safety protections, and environmental protection. These expectations are communicated to all group employees through the Code of Conduct. NG Group encourages all employees and external parties to blow the whistle on unacceptable behaviors and conditions, such as lawbreaking, breeching the employee code of conduct, and violating generally accepted ethical standards. Whistleblowing guidance and the whistleblowing channel are available on the group's website, where reports are handled in accordance with legal requirements.

Maintaining legal compliance and high employee knowledge of ethical behaviors is essential to NG Group. To ensure that employees and managers at all levels have the necessary information and skills to conduct their work in a safe, secure, and ethical manner in accordance with statutory and internal requirements, the group holds regular internal courses through the NG Academy.
NG Group organizes regular courses in HSE, anti-corruption, competition law behavior, and waste regulations. Additionally, group employees also participate in relevant external courses, conferences, and trainings.

To ensure that all facilities operate in accordance with regulations and permits, NG Group undergoes regular internal and external audits and inspections by environmental regulators. All NG Group locations are audited within a three-year period for Internal Control Regulations, ISO standards, government requirements, and relevant internal requirements and risks. Finally, NG Group conducts annual compliance assessments of permits, governing documents, and relevant legislation.

NG Group's approach to suppliers, customers and partners
NG Group works actively on control, ethics, and transparency in the value-chain. The logistics of waste collection and treatment make it challenging to trace waste from producers to final treatment. To improve this traceability, NG Group is working actively on innovation and

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digitalization projects, with the overarching goal of making it possible for customers to trace their waste all the way to when it is recycled into new resources.

NG Group is committed to green and ethical procurement from its suppliers, and all of the group's contracts contain requirements to act in accordance with anti-corruption, trade, and human rights legislation. In line with this, NG Group has established a Supplier Code of Conduct (Supplier Declaration) which all suppliers are required to follow. The declaration covers a variety of compliance and sustainability-related topics and requires that suppliers communicate and enforce the NG Group's requirements to their own contractors and partners. In the declaration, NG Group also reserves the right audits to audit and to demand the correction of any problems uncovered.

NG Group makes active use of its right to audit suppliers and potential customers. Several of the group's downstream partners are established in Asia, in countries with significant risks for human and labor rights violations, corruption, and environmentally damaging operations. The group conducts risk-based audits of downstream customers outside the Nordics on a regular basis – with physical audits being considered as most accurate. Additionally, the group conducts pre-qualification checks when new partnerships are established.

NG Group takes additional precautions when exporting waste, since the environmental regulations in most countries are weaker than those in the Nordics. NG Group has a strict compliance program for exports to non-Nordic countries and conducts multiple independent assessments of foreign waste recipients. When assessing business partners, NG Group distributes questionnaires focused on import and export regulations, sanction lists, and other risk factors that increase the risk of the group being involved in matters which violate standards.

Development in 2022
During the Covid-19 pandemic NG Group's ability to carry out physical audits was limited. In 2022 the situation was largely back to normal, and the NG Group conducted a total of 84 audits, with 54 being internal and 30 being external value-chain audits.

In September 2022, the Norwegian Environment Agency (NEA) conducted an un-announced audit of plastic export procedures and handling at NG Markets. NEA reported no deviations from the audit. This is the third time the NEA has audited NG Market's exports and there have been no deviations. There have also not been any other significant instances of non-compliance with laws and regulations in 2022.

In 2022 NG Group invested in a digital tool for spend analysis to analyze registered procurements. The tool gathers data from invoices, connects the suppliers to an external database, and presents consolidated information about the companies. This includes their financial situation, company structure, and risk profile. During 2022, about 2,900 of the group's suppliers were enrolled in the system out of an estimated total of 3,500-4,000 group suppliers.

Additionally, the group integrated due diligence into its established risk management processes in accordance with the Norwegian Transparency Act. As a part of this process, management and key division employees participated in internal workshops to discuss, map, and assess the due diligence results. Relevant measures to stop, reduce, and mitigate any negative consequences were identified during the workshops. Finally, there were some minor updates made to the Supplier Code of Conduct in 2022.

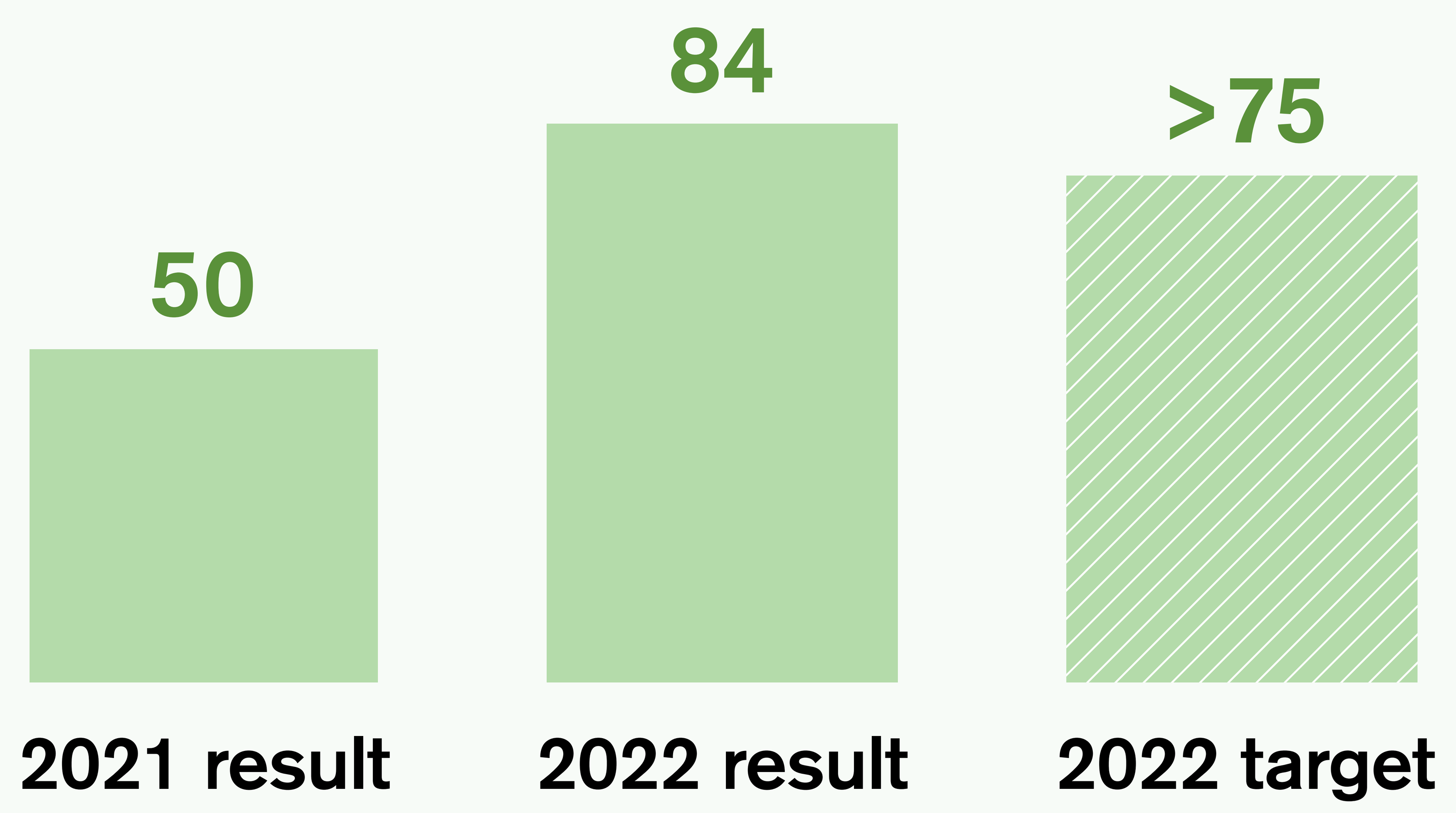
The way ahead
Going forward, NG Group will continue to ensure its compliance with all applicable laws, regulations, and ethical standards throughout the value chain.

In 2023, NG Group will focus on monitoring human rights, working conditions, and environmental impacts related to downstream customers in Asia. While NG Group is not aware of any actual negative consequences related to human rights or working conditions that the group has caused or contributed to, it cannot guarantee that breaches of human rights and working conditions do not occur at some point in the value chain.

Prevention and identification efforts are ongoing and continuous, and the introduction of the Transparency Act will lead to more focus and resources for managing risks related to human rights and decent working conditions in its own business and the value chain in general. In 2023 the group will expand the use of the new spend analysis system to develop a more detailed overview, and aims to enroll all active suppliers.

In terms of reporting, the importance placed on supply chain will be even more clear when NG Group connects a dedicated KPI for high-risk audits in 2023.The KPI will be related to the number of on-site value chain audits.

Audits in the value chain, internal audits and audits of customers, suppliers and others based on risk (number)



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Annual Accounts

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Statement of the Group's financial position

Financial Reporting

The consolidated financial statement of Norsk Gjenvinning Norge AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRIC), as determined by the EU. In the Board's opinion, the submitted profit and loss account, cash flow statement, balance sheet and notes give a true and fair view of the company's operations and position at the end of the year.

Income Statement
The Group's total operating income was MNOK 7 824 (2021: MNOK 6 995), and the total operating costs was MNOK 7 476 (2021: MNOK 6 762). The Group's operating profit was MNOK 348 in 2022 (2021: MNOK 239). Increase in operating income is partly driven by raw material prices, and partly driven by increases in activity across all business areas. The acquired companies during the year contributes with appr. 70 MNOK in operating income. Operating costs are increasing in line with activity and inflation, but the Group is able to keep cost increases as low as possible, thereby gaining an uplift in operating profit.

The Group's net financial income was MNOK -315 in 2022 (2021: MNOK -213). The Group's financial expenses primarily relate to interest on bank financing and interest on lease liabilities of MNOK 106 (MNOK 105). The Group has had a negative effect on hedging instruments equals to MNOK -27 (MNOK 54,6), which is included in Net Currency loss.

The Group's profit before tax was MNOK 33 in 2022 (2021: MNOK 23). The consolidated profit of the year was MNOK 11 (2021: MNOK 13).

Balance, Financing and liquidity
By year end 2022, total non-current assets were MNOK 6 006 (2021: MNOK 5 531). Out of this, intangible assets were MNOK 3 087 (2021: MNOK 2 735). Additions related to property, plant and equipment was MNOK 291 in 2022, where of MNOK 74 was related to acquisitions (2021: MNOK 276).

By year end 2022, total current assets were MNOK 1 193 (2021: MNOK 1 101). Out of this, receivables were MNOK 766 (MNOK 759) and Cash and Cash equivalents were MNOK 124 (2021: MNOK 87).

The Group's equity as of 31.12.22 was MNOK 1 284 (2021: MNOK 1 268), indicating an equity share of 18% (2021: 19%).

By year end 2022, total liability was MNOK 5 915 (MNOK 5 365). For more information about Borrowings, see note 21.

NGN Group AS signed a loan agreement on 9 November 2022. The loan agreement concerns a senior facilities agreement of MNOK 3 737, including a revolving credit facility (RCF) for MNOK 685 and a capex facility of MNOK 790. Included in the MNOK 3 737 is also a facility B of MNOK 2 262 which mainly has been used to refinance previous loans. At the year-end NG had utilized credit lines of MNOK 2,546. Taking the company's relatively stable cash flow, balance and unrealized credit facility into consideration we have the necessary financial flexibility to take advantage of possible growth opportunities in addition to changes in working capital.

Cash Flow
The Group's cash flow from operating activities was MNOK 819 (MNOK 734). The difference between the cash flow from operating activities and the Group's operating profit is MNOK 472 (MNOK 495), which is mainly due to adjustment related to depreciation and amortization.

Net cash flow from investing activities was MNOK -592 (MNOK -464). The group has invested MNOK -282 (MNOK -271) in non-current assets and sold non-current assets for MNOK 24 (MNOK 26). Remaining amount is mainly related to purchases of subsidiaries and associated companies.

Net cash flow from financial activities was MNOK -188 (MNOK -373), which mainly relates to payment of interest and repayment of borrowings.

At the end of 2022, total cash and cash equivalents was MNOK 124 (MNOK 87).

Going Concern
In connection with the Accounting Act §3-3a (Regnskapsloven §3-3a), we hereby confirm going concern. The Financial statements 2022 and forecasts do not indicate any issues related to the Group's going concern.

Statement of the parent company's Financial Statement

Nature of business
Norsk Gjenvinning Norge AS is the holding company in the Group. The company's role is to manage ownerships in the subsidiaries.

Income Statement
The holding company's total operating costs was MNOK- 0,6 (2021: MNOK -1,3) and the result before tax was MNOK -77 (2021: MNOK -24) in 2022.

Equity and Solvency
By the end of 2022, the holding company's equity was MNOK 240 (2021: MNOK 299). The balance consists mainly of equity and investments in subsidiaries.

Allocation of net income
The Board of Directors has proposed the total loss of Norsk Gjenvinning Norge AS of MNOK -59 to be transferred from other equity.

Risk management

Risk management in the Group, is an integral part of the company's business activity. Risk management is divided between the operational entities, which has the main responsibility of operational and commercial risk management including compliance of laws and rules within their business area, and the Group's finance department, which has the main responsibility that the financial risk managements are in line with approved guidelines from the board. The Group's management establish guidelines and routines for how to handle compliance risk, including coordinates and carries out an overall risk assessment. Below is a description of risks factors that may affect our business and economic position in short term and long term.

Operational risk and risk management

Political risk and risk management
The Group operates in a strictly regulated business. During normal operation, changes in laws, regulations and permits and changes in planned implementation of new emission requirements might have significant impact on the Group's operations and financial results. Furthermore, the Group sells its waste-based raw materials internationally and is therefore influenced by international political, legal and economic conditions.

Dependence on key personnel
Further development of the Group is dependent on access to qualified personnel, especially in key management positions and in areas with special skills needs. Loss of key personnel can have a negative impact on the Group's operating results and financial position. The Group works purposefully to look after key personnel as far as possible. Access to labor in general is not considered a high risk for the group.

Operational gearing and loss of revenue
A large part of the Group's cost base consists of wages. Consequently, a large part of the cost base should be considered fixed in the medium term. Any decrease in income will largely affect net profit before tax in the same order of magnitude as the gross contribution from such lost income.

Insurance risk
The Group's insurance policies cannot necessarily cover all potential liabilities in the Group. There is a risk that the Group will suffer large losses that will not be covered by any insurance. Fire incidents at waste facilities in Norway are a growing problem in the industry. Consequently, most insurance companies do not want to insure this risk. Despite this, the

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Group has satisfactory insurance for all its facilities, equipment and operations. This is a result of the Group's strategy of continuous improving operations, increased focus on internal control and significant investments within fire-reducing.

Health, Safety and Environment
The Group is involved in collection and handling of industrial, commercial and household waste (both hazardous and non-hazardous), demolition and environmental remediation (asbestos, PCBs etc.), has operations with a lot of energy (pressure, voltage, height) and has a significant transport business. Therefore, employees in the Group are to a greater or lesser extent exposed to health, safety and environmental risks when carrying out their work. The same applies to hired personnel, subcontractors and other visitors and passers-by, who are in contact with the Group's operations. The Group can be held financially responsible for accidents and other HSE-related incidents.

The Group's operations can lead to significant pollution of the air, soil or water. The group can also be held financially responsible for such environmental pollution or damage.

Risk associated with fraud, bribery and corruption
There is a relatively high inherent risk of fraud, bribery and corruption in several of the Group's business areas. The Group is particularly exposed to such risks in connection with the use of agents abroad, including Asia. Although the Group has established routines and several comprehensive risk-reducing measures to prevent the occurrence of fraud, bribery and corruption, there will be some residual risk associated with such offences. Involvement in corruption or other illegal activities by the Group's board members, employees, agents, business partners or customers may have a significant negative impact on the Group's operations, such as civil or criminal sanctions, exclusion from public tenders and/or loss of reputation.

Risk related to import and export restrictions
The Group is exposed to the risk of incorrect application of import and export regulations. Any breaches of such rules, as a consequence of incorrect classification of products or otherwise, can have a negative impact on the Group's operations.

Risk of losing licenses and permits
The Group has several licenses and permits from the authorities in various jurisdictions that allow the Group to operate in the waste industry and/or produce recycled raw materials, and to handle, transport, export and import various types of waste. Loss of such licenses and permits can have a significant negative impact on the business in the Group.

Cyber Security
The last years, the Group has gone through extensive digitalization and the digitalization development is continuing. With other words, the Group's infrastructure and data are increasingly depending on technology and internet connection. Undesirable events can occur through criminal acts or through errors. Failure to manage these risks can result in financial losses, as well as service availability and competitiveness. The Group has started to develop a new strategy for cyber security to ensure a robust and secure digitalization.

Financial risk and risk management

Currency risk
The Group has international operations and is exposed to foreign currency risk that arises due to transactions in several currencies, especially EUR, SEK, DKK and USD. To mitigate currency risk, efforts are made to establish long-term loans, generally in the same currencies as the underlying exposure and cash generation. Forward currency contracts are used for main currencies to mitigate the impact of changes in exchange rates.

Interest rate risk
The Group's interest rate risk arises from non-current liabilities. Debt issued on the basis of variable rates entails the Group being exposed to interest rate risk that impacts the cash flows. The Group manage interest rate risk linked to cash flows using interest rate swap contracts. The Group's guidelines entail hedging a minimum of 60 per cent of its long-term loans entered into with variables rates that are also anchored in the Group's loan agreements.

Liquidity risk
The finance department monitors rolling forecasts of the Group's liquidity requirements to ensure that it has enough cash on hand to meet operational needs and always maintains a satisfactory margin in relation to the unused loan facility to ensure that the Group does not breach requirements set out in the loan agreement. The Group's financing needs are covered through bank loans.

Credit risk
Credit risk is managed at a group level. Credit risk arises from bank deposits, financial instruments, deposits in banks, financial institutions and through exposure to customers. The Group has experienced few losses related to outstanding trade receivables the last years. The credit risk associated with each new customer is analyzed and rated before payment and delivery terms are offered. Individual risk limits are determined based on internal and external ratings based on guidelines set by the Group.

