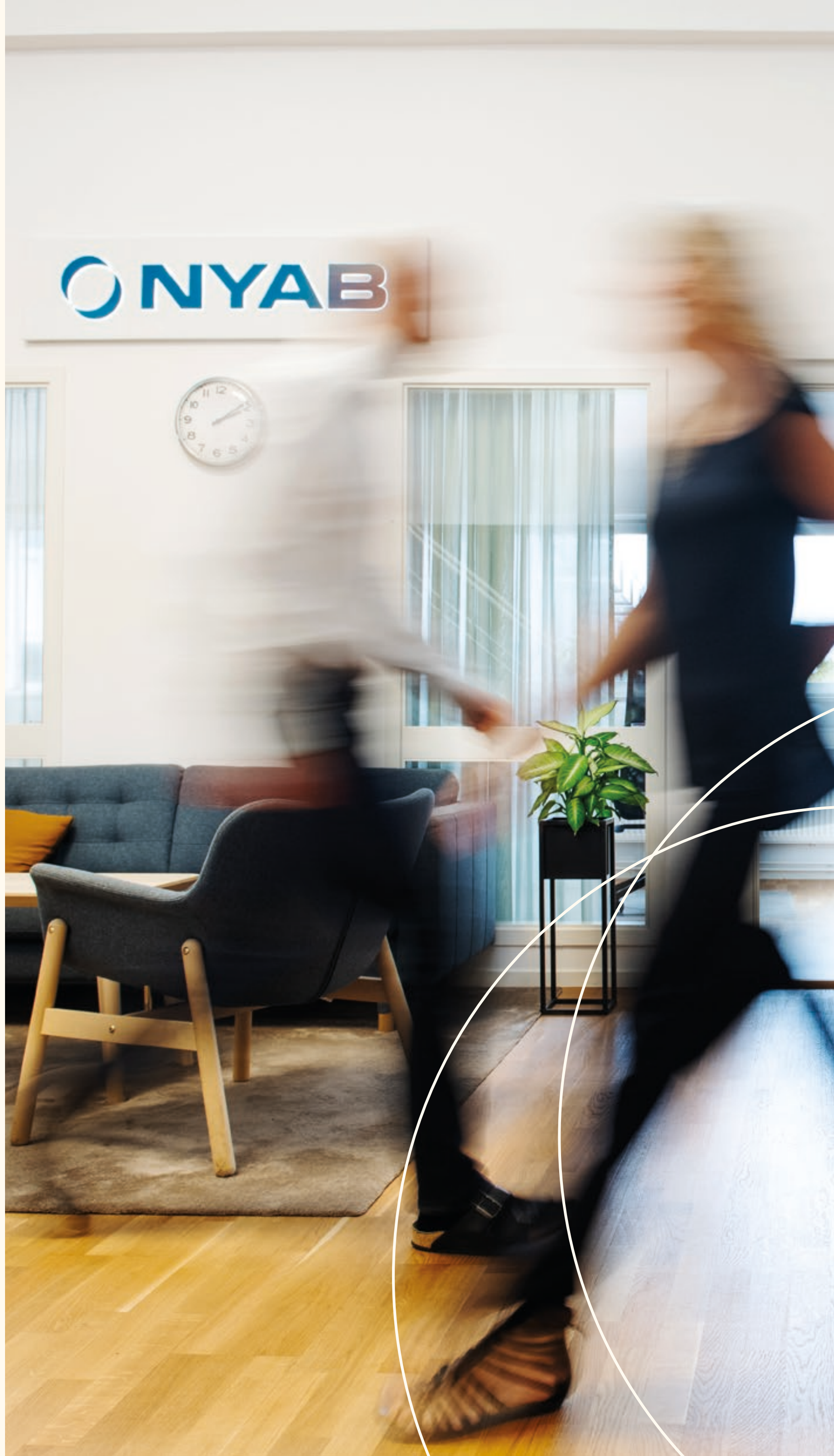
Annual report 2023

NYAB

Contents



NYAB in brief

NYAB enables the progress of society for future generations with extensive experience from complex and challenging projects. We provide services of engineering, construction and maintenance within sustainable infrastructure, industrial construction and renewable energy and therefore contribute to the green transition. We operate in Sweden and Finland within both private and public sector.