Price risk
The Group is exposed to price risk linked to raw materials. To mitigate the price risk, the Group enters concurrent downstream contracts for volumes from upstream activities wherever possible. Price risk linked to metals are hedged in financial markets. The development in raw material prices through 2022:

- Steel and metals: We saw a sharp increase in prices as Russia invaded Ukraine in the end of February. Prices then came down the following months and bottomed out end of summer. Prices were relatively stable in the rest of the year.
- Residual waste: In 2022 there was a shortage of residual waste to energy, which was mainly due to demanding import conditions from rest of Europe into Scandinavia. Cost to deliver waste to energy to downstream plants decreased in fourth quarter of 2022. In Norway, the CO_2 fee came into force. The CO_2 fee (EU/ETS) in Sweden and Denmark was high throughout the year.
- Transportation/delivery: Decrease in supply in the shipping marked resulted in sharp increase in prices. We experienced generally good availability of transportation by road throughput the year, however due to EU mobility package and increase in fuel there was significant increase in transport costs.
- Plastic: The markets for recycled plastic were very unstable in 2022. In the first half of the year, we operated in an insatiable marked, before demand was sharply reduced through Q3 and Q4. The price correction came as a result of runaway inflation, reduced trade (reduced need for plastic raw materials) in a markedly increasing production costs (high electricity and gas costs).
- Paper: The market for recycled paper had a historically high price development in the first seven months of 2022. High consumption in the market led to high demand and extremely high prices into the paper mills. In August/September, the market changed and demand for finished paper fell rapidly, which turned to a big price drop for recycled paper the last months of the year.
- Waste wood: Waste wood experienced a rapid increase in demand due to the energy crisis in Europe, and consequently incurred rising gate-fees throughout 2022. The rise in gate-fees have mainly become visible from 2023 as the majority of 2022 volumes were fixed in annual contracts.

General market risk
The Group is exposed to economic cycles beyond the Group's control. Changes in the business, as a result of general economic conditions, affect resource consumption and waste volume, and consequently the demand for the Group's products and services, even though the Group benefits from differentiation through a large geographical area and wide range of activities.

- **Competition in the market**
  All business areas where the Group is active are exposed to competition.
- **Client risk**
  The Group is generally dependent on orders under framework agreements with customers for the sale of its products and services. This creates an uncertainty regarding future income. Although the group has a diversified customer base, lower sales volumes linked to one or more of the existing framework agreements, or the loss of customers or framework agreements for whatever reason, can have a significant negative impact on the Group's financial results. The group is also dependent on participating in and

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being awarded assignments in public tenders. No guarantees can be given that the group will be awarded assignments under such public tenders in the future. The group has over 40 000 customers, which results in a low degree of customer concentration.

- **Estimated risk in tender processes**
  The Group may fail to effectively calculate risk, costs or timing when preparing tenders. Errors and deficiencies in tender processes can have a significant negative impact on the Group's profitability.

Liability insurance for the Board and Executive Committee

Both the member of the Board and the executive committee are covered by a Liability Insurance. The insurance covers personal legal liabilities including defence and legal costs. The insurance provides protection when compensation claims are made against the insured as a result of an actual or alleged error/omission that he has incurred as a result of his assignment for the group. The insurance covers both damage/liability and defense costs up to a total annual sum of SEK 100 million. An example of an exception in the insurance is an intentional criminal act.

Expected financial development

The Groups financial results had a solid improvement in 2022, mainly driven by normalized activity level in the Norwegian economy post the last Covid shutdown, operational improvements across several divisions, particular in Metal, Zirq and Nordic Demolition and increased prices in line with contractual terms.

As the last Covid restrictions was eased during first half of 2022 the economies in the Nordics returned to normalized levels. However, inflation became an issue during the year impacting cost bases negatively across all divisions in the Group from mid 2022 and onwards. With operational improvements and price increases the Group was able to counter the impact on the cost bases and had a positive earnings development in 2022.

The Group continues to expect higher than normal inflation in 2023, but with continued price increases for our services and projects, a flexible cost base which enables mitigating negative effects from decreased activity and volumes and continued operational improvements, the NG Group expect earnings to develop positive during 2023.

To ensure further profitability growth and continued increase in margins the Group has launched an efficiency program across all platforms with an ambition to generate 50 MNOK in annual net effects.

The Group was refinanced in Q4 2022 as the old loan agreement was expiring in January 2023. With the new loan facility in place the Group has sufficient liquidity to handle all scenarios which management view as realistic.

CONSOLIDATED INCOME STATEMENT

(NOK thousands)	Notes	2022	2021
Revenue	4, 5	7 791 169	6 971 768
Other income	6	33 289	22 980
Total operating income		**7 824 458**	**6 994 748**
Cost of goods sold	5, 16	4 298 430	3 830 546
Employee benefits expense	7	1 696 436	1 537 953
Depreciation and amortization expense	12, 13, 14	539 166	553 833
Other operating expenses	8	941 477	839 121
Other (gains)/losses – net	9	8 343	(199)
Share of profit/(loss) from associated companies	15	7 370	6 182
Operating profit		**347 976**	**239 278**
Finance income	10	3 586	9 146
Finance costs	10	291 303	262 446
Net currency gain/(loss)	10	(27 352)	36 823
Profit before income tax		**32 907**	**22 801**
Income tax expense	11	21 771	9 670
Profit (loss) for the period		**11 136**	**13 131**
Profit attributable to:			
Owners of the parent	20	(9 297)	(3 549)
Non-controlling interests	27	20 433	16 680

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK thousands)	Notes	2022	2021
Profit (loss) for the period		**11 136**	**13 131**
Items that will be reclassified to profit or loss			
Currency translation differences	20	(4 065)	(2 337)
Other comprehensive income		**(4 065)**	**(2 337)**
Total comprehensive income		**7 071**	**10 794**
Total comprehensive income attributable to:			
Owners of the parent	20	(13 746)	(5 693)
Non-controlling interests	27	20 817	16 487

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(NOK thousands)	Notes	31.12.2022	31.12.2021
Non-current assets			
Property, plant and equipment	13	948 652	867 825
Right of use assets	14	1 658 993	1 652 929
Intangible assets	12	323 330	272 884
Goodwill	12	2 763 789	2 461 653
Deferred tax assets	11	217 241	213 195
Investments in associated companies	15	58 310	54 640
Pension asset		1 711	-
Other non-current receivables	17	33 649	8 311
Total non-current assets		**6 005 675**	**5 531 437**
Current assets			
Inventories	16	302 110	255 071
Trade receivables	5, 17	492 119	478 115
Other receivables	5, 17	273 766	280 550
Other financial assets	26	1 231	-
Cash and cash equivalents	18	123 636	87 255
Total current assets		**1 192 862**	**1 100 991**
Total assets		**7 198 537**	**6 632 428**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

(NOK thousands)	Notes	31.12.2022	31.12.2021
Equity			
Total equity attributable to owners of the parent	19, 20	1 127 660	1 132 607
Non-controlling interests	27	156 059	135 223
Total equity		**1 283 719**	**1 267 830**
Non-current liabilities			
Non-current borrowings	21	2 473 689	2 077 290
Non-current lease liabilities	14	1 463 292	1 468 815
Non-current derivative financial instruments	26	22 829	22 681
Deferred tax liabilities	11	71 810	80 250
Post-employment benefits	7	19 220	19 955
Non-current provisions	22	58 981	67 776
Total non-current liabilities		**4 109 821**	**3 736 767**
Current liabilities			
Trade payables	5, 25	423 573	480 689
Other payables	5, 23	779 892	685 098
Current income tax	11	51 139	24 038
Current borrowings	21	154 621	80 438
Current ease liabilities	14	344 054	333 935
Current derivative financial instruments	26	29 216	654
Current provisions	22	22 502	22 979
Total current liabilities		**1 804 997**	**1 627 831**
Total liabilities		**5 914 818**	**5 364 598**
Total equity and liabilities		**7 198 537**	**6 632 428**

Lysaker 10 May 2023

Bjørn Arve Ofstad
CEO

Hannah Gunvor Jacobsen
Chair of the board

CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK thousands)	Notes	2022	2021
Profit (loss) before income tax		**32 907**	**22 801**
Income tax paid		(29 739)	(5 420)
Depreciation, amortization and impairment losses	12, 13, 14	539 166	553 833
Net (gain) loss on sale of non-current assets and businesses		(11 578)	(8 790)
Net financial items without cash effect		34 600	68 755
Items classified as investing and financing activities		256 386	118 682
Changes in post employment benefits		(2 446)	4 646
Changes in provisions for other liabilities and charges		(15 702)	(25 414)
Change in inventories		(10 142)	(61 233)
Changes in trade and other receivables		58 606	(38 441)
Changes in trade and other payables		(32 471)	104 971
Net cash flow from operating activities		**819 587**	**734 390**
Payments for purchases of non-current assets	12, 13, 14	(282 265)	(270 980)
Proceeds from sale of non-current assets		24 386	26 267
Proceeds from sale of businesses	15	-	2 500
Payment for acquisition of subsidiaries and associated companies, net of cash acquired	28, 15	(337 528)	(190 267)
Payment for business acquisitions	28	-	(36 099)
Dividends from associated companies	15	4 000	4 217
Net cash flow from investing activities		**(591 407)**	**(464 362)**
Repayment of borrowings	21	(2 155 817)	(85 787)
Proceeds from borrowings	21	2 571 842	201 615
Repayment of financial leasing liability	14	(270 936)	(241 324)
Transactions with non-controlling interests		11 809	(22 700)
Dividends paid to non-controlling interests		(988)	(24 182)
Payment of interest	14, 21	(343 701)	(223 410)
Net cash flow from financial activities		**(187 791)**	**(373 088)**
Net increase in cash and cash equivalents		**40 389**	**(103 060)**
Foreign currency effects on cash		(4 007)	(103)
Cash and cash equivalents at beginning of period	18	87 255	190 419
Cash and cash equivalents at end of period		**123 636**	**87 255**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK thousands)	Share capital	Share Premium	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2022	**95 624**	**1 677 604**	**(640 715)**	**1 132 607**	**135 164**	**1 267 830**
Profit for the year	-	-	(9 297)	(9 297)	20 433	11 136
Other comprehensive income	-	-	(4 449)	(4 449)	384	(4 065)
Total comprehensive income	**-**	**-**	**(13 746)**	**(13 746)**	**20 817**	**7 071**
Dividends paid to non-controlling interests	-	-	-	-	(988)	(988)
Other transactions with non-controlling interests	-	-	8 894	8 894	1 066	9 960
Total transactions with owners	**-**	**-**	**8 894**	**8 894**	**78**	**8 972**
Balance at 31 December 2022	**95 624**	**1 677 604**	**(645 567)**	**1 127 660**	**156 059**	**1 283 719**

(NOK thousands)	Share capital	Share Premium	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	**95 624**	**1 677 604**	**(618 320)**	**1 154 908**	**126 311**	**1 281 219**
Profit for the year	-	-	(3 549)	(3 549)	16 680	13 131
Other comprehensive income	-	-	(2 144)	(2 144)	(193)	(2 337)
Total comprehensive income	**-**	**-**	**(5 693)**	**(5 693)**	**16 487**	**10 794**
Dividends to non-controlling interests	-	-	-	-	(1 482)	(1 482)
Other transactions with non-controlling interests	-	-	(16 607)	(16 607)	(6 093)	(22 700)
Total transactions with owners	**-**	**-**	**(16 607)**	**(16 607)**	**(7 575)**	**(24 182)**
Balance at 31 December 2021	**95 624**	**1 677 604**	**(640 620)**	**1 132 607**	**135 223**	**1 267 830**

See notes 19 and 20 for additional information on equity allocated to the shareholders in the parent company and note 27 for information related to non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Norsk Gjenvinning Norge AS is controlled by NG Topco AS. NG Topco AS is owned by an equity investment fund, Summa Equity. Norsk Gjenvinning Norge AS was founded on 29 November 2017 and through a share acquisition in 2018 gained control of Norsk Gjenvinning Norge AS, which is the parent company of the Norsk Gjenvinning Group.

In March 2023, due to strategic changes in the Group, there was a change of company names. NG Group AS was renamed to Norsk Gjenvinning Norge AS, and Norsk Gjenvinning Norge AS was renamed to NG Group AS.

The Norsk Gjenvinning Group is Norway's largest supplier of recycling and environmental services. The services provided include waste management, metal recycling, industry cleaning services, hazardous waste management, downstream solutions, household waste collection, demolition, environmental remediation, and secure shredding services.

The Company's corporate office is in Lysaker, Norway. The Group has business interests in Norway, Sweden, Denmark, Finland, Poland and the UK.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following description of significant accounting policies are relevant for 2022 consolidated financial statements and comparative figures, unless specifically stated otherwise.

Basis for preparation and estimates and assumptions

The consolidated financial statements of Norsk Gjenvinning Norge AS and its subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and Norwegian authorities and effective as of 31 December 2022.

The consolidated financial statements are prepared on a historical cost basis, with a few exceptions. Certain assets, liabilities and financial instruments are measured at fair value through profit or loss, or at fair value over other comprehensive income.

The preparation of annual financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported. Actual results may differ. The consolidated financial statements are presented in thousands of Norwegian kroner. The Norwegian krone (NOK) is the functional currency of the parent company. As a result of rounding differences, amounts and percentages may not add up to the total. Areas in which uncertainties tend to exist regarding material estimates and critical accounting assumptions and assessments are described in note 3.

New standards and changes to accounting policies
No material changes have been made to standards and interpretations that have had a material effect on the Group's consolidated financial statements.

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Consolidated subsidiaries and investments in associated entities
The Group's consolidated financial statements include the following consolidated subsidiaries and equity-accounted associates:

Parent enterprises and subsidiaries	Office	Ownership	Business units
Norsk Gjenvinning Norge AS (Parent)	Lysaker	100%	HQ
NG Group AS	Lysaker	100%	HQ
Norsk Gjenvinning AS	Lysaker	100%	Recycling
Norsk Gjenvinning Metall AS	Lysaker	100%	Metal
Norsk Gjenvinning Miljøeiendommer AS	Lysaker	100%	HQ
Norsk Gjenvinning Renovasjon AS	Tønsberg	100%	Environmental Services
Norsk Gjenvinning Downstream AS	Lysaker	100%	Recycling
Norsk Gjenvinning M3 AS	Lysaker	100%	Environmental Services
NG Secure AS	Lysaker	100%	Recycling
NG Vekst AS	Lysaker	100%	Environmental Services
Nordisk Återvinning Service AB (Sweden)	Gothenburg	100%	Environmental Services
NG Metall Holding AB (Sweden)	Gothenburg	100%	Metal
Humlekjær og Ødegaard AS	Fredrikstad	100%	Recycling
Tomwil Miljø AS	Lysaker	100%	Recycling
Løvås Transportfirma AS	Alnabru	100%	Recycling
Norsk Gjenvinning Transport AS	Alnabru	100%	Recycling
NG Oppstrømtransport AS	Alnabru	100%	Recycling
iSekk AS	Oslo	100%	Recycling
IBKA Norge AS	Lysaker	100%	Environmental Services
Mortens Rørinspeksjon AS	Kodal	50.6%	Environmental Services
Eivind Koch Rørinspeksjon AS	Lillestrøm	50.6%	Environmental Services
IBKA A/S (Denmark)	Vordingborg	100%	Environmental Services
IBKA AB (Sweden)	Kungelv	100%	Environmental Services
IBKA UK Ltd (United Kingdom)	Cardiff	100%	Environmental Services
Asak Massemottak AS	Lysaker	100%	Environmental Services
Midt-Norge Massemottak AS	Lysaker	100%	Environmental Services
Kopstad Massemottak AS	Lysaker	100%	Environmental Services
Borge Massemottak AS	Lysaker	100%	Environmental Services
Eikefet Massemottak AS	Lysaker	100%	Environmental Services
NG Markets AS	Lysaker	100%	Environmental Services
Revise AS	Lysaker	100%	HQ
Nordic Demolition AS	Slemmestad	60.15%	Nordic Demoliton
R3 Entreprenør AS	Oslo	60.15%	Nordic Demoliton
Norprodukter-Miljø AS	Oslo	60.15%	Nordic Demoliton
Øst-Riv AS	Slemmestad	60.15%	Nordic Demoliton
O Tenden Holding AS	Stryn	75%	Recycling
Tenden Miljø AS	Stryn	75%	Recycling
Miljøkvalitet AS	Ikornnes	75%	Recycling
Jarnes Miljøpark AS*	Ikornnes	50%	Recycling
Reen AS	Larvik	68.66%	HQ
Reen Technology OY (Finland)	Helsinki	68.66%	HQ
Reen Technologies Ltd. (United Kingdom)	Nottingham	68.66%	HQ
Zirq Solutions AS	Lysaker	77.27%	Metal
Zirq Cables AS	Revetal	77.27%	Metal
Zirq Medical A/S (Denmark)	Præstø	77.27%	Metal
Zirq Cables Denmark A/S (Denmark)	Præstø	77.27%	Metal
Østfold Gjenvinning AS	Fredrikstad	100%	Recycling
Holmen Massemottak AS	Lysaker	100%	Environmental Services
Metodika Miljøpark AS	Lysaker	100%	Recycling
Saneringsteknikk AS	Steinholt	60.15%	Recycling
Nordic Industrial Services AS	Lysaker	100%	Environmental Services
Hauka Deponi AS	Lysaker	100%	Environmental Services
Rec Met AS	Lysaker	50.1%	Metal
Kaupang Markets AB	Täby	100 %	Recycling
NG Metall AB (Sweden)	Katrineholms	100%	Metal
Sims Recycling Solutions AS	Sarpsborg	100%	Metal
Aip Betongsaging AS	Oslo	60.15%	Nordic Demolition
Aip Sanering AS	Oslo	60.15%	Nordic Demolition
Sørvest Betongsaging AS	Bjerkreim	60.15%	Nordic Demolition
Diamant Wire Teknikk AS	Halden	60.15%	Nordic Demolition
EC Svenska AB (Sweden)	Bagarmossen	60.15%	Nordic Demolition
Zero Emission Energy AS	Lysaker	60%	Environmental Services
Letbek Holding ApS (Denmark)	Tistrup	77.27%	Metal
Letbek A/S (Denmark)	Tistrup	77.27%	Metal
Outercore ApS (Denmark)	Tistrup	77.27%	Metal
Micollect ApS (Denmark)	Tistrup	50%	Metal
Letbek Sp.Z.o.o (Poland)	Komorniki	77.27%	Metal

*The Group's ownership share in Jarnes Miljøpark is 50%. The Group has control and accounts for the investment as a fully consolidated subsidiary.

Associated companies 31 December 2022

Østlandet Gjenvinning AS	50%
Pasa AS	38%
New West Gipsgjenvinning AS	50%
Micollect ApS (Denmark)	50%

a) Subsidiaries
Subsidiaries are all entities (including structural entities) that are controlled by the Group. Control of an entity arises when the Group is exposed to variability of returns from the entity and can influence these returns based on its authority over the entity. Subsidiaries are consolidated from the date control is obtained sand until there is a loss of control.

The acquisition method is used for business acquisitions. The remuneration is measured at the fair value of the transferred assets, incurred liabilities and issued equity instruments. The remuneration also includes the fair value of all assets or liabilities resulting from agreements concerning contingent consideration. Identifiable assets, liabilities and contingent liabilities are recognized at their fair value on the acquisition date. Non-controlling interests in the acquired company are measured, at either their fair value or their share of the acquired company's net assets, as appropriate for the specific acquisition.

Expenses linked to acquisitions are recognized as costs as they are incurred.

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When an acquisition takes place in multiple stages, the assets from previous purchases are measured at fair value on the date control occurs with changes in value recognized through profit or loss.

Contingent remuneration is measured at fair value on the acquisition date. Subsequent changes in the fair value of the contingent remuneration are recognized through profit or loss or recognized as a change in the statement of comprehensive income as long as it is classified as an asset or liability. No new measurement of contingent remuneration classified as equity is performed and subsequent remuneration is recognized against equity.

If the remuneration (including any non-controlling interests and the fair value of previous ownership interests) exceeds the fair value of identifiable assets and liabilities in the acquisition, it is recognized as goodwill. If the remuneration (including any non-controlling interests and the fair value of previous ownership interests) amounts to less than the fair value of the net assets of the subsidiary as a result of a purchase made on favourable terms, the difference is recognized as a gain in the income statement.

Intergroup transactions, outstanding balances and unrealized gains/losses between group companies are eliminated. Figures that have been reported by the subsidiaries are restated if this is necessary to comply with the Group's accounting policies.

b) Changes in ownership interests in subsidiaries without loss of control
Transactions with non-controlling owners in subsidiaries that do not result in a loss of control are treated as equity transactions. In the event of further purchases, the difference between the remuneration and the shares' proportional share of the book value of the net assets of the subsidiary is recognized against the equity of the parent company's owners. Gains or losses on sales to non-controlling owners are correspondingly recognized against equity.

c) Disposals of subsidiaries
In the event of a loss of control, any remaining ownership interest is measured at fair value with changes recognized through profit or loss. The fair value recognized thereafter will constitute the acquisition cost, as either an investment in an associated company or joint venture or a financial asset. Amounts related to this company that were previously recognized through other comprehensive income will be treated as though the Group had disposed of the underlying assets and liabilities. This could entail the amount that was previously recognized through other comprehensive income being reclassified to the income statement.

d) Associates
Associates are entities in which the Group has significant influence but does not have control. Significant influence normally exists when the Group owns been 20-50 per cent of the voting rights. Investments in associates are recognized using the equity method. Investments are recognized on their acquisition date at their acquisition cost, and the Group's share of the result in subsequent periods is recognized as income or an expense. The investment in associates includes recognition of any implicit goodwill identified on the acquisition date.

If the ownership interest in an associate is reduced but the Group maintains significant influence, only a proportional share of the amount that was previous recognised through other comprehensive income is reclassified to the income statement.

The Group's share of the profit or loss in an associate is recognized through profit or loss and added to the book value of the investment. The Group's share of the other comprehensive income in the associated company is recognized through other comprehensive income in the Group and also added to the capitalized amount of the investment. The Group does not recognise its share of a deficit in the income statement if this results in a negative capitalized amount for the investment (inclusive of unsecured claims on the entity), unless the Group has assumed labilities or made payments on behalf of the associated company.

At the end of each accounting period, the Group evaluates whether the investment in the associate is impaired. If there is an impairment, the amount of the write-down is calculated as the difference between the investment's recoverable amount and the book value, with the difference recognized through profit or loss as a separate line item "Net profit/loss from associates".

If a gain or loss arises from transactions between the Group and its associates, only the proportional share related to the shareholders outside of the Group is recognized. Unrealized losses are eliminated unless there is a requirement to write-down the asset that was the subject of the transaction. Where necessary, the accounts of the associates are restated to comply with the Group's accounting policies.

Gains or losses related to changes in the ownership percentage in associates are recognized through profit or loss.

Translation of foreign currency
a) Functional currency and presentation currency
The accounts of the individual entities in the Group are measured in the currency used where the entity generally operates (functional currency). The consolidated financial statements are presented in Norwegian krone (NOK), which is both the parent company's functional currency and the Group's presentation currency.

b) Transactions and statement of financial position items
Transactions in foreign currency are translated into the functional currency at the transaction exchange rate. Realised foreign exchange gains or losses upon the settlement and translation of monetary items in foreign currency at the exchange rate on the statement of financial position date are recognized through profit or loss.

Foreign exchange gains and losses from loans, forward contracts and cash and cash equivalents are presented as "Net currency gain / (loss) in the income statement".

c) Group companies
Income statements and statements of financial position for group companies (none of the group entities are in a hyperinflationary economy) with a functional currency other than the presentation currency are translated in as follows:

(a) Statements of financial position are translated at the exchange rate on the statement of financial position date.
(b) Income statements are translated at the average exchange rate (if the average does not provide a generally reasonable estimate of the transaction exchange rate used, the transaction exchange rate is used).
(c) Translation differences are recognized through other comprehensive income and specified separately in equity as a separate item.

Property, plant and equipment
Land and buildings consists of production facilities, warehouse locations and offices. Property, plant and equipment are recognized at acquisition cost less depreciation. Acquisition cost includes costs directly linked to the acquisition of the property, plant or equipment. Acquisition cost also includes gains or losses transferred from equity on the acquisition date and that are due to cash flow hedges in foreign currency upon purchases of property, plant or equipment.

Subsequent cost expenditures are added to the book value of the property, plant or equipment or recognized as a separate asset when it is likely that future financial benefits from the expenditure will accrue to the Group, and the expenditure can be reliably measured. Depreciation on the separately recognized assets is recognized in profit or loss based on the useful life of the specific asset- Other repair and maintenance expenses are recognized in profit or loss in the period when the expenses are incurred.

Land is not depreciated. Other non-current assets are depreciated on a straight-line basis such that the acquisition cost of the non-current asset, or value-adjusted book-value, is depreciated to its residual value over the asset's expected useful life, which is:

- Buildings and other tangible property 10-50 years.
- Machines and production facilities 3-15 years.
- Movable assets, inventories, tools, and office machines 3-10 years.

The useful life, as well as the residual value, of a non-current asset is assessed annually at the balance sheet date and estimates are revised if deemed appropriated.

If the book value of a non-current asst is higher than the estimated recoverable amount, the carrying-amount is written down to the recoverable amount.

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Gains and losses upon disposal are recognized through profit or loss, and measured as the difference between the sales price and the book value at the date of the disposal.

Property, plant and equipment that are no longer being used in operations and are expected to be sold are classifies and presented separately as in the balance sheet as a held for sale assets. Held for sale assets meet the classification criteria that the asset is available for immediate sale in its current condition, and that it is highly probable that a sale will be carried mase in the next 12 months. Property, plant and equipment held for sale are measured at the lower of book value and fair value less sales costs.

Intangible assets
a) Goodwill
Goodwill arises when a business is acquired and the consideration paid is less the Group's share of the fair value of net identifiable assets and liabilities in the acquired business. Goodwill can also arise from acquisitions when there is a policy choice to measure non-controlling interests at fair value on the acquisition date. Negative goodwill is recognized immediately as other income.

In subsequent impairment tests, goodwill is assigned to the cash generating units (CGUs) or groups of cash generating units that are expected to benefit from the acquisition in which goodwill arose. Each unit or group of units to which goodwill has been allocated represents the lowest level in the entity where goodwill is followed up for internal management purposes.

Potential impairment of goodwill is assessed annually, or more often if events or changes in circumstances indicate a possible impairment. Book value is compared with the recoverable amount, which is the higher of use value and fair value less sales costs. Any write-downs are recognized as costs and are not reversed in subsequent periods.

b) Trademarks
Trademarks are recognized at acquisition cost. Trademarks acquired via a business combination are recognized at fair value on the acquisition date. Trademarks are deemed to have an indefinite useful life and are therefore not amortized. Trademarks are tested annually for possible impairment.

c) Customer contracts and relationships
Customer contracts and relationships arise when a business is acquired. The fair value of a customer relationship is calculated based on expected turnover, adjusted for contractual turnover, and reduced for expected customer turnover. Recognized customer contracts and relationships are amortized on a straight-line basis over their expected useful life of between 5-10 years.

d) Software
Software maintenance expenditure are expensed when the cost is incurred. Development expenses that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are capitalized as an intangible asset when all of the following criteria are met:
- it is technically possible to complete the software such that it is available for use;
- management intends to complete the software and use it or sell it;
- it is possible to use or sell the software;
- adequate technical, financial and other resources are available to complete and deploy or sell the software; and
- the expenses can be reliably measured.

Other development expenditures that do not meet these criteria are expensed as the cost is incurred. Development costs that have been expensed cannot subsequently be capitalized.

Capitalized software is amortized on a straight-line basis over its expected useful life (over a maximum of 6 years).

Impairment of non-financial assets
Intangible assets with an indefinite useful life and goodwill are not amortized; instead they are tested annually for impairment. Property, plant and equipment and intangible assets with definite lives are tested for impairment when there are indications of possible impairment, where it is possible that future earnings cannot justify the asset's carrying amount. The amount of the impairment is the difference between the book value of the asset and its recoverable amount. The recoverable amount is the higher of fair value less sales costs and value-in-use (VUI). When assessing any need for an impairment, non-current assets are grouped at the lowest level where it is possible to separate out independent input cash flows (cash generating units). The possibility of reversing previous write-downs on non-financial assets (excluding goodwill) is assessed at each reporting date.

Financial assets
Financial assets are initially recognized when the Group becomes contractually obligated to the transaction. Financial assets are classified as measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss. Classification upon initial recognition depends on the Group's intentions with respect to the asset and the properties of the agreed cash flows.

An ordinary purchase or sale of a financial asset held as an investment is recognized on the date of the agreement, which is the date the Group commits to purchasing or selling the asset. All financial assets that are not initially recognized at fair value through profit or loss are initially recognized at fair value plus any transaction costs. Financial assets that are recognized at fair value through profit or loss are recognized upon acquisition at fair value and transaction costs are expensed immediately. Financial assets are derecognized from the statement of financial position when all rights to receive cash flows from the investment cease or when these rights have been transferred and the Group has transferred all of the risk and rewards connected with ownership of the asset.

The Group's financial assets consist of assets at amortized cost, fair value through profit or loss and financial assets at fair value through other comprehensive income.

a) Assets at amortised cost
The Group measures financial assets at amortized cost if the following conditions are met:
- The financial asset is held in a business model where the purpose is to receive contractual cash flows; and
- The financial asset's contract terms and conditions generate cash flows consisting exclusively of the payment of principal and interest on given dates.

Subsequent measurement of financial assets measured at amortized cost is made using the effective interest rate method and includes any expected credit loss impairment allowance. Gains and losses are recognized through profit or loss when the asset is derecognized, modified or impaired. Assets at amortized cost comprise other receivables, trade receivables, and cash and cash equivalents.

Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current assets.

b) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss comprise derivatives not being used for hedging purposes. The category includes forward currency contracts and metal derivatives.

Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current assets.

c) Financial assets at fair value through other comprehensive income
The Group measures assets at fair value with changes in value through other comprehensive income if the following conditions are met:
- The financial asset is held in a business model intended both to receive contractual cash flows and for sales;
- The financial asset's contract terms and conditions generate cash flows consisting exclusively of the payment of principal and interest on given dates.

Upon derecognition, the accumulated change in fair value included in other comprehensive income is recognized through profit or loss.

The Group's financial assets at fair value with changes in value through other comprehensive income consists of customer receivables that are sold to a third party (factoring).

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Impairment of financial assets
At the end of each reporting period, the Group assesses and recognizes a loss allowance for any expected credit loss on financial assets at amortized cost. If there has been a significant increase in credit risk since initial recognition, the loss provision is measured based on the expected loss of useful life. If the credit risk has not increased significantly, the loss provision is measured as the expected loss in the next 12 months.

For trade receivables and contract assets, the expected credit loss allowance is measured based on the expected lifetime credit-loss.

Derivatives and hedging
Derivatives are initially recognized at fair value on the date the derivative contract is entered into, and subsequently recognized at fair value on an ongoing basis. The recognition of changes in fair value depends on whether the derivative is designated a hedging instrument and, if so, the type of hedge. The Group earmarks certain derivatives as hedging for variability in cash flows related to a particular risk in a capitalized asset, liability or highly likely planned transaction (cash flow hedging).

When a hedging relationship is entered into, the Group documents the relationship between hedging instruments and the hedged items, as well as the goal of the risk management and the strategy behind the various hedging transactions. The Group also documents its assessments of whether the derivatives used are expected to be highly effective in offsetting the changes in fair value or cash flow associated with the hedged items. Such assessments are documented both when the hedging relationship is entered into and on an ongoing basis during the hedging period.

The fair value of the derivatives used in hedging relationships is shown in note 25. Changes in equity resulting from hedge accounting are recognized through other comprehensive income. The fair value of a derivative designated as a hedging instrument is classified as a non-current asset or non-current liability if the remaining term for the hedged item is longer than 12 months, and as a current asset or current liability if the remaining term for the hedged item is less than 12 months. Derivatives held for trading purposes are classified as current assets or current liabilities.

Interest rate swap contracts related to long-term financing are recognized as cash flow hedges. The effective component of the change in the fair value of derivatives earmarked and eligible as hedging instruments in cash flow hedging are recognized through other comprehensive income. Gains and losses on the ineffective part are recognized through profit or loss in "Other (gains)/losses".

Hedging gains or losses that are recognized through other comprehensive income and accumulated in equity are reclassified to the income statement in the period when the hedged item affects the result (for example when the planned hedged sale takes place). Gains or losses linked to the effective part of interest rate swap contracts that hedge variable rate loans are recognized through profit or loss under "Finance costs". Gains or losses linked to the ineffective part are recognized through profit or loss in "Other (gains)/losses". When the planned transaction that is hedged results in recognition of a non-financial asset (for example inventory or property, plant and equipment), the gain or loss previously recognized through other comprehensive income is reclassified as an adjustment to the asset's acquisition cost. This adjustment to the asset's acquisition cost is then included in any cost of goods or depreciation of property, plant and equipment expensed in later periods over profit or loss.

When a hedging instrument expires or is sold, or when the hedge no longer satisfies the hedge accounting criteria, the total gain or loss recognized through other comprehensive income remains in equity and is reclassified to the income statement at the same time as the hedged transaction is recognized through profit or loss. If a hedged transaction is no longer expected to be completed, the amount recognized in equity is immediately reclassified to the income statement as "Other (gains)/losses - net".

Metal derivatives related to hedging the risk related to commodity prices are accounted for at fair value through profit or loss. Changes in the fair value of derivatives are presented on the accounting line "Other (gains)/losses - net". Derivatives are presented as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

Forward currency contracts related to hedging the risk in exchange rates are recognized at fair value through profit or loss. Changes in the fair value of derivatives are presented net on the accounting lines "Finance income" and "Finance costs", depending on whether they resulted in a net gain or loss, respectively. Derivatives are presented as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

Inventory
Inventories of raw materials are measured at the lower of average acquisition cost and fair value. Finished goods are measured at the lower of full production cost and fair value.

Landfill
Investments related to landfill sites for inert matter on leased land before and after a project are accounted for as a lease under IFRS 16, and investments during a project are accounted for as tangible assets under IAS 16. Provisions are made for expenses related to the ongoing post-operation of landfill sites and are included as part of the provisions for environmental obligations in accordance with IAS 37. At the inception date, leases are recognized as a right-of-use asset and a corresponding lease liability in the statement of financial position, with the additional recognition of a provision for the removal liability.

Trade receivables
Trade receivables arise from sales of goods or services within the ordinary operating cycle. If settlement is expected within one year or less, a receivable is classified as a current asset. If this is not the case, the receivable is classified as a non-current asset.

Trade receivables are recognized in the statement of financial position net of any loss allowance for expected credit losses (lifetime ECL). The loss allowance is based on an expected credit loss matrix derived from historical credit losses and other relevant known information.

Cash and cash equivalents
Cash and cash equivalents comprise cash, bank deposits and other short-term, easily negotiable investments with a maximum 3-month original term. Overdrafts on the statement of financial position are included in loans under current liabilities.

Share capital, share premium and other paid-in equity
Ordinary shares are classified as equity. Expenses directly related to the issuance of new shares or options, less tax, are recognized as reductions in the received remuneration against equity.

Other paid-in equity is capital invested from owners, but which is not included in share capital and share premium. Received group contributions from owners in the same tax group are recognized as funds and included in other paid-in equity.

Trade payables
Trade payables are obligations to pay for goods or services delivered by suppliers for ordinary operations. Trade payables are classified as current if they fall due within 1 year or less. If this is not the case, they are classified as non-current.

Trade payables are measured at fair value upon initial recognition. Subsequent period recognition of trade payables is at amortized cost.

Borrowings
Borrowings are recognized at fair value less transaction costs when the cash is received. In subsequent periods, borrowings are measured at amortized cost using the effective interest method. The difference between the cash proceeds received (less any transaction costs) and the maturity value of the loan is recognized through profit or loss over the term of the loan as part of measurement of the effective interest expense.

Compound financial instruments with both a debt and an equity component are separated at initial recognition and both elements are recognized at fair value. In subsequent periods, the liability part of a compound instrument is measured at amortized cost using the effective interest rate method. The equity component is not revalued in subsequent periods.

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Borrowing costs
Borrowing costs arising from general and specific financing related to the acquisition, construction or production of eligible assets, which are assets that will take a significant amount of time to complete for their intended use or sale, are capitalized as part of the asset's acquisition cost up to the date when the asset is ready for its intended use or sale.

All other interest costs are expensed as incurred.

Tax payable and deferred tax
Income tax expense consists of taxes payable and deferred tax. Tax expense is recognized through profit or loss, expect when it relates to items that are recognized through other comprehensive income or directly against equity. In the situation, the tax expense is also recognized through other comprehensive income or directly against equity, respectively.

The tax payable for the period is calculated in accordance with the applicable tax legislation and taxation regulations that have been adopted, or essentially adopted, as of the end of the reporting period in the countries where the company and the subsidiaries operate and generate taxable revenue. Management continuously assesses the judgements applied in the tax returns where the tax legislation is especially open to interpretation. Based on management's judgment, provisions are made for the expected tax payments when deemed appropriate and reasonable.

Deferred tax is calculated based on the temporary differences between taxable and IFRS accounting carrying amounts for assets and liabilities. Deferred tax is not calculated for goodwill. If a temporary difference arises upon the initial recognition of a liability or asset in a transaction that is not a business combination and that on the transaction date affects neither the accounting result nor the taxable result, the deferred tax is not recognized. Deferred tax is determined using the tax rates and tax legislation that has been adopted, or essentially adopted, as of the reporting date, and which it is assumed will be used when the deferred tax assets are realized or when the deferred tax liability is settled.

Deferred tax assets are recognized to the extent it is likely that future taxable income will allow for the utilization of the tax reducing temporary differences.

Deferred tax is calculated on temporary differences from investments in subsidiaries and associates, apart from when the parent entity has control over the timing of the reversal of the temporary differences, and it is likely that they will not be reversed in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset assets due to payable tax against liabilities due to payable tax, and deferred tax assets and deferred tax liabilities relate to income tax imposed by the same tax authority for either the same entity liable for the tax or different entities that are liable for the tax that intend to settle liabilities and assets due to payable tax on a net basis.