End-to-end provider focused on three growth markets

Infrastructure

Energy

Industrials

Nordic focus

Revenue
280.4
MEUR

Balance Sheet
266.1
MEUR

EBIT
15.2
MEUR

EBIT margin
5.4%

Equity ratio
73%

Free cash flow
22.3
MEUR

Net debt/EBITDA
-0.26

Order backlog
294.7
MEUR

Public sector revenue
54%

Personnel
403

Highlights 2023

During the year, we further developed our core business and prepared the company for continued profitable growth. Despite macroeconomic turmoil challenging our markets, we made significant progress, were awarded several strategically important projects, and closed the year with the highest year-end order backlog in our company's history.

Aurora Line

We signed a collaborative contract with Svenska kraftnät for the construction of a 90 km transmission connection in Sweden. Contract value estimated to EUR 89 million.

Large-scale solar farm

We signed a contract for the construction of a 102.5 MWp solar farm in Utajärvi, Finland developed by our associated company Skarta Energy. Contract value is EUR 69 million.

Continued profitable growth

16.6% revenue growth in constant currencies and an EBIT margin of 5.4%

400+ employees

Our success is a result of skilled and motivated people. During the year our team grew to surpass 400 employees in Finland and Sweden combined.

Record high order backlog

We closed the year with the highest year-end order backlog in company history amounting to EUR 294.7 million

CEO's review

NYAB accomplished great progress during 2023

We developed both our core business and our support functions, which included preparations for a future as a company listed in Stockholm. With this work, we have built a platform for future profitable growth.

Our reported growth was 10.7 percent and growth in constant currencies amounted to 16.6 percent. We maintained a healthy EBIT-margin of 5.4 percent and achieved a significant improvement in our free cash flow that amounted to EUR 22 million. In addition, we ended the year with a net cash position and the highest year-end order backlog ever, EUR 295 million, which provides a solid foundation going forward.

Our positive development should also be seen in the context that year 2023 was full of macroeconomic headwinds. Our customers were especially affected by inflation and uncertainties regarding interest rates.

Hence, investments in our markets were practically frozen during our seasonally highest period between May and October. Several contracts that were expected to be signed during the first half of the year were delayed. It is satisfying to see that, despite these challenges, we stayed committed to our most important supporting pillar, not to grow with increased risk. Therefore, our growth was modest in NYAB measures, and we decided not to complete any M&A's due to uncertainties in the market.

> "We ended the year with a net cash position and the highest year-end order backlog ever, which provides a solid foundation going forward."

"We signed our largest contracts ever regarding the construction of Aurora Line and a solar farm in Utajärvi, Northern Ostrobothnia."

Stabilization of the macroeconomic environment towards the end of the year restored confidence among our customers, which resulted in a significant order intake during the fourth quarter. We signed our largest contracts ever regarding the construction of Aurora Line, a 400 kV transmission line between Sweden and Finland, and a 102.5 MWp solar farm in the municipality of Utajärvi in Northern Ostrobothnia. Estimated values of these projects are EUR 89 million and EUR 69 million, respectively, and they are good examples of our work to enable green transition in the Nordics.

Since the fourth quarter, we have noticed that all our markets are improving, and we currently see a strong demand in all our sectors. The most relevant global megatrends – green transition, de-globalization, and urbanization – heavily drive investments in the energy sector, where our growth is the fastest, as well as infrastructure and industry sectors.

To summarize, we achieved good growth and cash flow, as well as a strong margin in relation to our industry. Together with an all-time high backlog at the end of the year, we proved the scalability in our business model for the tenth consecutive year. To achieve all this in an extremely challenging environment says a lot about us and our favorable position in the market. We will continue to build value for our customers, employees, and shareholders in accordance with our new strategic plan, thus enabling the progress of society for future generations.

Finally, I want to thank NYAB's employees who are working diligently to make us a better company every day. I am proud of the accomplishments that have been demonstrated throughout the year through your competence, dedication, and teamwork. Together, as one team, I am confident that we will continue to achieve even more in the coming years.

Johan Larsson
Chief Executive Officer

Letter from the Chairman

NYAB made a significant development as a listed company during the financial year 2023. At the Annual General Meeting in April, our Board of Directors was strengthened with new members who have vast experience from publicly listed companies. Combined with a diverse competence in NYAB's sectors, the Board of Directors has a good composition to contribute to NYAB's long-term development and shareholder value creation.