Employee benefits
The company has several pension schemes, both defined contribution schemes and defined benefit schemes. The Group is subject to the Norwegian requirements for mandatory occupational pensions. The Group's pension schemes meet the legislated pension requirements.

a) Pension liabilities
In a defined contribution scheme, a company pays into a public or private scheme an amount that they have contractually agreed to, are obliged to by law or contribute on a voluntary basis. The company then has no further obligation beyond this contribution. The contribution is recognized as an employee benefits expense as it is incurred. Advance payments are recognized as an asset (prepaid pensions) to the extent that the advance payment can be used to cover future premiums or will be repaid.

A portion of the current contribution pension expense is not paid into a scheme and is recognized as a pension liability. When the pension is made at a future point in time, the pension liability is derecognized.

A defined benefit pension scheme is defined as a scheme that is not a defined contribution pension plan. The pension liability for a defined benefit scheme is measured as the present value of the liability as of the balance sheet date, net of the fair value of the pension funds, if there is a pension fund. The gross liability is discounted to its present value using the interest rate for high-quality corporate bonds issued in the currency in which the pension liability will be paid out and that have an approximately similar term to maturity as the payment horizon for the pension liability. In countries that do not have a liquid market for such bonds, the rate for government bonds is used.

The current period's change in the pension accrual is recognized as an employee benefit expense. This expense includes the increase in the pension liability due to accruals in the current year, changes, reductions and settlement. The effect on previously earned rights due to changes in the scheme's benefits are recognized through profit or loss immediately. Gains and losses that arise from recalculating the pension liability due to estimate deviations and changes in actuarial assumptions are recognized against equity through other comprehensive income in the reporting period in which they occur.

The group has entered into individual pension agreements for certain senior group management employees. These pension agreements are supplementary to the group's employee pension plan and are financed by group operations.

b) Severance pay
Severance pay is paid when an employment relationship is terminated by the company before normal retirement age, or when an employee voluntarily accepts redundancy in return for compensation. The Group recognizes severance pay at the earlier of the following dates: a) when the offer of severance pay can no longer be withdrawn; or (b) when the company recognizes the costs associated with restructuring as defined in IAS 37 and the restructuring includes severance pay. In cases where severance pay is offered to encourage voluntary departure, the liability is measured based on the number of employees expected to accept the offer.

Provisions
The Group recognizes provisions for environmental obligations, onerous contracts, restructuring processes and legal claims. Legal claims are recognized when a legal or self-imposed obligation exists as a result of previous events, and the obligation will, on the balance of probabilities, be settled by a transfer of financial resources, and the magnitude of the liability can be estimated with sufficient reliability. Provisions are calculated based on a probability-weighted, discounted future cash flows models.

In those cases where multiple liabilities of a similar nature exist, the probability of the liabilities being settled is determined by assessing liabilities of this type using a portfolio approach. Provisions are therefore made even if the probability of settlement associated with the individual obligation is assessed as low.

For waste material that have been received but not yet delivered to a final downstream solution, a provision is made for the incurred treatment and downstream costs. This is classified as other current liabilities in the statement of financial position.

Revenue from customer contracts
The Group recognizes sales revenues when the performance obligations in an individual customer contracts have been met through the transfer of goods or services. Sales revenue is measured as the consideration that the Group expects to receive in exchange for the transfer of goods or services.

a) Upstream sales of services
The Group's activities in the upstream market mainly consist of collecting and treating various kinds of waste materials. Revenue from customer contracts is recognized over time, typically in line with the collection of waste materials from customers or when the waste material is delivered to the processing facilities.

The Group also provides other specialized demolition services, a broad range of industrial cleaning services and other environmental services. Revenue from customer contracts is recognized over time, typically in line with delivery to customers. For some projects, revenue recognition is based on measurements of progress using estimates.

b) Downstream sales of recycled raw materials
The Group produces recycled raw materials that are sold in the downstream market based on source-separated waste collected in the upstream market and purchased goods. The Group's main products are ferrous and non-ferrous metals and paper. Revenue from sales of recycled raw materials is recognized when control is transferred to the customer. This typically happens upon delivery of the goods to the customer.

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Interest income
Interest income is recognized through profit or loss based on the effective interest rate method. When loans and receivables are written down, the receivable's book value is reduced to the recoverable amount.

Dividends
Dividend payments and group contributions to the parent company's shareholders are classified as liabilities from the date the dividend is determined by the general meeting. Dividend income is recognised through profit or loss when the right to receive payment arises.

Leases
For contracts that constitute or contain a lease, the Group separates components of the lease if it can benefit from the use of an underlying asset, either on its own or in conjunction with other resources that are readily available to the Group, and the underlying asset is neither highly dependent on nor closely associated with other underlying assets in the contract. Thereafter, the Group recognizes each component of the lease in the contract as a lease separate from the non-lease components of the contract.

On the date a lease commences, the Group recognizes a lease liability and a corresponding right-of-use asset for all leasing contracts with the exception of the following applied exceptions:

- Short-term leases (lease period of 12 months or shorter)
- Low value assets

For these short-term leases and leases of low value assets, the Group recognizes the lease payments as other operating expenses in the income statement when the payments are due and payable.

Lease liabilities are measured at the present value of the contractual lease payments over the period of the lease. Index linked payments or similar CPI adjustments are based on the relevant index factor at lease inception or at the payment readjustment date. When available the discount rate used is the implicit rate in the lease, or if not determinable, the incremental borrowing rate is used as the discount rate. The lease term is determined on the basis of the non-cancellable lease period adjusted for any extension options and termination rights where it is reasonably certain these options will be exercised by the lessee. Subsequent measurement of the lease liability takes into account the accrual of interest, lease payments and any reassessments or changes to the lease term, as well as to reflect adjustments in the variable lease payments due to changes in the index rates.

The Group initially recognized a right-of-use asset at acquisition cost, and subsequent measurement includes any accumulated depreciation and impairment, as well as any adjustments to the right-of-use asset for corresponding changes in the lease liability.

3 CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and discretionary assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations concerning future events that are deemed reasonable given the current circumstances. The Group prepares estimates and makes assumptions regarding the future. The resulting critical accounting estimates will, by definition, rarely completely match the final outcome. Estimates and assumptions that represent a significant risk of material changes in the book value of assets and liabilities during the next financial year are discussed below.

Impairment of goodwill and intangible assets
The Group conducts an annual impairment test on goodwill and other intangible assets with an indefinite life. The recoverable amount from cash generating units is determined by calculating the value-in-use (VIU). Budgets and calculated terminal values for perpetual future cash flows are used to calculated future cash flows. Management estimates the appropriate discount rate when calculating the present value of the future cash flows. See note 12 for details related to the estimates and sensitivity calculations.

Deferred tax liabilities and deferred tax assets
The Group recognizes deferred tax assets related to tax loss carry forwards that arise when the Group's income tax expense exceeds taxable revenue. Recognition requires an assumption related to the existence of future earnings that will be at a sufficient level to allow the tax loss carry forward to be utilized. Management's assessment of any future utilization of tax loss carry forwards is based on budgets for estimates future revenues and expenses. Budgets are based on the most recent strategic plans for the next two years. Considerable uncertainty is associated with the estimates with respect to these budgets and the timing of the expected date on which the tax loss carry forwards will be able to be utilized. See note 11 for a specification of the components of the deferred tax assets.

Provisions for environmental obligations
The Group performs activities that over time may have environmentally negative impact on the land areas where these activities take place. This could give rise to restoration and clean-up obligations that will have to be fulfilled at a future date. Provisions for these environmental liabilities are based on management's assessment of the likelihood of an environmental clean-up obligation arising and the best estimate available of the future expenditures required to meet this obligation. Considerable uncertainty is associated with assessments of whether such an obligation exists, estimates of the future expenditure required, and the timing of these expenditures. See note 22 for further information on provisions for environmental obligations at year-end.

Landfill
The Group operates landfill sites where the period's results depend on future investment estimates. Estimates are based on the best estimate of future liabilities. Some uncertainty is associated with estimates with respect to the timing of settlement and magnitude of liabilities.

Restructuring provisions
The Group implemented measures in both 2020 and 2021 to control costs. The restructuring provisions involve judgement and are determined based on best estimates of the expenses expected to be incurred. Any estimated future operating losses are not included in the restructuring provision. A detailed plan must exist that identifies which parts of the business will be restructured, and steps must be taken to ensure that those who will be affected have a realistic expectation that the restructuring will be carried out. One important assumption is that the restructuring will materially change the scope of the activities or how they are operated. If the impact is material, the expected future cash flows will be discounted using a pre-tax rate that reflects the risk associated with the provision. See note 22 for further information.

Leases
When the lease term is determined for an individual contract, the Group assesses whether any extension options exist that should be taken into account when determining the lease term. Such an assessment involves a high degree of judgement related to the extension options and whether it is reasonably certain or not if the Group will exercise the option. When exercise is reasonably certain the extension option time period is included in the lease term. Determining the discount interest rate that will be used as a basis for calculating the present value of future lease liabilities also requires the use of judgment. Procedures have been established for this process.

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4 REVENUE

The Group's business units consist of Recycling, Metal, Environmental Services and Nordic Demolition. HQ and eliminations consist of holding entities together with property and eliminations.

REVENUE PER BUSINESS UNIT 2022

(NOK thousands)	Recycling	Metal	Environ-mental Services	Nordic Demolition	HQ and eliminations	Total
Norway	2 533 588	24	497 083	1 052 315	5 268	4 088 278
Other Nordics	8 815	61 508	283 064	-	896	354 283
Other Europe	-	1 181	12 775	-	8 620	22 576
Intra segment	43 300	169 461	141 203	116 998	(470 962	-
Total upstream	**2 585 703**	**232 174**	**934 125**	**1 169 313**	**(456 178)**	**4 465 137**
Norway	417 940	705 979	-	13 123	-	1 137 042
Other Nordics	139 756	647 060	-	-	-	786 816
Other Europe	309 801	800 708	-	-	-	1 110 509
Asia	2 649	289 016	-	-	-	291 665
Intra segment	592 706	310 126	-	7 189	(910 021)	-
Total downstream	**1 462 852**	**2 752 889**	**-**	**20 312**	**(910 021)**	**3 326 032**
Total revenue	**4 048 555**	**2 985 063**	**934 125**	**1 189 625**	**(1 366 195)**	**7 791 169**

REVENUE PER BUSINESS UNIT 2021

(NOK thousands)	Recycling	Metal	Environ-mental Services	Nordic Demolition	HQ and eliminations	Total
Norway	2 438 210	-	764 494	981 394	(324 268)	3 859 830
Other Nordics	13 636	2 998	-	-	303 086	319 720
Other Europe	-	-	(5 060)	-	14 072	9 012
Intra segment	453 428	-	30 649	50 012	(534 089)	-
Total upstream	**2 905 274**	**2 998**	**790 083**	**1 031 406**	**(541 199)**	**4 188 562**
Norway	232 488	798 097	106 740	8 814	(53 370)	1 092 769
Other Nordics	144 358	334 548	-	-	-	478 906
Other Europe	254 760	787 461	-	-	-	1 042 221
Asia	17 910	151 343	-	-	-	169 253
Intra segment	630 188	68 819	42 584	-	(741 534)	57
Total downstream	**1 279 704**	**2 140 268**	**149 324**	**8 814**	**(794 904)**	**2 783 206**
Total revenue	**4 184 978**	**2 143 266**	**939 407**	**1 040 220**	**(1 336 103)**	**6 971 768**

The Group's business units are focused on being local service providers for customers who need waste-related services (upstream market) and selling recycled raw materials to industrial customers (downstream market).

(NOK thousands)	2022	2021
Upstream – sales of services	4 465 137	4 188 562
Downstream – sales of recycled raw materials	3 326 032	2 783 206
Revenue from customer contracts	**7 791 169**	**6 971 768**

The table below summarises revenue from customer contracts based on the customer's location. No one in the Group accounts for more than 10% of total revenue.

(NOK thousands)	2022	2021
Norway	5 225 320	4 952 599
Other Nordics	1 141 098	798 626
Other Europe	1 133 085	1 051 233
Asia	291 665	169 253
Revenue from customer contracts	**7 791 169**	**6 971 768**

Upstream sales of services

The Group offers a wide range of waste management services in Norway and the rest of the Nordic region. Sales activities mainly involve the collection and treatment of all types of waste, as well as other specialized services. The services in these local markets are primarily within Recycling, Environmental Services and Nordic Demolition. Sales of services are recognized over time, typically when the waste materials are collected from customers or services are performed.

Downstream sales of recycled raw materials

Two of the Group's business units, Metal and Recycling, sell recycled raw materials that are produced from source-separated waste collections in the upstream market and purchased goods. The Group's main products are ferrous and non-ferrous metals and paper. Sales revenue from the downstream market is heavily affected by commodity prices and exchange rates, since the Group delivers goods to the global market. Sales of recycled raw materials are typically recognized when goods are delivered to the customer.

5 RELATED PARTIES

Transactions with related parties are based on the same prices and terms as those with third parties. Such transactions involve both the sales and the purchases of goods and services to and from related parties. The Group has had the following transactions with related parties:

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(NOK thousands)	2022	2021
Operating revenue	16 836	16 577
Operating expenses	66 174	52 077
Trade receivables and other receivables	1 740	1 556
Trade payables and other payables	3 369	1 402

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6 OTHER INCOME

(NOK thousands)	2022	2021
Rental income from real estate	18 922	13 955
Gain on sale of non-current assets	14 374	9 240
Other operating income	(7)	(250)
Other Income	**33 289**	**22 980**

7 EMPLOYEE BENEFITS EXPENSE

(NOK thousands)	2022	2021
Wages	1 381 506	1 278 337
Employer's national insurance contributions	189 614	158 859
Pension costs	44 726	38 279
Other expenses	80 590	62 578
Restructuring payments to employees	-	(100)
Total employee benefits expense	**1 696 436**	**1 537 953**

Average number of employees	1 827	1 734

The average number of employees has increased primarily as a result of acquisitions in 2021 and 2022.

POST-EMPLOYMENT BENEFITS LIABILITY AS OF 31 DECEMBER

(NOK thousands)	2022	2021
Defined benefit obligation	1 187	1 187
Provision for defined contribution plans	18 033	18 768
Total post-employment benefits liability	**19 220**	**19 955**

REMUNERATION OF CHIEF EXECUTIVE OFFICER 2022

(NOK thousands)	Salary	Bonus	Pension costs	Other benefits	Total	Severance pay
Bjørn Arve Ofstad	3 756	3 174	606	180	7 716	-
Astrid Skarheim Onsum	3 700	688	176	135	4 699	12 mnd

Bjørn Arve Ofstad became Chief Executive Officer (CEO) after Astrid Skarheim Onsum in April 2022.

REMUNERATION OF CHIEF EXECUTIVE OFFICER 2021

(NOK thousands)	Salary	Bonus	Pension costs	Other benefits	Total	Severance pay
Astrid Skarheim Onsum	1 038	-	64	53	1 155	12 months
Erik Osmundsen	3 810	6 161	81	72	10 124	-
Bjørn Arve Ofstad	1 356	1 000	105	75	2 536	-

Astrid Skarheim Onsum started as a CEO in September 2021. Erik Osmundsen left the CEO position 30 April 2021. Bjørn Arve Ofstad served as interim CEO.

The CEO receives a salary and other benefits from NG Group AS. No loans or guarantees have been given to either the CEO or any members of the Board. No remuneration has been paid to the Board of Norsk Gjenvinning Norge AS in 2021 or 2022.

The CEO's bonus for the year presented is the amount of the bonus payment.

8 OTHER OPERATING EXPENSES

(NOK thousands)	2022	2021
Premises costs	71 693	51 866
Operating equipment costs	541 976	491 842
External services	111 928	95 571
Office costs	74 235	63 326
Operating costs, landfill	2 756	9 099
Insurance	36 638	36 565
Sales and marketing costs	16 053	15 231
Losses on receivables and contracts	9 267	8 287
Restructuring costs	-	15 675
Other costs	76 931	51 659
Total other operating expenses	**941 477**	**839 121**

AUDITOR'S FEES (EXCL. VAT)

(NOK thousands)	2022	2021
Statutory audit fees (including technical assistance with financial statements)	7 291	6 743
Assurance services	257	194
Tax advisory fees (including technical assistance with tax returns)	641	121
Other services	7 276	3 191
Total fees to auditor	**15 465**	**10 249**

9 OTHER (GAINS) / LOSSES - NET

(NOK thousands)	2022	2021
Financial assets at fair value though profit or loss:		
Metal derivatives	8 343	(1 311)
Other gains/losses:		
Termination of leases	-	1 112
Other gains + / losses - net	**8 343**	**(199)**

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10 FINANCIAL INCOME AND EXPENSES

The Group's financial expenses primarily relate to interest on bank financing. See note 21 for a description and the terms of the various borrowings. The Group also has separate credit facilities for leasing, overdraft and guarantees.