In December 2023, we launched a new strategic plan and updated the long-term financial targets. The strategic plan is based on four pillars – people first, responsibility to customers and society, operational excellence, and profitable growth – and reflects NYAB's identity as an entrepreneurial and fast-growing company. Furthermore, the updated targets also reflect our ambitions to continue high revenue growth with industry-leading margins and maintain a strong financial position. Together this sets a solid foundation for future value creation for our shareholders. You can read more about our strategy and financial targets on pages 11-13 of the Annual report.

In 2023 we demonstrated that our strategy and business model deliver robust results even in a challenging macroenvironment. Increased geopolitical tensions, inflation reaching the highest levels in decades, and genuine uncertainty regarding the peak of the interest rates caused uncertainty that has had a particular impact on the construction industry. Despite these headwinds, we ended the year in a strong financial position and order backlog, which sets us in a good position now that industry sentiment has started to improve.

Our plans of re-domiciling our parent company to Sweden and transferring our listing to Nasdaq First North Premier in Stockholm continues. We have carried out extensive work to prepare the company for these changes. We have, among others, developed our corporate governance by adopting and improving several internal policies and guidelines and transitioned to IFRS reporting to prepare for future growth.

The planned change of listing venue is an important step in NYAB's development. As approximately two-thirds of our revenue comes from Sweden, where global megatrends are driving demand in all our sectors, we see it as an advantage to operate in a Swedish environment. First North Premier segment is also better acknowledged among institutional investors, which provides an opportunity to increase our visibility in the capital markets to the benefit of all shareholders.

NYAB has shown that it stands strong both in good times and in times of challenging and rapidly changing market situations. As we enter the year 2024 with signs of positive shifts in the sentiment, NYAB is well positioned to capture new opportunities and continue sustainable and profitable long-term growth.

In line with the results for the year with significant improvement in free cash flow and a net cash position, the Board of Directors has proposed to supplement the profit distribution with an extraordinary capital repayment, which sets the total profit distribution to EUR 0.014 per share and 109 percent of earnings per share.

Finally, on behalf of the Board I would like to thank all the people who make a significant effort to strengthen the company every day – our Executive Management Team, project managers, and employees. Moreover, I want to extend my gratitude to our shareholders for your continued support and trust.

Jan Öhman
Chairman of the Board

Business in brief

NYAB's business operations focus on energy, infrastructure, and industrial construction. We have a strong position in the northern regions of Sweden and Finland, where we see significant investments in carbon-free industry the coming decades. In addition, we have business in the Stockholm area, where accelerating urbanisation is increasing the need for sustainable infrastructure. We strive for profitable growth and see excellent growth opportunities in all our business areas.

Infrastructure

With decades of experience in challenging road, railway, and bridge construction work, NYAB plans and executes any work as a turnkey delivery on land and over waterways. In addition, we repair and improve existing traffic routes.

Business highlights 2023

- Project regarding the widening of taxi runways conducted at Stockholm Arlanda airport.
- Frame agreement signed with Stockholm Vatten & Avfall for water and sewage excavation and piping work.
- Fourth consecutive project started with the Swedish Transport Administration to enable the transition to the new European Railway Traffic Management system.

Energy

NYAB is facilitating the green transition by implementing projects that utilize emission-free technology in energy production, as well as projects that enhance transmission capacity. The focus is on power network and substation construction, and implementing wind and solar power projects in cooperation with the industry and public sector.

Business highlights 2023

- NYAB's largest contract ever signed with Svenska kraftnät regarding the construction of the new electricity transmission connection Aurora Line.
- Construction of a 102.5 MWp solar farm started in Utajärvi, Northern Ostrobothnia.
- Several substation projects started with Fingrid, the Finnish main grid company.

Industrial

NYAB builds industrial facilities for operators such as production and logistics companies, workshops and the paper and mining industries. We also tackle the most challenging specialised construction projects, such as biopower and thermal power stations, industrial halls and production facilities.

Business highlights 2023

- Project for Talga, establishing a new battery anode refinery, started in Luleå.
- Work for Yara started in its Siilinjärvi mills.

Exposure to attractive growth markets

NYAB operates in attractive growth markets, characterised by resilience to economic fluctuations. Our core focus areas are attracting significant investments driven by long-term market trends expected to continue in the coming decades, indicating continued robust market growth. This is further reinforced by our strong foothold in regions currently seeing substantial investments in carbon-free industry.

Long-term market trends

The following long-term trends are affecting our markets and indicate a continued need for investments across all our sectors in the coming years.

1. Green transition

On a global level society shifts to be more sustainable. This affects various sectors, including for example energy, manufacturing industries and transportation.