(NOK thousands)	2022	2021
Interest & debt related expenses on borrowings from credit institutions	134 992	115 263
Interest expense on shareholder loans	1 515	1 595
Interest expense on lease liabilities	116 926	118 911
Other interest expenses	4 379	2 713
Other financial expenses	33 491	23 964
Total financial expenses	**291 303**	**262 446**

(NOK thousands)	2022	2021
Interest income	2 709	1 509
Other financial income	877	7 637
Total financial income	**3 586**	**9 146**

(NOK thousands)	2022	2021
Foreign currency gains	294 710	105 544
Foreign currency losses	(322 062)	(68 721)
Net currency gains (losses)	**(27 352)**	**36 823**

11 TAX

INCOME TAX EXPENSE

(NOK thousands)	2022	2021 restated
Taxes payable	50 440	18 288*
Change in deferred tax	(29 149)	(8 977)*
Changes in estimates related to prior years	480	359
Total income tax expense	**21 771**	**9 670**

RECONCILIATION OF INCOME TAX EXPENSE

(NOK thousands)	2022	2021
Profit before taxes	32 907	22 801
Income tax expense at Nominal tax rate	7 240	5 016
Permanent differences	15 800	4 143
Effect of tax rates outside Norway	(1 749)	152
Changes in estimates related to prior years	480	359
Total income tax expense	**21 771**	**9 670**
Effective tax rate in %	64,4 %	32,7 %

Material components of deferred taxes

DEFERRED TAX ASSETS

(NOK thousands)	2022	2021 restated
Property, plant and equipment	-	14 229
Provisions	18 617	23 911
Accounts Receivables	2 264	-
Other differences	28 387	28 865
Interest deduction limitation cut-off	6 916	6 916
Tax loss carry forward	172 530	143 784*
Subtotal	**228 714**	**217 705**
Not recognized deferred tax assets	(15 417)	(7 128)
Total deferred tax assets	**213 297**	**210 577**
Set-off of deferred tax liabilities pursuant to set-off provisions**	3 944	2 616
Net deferred tax assets	**217 241**	**213 193**

DEFERRED TAX LIABILITIES

(NOK thousands)	2022	2021
Property, plant and equipment	1 121	-
Gains and losses	10 000	18 349
Accounts receivable	-	3 482
Deferred tax acquired in business combinations	56 196	55 803
Total deferred tax liabilities	**67 866**	**77 634**
Set-off of deferred tax liabilities pursuant to set-off provisions**	3 944	2 616
Net deferred tax liabilities	**71 810**	**80 250**
Total net deferred tax assets	**145 431**	**132 943**

MOVEMENT IN NET DEFERRED TAX BALANCES

(NOK thousands)	2022	2021
Net balance at 1 January	**(132 943)**	**(136 924)**
Tax effect of Acquisitions of subsidiaries	16 799	11 284
Changes due to Covid-19 measures	-	1 527
Changes in deferred tax expense	(29 149)	(8 977)*
Currency translation differences	(139)	148
Net balance at 31 December	**(145 431)**	**(132 943)**

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TAX PAYABLE

(NOK thousands)	2022	2021
Taxes payable	50 440	18 288*
Tax payable Acquired subsidiaries	8 993	5 839
Net of prepaid tax and tax payable previous years	(8 371)	(89)
Translation differences	77	-
Total tax payable	**51 139**	**24 038**

*) reclassification between tax payable and deferred tax assets and deferred tax assets and liabilities
**) NG Group and its wholly-owned subsidiaries have applied the tax consolidation legislation, which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

TAX RATES OUTSIDE NORWAY

	2022	2021
Sweden	20.6%	20.6%
Denmark	22%	22%
Finland	20%	20%
UK	19%	19%
Poland	19%	19%

12 INTANGIBLE ASSETS

INTANGIBLE ASSETS 2022

(NOK thousands)	Trade marks	Customer contracts	Landfill rights	Other intangible assets	Goodwill	Total
Balance at 1 January	**66 082**	**105 814**	**47 808**	**53 179**	**2 461 653**	**2 734 536**
Acquisitions through business combinations	-	33 187	-	19 982	303 307	356 476
Disposals	(85)	-	-	(864)	-	(949)
Additions	10	-	-	57 355	-	57 365
Amortization and impairment losses	(217)	(42 324)	(2 404)	(18 478)	-	(63 423)
Reclassification*	-	-	-	5 128	-	5 128
Foreign currency translation effect	-	(431)	-	(413)	(1 171)	(2 060)
Balance at 31 December	**65 790**	**96 246**	**45 404**	**115 889**	**2 763 789**	**3 087 118**
Useful life	Indefinite	5-10 year	1-10 year	3-5 year	Indefinite	
Depreciation method		Straight-line	Landfill capacity	Straight-line		
Accumulated cost 31 December	66 084	471 228	102 200	157 822	2 763 789	3 561 125
Accumulated amortization 31 December	(294)	(374 982)	(56 796)	(41 933)	-	(474 005)

* Reclassification from "Other intangible assets" to "Property, plant and equipment" in note 13. Reduction of goodwill due to previous acquisitions.

INTANGIBLE ASSETS 2021

(NOK thousands)	Trade marks	Customer contracts and relationships	Landfill rights	Other intangible assets	Goodwill	Total
Balance at 1 January	**65 790**	**140 594**	**51 503**	**9 147**	**2 343 607**	**2 610 642**
Acquisitions through business combinations	-	24 850	-	39 627	119 281	183 758
Disposals	-	-	-	(5)	-	(5)
Additions	369	9 628	-	9 863	-	19 860
Amortization and impairment losses	(77)	(68 987)	(3 695)	(7 059)	-	(79 818)
Reclassification*	-	-	-	1 573	(1 235)	338
Foreign currency translation effect	-	(271)	-	33	-	(238)
Balance at 31 December	**66 082**	**105 814**	**47 808**	**53 179**	**2 461 653**	**2 734 537**
Useful life	Indefinite	5-10 years	1-10 years	3-5 years	Indefinite	
Depreciation method		Straight-line	Landfill capacity	Straight-line		
Accumulated cost 31 December	66 082	438 571	102 200	76 703	2 461 653	3 145 209
Accumulated amortization 31 December	-	(332 756)	(54 392)	(23 524)	-	(410 671)

* Reclassification from "Other intangible assets" to "Property, plant and equipment" in note 13. Reduction of goodwill due to previous acquisitions.

The Group acquired Letbek Holding ApS with subsidiaries, Diamant Wire Teknikk AS, Sørvest Betongsaging AS, Drillcon AS, Zero Emission Energy AS, Aip Sanering AS and Aip Betongsaging AS in 2022. These acquisitions resulted in an increase of NOK 33.2 million in customer contracts, NOK 19.7 million in customer relationships, and NOK 303.3 million in goodwill.

Trademarks
With the acquisition of POS holding AS in 2018, the Group acquired the rights to the trademarks Norsk Gjenvinning, iSEKK, R3, NG M3 and IBKA. In 2019, the Group also acquired the rights to the trademarks Nordic Demolition, Norprodukter-Miljø, Øst-Riv and KMT.

Customer contracts and relationships
The excess value of customer contracts consists of specific contracts in the Group's various business areas, whereas all material long-term contracts have been subject to individual assessments.

Value is also assigned to the Group's customer relationships. Analyses of historical data show that the Group enjoys a high level of customer loyalty and low customer turnover. The value of a customer relationship is calculated based on expected revenue, adjusted for contractual revenue, and expected customer turnover.

Other intangible assets
Other intangible assets mainly relates to the capitalized cost of ERP systems for the Group.

Goodwill
Goodwill is assigned to separate business units (cash generating units). The business units are defined at the lowest level for testing impairment of goodwill. Goodwill stems mainly from the acquisition of POS holding AS in 2018 and acquisitions in the following years, see note 28. For information on the Group's division into business units see note 4. A breakdown of goodwill allocation per business unit is provided below.

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GOODWILL PER BUSINESS UNIT 2022

(NOK thousands)	1 January	Additions	Disposals	Reclassification & Currency adjustments	31 December
Recycling	1 405 674	-	-	-	1 405 674
Metal & Zirqular Solutions	326 020	139 644	-	(1 171)	464 493
Environmental Services	402 052	29 960	-	-	432 012
Nordic Demolition	327 907	133 703	-	-	461 610
Total goodwill	**2 461 653**	**303 307**	**-**	**(1 171)**	**2 763 789**

GOODWILL PER BUSINESS UNIT 2021

(NOK thousands)	1 January	Additions	Disposals	Reclassification & Currency adjustments	31 December
Recycling	1 405 674	-	-	-	1 405 674
Metal	207 975	119 281	-	(1 236)	326 020
Environmental Services	402 052	-	-	-	402 052
Nordic Demolition	327 907	-	-	-	327 907
Total goodwill	**2 343 607**	**119 281**	**-**	**(1 236)**	**2 461 653**

Impairment testing of goodwill and trademarks
The Group performs annual impairment tests on goodwill and trademarks since these assets have an indefinite useful life. The recoverable value is the higher of net realizable value and value-in-use. The book value is not recoverable if it exceeds the recoverable amount. To determine the value in use, the Group has discounted the expected cash flow from the various cash generating units. The Group has defined the various business units as cash generating units to test for the impairment of goodwill. The impairment tests revealed no need for impairment.

Discounted cash flow model
The model is based on a 5-year financial forecast of discounted cash flow based on the Group's business plans with a terminal value calculated using Gordon's formula. The Group has implemented different strategies for each business unit by identifying its current status and the specific priorities for the next three years. These strategies provide the basis for the financial forecasts used in the cash flow model. Annual growth of 2% is expected for the next two years, which is in line with long-term annual growth. The model is based on the following assumptions:

Cash flow
A strategic plan has been developed for 2023-2025 based on the Group's underlying goals and current market conditions. The strategic plan is used as a basis for the 3-year financial forecasts. Annual growth is set at 2% to estimate the cash flows after the 3-year period and for the terminal value.

WACC (weighted average cost of capital)
The Group uses the CAPM discount rate method to calculate discount rates. The cost of capital is calculated based on 10-year Norwegian government bonds, adjusted for an assessed group-specific risk premium and illiquidity premium. The cost of debt is based on the Group's financing and the industry gearing. The calculated WACC after tax was 9.3% for Recycling and Metal, 10.6% for Nordic Demolition and 9.4% for other project based businesses. A 1% reduction in annual growth in the terminal value would not affect the conclusion of the impairment test. The same applies to a 1% increase in WACC.

13 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT 2022

(NOK thousands)	Land and buildings	Machinery, equipment, fixtures, and tools etc.	Landfill	Assets under construction	Total
Balance at 1 January	**154 145**	**624 786**	**49 608**	**39 287**	**867 825**
Reclassifications*	11 417	9 929	-	(27 850)	(6 504)
Additions from business acquisitions	12 078	61 252	-	692	74 022
Additions	12 660	167 867	13 550	23 038	217 115
Depreciation for the year	(16 420)	(150 280)	(25 795)	(123)	(192 618)
Impairment losses	-	-	-	(699)	(699)
Disposals	-	(11 277)	-	(56)	(1 172)
Foreign currency translation effect	(2)	703	-	144	845
Balance at 31 December	**173 878**	**702 980**	**37 363**	**34 432**	**948 652**
Useful life	10 years/ indefinite	5-10 years	3-10 years		
Depreciation method	Straight-line	Straight-line	Straight-line		
Accumulated cost 31 December	232 606	1 160 893	122 605	35 254	1 551 358
Accumulated amortization 31 December	58 728	457 913	85 242	822	602 705

PROPERTY, PLANT AND EQUIPMENT 2021

(NOK thousands)	Land and buildings	Machinery, equipment, fixtures, and tools etc.	Landfill	Assets under construction	Total
Balance at 1 January	**165 653**	**547 283**	**59 148**	**11 071**	**783 153**
Reclassifications*	1 035	8 322	1	(8 738)	620
Additions from business acquisitions	-	37 986	-	-	37 986
Additions	5 113	191 711	4 545	36 955	238 324
Depreciation for the year	(17 185)	(143 927)	(14 086)	-	(175 198)
Impairment losses	(467)	(2 097)	-	-	(2 564)
Disposals	-	(11 321)	-	-	(11 321)
Foreign currency translation effect	(4)	(3 171)	-	-	(3 175)
Balance at 31 December	**154 145**	**624 786**	**49 608**	**39 287**	**867 825**
Useful life	10 years/ indefinite	5-10 years	3-10 years		
Depreciation method	Straight-line	Straight-line	Straight-line		
Accumulated cost 31 December	196 425	944 671	109 055	39 287	1 289 438
Accumulated amortization 31 December	42 280	319 885	59 447	-	421 612

* The reclassifications are between intangible asset classifications and right-of-use assets, as well as reclassifications within the tangible asset categories.

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The Group has contractual commitments for the purchase of property, plant and equipment. Outstanding commitments as of year-end for assets not yet delivered:

CAPITAL EXPENDITURE COMMITMENTS

(NOK thousands)	2022	2021
Property, plant and equipment	75 521	115 200
Total capital expenditure commitments	**75 521**	**115 200**

14 LEASES

RIGHT OF USE ASSET 2022

(NOK thousands)	Buildings	Machinery and equipment	Landfill	Total
Balance at 1 January	**1 272 387**	**349 760**	**30 782**	**1 652 929**
Reclassifications*	(57)	1 433	-	1 376
Additions	175 535	87 949	9 892	273 377
Additions from business acquisitions	-	24 413	-	24 413
Disposals	(5 058)	(4 594)	-	(9 651)
Depreciation and impairment losses	(157 219)	(118 724)	(6 484)	(282 426)
Foreign currency translation effect	1 129	(2 153)	-	(1 024)
Balance at 31 December	**1 286 718**	**338 085**	**34 190**	**1 658 993**

RIGHT OF USE ASSET 2021

(NOK thousands)	Buildings	Machinery and equipment	Landfill	Total
Balance at 1 January	**1 332 898**	**401 112**	**21 073**	**1 755 083**
Reclassifications*	-	(2 191)	-	(2 191)
Additions**	91 780	101 635	13 366	206 781
Disposals	(380)	(4 534)	-	(4 915)
Depreciation and impairment losses	(151 270)	(141 327)	(3 657)	(296 253)
Foreign currency translation effect	(641)	(4 935)	-	(5 576)
Balance at 31 December	**1 272 387**	**349 760**	**30 782**	**1 652 929**

*Reclassifications from Right-of- use assets to Intangible assets and Property, plant and equipment in notes 12 and 13.
**Whereof NOK 12 797 thousand was the amount invested prior to the start of the landfill project.

LEASE LIABILITY

(NOK thousands)	2022	2021
Balance at 1 January	**1 802 750**	**1 874 004**
Reclassifications	951	-
Additions from business acquisitions	18 615	-
New and updated leases recognized during the period	267 269	193 415
Lease payments of principal	(270 936)	(241 324)
Lease payments of interest	(117 217)	(119 366)
Interest expense related to lease liabilities	117 218	118 682
Disposals	(9 961)	(15 911)
Foreign currency translation effect	(1 338)	(6 750)
Balance at 31 December	**1 807 351**	**1 802 750**
Current lease liability	344 054	333 935
Non-current lease liability	1 463 292	1 468 815
Net cashflow effect from changes in lease liabilities (Principal and interest)	(388 153)	(360 690)

UNDISCOUNTED LEASE PAYMENTS MATURITY ANALYSIS

(NOK thousands)	2022	2021
Less than one year	168 033	274 566
1-2 years	154 485	246 198
2-3 years	139 911	221 886
3-4 years	124 399	194 022
4-5 years	110 547	177 681
More than five years	2 790	1 253 495
Total undiscounted future lease liability payments as of 31 December	**700 165**	**2 367 848**

Lease costs presented through profit or loss in 2022 was NOK 82 839 000 (amount not in NOK thousands). These are short term leases or leases where the underlying asset has a low value.

For a further description of the Group's leases and assessment please see section 2, "Summary of significant accounting policies".

15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group has investments in the following associates and joint ventures:

	Office	Ownership share*
Østlandet Gjenvinning AS	Hamar	50.0%
Pasa AS	Porsgrunn	38.0%
New West Gipsgjenvinning AS	Holmestrand	50.0%
MiCollect ApS	Tistrup	50.0%

*) Share ownership and voting share ownership are equivalent percentages.

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Change in book value of the Group's shares:

(NOK thousands)	01.01.2022	Dividends	Share of profits	31.12.2022
Østlandet Gjenvinning AS	50 395	(4 000)	6 712	53 107
Other entities	4 245	-	658	5 203
Total	**54 640**	**(4 000)**	**7 370**	**58 310**

With the acquisitions of POS holding AS in 2018, the Group also received invested shares in Østlandet Gjenvinning AS, Egersund Omsetningsgård AS, Pasa AS and New West Gipsgjenvinning AS. Egersund Omsetningsgård AS was sold in April 2021. The identified goodwill in Pasa AS was measured at NOK 500 thousand, while the identified excess value in Østlandet Gjenvinning AS amounted to NOK 33 201 thousand. The following excess values were identified at the time of the acquisition:

(NOK thousands)	
Trademarks	916
Customer contracts	344
Customer relationship	3 632
Goodwill	28 309
Total	**33 201**

Book value of the excess value on Østlandet Gjenvinning AS is as follows:

ØSTLANDET GJENVINNING AS

(NOK thousands)	2022	2021
Trademarks	916	916
Customer relationships*	-	151
Goodwill	28 309	28 309
Total	**29 225**	**29 376**

* Customer relationships are amortized over 4 years, and total amortization in 2022 was TNOK 151 (2021: TNOK 908).

KEY FINANCIAL FIGURES FOR ØSTLANDET GJENVINNING AND ITS SUBSIDIARIES

(NOK thousands)	2022	2021
Operating income	278 571	234 227
Profit for the period	15 143	14 117
Current assets	63 368	63 519
Non-current assets	73 528	66 022
Total assets	**136 896**	**129 541**
Equity	97 678	96 713
Current payables	36 816	30 534
Non-current payables	2 402	2 294
Total equity and liabilities	**136 896**	**129 541**

16 INVENTORIES

(NOK thousands)	2022	2021
Raw materials	178 403	144 734
Finished goods	104 999	93 275
Spare parts	18 708	17 062
Total	**302 110**	**255 071**

(NOK thousands)	2022	2021
Inventory measured at cost	302 110	255 071
Total	**302 110**	**255 071**

Inventories consist of positive fractions where the Group has purchased materials from upstream suppliers. The financial statement item "Cost of goods sold" contains the cost of purchased positive fractions that were sold during the year.

NOK 1 915 million was recognized in cost of goods sold from sold goods in 2022 (2021: NOK 1 834 million). These costs are included under the financial statement item "Cost of goods sold". The financial statement item consists of the cost of purchased good as described above, as well as the cost of goods sold to downstream solutions for negative fractions.

17 TRADE AND OTHER RECEIVABLES

(NOK thousands)	2022	2021
Trade receivables (gross)	328 676	299 942
Trade receivables (factoring)	173 870	189 598
Loss allowance	(10 427)	(11 425)
Total trade receivables	**492 119**	**478 115**

(NOK thousands)	2022	2021
Prepaid expenses	52 188	56 536
Earned income that has not been invoiced	195 306	207 185
Other current receivables	26 272	16 829
Total other receivables	**273 766**	**280 550**

(NOK thousands)	2022	2021
Other non-current receivables	33 649	8 311
Total other non-current receivables	**33 649**	**8 311**

The Group has a factoring agreement in which a major part of the trade receivables are sold immediately after issuance of the invoice, see notes 24 and 25 for more information.

The fair value of trade receivables and other receivables is not considered to be materially different from their book value.

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18 CASH AND CASH EQUIVALENTS

(NOK thousands)	2022	2021
Cash and deposits	120 875	85 809
Restricted bank deposits	2 761	1 446
Total cash and cash equivalents	**123 636**	**87 255**

(NOK thousands)	2022	2021
NOK	(708 870)	(514 490)
DKK	(9 779)	466
EUR	760 085	806 307
USD	75 870	30 248
SEK	5 687	(227 195)
GBP	643	(8 081)
Total cash and cash equivalents	**123 636**	**87 255**

19 SHARE CAPITAL AND PREMIUM

(NOK thousands)	2022	2021
Number of shares 31 December	7 355 675	7 355 675
Par value (NOK)	13.00	13.00

(NOK thousands)	2022	2021
Share capital	95 624	95 624
Share premium	1 677 604	1 677 604

All shares in Norsk Gjenvinning Norge AS have the same rights and are 100% owned by NG Midco AS.

20 RETAINED EARNINGS

MOVEMENTS IN RETAINED EARNINGS 2022

(NOK thousands)	Translation differences	Pension	Retained earnings	Total Retained earnings
Balance at 1 January	**(2 623)**	**(1 233)**	**(636 761)**	**(640 715)**
Profit for the period	-	-	(9 297)	(9 297)
Total comprehensive income				
Currency translation differences	(4 449)	-	-	(4 449)
Transactions with owners				
Other transactions with non-controlling interests	-	-	8 894	8 894
Balance at 31 December	**(7 072)**	**(1 233)**	**(637 164)**	**(645 567)**

MOVEMENTS IN RETAINED EARNINGS 2021

(NOK thousands)	Translation differences	Pension	Retained earnings	Total Retained earnings
Balance at 1 January	**(480)**	**(1 233)**	**(616 605)**	**(618 320)**
Profit for the period	-	-	(3 549)	(3 549)
Total comprehensive income				
Currency translation differences	(2 144)	-	-	(2 144)
Transactions with owners				
Other transactions with non-controlling interests	-	-	(16 607)	(16 607)
Balance at 31 December	**(2 623)**	**(1 233)**	**(636 761)**	**(640 620)**

The table only show movements for the majority share ownership of retained earnings.