Effects

- Significant growth within renewable energy sources is expected in the coming 10 years, driven by both fossil replacement and increased demand for electricity.
- Increased electrification will put substantial stress on electricity transmission capacity, already suffering from underinvestment.
- In addition, climate change exerts stress on current infrastructure, driving the need for new investments.

Growth potential for NYAB

2. De-globalisation

The rising geopolitical uncertainty and effects from the COVID-19 pandemic are leading to a deceleration of globalisation and even to a deglobalisation.

Effects

Disrupted supply chains, an unstable geopolitical situation, and trade tensions between countries are promoting local investments related to, for example, the production of goods, energy production including improved transmission capabilities and electricity grid infrastructure, and the defence industry.

Growth potential for NYAB

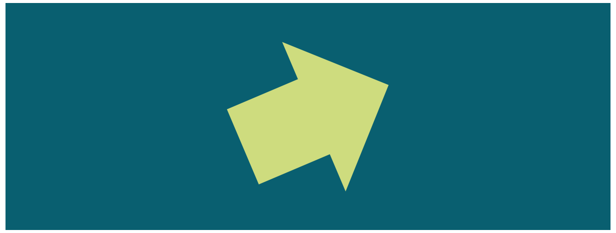
3. Urbanisation

The trend of urbanisation in the Nordics continues with the expansion of the major cities in the region.

Effects

Creates the need for additional investments related to all types of infrastructure that surrounds a city area, e.g. roads, bridges, railways, ports, airports, water and sewage systems, etc.

Growth potential for NYAB



Long-term trends drive market opportunities

Given NYAB's focus on sustainable infrastructure, renewable energy, and industrial construction, we are well positioned to capitalise on the substantial future investments driven by the long-term market trends.

Green transition investments

NYAB benefits from the rapid deployment of green energy sources like wind and solar power. Simultaneously, the increasing demand and reliance on electricity strains the electricity grids in Sweden and Finland, highlighting the need for building additional capacity.

Public infrastructure investments

NYAB benefits from enhanced public infrastructure investments. For instance, both Sweden and Finland have decided to boost funding for transport investments, such as road and rail. Similarly, the water infrastructure in Sweden and Finland, built during the 50s, 60s and 70s, is in a significant need of renovation.

Mining infrastructure investments

NYAB benefits from Sweden's expanding mining industry. The green energy transition has boosted demand for precious metals like copper, nickel, and zinc, essential for producing electric vehicles and wind turbines. As a leading EU producer of base and precious metals, deglobalisation trends have increased regional demand for Swedish-produced metals.

Strategy & objectives

NYAB's strategic plan for the coming years rests on four pillars that leverages our business strengths and culture to achieve our vision and objectives.

Long-term financial targets

Annual revenue growth
>10%

EBIT margin
>7.5%

Net debt/EBITDA
<1.5

Dividend
>35%
(% of net profit)

	People first	Responsibility to customers & society	Operational excellence	Profitable growth
Operational objectives	Safety first, prevent accidents in the workplace and strengthen the ONE NYAB culture.	Create value for customers and enable a sustainable society	Drive improvements across NYAB's key enablers	Leverage business model in prioritized markets

Strategic pillars: People first; Responsibility to customers & society; Operational excellence; Profitable growth

Key enablers & strenghts

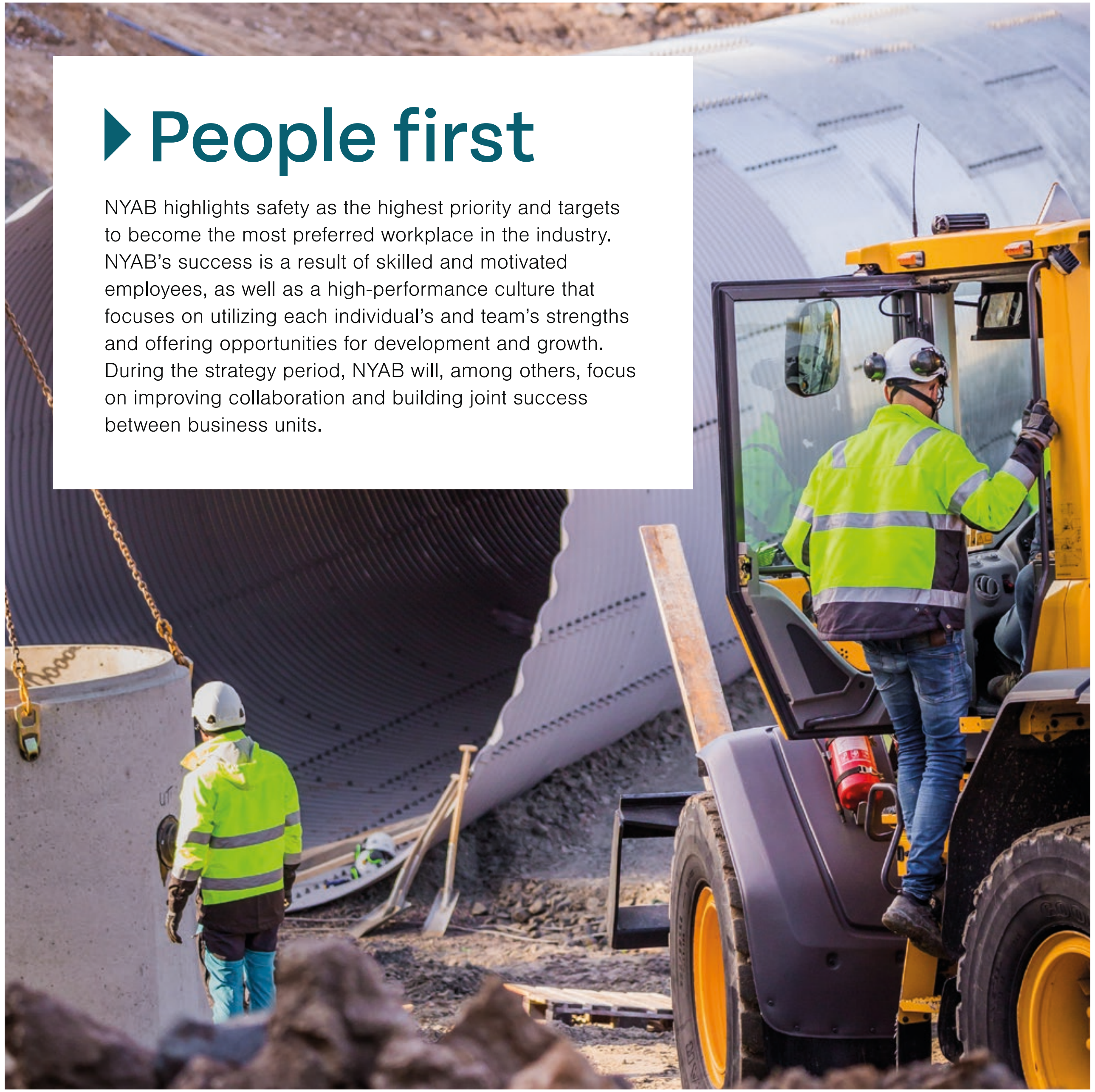
- In-depth industry expertise and a high-performance culture
- Empowered and motivated people
- Organisational structure designed for successful projects.
- Strong focus on value added services
- Efficient tendering: high win rate and balance between opportunity and risk
- Leverage in the business model

✓ Industry leading performance compared to peer group
✓ High efficiency and low overhead costs drive competitive advantage
✓ Asset-light business
✓ Ability to drive organic and inorganic growth

Purpose
Enable the progress of society for future generations.

Vision
Be the preferred partner in building a better future for generations to come and to be the first-choice workplace for dedicated professionals.

Mission
Deliver high-quality, cost-effective solutions in demanding infrastructure, renewable energy and industrial construction.



People first

NYAB highlights safety as the highest priority and targets to become the most preferred workplace in the industry. NYAB's success is a result of skilled and motivated employees, as well as a high-performance culture that focuses on utilizing each individual's and team's strengths and offering opportunities for development and growth. During the strategy period, NYAB will, among others, focus on improving collaboration and building joint success between business units.

Responsibility to customers and society

NYAB has set a company purpose of enabling the progress of society for future generations and its mission is to deliver high-quality, cost-effective solutions in demanding infrastructure, renewable energy, and industrial construction. Through its services for public and private sector customers, NYAB is enabling the green transition in the Nordics. During the strategy period, NYAB sets an extended focus on customer satisfaction and invests in sustainability to further strengthen its offering and contribution to society, as well as to align with EU's climate targets and upcoming CSRD requirements.