21 BORROWINGS

(NOK thousands)	2022	2021
Shareholder loans	17 615	22 197
Borrowings from credit institutions	2 437 000	2 028 047
Other loans	19 071	27 046
Total non-current borrowings	**2 473 689**	**2 077 290**

(NOK thousands)	2022	2021
Borrowings from credit institutions	126 790	62 616
Other loans	27 831	17 822
Total current borrowings	**154 621**	**80 438**

The following table shows the relationship between the book value and fair value of borrowings:

	Book value		Fair value	
(NOK thousands)	2022	2021	2022	2021
Shareholder loans	17 618	22 197	17 618	22 197
Borrowings from credit institutions	2 563 790	2 090 663	2 563 790	2 090 663
Other loans	46 902	44 868	46 902	44 868
Total borrowings	**2 628 310**	**2 157 728**	**2 628 310**	**2 029 086**

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The following tables show the movement in borrowings split between changes with cash effects and with non-cash effects:

2022

(NOK thousands)	Borrowings
Balance at 1 January	**2 157 728**
Proceeds from borrowings	2 571 842
Transaction cost	(85 731)
Repayment of borrowings	(2 155 817)
Paid interests	(122 388)
Cash flows, net	**207 906**
Translation differences	-
Interest expense	121 926
Loans and hold back-amounts related to acquisitions	114 708
Capitalized transaction costs related to borrowings	26 042
Other Changes	**262 676**
Balance at 31 December	**2 628 310**

2021

(NOK thousands)	Borrowings
Balance at 1 January	**2 029 086**
From business combinations	-
Proceeds from borrowings	201 615
Repayment of borrowings	(85 787)
Paid interests	(104 044)
Cash flows, net	**11 784**
Interest expense	106 949
Capitalized transaction costs related to borrowings	9 909
Other changes	**116 858**
Balance at 31 December	**2 157 728**

Loan agreements
Norsk Gjenvinning Norge AS signed a loan agreement on 9 November 2022. The loan agreement concerns a senior facilities agreement of NOK 3 737 million, including a revolving credit facility (RCF) for NOK 685 million and a capex facility of NOK 790 million

Revolving credit facility (RCF)
The RCF consists of a cash overdraft limit of NOK 240 million, a leasing facility of NOK 300 million, a guarantee limit of NOK 30 million and a separate RCF for NOK 115 million. The latter is subject to interest of 3-month NIBOR with a 3.75% margin and has similar maturity to other borrowings to the original lenders. At the end of 2022, there was no overdraft on the separate RCF.

Capex Facility
The Capex Facility has a limit of NOK 790 million and may be used towards funding of capital expenditures projects and acquisitions. At year end the Utilisation of this facility was NOK 175 million.

Other loans
Other loans contain multiple smaller loans from other credit institutions and some hold back amounts regarding acquisitions transacted in December 2022. The loans are issued on market terms consistent with other financing. The fair value of borrowings and accrued interest are equal to book value since the agreed interest is on market terms.

Credit facility
The credit overdraft facility has a limit of NOK 240 million (NOK 205 million) and at the end of the year there was a NOK 109 million overdraft drawn on this facility (NOK 0 million)

The table below shows relevant information concerning the various facilities related to the aforementioned loan agreement and other loans:

2022 *(NOK THOUSANDS)*

Credit issuer	Type of Facility	Maturity	Interest	Principal at 31 Dec 2020	Currency	Principal at 31 Dec 2021	Principal at 31 Dec 2022
DnB/Nordea	Facility A	10.01.2023	3 mnd Nibor + 3.5 %	298 078	NOK	242 847	0
DnB/Nordea	Facility B	10.01.2023	3 mnd Nibor + 3.75 %	1 310 000	NOK	1 310 000	0
DnB/Nordea	Facility C	10.01.2023	3 mnd Nibor +2.75 %	228 000	NOK	228 000	0
DnB, Danske Bank, Sparebank 1 SR-Bank, Swedbank	Bank overdraft	15.11.2027	3 mnd Nibor +3.75 %	0	NOK	0	109 129
DnB	Facility A1	10.01.2023	3 mnd Nibor +3.25 %		SEK	29 466	
Dnb	Facility B1	10.01.2023	3 mnd Nibor +3.25 %		SEK	137 508	
DnB	Liquidity Facility	10.01.2023	3 mnd Nibor +3.25 %	75 000	NOK	70 713	0
Nordea	Liquidity Facility	10.01.2023	3 mnd Nibor +3.50 %	75 000	NOK	72 129	0
DnB, Danske Bank, Sparebank 1 SR-Bank, Swedbank	Facility B	15.11.2027	3 mnd Nibor +4.25 %		NOK		2 262 000
DnB, Danske Bank, Sparebank 1 SR-Bank, Swedbank	Capex Facility	15.11.2027	3 mnd Nibor +4.25 %		NOK		175 000
Various banks	Other loans			43 008	NOK	67 065	82 181
Total						**2 157 728**	**2 628 310**

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2021 *(NOK THOUSANDS)*

Credit issuer	Type of facility	Principal at 31 December 2019	Maturity	Interest	Principal at 31 December 2020	Currency	Principal at 31 December 2021
DNB/Nordea	Facility A	330 000	10.01.2023	3-mth NIBOR + 3.25%	298 078	NOK	242 847
DNB/Nordea	Facility B	1 310 000	10.01.2023	3-mth NIBOR + 3.75%	1 310 000	NOK	1 310 000
DNB/Nordea	Facility C	229 065	10.07.2020	3-mth STIBOR +2.75%	-	SEK	-
DNB/Nordea	Facility C	-	10.01.2023	3-mth NIBOR +2.75%	228 000	NOK	228 000
DNB/Nordea	Bank overdraft	98 801	10.01.2023	3-mth NIBOR +3.25%	-	NOK	-
DNB	Facility A1	-	10.01.2023	3-mth NIBOR + 3.25%	-	SEK	29 466
DNB	Facility B1	-	10.01.2023	3-mth NIBOR + 3.75%	-	SEK	137 508
DNB	Liquidity Facility	-	10.01.2023	3.38%	75 000	NOK	70 713
Nordea	Liquidity Facility	-	10.01.2023	3.50%	75 000	NOK	72 129
Various banks	Other loans	20 012	15.06.2024	-	43 008	NOK	67 065
Total							**2 157 728**

As part of the financing of the Group, the largest entities have a on demand guarantees for loan agreements and credit facilities:

(NOK thousands)	Book value	Secured amount
Shares	-	4 500 000
Property, plant and equipment	742 145	4 500 000
Trade receivables	408 475	4 500 000
Inventories	254 741	4 500 000

The Group has the following operational guarantees per 31 December:

(NOK thousands)	2022	2021
Operational guarantees	108 811	103 499
Rent guarantees	17 208	10 466
Contract guarantees	69 547	102 568
Tax withholdings guarantees	62 400	60 004

Loan covenants

The Group has financial covenants related to net interest-bearing debt from their main financing issuer. The covenants' terms for the above-mentioned borrowings are linked to the adjusted EBITDA to net financial cost ratio and the adjusted EBIDA to net interest bearing debt ratio. The first time of reporting covenants is during the first quarter of 2023.

22 PROVISIONS

2022

(NOK thousands)	Onerous contracts	Environmental and site restoration	Restructuring	Other provisions	Total
Balance at 1 January	**-**	**40 546**	**47 193**	**3 016**	**90 755**
Provisions made during the year	-	8 856	-	-	8 856
Provisions used during the year	-	(5 854)	(10 200)	(2 919)	(18 973)
Unwinding of discount	-	846	-	(1)	845
Balance at 31 December	**-**	**44 394**	**36 993**	**96**	**81 483**
Classified as:					
-Non-current	-	32 093	26 888	-	58 981
-Current	-	12 300	10 106	96	22 502

2021

(NOK thousands)	Onerous contracts	Environmental and site restoration provisions	Restructuring	Other provisions	Total
Balance at 1 January	**265**	**56 156**	**59 277**	**471**	**116 169**
Provisions made during the year	-	600	15 923	3 016	19 539
Provisions reversed during the year	-	-	(348)	-	(348)
Provisions used during the year	(265)	(11 682)	(27 659)	(471)	(40 077)
Unwinding of discount	-	(4 528)	-	-	(4 528)
Balance at 31 December	**-**	**40 546**	**47 193**	**3 016**	**90 755**
Classified as:					
-Non-current	-	36 305	31 471	-	67 776
-Current	-	4 241	15 722	3 016	22 979

Provisions for liabilities contain estimation uncertainty and are recognized based on management's best estimates based on the information available as per the date of the financial statements.

Onerous contracts

An onerous contract was identified in the household waste collection division that was valid until August 2019, with an option to extend by 1+1 years for the counterparty. The contract was terminated in August 2021, hence there are no onerous contracts at year end 2021.

Environmental and site restoration provisions

Pursuant to the relevant business regulations, the Group is subject to providing funding for restoration requirments related to landfills, site restoration and potential liabilities in relation to hazardous environmental emissions. To

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the extent where a legal or self-imposed funding requirement exists, the Group makes provisions based on the estimated value of these funding needs.

Restructuring
The business unit Recycling worked to consolidate its construction business in multiple locations in 2021. In Trondheim, a strategic decision was made to reorganise the construction business to ensure increased competitiveness in the region. Work related to this is expected to continue until 2023. The consolidation in Kristiansund was started in 2020 and was completed around the beginning of 2022.

The remaining projects concern the consolidation of the construction business in the Vestfold region and changes to the operating model in a small part of the Eastern region.

Other provisions
Other provisions includes provisions not specifically related to the above-mentioned categories.

23 OTHER PAYABLES

(NOK thousands)	2022	2021
Accrued expenses	417 954	355 266
Payroll related liabilities	160 524	119 088
Public duties payable	154 248	122 847
Accrued downstream expenses*	21 029	21 864
Other current liabilities	26 137	66 033
Total other current payables	**779 892**	**685 098**

* Accrued downstream expenses: the Group accrues expected expenses for transport and processing for received waste materials not delivered to a final downstream destination by year end.

24 FINANCIAL RISK MANAGEMENT

24.1 Financial risk factors
The Group's activities result in exposure to several financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictable nature of the financial markets and tries to minimize any potential negative impact on the Group's financial figures. The Group uses financial instruments in the form of derivatives to hedge against certain types of risk exposure.

24.1.1 Market risk
Currency risk
The Group has international operations and is exposed to foreign currency risk that arises due to transactions in several currencies. Currency risk arises because of transactions linked to operations, assets and liabilities in foreign currency and net investments in foreign operations. Downstream transactions are particularly exposed to changes in exchange rates.

Currency risk is managed. In order to mitigate currency risk, efforts are made to establish long-term loans, generally in the same currencies as the underlying exposure and cash generation. Such assessments are partly based on the attractiveness of the terms and conditions that can be achieved in relation to the various foreign currencies. Forward currency contracts are used for main currencies to mitigate the impact of changes in exchange rates.

The Group has various investments in foreign operations where net assets are exposed to currency risk. Such currency exposures are not assessed as having a significant impact and are therefore not hedged. The table below summarises the impact on the Group's profit after tax of a change in the foreign currencies to which the company is exposed. The analysis is based on an assumption that the foreign exchange rate will increase (NOK weaken) by 10 percent on average throughout the year, with all other variables remaining constant and without using derivatives for hedging purposes. The Group's currency risk is limited both by inherent hedging (income and expenses in foreign currency) and by using derivatives.

(NOK thousands)	2022	2021
NOK/USD	24 762	16 055
NOK/EUR	39 620	71 151
NOK/SEK	(4 172)	(18 939)
NOK/DKK	16 993	20 286

Interest rate risk
The Group's interest rate risk arises from non-current liabilities. Debt issued on the basis of variable rates entails the Group being exposed to interest rate risk that impacts the cash flows. The Group manages interest rate risk linked to cash flows using interest rate swap contracts. The financial effect of interest rate swap contracts comes from converting variable rates to fixed rates. The Group generally borrows on a long-term basis at variable rates and swaps them to fixed rates. In an interest rate swap contract, the Group enters into an agreement with a counterparty to swap the difference between the fixed and variable rates at their nominal values every quarter. The Group's guidelines entail hedging a minimum of 50 percent of its loans entered into with variables rates that are also anchored in the Group's loan agreements. New hedging has been implemented in line with the new loan agreements. This was done through the creation of a cross currency swap. The purpose of this is to turn NOK debt into EUR debt in order to achieve a better match between debt and EBITDA

If the rate for liabilities and bank deposits had averaged 100 basis points higher/lower throughout the year, and all other variables had remained constant, profit after tax would have been NOK 24,7 million lower/higher. This sensitivity calculation takes account of open interest rate swap contracts.

Price risk
The Group is exposed to price risk linked to raw materials. Fluctuations in commodity prices have generally increased significantly in recent years and can have a significant impact on the Group's results. The Group's results are primarily affected by prices for our main products: ferrous and non-ferrous metals, paper and refuse derived fuel (RDF).

Our principal risk management strategy is to limit our exposure to price changes. This is achieved by entering into concurrent downstream contracts for volumes from upstream activities wherever possible. Price risk linked to metals discovered during the waste source separation process (it is not possible to reliably estimate these volumes) may be hedged in financial markets and revised on a monthly basis. These hedges are based on estimated volumes and timing and are thus not perfectly aligned economic hedges and the effects are recognized through profit or loss. About 80 % of the volume has a hedging mechanism, in addition the operational units run a "no stock" strategy, i.e. buy and sell in the same market.

The table below shows the sensitivity associated with price fluctuations and their effect on sales revenue from our main products. Annual sensitivity is based on a normal volume over a year and an assumed 10 percent increase in downstream commodity prices, with all other variables remaining constant (including upstream prices). Effects linked to metal derivatives have not been taken into account.

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(NOK thousands)	2022	2021
Paper	52 923	45 678
Non-ferrous metals	39 816	35 407
Ferrous metals	100 343	78 705
Residual waste	(49 746)	(47 912)

24.1.2 Credit risk
Credit risk is managed at a group level. Credit risk arises from bank deposits, financial instruments and deposits in banks and financial institutions. It also arises through exposure to customers, including outstanding receivables and contractual transactions. As far as banks and financial institutions are concerned, only individual counterparties with a minimum A rating are accepted. The credit risk associated with each new customer is analyzed and rated before payment and delivery terms are offered. If customers are rated individually in their credit score, these ratings used as a basis. If no individual credit rating is available, credit quality will be assessed by taking account of the customer's financial position, previous experience and other relevant factors. Individual risk limits are determined based on internal and external ratings based on guidelines set by the Group. The utilization of credit limits is monitored regularly.

There is credit risk associated with derivatives. This risk is minimized by only trading with financial institutions with a credit rating of AA or better.

24.1.3 Liquidity risk
Estimates of future cash flows are conducted by the Group's corporate finance department. The finance department monitors rolling forecasts of the Group's liquidity requirements to ensure that it has enough cash on hand to meet operational needs and always maintains a satisfactory margin in relation to the unused loan facility to ensure that the Group does not breach requirements set out in the loan agreement. Such estimates of future cash flows take into account the Group's plans for debt financing, loan agreement terms and conditions and compliance with internal ratio requirements for the statement of financial position. Surplus liquidity in each individual company, in excess of the requirements set for working capital, are deposits on interest bearing accounts with financial institutions.

The table below specifies the Group's financial liabilities that are not derivatives classified in accordance with the due date structure. Classification is determined based on the due date of the contract. The amounts in the table below are the contractually agreed undiscounted cash flows. Non-current loans are presented without future interest payments.

31.12. 2022

(NOK thousands)	Less than 1 year	Between 1 and 5 years	Later than 5 years
Loans (excl. financial leases)	154 621	2 473 689	-
Trade payables and other liabilities	1 203 465	-	-
Financial guarantees	62 400	-	-

31.12. 2021

(NOK thousands)	Less than 1 year	Between 1 and 5 years	Later than 5 years
Loans (excl. financial leases)	80 438	2 077 290	-
Trade payables and other liabilities	1 165 787	-	-
Financial guarantees	60 004	-	-

24.2 Capital management
The Group's capital management goals are to secure its ability to continue operations in order to provide owners and other stakeholders with a return on their investment and to maintain an optimal capital structure in order to reduce the cost of capital.

To maintain or adjust the capital structure, the Group can distribute capital to its owners, issue new shares or sell assets to reduce debt. In connection with the signing of a new loan agreement in November 2022, a new asset strategy was also established for the Group. The Group monitors capital based on the covenants defined in the loan agreement.

The relevant covenants are calculated as net liabilities divided by adjusted EBITDA and adjusted EBITDA over net finance costs. The loan agreement defines how adjusted EBITDA, net finance costs and net interest-bearing debt should be calculated. Net liabilities is based on total liabilities (including interest-bearing liabilities before admission costs, and non-interest-bearing liabilities as shown on the consolidated statement of financial position) less loans guaranteed by owners, less IFRS 16 adjustments and finally cash/cash holdings.

Adjusted EBITDA is used to assess the underlying profitability of operations in a given period. This is a financial measure that is not defined under IFRS. The figure is calculated by adjusting EBITDA by removing any element (positive or negative) that could be characterized as being one-time, irregular or non-recurring. Adjusted EBITDA and other relevant figures related to the calculation of covenants are shown in the tables below. The Group met its covenant requirements for 2022.

(NOK thousands)	2022	2021
EBIT	**347 976**	**239 278**
Depreciation and write-downs	539 166	553 833
Adjustments for companies acquired during the year and other changes	61 560	32 479
IFRS 16 adjustments	(260 680)	(241 338)
Restructuring costs	39 600	15 575
Adjusted EBITDA	**727 622**	**599 827**

(NOK thousands)	2022	2021
Cash and cash equivalents	123 636	87 255
Lease liabilities	1 807 346	1 802 750
Bank loans	2 563 790	2 090 663
Other loans	64 520	67 065
Net liabilities	**4 312 020**	**3 873 223**
IFRS 16 adjustments	(1 517 097)	(1 492 597)
Admission costs	85 731	20 128
Group loans, guaranteed loans	(17 618)	(303 197)
Adjusted net liabilities	**2 863 036**	**2 097 557**

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(NOK thousands)	2022	2021
Net finance costs	**315 069**	**216 477**
Adjustments for net currency gains/losses	(27 352)	36 823
IFRS 16 adjustments	(105 887)	(104 761)
Interest and costs associated with guaranteed loans	-	(7 300)
Supplier interest and other financial items	-	(1 800)
Adjusted net finance costs	**181 830**	**139 439**
Leverage ratio	**3.93**	**3,50**

(NOK thousands)	31.12.2022	Loan covenant
Adjusted EBITDA	727 622	
Adjusted net finance costs	181 830	
Interest cover ratio	**4.0**	**N/A**
Adjusted EBITDA	727 622	
Adjusted net liabilities	2 863 036	
Adjusted leverage ratio	**3.93**	**N/A**

25 FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS BY CATEGORY:

(NOK thousands)	2022	2021
Financial assets at amortized cost:		
Trade receivables (gross)	328 676	299 942
Other receivables excluding prepayments	255 227	232 325
Cash and cash equivalents	123 636	87 255
Financial assets at fair value through other comprehensive income:		
Trade receivables (factoring)	173 870	189 598
Financial assets at fair value through profit or loss:		
Other financial assets	1 231	-
Total assets	**882 640**	**809 120**
Financial liabilities at amortized cost:		
Loans	2 628 310	2 157 728
Financial leases	1 807 346	1 802 750
Trade payables	423 573	480 689
Other liabilities excluding statutory obligations	625 644	562 251
Derivatives:		
Fair value through profit or loss	50 814	23 335
Total liabilities	**5 535 687**	**5 026 753**

Financial assets at fair value through other comprehensive income
The majority of the trade receivables are sold immediately after the invoicing date. These trade receivables are defined in the above table as "Trade receivables (factoring)". This arrangement is part of a business model in which the purpose is to receive contractually regulated cash flows as well as to sell the receivables, as opposed to "Trade receivables (gross)" where the purpose is only to receive contractually regulated cash flows. Trade receivables (factoring) are therefore recognized at fair value through other comprehensive income. The factoring company that buys the receivables performs its own credit ratings. Based on the trade receivables being sold immediately after the invoicing date, where the factoring company assumes all of the risk, no changes in the value of these receivables have been identified.

Credit risk trade receivable (gross)
The Group makes provisions for expected future lifetime losses on trade receivables based on provision matrices. All newly established corporate customers are credit rated. Credit checks are only carried out of private individuals in exceptional cases, although all private individuals are reviewed to verify their complete information. Credit checks are outsourced to a third party.

Customers are divided into three groups based on trade receivables:
- Group 1 – customers not past due or fewer than 30 days past due.
- Group 2 – customers between 31 and 90 days past due.
- Group 3 – customers more than 91 days past due or sent to debt recovery.

(NOK thousands)	2022	2021
Group 1	418 927	461 206
Group 2	21 248	10 859
Group 3	62 371	17 475
Total trade receivables (gross)	**502 546**	**489 540**

26 OTHER FINANCIAL ASSETS AND LIABILITIES

	2022		2021	
(NOK thousands)	Asset	Liability	Asset	Liability
Interest rate and currency swaps	-	52 045	-	21 538
Metal derivatives	1 231	-	-	1 797
Total book value	**1 231**	**52 045**	**-**	**23 335**
Of which non-current items:	-	22 829	-	22 681
Of which current items	1 231	29 216	-	654

Accrued interest is classified as a current liability.

Forward currency contracts
Forward currency contracts are used to reduce exposure to fluctuations in exchange rates linked to the Group's cash holdings and bridge loans. Gains and losses (net) on hedging instruments are included as part of finance costs (note 10).

Metal derivatives
Metal derivatives are held for trading purposes. Gains and losses (net) are included in other gains and losses (note 9).

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Measured at fair value

The table below shows financial instruments measured at fair value, and classified by fair value measurement hierarchy.

2022

(NOK thousands)	Level 1	Level 2	Level 3	Total
Financial assets/liabilities (-) at fair value through profit or loss	-	-	-	-
Interest rate and currency swaps	-	52 045	-	52 045
Metal derivatives	-	(1 231)	-	(1 231)

2021

(NOK thousands)	Level 1	Level 2	Level 3	Total
Financial assets/liabilities (-) at fair value through profit or loss	-	-	-	-
Interest rate and currency swaps	-	21 538	-	21 538
Metal derivatives	-	1 797	-	1 797

There were no transfers between the levels during the year. The fair value of financial instruments that are not traded in an active market (such as unlisted derivatives) is determined using the bank's estimated value of the instrument (MTM value). The Group assesses and chooses methods and assumptions that are, wherever possible, based on the market conditions as of each statement of financial position date. The different levels are defined as follows;

(a) *Level 1 financial Instruments*
The fair value of financial instruments traded in active markets is the market price on the statement of financial position date. A market is considered active if market prices are readily and regularly available from a stock exchange, broker, industry grouping, pricing service or regulatory authority, and these prices represent actual and frequent market transactions at arm's length. The market price used for financial assets is the current bid price.

(b) *Level 2 financial Instruments*
The fair value of financial instruments that are not traded in an active market (such as some OTC derivatives) is determined using valuation methods. These valuation methods maximise the use of observable data where it is available and are based as little as possible the Group's own estimates. If all the material data required to determine the fair value of an instrument is observable data, the instrument is included at level 2.

(c) *Level 3 financial Instruments*
If one or more material data are not based on observable market data, the instrument is included at level 3. Special valuation methods used to measure financial instruments include:

- Quoted market prices or offered prices for similar instruments.
- The fair value of interest rate swap contracts is calculated as the present value of estimated future cash flows based on an observable yield curve.
- The fair value of forward contracts in foreign currency is determined by the present value of the difference between the agreed forward exchange rate and the forward rate of the currency on the statement of financial position date multiplied by the contract's volume in foreign currency. The statement of financial position date's relevant interest rate is used to calculate the present value.

27 NON-CONTROLLING OWNERSHIP INTERESTS

OVERVIEW OF NON-CONTROLLING OWNERSHIP INTERESTS AT 31 DECEMBER 2022

(NOK thousands)	Registered office	Non-controlling interest	Share of profit in period	Accumulated ownership interest 31 December
Nordic Demolition AS	Slemmestad	39.85%	23 383	129 812
Zirq Solutions AS	Revetal	22.73%	7 560	24 866
Other			(10 508)	1 381
Total			**20 433**	**156 059**

During the year both sub-consolidation groups, Nordic Demolition AS and Zirq Solutions AS, have been growing due to acquisitions. Through the year the non-controlling interests has been changing, but as of year-end the Groups stake in Nordic Demoliton has decreased by 2.15 per cent, and increased in Zirq Solutions AS by 7.31 per cent.

Dividends

The Group's dividends from companies in which it has non-controlling ownership interests amounted to MNOK 1 012 (2021: MNOK 1 518). Both years all dividends received were entirely from Morten Rørinspeksjon AS.

General financial information

Nordic Demolition AS and Zirq Solutions AS both have subsidiaries. The financial statements figures given below relate to consolidated figures including the subsidiaries . All of the amounts presented in the tables below are after eliminations in the subsidiary group and before the elimination of transactions with other group companies.

2022

(NOK thousands)	Nordic Demolition AS	Zirq Solutions AS (KMT Gjenvinning AS)
Income statement figures (ownership period)		
Revenue	1 121 116	857 134
Profit (loss) for the period	62 022	25 167
Statement of financial position figures at 31 December		
Non-current assets	549 331	212 218
Current assets	314 632	249 456
Total assets	**863 963**	**461 674**
Equity	411 496	26 284
Non-current liabilities	138 916	231 123
Current liabilities	313 557	204 259
Total equity and liabilities	**863 963**	**461 674**
Cash flow (ownership period)	93 414	6 429

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2021

(NOK thousands)	Nordic Demolition AS	KMT Gjenvinning AS
Income statement figures (ownership period)		
Revenue	1 041 455	760 684
Profit (loss) for the period	48 568	12 188
Statement of financial position figures at 31 December		
Non-current assets	322 323	55 207
Current assets	372 341	133 788
Total assets	**694 664**	**188 995**
Equity	301 382	39 462
Non-current liabilities	92 967	55 451
Current liabilities	300 315	94 082
Total equity and liabilities	**694 664**	**188 995**
Cash flow (ownership period)	74 466	14 554

28 BUSINESS COMBINATIONS

Business combinations in 2022

In 2022, the Group acquired 100 % of the issued share capital of AiP Group, Sørvestbetongsaging AS, DrillCon AS, Diamant Wire Teknikk Group and Letbek Group, and acquired 60 % of the issued share capital of Zero Emission Energy. The acquisitions were recognized using the acquisition method, where identifiable assets and liabilities are measured at fair value on the acquisition date and deferred tax is measured at nominal value.

The acquisition in two AIP entities, AIP Betongsaging AS and AIP Sanering AS was done by Nordic Demolition in February 2022. This acquisition enables growth in Nordic Demolition by bringing in competency in vibration sensitive areas, noise and adjacent infrastructure. In addition, it will reduce the company's dependency on a cyclical building market, through new growth in hydropower plants, waste and sewage systems, and rock removal services. This strengthens Nordic Demolitions position as the preferred partner within sustainable urban reuse and gives the company a strategic position below ground.

The acquisition in Sørvestbetongsaging AS was done by Nordic Demolition in September 2022. This acquisition strengthens the competency and capacity at Nordic Demolision related to concrete cutting and drilling, indoor demolition, and remediation services. Simultaneously, the acquisition gives Nordic Demolition a foothold in the Rogaland regions and creates the possibility for the company to become a market leader in the area.

The acquisition in Drillcon AS was done by Nordic Demolition in end of December 2022. Drillcon is a top-quality company with a good reputation and excellent client referrals. This acquisition reduces NG's dependency on the cyclical building market through life-expansion, small upgrade, and change-of-use-project services. There are also opportunities for growth in this area, as Drillcon has no proactive sales activity, and has had to turn down several engagements due to lack of capacity.

The acquisition in Diamant Wire Teknikk AS and its Swedish subsidiary, ECT AB, was done by Nordic Demolition in end of December 2022. This acquisition enables growth in Nordic Demolition by bringing in competency in vibration sensitive areas, noise and adjacent infrastructure. In addition, it will reduce the company's dependency on a cyclical building market, through new growth in hydropower plants, waste and sewage systems, and rock removal services. This strengthens Nordic Demolitions position as the preferred partner within sustainable urban reuse and gives the company a strategic position below ground.

Zero Emission Energy acquisition of 60 % was done stepwise by NG Markets AS in both July 2022 and November 2022. Zero Emission Energy has entered a license agreement with WasteX AS giving NG an exclusive right to commercialize and use the WX Technology within the Scope in the Nordics. The objective of the technology is to produce high and emission free energy from waste streams not suited for material recycling.

The acquisition of Letbek Group was done by Zirq Medical A/S in the beginning of December 2022. The acquisition of Letbek AS is key to support the transforming of NG Group and Zirq into a vertically integrated recycling company, which turns waste into high-end, low carbon plastic products. This integration allows for full traceability and circularity of plastics, giving Zirq a unique market position.

PURCHASE CONSIDERATION – CASH OUTFLOW

(NOK thousands)	AiP Group	Sørvest Betongsag-ing AS	Drillcon AS	Diamant Wire Teknikk AS & ECS AB	Zero Emis-sion Energy AS	Letbek Group	Total
Cash remuneration	15 013	25 987	23 236	59 014	30 000	139 101	292 351
Bank deposits acquired	389	3 094	4 559	1 775	-	361	10 178
Net cash remuneration – investment activities	**14 624**	**22 893**	**18 677**	**57 239**	**30 000**	**138 741**	**302 529**

TOTAL PURCHASE CONSIDERATION

(NOK thousands)	AiP Group	Sørvest Betongsag-ing AS	Drillcon AS	Diamant Wire Teknikk AS & ECS AB	Zero Emis-sion Energy AS	Letbek Group	Total
Cash remuneration	15 013	25 987	23 236	59 014	30 000	139 101	292 351
Shares issued	-	17 325	15 489	23 218	-	-	56 032
Contingent consideration	2 795	-	1 000	14 512	-	53 390	71 697
Internal loan transfer from previous owner	-	-	-	-	-	-13 391	-
Total purchase consideration	**17 808**	**43 312**	**39 726**	**96 744**	**30 000**	**179 100**	**420 080**

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The assets and liabilities recognised as a result of the acquisition are as follows:

(NOK thousands)	AiP Group	Sørvest Betongsag-ing AS	Drillcon AS	Diamant Wire Teknikk AS & ECS AB	Zero Emission Energy AS	Letbek Group	Total
Customer contracts	758	1 900	-	24 778	-	5 751	33 187
Customer relationships	1 012	-	4 042	-	-	14 599	19 652
Other intangible assets	-	-	-	330	-	-	330
Deferred tax assets	-	592	-	-	-	-	592
Property, plant and equipment	1 683	3 913	4 443	22 223	-	41 749	74 010
Right of use assets	3 948	-	6 869	4 394	-	5 307	20 518
Non-current receivables	207	850	450	166	-	287	1 960
Investments in Associated entities	-	-	-	-	-	139	139
Identified fixed assets acquired	**7 608**	**7 255**	**15 803**	**51 890**	**-**	**67 832**	**150 387**
Inventories	- 29	-	449	3 820	-	32 657	36 897
Trade receivables	3 464	4 552	5 393	32 483	40	28 010	73 941
Other receivables	2 237	1 571	844	1 199	-	1 934	7 786
Bank deposits	389	3 094	4 559	1 775	-	361	10 178
Identified current assets acquired	**6 061**	**9 217**	**11 245**	**39 277**	**40**	**62 962**	**128 801**
Deferred tax	422	418	857	6 656	-	8 997	17 350
Internal loan	-	-	-	-	-	12 509	12 509
Other loans	541	-	-	17 837	-	21 339	39 717
Lease liability	3 948	-	7 019	4 521	-	3 023	18 510
Identified non-current liabilities acquired	**4 911**	**418**	**7 876**	**29 014**	**-**	**45 868**	**88 086**
Trade payables	1 950	1 327	955	2 434	-	15 759	22 424
Taxes payable	-	741	1 506	3 284	-	3 403	8 935
Other financial liabilities	-	88	-	-	-	14 593	14 681
Other current liabilities	6 189	- 78	8 139	10 815	-	10 423	35 488
Other short term provisions for liabilities	-	4 900	-	-	-	1 291	6 191
Identified current liabilities acquired	**8 139**	**6 978**	**10 600**	**16 533**	**-**	**45 469**	**87 719**
Net identified assets acquired	**619**	**9 075**	**8 573**	**45 620**	**40**	**39 456**	**103 383**
Goodwill	17 189	34 237	31 153	51 124	29 960	139 644	303 307
Net assets acquired	**17 808**	**43 312**	**39 726**	**96 744**	**30 000**	**179 100**	**406 690**

The fair value of trade receivables is displayed above. Below follows the breakdown of gross value of trade receivable and provision for losses:

(NOK thousands)	AiP Group	Sørvest Betongsag-ing AS	Drillcon AS	Diamant Wire Teknikk AS & ECS AB	Zero Emission Energy AS	Letbek Group	Total
Fair value of Trade receivables	3 464	4 552	5 393	32 483	40	28 010	**73 941**
Provisions for losses	-	30	67	933	-	208	**1 238**
Gross value of trade receivable	**3 464**	**4 582**	**5 459**	**33 415**	**40**	**28 218**	**75 179**

Transaction costs amounting to NOK 6 402 000 are included in other operating expenses in the consolidated income statement.

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The acquisitions (from the acquisition date until 31 December 2022) contributed total sales revenue and a profit before tax of the following:

(NOK thousands)	AiP Group	Sørvest Betongsag-ing AS	Drillcon AS	Diamant Wire Teknikk AS & ECS AB	Zero Emission Energy AS	Letbek Group	Total
The acquisitions contributed total sales revenue	28 792	27 360	-	1	-	7 659	**63 812**
Profit before tax	945	4 006	-	(3)	-	(235)	**4 713**

If the business combinations had been completed on 1 January 2022, the consolidated sales revenue and profit before tax for the year ending 31 January 2022 would have been the following:

(NOK thousands)	AiP Group	Sørvest Betongsag-ing AS	Drillcon AS	Diamant Wire Teknikk AS & ECS AB	Zero Emission Energy AS	Letbek Group	Total
The acquisitions contributed total sales revenue	28 792	57 842	42 419	101 640	-	210 529	**441 222**
Profit before tax of	1 025	7 375	6 699	17 395	-	9 287	**41 781**

Business combinations in 2021

In 2021, the Group acquired 100 % of the shares in Mirec Recycling Solutions AB via NG Metal AB. The acquisitions were recognized using the acquisition method, where identifiable assets and liabilities are measured at fair value on the acquisition date and deferred tax is measured at nominal value.

Mirec Recycling Solutions AB is a Swedish company with a long history and expertise in recycling and reusing waste electrical and electronic equipment (WEEE). The acquisition was in line with the NG Group's strategy of strengthening its presence in the Nordics and establishing a leading position in the WEEE market segment.

REEN Technologies Ltd was part of the business acquisitions the REEN Group completed in 2021. The acquisition strengthens REEN's position within technology solutions that will help streamline and modernise waste management worldwide. Parts of the purchase price were allocated to shares in REEN Technologies Ltd.

(NOK thousands)	Mirec Recycling Solutions AB	REEN Technologies Ltd	Total
Customer contracts	20 562	4 288	24 850
Customer relationships	26 019	-	26 019
Deferred tax assets	26	-	26
Property, plant and equipment	20 662	333	20 995
Non-current receivables	49	-	49
Identified fixed assets acquired	**67 318**	**4 621**	**71 939**
Inventories	24 909	-	24 909
Trade receivables	19 425	336	19 761
Other receivables	6 463	484	6 947
Other financial assets	10 833	-	10 833
Bank deposits	13 100	-	13 100
Identified current assets acquired	**74 729**	**820**	**75 549**
Deferred tax liabilities	10 367	944	11 311
Identified non-current liabilities acquired	**10 367**	**944**	**11 311**
Trade payables	11 185	226	11 411
Taxes payable	5 839	-	5 839
Other current liabilities	30 571	71	30 642
Identified current liabilities acquired	**47 596**	**297**	**47 893**
Net identified assets acquired	**84 085**	**4 200**	**88 285**
Goodwill	119 281	-	119 281
Net assets acquired	**203 366**	**4 200**	**207 566**

COST PRICE SHARES

(NOK thousands)	Mirec Recycling Solutions AB	REEN Technologies Ltd
Cash remuneration	203 366	-
Allocated cost price	-	4 200
Cost price shares	**203 366**	**4 200**

(NOK thousands)	Mirec Recycling Solutions AB
Cash remuneration	203 366
Bank holdings acquired	13 100
Net cash remuneration – investment activities	**190 267**

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The fair value of trade receivables was NOK 19 954 000. The gross value of the trade receivables was NOK 19 972 000, of which provisions for losses of NOK 18 000 were made.

Transaction costs amounting to NOK 3 075 000 are included in other operating expenses in the consolidated income statement.