Operational excellence

NYAB's exceptional track-record of profitable growth is made possible by key enablers within its operations that support high efficiency and competitive advantages and provide opportunities to leverage the business model. NYAB aims to further strengthen its key enablers by focusing on continuous improvement in its operations. Initiatives to further improve operational excellence relate to enhancing cross-border resource sharing and project execution, focusing on holistic cost awareness in all parts of the organization and seeking incremental improvements in operations by utilizing smart digital solutions and collaboration. NYAB has simultaneously decided to initiate a strategic review of its minority shareholdings, such as the associated company Skarta Energy.

Profitable growth

NYAB's business model is based on a lucrative position in the value chain of infrastructure, energy and industrial projects and an optimized organizational structure for successful project execution. NYAB aims at leveraging its business model by, among others, capturing organic growth opportunities relating to green transition investments in Sweden and Finland, as well as opportunities relating to large-scale infrastructure projects in Sweden and energy projects in Finland. NYAB also aims at increasing the share of collaborative and long-term maintenance contracts in Sweden and Finland, as well as supplementing its growth with strategic acquisitions that provide synergies and/or key competencies for the prioritized business areas.

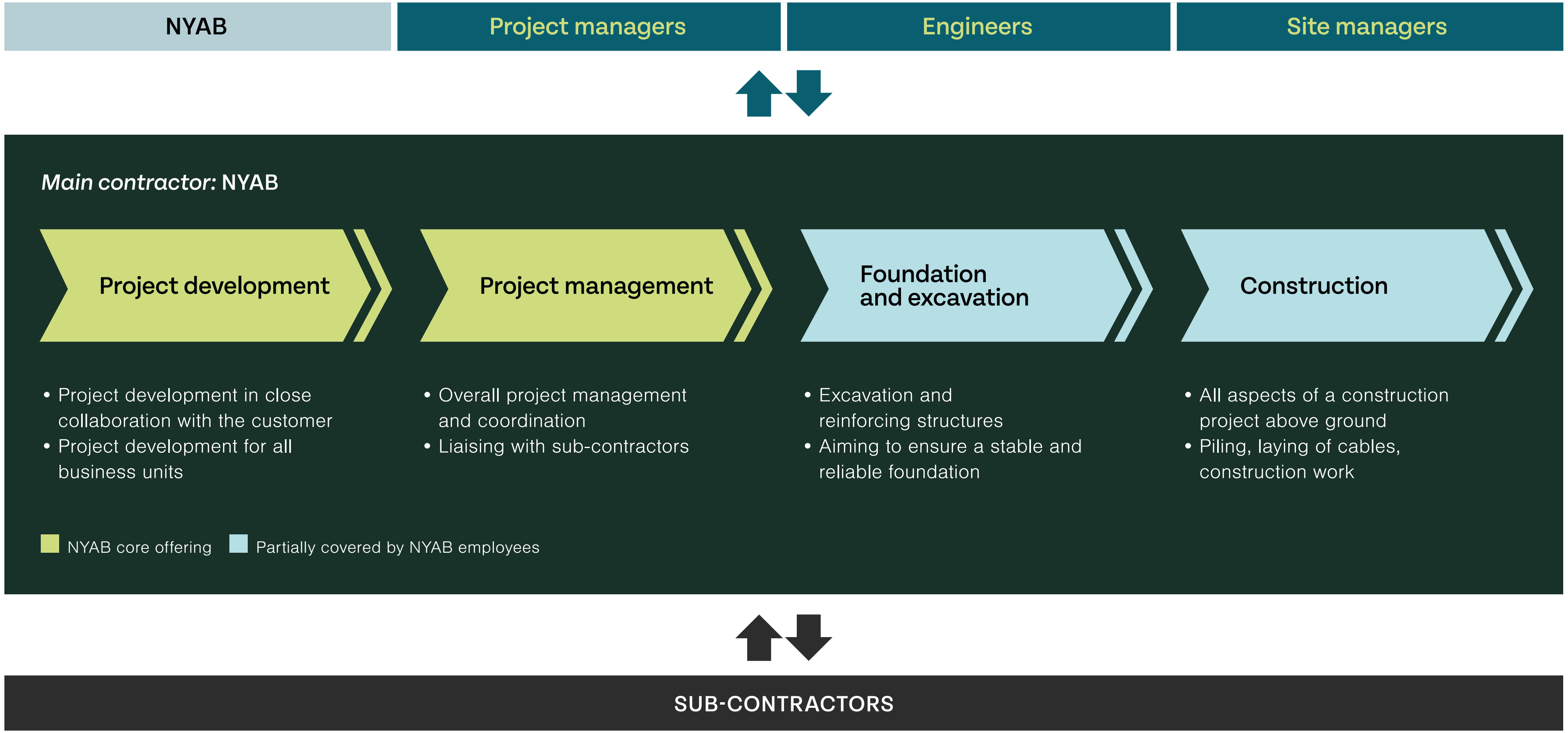
Operating model

NYAB's operating model has high efficiency and low fixed costs as a basis, which provides flexibility, growth opportunities, and supports healthy margins and strong cash flow.

NYAB's operating model focuses on the technical and knowledge-intensive aspects of a project. Our greatest asset is our highly skilled employees – where a large share consists of white-collar professionals like engineers, site and project managers. Our asset-light operating model enables good return on capital and offers significant flexibility in business.

This flexibility makes us less sensitive to demand fluctuations, allowing us to selectively undertake projects without engaging in projects to keep assets and equipment occupied. It enables us to focus on projects that utilise our core expertise and offer attractive conditions to our customers while ensuring healthy margins and positioning us for additional volumes.

Overview of the value chain



Culture and values where people can grow

Our corporate culture and values have been strong drivers in creating the NYAB we are today. To ensure continued growth and engaged employees, there is ongoing extensive work in further strengthening the NYAB corporate culture.

Our values have been developed together with our employees and guide us in our daily work:

- **Entrepreneurial** – Our entrepreneurial attitude guides and helps us adapt to a rapidly changing world, to keep focus on our customers' shifting needs and to provide cost effective solutions of high quality.
- **Sustainable** – Today's choices form tomorrow's reality. In daily choices on our construction sites and offices, we make conscious decisions that enable the progress of society for future generations, a sustainable business and an inclusive workplace.
- **Cooperative** – Successful projects require tight cooperation with our colleagues, customers and partners. We make use of each other's strengths to optimise our capacity. With common focus on transparent goals we achieve outstanding results.

New powerful working model to make business and people grow

During 2023 NYAB formalised its way of working in collaborative projects into a concept named "Kraftsamla" – a Swedish word meaning to gather strength. The method aims to create strong teams, support a culture imbued by the company's values and give customers high-quality results.

A strong cooperation strategy is one of the key success factors in all collaborative projects. This involves putting together effective teams in terms of competence and experience and then let openness and transparency prevail. The new Kraftsamla concept supports a high-performance culture where project members can flourish, while at the same time favoring timeplan and budget requirements.

For best result, everyone's expectations, concerns and opinions are first calibrated, and then a plan for a joint direction is developed together. The outcome is a safe work atmosphere where everyone can raise ideas and challenges, and which creates healthy and efficient projects, and builds stronger relationships both internally and externally. A win-win for all parties involved.

Read more >

Why invest in NYAB

1

NYAB is positioned towards attractive growth markets with less cyclical characteristics. In the areas of sustainable infrastructure, renewable energy and industrial construction, there is a need for significant investments within the foreseeable future. Public forecasts estimate that significant investments will be needed in the green transition over the coming decades in both Finland and Sweden, as well as in public infrastructure and power grids.

2

NYAB generates margins that are well above the industry average. The longevity of our profitability is supported by an asset-light business model and a strong balance sheet that allows us to choose the right projects. In addition, the corporate culture with a workforce of industry experts with a strong value drive, leads to significantly higher revenue per employee compared to peers.

3

NYAB's average annual growth rate over the past five years has been double-digit driven by organic growth supported by carefully selected acquisitions. Our strong balance sheet and capital-light model allows us to grow organically, continue to do acquisitions and in addition pay out attractive dividends to the shareholders.

Cross-border conversion and listing transfer to Sweden

In 2024, NYAB plans to re-domicile its parent company to Sweden and transfer its listing to Nasdaq First North Growth Market in Stockholm with the aim to list on the Premier segment of Nasdaq First North Sweden. The re-domiciliation is to be executed as a cross-border conversion whereby NYAB Plc would be converted to a Swedish public limited liability company with its registered office and headquarters in Luleå, Sweden.

This strategic shift to Sweden is not merely a geographic change. With a listing in Sweden, NYAB can unlock further value for shareholders. The four important objectives driving this transition are:

1. **Improved stock liquidity**
   On average, liquidity in the Swedish stock market is much higher compared to Finland, especially for small- and mid-caps stocks. Improved liquidity is expected to lower volatility, narrow the spread and ease trading. Most of NYAB's shares are already held by Swedish shareholders, which further supports the liquidity in a Swedish trading venue.