The acquisitions contributed total sales revenue of NOK 52 024 000 and a profit before tax of NOK 6 863 000 from the acquisition date until 31 December 2021. If the business combinations had been completed on 1 January 2021, the consolidated sales revenue and profit before tax for the year ending 31 January 2021 would have been NOK 7 239 813 000 and NOK 55 572 000 for the Group, respectively (above amounts not in NOK thousands).

Business purchases
The Group took over NKT's cable recycling department in Stenlille, Denmark. The background for the transaction was the Group's and NKT's joint ambition to ensure the ever more sustainable recycling of metals and plastics from end-of-life cables. The transaction was completed on 15 January 2021 as a purchase in which KMT Gjenvinning AS's wholly owned Danish subsidiary KMT Kabel Danmark A/S took over all operating assets, employees and customers at NKT's plant in Stenlille. The purchase price of NOK 16 991 000 was allocated in its entirety to the added value of property, plant and equipment.

REEN AS acquired the Enevo Group. The transaction was a business purchase in which REEN Technology OY, a wholly owned subsidiary of REEN AS, took over all assets, employees and customers. The acquisition is intended to help streamline and modernise waste management operations. Given its many patented volume sensors, which are of the highest quality, and the unique knowledge Enevo has built up over many years, combined with the fact that REEN is growing rapidly in the resources vertical in the Nordics, this acquisition will facilitate further growth.

The purchase price was NOK 19 108 000, of which NOK 13 608 000 was allocated to intangible assets, NOK 4 200 000 to shares in subsidiaries and NOK 1 300 000 to inventory (above amounts not in NOK thousands).

29 SUBSEQUENT EVENTS

There are no known events occurring after the balance sheet date which would be expected to have a material effect on the Group's 2022 consolidated financial statements.

Financial Statements parent company

INCOME STATEMENT 1.1-31.12

(NOK thousands)	Notes	2022	2021
Other operating expenses	1	604	1 262
Other operating expenses		**604**	**1 262**
Operating profit		**(604)**	**(1 262)**
Financial income and financial expenses			
Income from subsidiaries and group companies	2, 3	12 606	13 707
Other interest income	2	143	1
Other financial income	2	79 990	61 037
Interest paid to group companies	2, 3	1 515	1 595
Other interest expenses	2	111 596	94 684
Other financial expense	2	55 605	1 050
Net financial items		**(75 977)**	**(22 584)**
Profit before tax		**(76 582)**	**(23 846)**
Income tax expense	4	(16 848)	(5 200)
Profit (loss) for the period		**(59 734)**	**(18 646)**
Attributable to			
Transferred from other equity		**59 734**	18 646
Total		**(59 734)**	**(18 646)**

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BALANCE SHEET 31.12

(NOK thousands)	Note	31.12.2022	31.12.2021
Deferred tax assets	4	130 274	113 690
Total intangible assets		**130 274**	**113 690**
Investments in subsidiaries	5	1 866 404	1 866 404
Loans to group companies	7	544 889	155 208
Total financial fixed assets		**2 411 293**	**2 021 612**
TOTAL NON-CURRENT ASSETS		**2 541 567**	**2 135 302**
Other receivables		160	930
Receivables from group companies	7	80 356	1 412
Total receivables		**80 516**	**2 342**
Cash and bank deposits	8	55 812	11 908
TOTAL CURRENT ASSETS		**136 329**	**14 250**
TOTAL ASSETS		**2 677 895**	**2 149 553**

EQUITY AND LIABILITIES

(NOK thousands)	Note	31.12.2022	31.12.2021
Share capital	9, 10	95 624	95 624
Share premium	10	144 587	203 384
Total paid-in equity		**240 211**	**299 008**
TOTAL EQUITY		**240 211**	**299 008**
Non-current borrowings		2 351 269	15 488
Liabilities to group companies	6	17 713	1 739 661
Derivatives	7	47 602	22 198
Total non-current liabilities		**2 416 584**	**1 777 347**
Current borrowings	6	17 481	65 418
Trade payables		333	850
Other short-term liabilities		3 287	6 930
Total current liabilities		**21 101**	**73 198**
TOTAL LIABILITIES		**2 437 685**	**1 850 545**
TOTAL EQUITY AND LIABILITIES		**2 677 895**	**2 149 553**

Lysaker 10 May 2023

Bjørn Arve Ofstad
CEO

Hannah Gunvor Jacobsen
Chair of the board

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CASH FLOW STATEMENT

(NOK thousands)	2022	2021
Profit before income taxes	**(76 582)**	**(23 846)**
Change accrued interest income	1 595	1 746
Change accrued interest costs	(12 606)	(13 707)
Net financial items without cash effect	(21 949)	(44 889)
Change in other items	847	204
Net cash flow from operations	**(108 695)**	**(80 492)**
Net change loan from group companies	(6 000)	(423)
Net change loan to group companies	(377 075)	68 335
Net cash flow from investments	**(383 075)**	**67 912**
Proceeds from borrowings	2 386 269	-
Repayment from borrowings	(1 850 595)	(57 428)
Net cash flow from financing	**535 674**	**(57 428)**
Net change in cash and cash equivalents	**43 904**	**(70 008)**
Cash and cash equivalents at the beginning of the period	**11 908**	**81 916**
Cash and cash equivalents at the end of the period	**55 812**	**11 908**

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Norsk Gjenvinning Norge AS is part of the NG Topco Group. The company is a wholy owned by NG Midco AS.

Use of estimates
The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Classification of balance sheet items
Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Investments in other companies
Except for short term investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

Debtors
Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a writedown is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

Liabilities
Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Taxes
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).
Deferred tax is reflected at nominal value.

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Cash flow statement
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

NOTE 1 PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATIONS, LOANS TO EMPLOYEES, ETC.

The company has no employees.

No remuneration have been given to the board or CEO.
Neither the chairman of the Board, nor the CEO, has any bonus agreement or any severance pay agreement.
The CEO receives payment from NG Group AS.

No loans/sureties have been granted to the general manager, Board chairman or other related parties.

EXPENSED AUDIT FEE

(NOK thousands)	2022	2021
Statutory audit	306	352
Tax advisory fee (incl. technical assistance with tax return)	1 014	-
Other non-audit services (incl. technical assistance with financial statements)	247	12
Total audit fees	**1 567**	**364**

NOTE 2 SPECIFICATION OF FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME

(NOK thousands)	2022	2021
Interest income from group companies	12 606	13 707
Other interest income	143	1
Currency gain	2 671	434
Group contributions	77 318	-
Value change derivative	-	60 603
Total financial income	**92 738**	**74 745**

FINANCIAL EXPENSES

(NOK thousands)	2022	2021
Interest expenses to group companies	1 515	1 595
Other interest expenses	111 596	94 684
Currency loss	22 209	330
Other financial expenses	1 282	720
Value change derivative	32 114	-
Total financial expenses	**168 716**	**97 329**

NOTE 3 RELATED-PARTY TRANSACTIONS

The company have borrowing and lending with group companies.

RELATED-PARTY TRANSACTIONS:

(NOK thousands)	2022	2021
Interest expenses to NG Midco AS	1 515	1 595
Interest income from NG Group AS	9 003	13 707

NOTE 4 TAXES

CALCULATION OF DEFERRED TAX/DEFERRED TAX BENEFIT

TEMPORARY DIFFERENCES

(NOK thousands)	2022	2021
Other differences	85 731	19 408
Limitation of interest deduction	(22 024)	(22 024)
Interest hedging	(47 602)	(15 488)
Net temporary differences	16 105	(18 104)
Tax losses carried forward	(608 261)	(498 671)
Basis for deferred tax	**(592 155)**	**(516 775)**
Deferred tax in the balance sheet	**(130 274)**	**(113 691)**
Basis for income tax expense, changes in deferred tax and tax payable		
Result before taxes	(76 582)	(23 846)
Permanent differences	-	212
Basis for the tax expense for the year	**(76 582)**	**(23 634)**
Change in temporary differences	(34 209)	(50 885)
Change in tax loss carried forward	109 590	73 108
Basis for payable taxes in the income statement	**(1 202)**	**(1 412)**
+/- Group contributions received/given	1 201	1 412
Taxable income (basis for payable taxes in the balance sheet)	**-**	**-**
Components of the income tax expense		
Payable tax on this year's result	(264)	(311)
Adjustment in respect of priors	-	-
Total payable tax	**(264)**	**(311)**
Change in deferred tax	(16 584)	(4 888)
Tax expense	**(16 848)**	**(5 200)**

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Reconciliation of the tax expense		
Result before taxes	(76 582)	(23 846)
Calculated tax	(16 848)	(5 246)
Tax expense	(16 848)	(5 200)
Difference	-	46
The difference consist of:		
Tax of permanent differences	-	46
Change in deferred tax due to change in tax rate	-	-
Other differences	-	46
Sum explained differences	-	46
Payable taxes in the balance sheet		
Payable tax in the tax charge	(264)	(311)
Tax effect of group contribution	264	311
Payable tax in the balance sheet	**-**	**-**

NOTE 5 SUBSIDIARIES, ASSOCIATED COMPANIES, AND JOINT VENTURES

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

SUBSIDIARIES

(NOK thousands)	Location	Owner-ship/ vot-ing right	Equity 31.12.22 (100%)*	Result 31.12.22 (100%)*	Balance sheet value*
NG Group AS	Lysaker	100%	1 306 078	136 518	1 866 404
Balance sheet value 31.12.					**1 866 404**

NOTE 6 FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

(NOK thousands)	2022	2021
Cash and bank deposits	55 812	11 908
Other receivables	160	930
Group contributions receivables	80 356	1 412
Borrowings to group companies	544 889	155 208
Total	**681 217**	**169 458**

FINANCIAL LIABILITIES AT AMORTIZED COSTS

(NOK thousands)	2022	2021
Liabilities to group companies	17 713	22 198
Trade payables	333	850
Loans	2 351 269	1 739 661
Unrealized currency hedge	47 602	15 488
Other short term liabilities	3 287	6 930
Short term loans	17 481	65 418
Total	**2 437 685**	**1 850 545**

Norsk Gjenvinning Norge AS signed a loan agreement on 9 November 2022. The loan agreement concerns a senior facilities agreement of NOK 3 737 million, including a revolving credit facility (RCF) for NOK 685 million and a capex facility of NOK 790 million.

The RCF consists of a cash overdraft limit of NOK 240 million, a leasing facility of NOK 300 million, a guarantee limit of NOK 30 million and a separate RCF for NOK 115 million. The latter is subject to interest of 3-month NIBOR with a 3.75% margin and has similar maturity to other borrowings to the original lenders. At the end of 2022, there was no overdraft on the separate RCF.

NOTE 7 BALANCE WITH GROUP COMPANIES, ETC.

BORROWINGS TO GROUP COMPANIES

(NOK thousands)	2022	2021
NG Group AS	544 889	155 208
Total	**544 889**	**155 208**

OTHER RECEIVABLE FROM GROUP COMPANIES

(NOK thousands)	2022	2021
NG Group AS	61 367	-
NG Midco AS	2 613	1 412
Norsk Gjenvinning M3 AS	15 951	-
Norsk Gjenvinning Metall AS	425	-
Total	**80 356**	**1 412**

OTHER PAYABLES TO GROUP COMPANIES

(NOK thousands)	2022	2021
NG Midco AS	15 461	19 945
NG Topco AS	2 252	2 252
Total	**17 713**	**22 198**

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NOTE 8 CASH AND BANK DEPOSITS

RESTRICTED BANK DEPOSITS

(NOK thousands)	2022	2021
Cash and bank deposits	55 812	11 908

No restricted bank deposits.

NOTE 9 SHARE CAPITAL AND SHAREHOLDER INFORMATION

All shares have equal rights and is owned by NG Midco AS.
The share capital of TNOK 95 624 consists of 7 355 675 shares with nominal value of NOK 13 each.

NOTE 10 SHAREHOLDERS' EQUITY

EQUITY CHANGES IN THE YEAR

(NOK thousands)	Share capital	Share premium	Other equity	Total
Equity 01.01.	95 624	203 384	-	299 008
Profit for the year	-	-	(59 734)	(59 734)
Group contribution	-	937	-	937
Reallocation	-	(59 734)	59 734	-
Balance sheet value 31.12.	**95 624**	**144 587**	**-**	**240 211**

APPENDIX - ALTERNATIVE PERFORMANCE MEASURES

The Group presents result figures in the annual financial statements that are not defined under IFRS. These measurement figures are categorized as alternative performance measures (APMs).

APM	Definition	Why the APM provides useful information
Operating result	Operating result is shown directly in the income statement	Frequently used measure of profitability.
EBITDA	Abbreviation for earnings before interest, taxes, depreciation, and amortization. EBITDA is calculated directly from the line items as presented in the income state-ment.	Frequently used measure of profitability.
Adjusted EBITDA	= EBITDA, adjusted by removing any ele-ment (positive or negative) that could be characterized as being infrequent, un-common or non-recurring.	The company's management is of the opinion that this adjusted performance measure provides more relevant infor-mation for the purposes of analysis and presentation. The items that are not in-cluded in Adjusted EBITDA are deemed to be of little relevance when assessing the historical and future performance of the business at the end of the period.
Net liabilities	= non-current liabilities to credit institu-tions + current liabilities to credit institu-tions + nominal value of bond issues + accrued interest on bond issues – cash and cash equivalents	Frequently used measure of a company's debt financing.
Leverage ratio	= adjusted EBITDA / net liabilities	Frequently used measure of asset man-agement.

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To the General Meeting of Norsk Gjenvinning Norge AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Norsk Gjenvinning Norge AS, which comprise:

- the financial statements of the parent company Norsk Gjenvinning Norge AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Norsk Gjenvinning Norge AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

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

Basis for Opinion

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

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Oslo, 10 May 2023
PricewaterhouseCoopers AS

Jone Bauge
State Authorised Public Accountant
(This document is signed electronically)

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Appendix

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Appendix A
NG Group GRI index 2022

NG Group has reported the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards. (GRI 1: Foundation 2021). The GRI 2: General Disclosures 2021 provide guidance and requirements on how to report transparently about the organization, activities and workers, governance, stakeholder management and its strategy, policies and practices. Selected disclosures from relevant topic standards are also applied.

General disclosures[1]

1. THE ORGANIZATION AND ITS REPORTING PRACTICES

GRI	Disclosure	Location
2-1	Organizational details	About the report, page 2 NG Group, page 9 Organizational structure, pages 10-11
2-2	Entities included in the organization's sustainability reporting	About the report, page 2
2-3	Reporting period, frequency and contact point	About the report, page 2
2-4	Restatements of information	Minimizing our own footprint - Development in 2022, pages 71-72
2-5	External assurance	PWC's Independent Assurance Report, pages xx-xx

2. ACTIVITIES AND WORKERS

GRI	Disclosure	Location
2-6	Activities, value chain and other business relationships	NG Group, page 9 Organizational structure, page 10 NG Group is transforming, page 12 Governance and organization, pages 30-45 Ethics and transparency in the supply chain, pages 101-105

[1] The following requirements are omitted because the information is not available: 2-9 c, 201-2 a iii-v, 302-3 c-d, 305-1 b, c, e, og f, 305-2 c, e, og f, 305-3 b, c, og f, 305-4 d, 403-1 b, 403-2 b-d, 404-2 b, 405-1 a ii, iii, b ii, iii.

3. GOVERNANCE

GRI	Disclosure	Location
2-9	Governance structure and composition	Governance and organ-ization, pages 26-27
2-10	Nomination and selection of the highest governance body	Governance and organ-ization, page 26
2-11	Chair of the highest governance body	Board of directors, page 27
2-12	Role of the highest governance body in overseeing the management of impacts	The Board and group management's role in sustainability govern-ance, pages 54-55
2-13	Delegation of responsibility for managing impacts	The Board and group management's role in sustainability govern-ance, pages 54-55
2-14	Role of the highest governance body in sustainability reporting	About the report, page 2
2-15[2]	Conflicts of interest	Governance and organ-ization, page 26
2-18	Evaluation and per-formance of the high-est governance body	Group management, page 26
2-19	Renumeration policies	Group management, pages 28-29
2-20	Process to determine renumeration	Group management, pages 28-29

[2] Requirement b omitted

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4. STRATEGY, POLICIES AND PRACTICES

GRI	Disclosure	Location
2-23	Policy commitments	Ethics and transparency in the value chain, pages 101-105 Vårt compliance-program, URL Norsk Gjenvinning Group: Vårt compliance-program
2-24	Embedding policy commitments	Ethics and transparency in the value chain, pages 101-105 Vårt compliance-program, URL Norsk Gjenvinning Group: Vårt compliance-program
2-26	Mechanisms for seeking advice and raising concern	Risk management: Whistleblowing pages xx-xx, Code of conduct for employees of the Norsk Gjenvinning Group, URL Norsk Gjenvinning Group: Vårt compliance-program
2-27[3]	Compliance with laws and regulations	Ethics and transparency in the value chain, pages 104-105
2-28	Membership associations	Sustainable communities, pages 82-85

5. STAKEHOLDER ENGAGEMENT

GRI	Disclosure	Location
2-29	Approach to stakeholder engagement	NG Group's stakeholder interaction and their main concerns. Pages 54-55

201 ECONOMIC PERFORMANCE

GRI	Disclosure	Location
201-1	Direct economic value generated and distributed	Annual accounts, pages 108-174
201-2	Financial implications and other risks and opportunities due to climate change	TCFD Report; URL www.nggroup.no

[3] Requirements a´d omitted because they are not applicable

305 EMISSIONS 2016

GRI	Disclosure	Location
305-1	Direct (Scope 1) GHG emissions	Climate emissions, page 71
305-2	Energy indirect (Scope 2) GHG emissions	Climate emissions, page 71
305-3	Other indirect (Scope 3) GHG emissions	Climate emissions, page 71
305-4	GHG emissions intensity	Climate emissions, page 71

306 WASTE 2020

GRI	Disclosure	Location
306-1	Waste generation and significant waste-related impacts	Accelerated circular economy, pages 61-67

401 EMPLOYMENT 2016

GRI	Disclosure	Location
401-1	New employee hires and employee turnover	Aktivitets- og likestillingsredegjørelsen; URL: www.nggroup.no

403 OCCUPATIONAL HEALTH AND SAFETY 2018

GRI	Disclosure	Location
403-1	Occupational health and safety management system	Safe and inclusive work environment, pages 85-90
403-4	Worker participation, consultation, and communication on occupational health and safety	Safe and inclusive work environment, pages 85-90
403-5	Worker training on occupational health and safety	Safe and inclusive work environment, pages 85-90

404 TRAINING AND EDUCATION 2016

GRI	Disclosure	Location
404-2	Programs for upgrading employee skills and transition assistance programs	Diversity and equal opportunity, pages 90-101

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405 DIVERSITY AND EQUAL OPPORTUNITY 2016

GRI	Disclosure	Location
405-1	Diversity of governance bodies and employees	Diversity and equal opportunity, page 95
405-2	Ratio of basic salary and renumeration of women to men	Aktivitets- og likestillingsredegjørelsen; URL: www.nggroup.no

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