2. **Commercial benefits**
   NYAB is already relatively well-known in Finland with a strong brand especially in Northern Sweden. Two-thirds of NYAB's business operations take place in Sweden, in which case a Swedish domicile and listing would bring the company closer to its largest customers and improve its employer attractiveness.

3. **Improved access to capital market**
   The Swedish equity capital market is approximately three times larger compared to Finland, and there is a larger and more dynamic domestic ecosystem for investing in small and mid-caps. First North Premier segment is also better acknowledged among institutional investors, which provides an opportunity to increase NYAB's visibility in the capital markets.

4. **Smooth transition for shareholders**
   NYAB's ownership structure will not be directly affected by the conversion. Shares in the converted company will be delivered automatically, and no action is required from the shareholders in relation thereto. Formal feedback from relevant tax authorities implies that there should be no direct tax consequences.

On 4 March 2024, NYAB published a cross-border conversion plan regarding the transaction and submitted a delisting application to Nasdaq Helsinki that is conditional upon, among other things, the cross-border conversion being implemented, and the shares being approved for admission to trading on Nasdaq First North Sweden. The cross-border conversion is subject to, among other things, approval by an Extraordinary General Meeting of NYAB planned to be held on 29 April 2024.

More information on the re-domiciliation and listing transfer, including corporate documents, frequently asked questions, and NYAB's announcements, is available at https://nyabgroup.com/en/re-domiciliation/.

Corporate Governance

Corporate Governance

NYAB Plc ("Company") is a Finnish limited liability company, whose shares are traded on Nasdaq First North Growth Market Finland. External framework for NYAB's Corporate Governance is set by, among others, Finnish Limited Liability Companies Act, Securities Markets Act, EU Market Abuse Regulation (MAR), and Nasdaq First North Growth Market Rulebook. NYAB's internal framework for Corporate Governance is set by, among others, Articles of Association, Charters of the Board of Directors and the Audit Committee, as well as a structure of governing documents adopted by NYAB's Board of Directors, such as Code of Conduct, decision-making authorities, financial handbook, and guidelines for disclosures and insider management.

NYAB aims for a listing on Nasdaq First North Premier Growth Market in Sweden, where it will apply the Swedish Corporate Governance Code that complements legislation and other regulations by setting a standard for good corporate governance at a higher level of ambition. NYAB is developing its governance to become aligned with the Code and general practices for listed companies in Sweden. This Corporate Governance section has been drafted to describe NYAB's governance during the financial year 2023, and there may be discrepancies between its current practices and provisions of the Code that are not separately mentioned in this report. The Corporate Governance section has not been reviewed by NYAB's auditor.

General Meeting

NYAB Plc's General Meeting is the highest decision-making body of the Company, at which shareholders exercise their voting rights. The Annual General Meeting ("AGM") is held within six months of the end of the previous financial year. At the AGM the shareholders vote on, among other things, the adoption of the income statement and balance sheet for the parent company and the Group, the distribution of profits, the matter of discharge from liability of the members of the Board of Directors and CEO, as well as the election and remuneration of the members of the Board of Directors and auditors. Extraordinary General Meetings are held when the Board of Directors considers it necessary or when either auditors or shareholders representing at least 10 percent of all issued shares request such a meeting in writing for specific reasons.

NYAB's AGM 2023 was held on 26 April in Helsinki. Participation in the meeting was possible through a physical participation, beside which NYAB held a template for a power of attorney available for shareholders prior to the meeting. Date for the meeting had been published as a part of NYAB's investor calendar that was published on 7 December 2022 as Investor News and on the Company website. Notice to the meeting, including proposals of the Board of Directors and Shareholders' Nomination Committee, was published on 4 April 2023 as Company Announcement and on the Company website.

Beside NYAB's shareholders, participants of the AGM included 7 out of 8 members of NYAB's Board of Directors, all new members that were proposed to be elected, CEO, key audit partner for the Company, and 2 out of 3 members of the Shareholders' Nomination Committee. Total of 61.1% of all shares and votes in the Company were represented. An external attorney-at-law was appointed to chair the meeting, and a shareholder, who was independent of the Company and its major shareholders, was appointed to verify and sign the minutes. Decisions made in the AGM have been presented in the Board of Directors' report.

NYAB's Annual General Meeting 2024 is scheduled to take place on 11 April. Notice and registration instructions for the meeting will be published no later than three weeks prior to the meeting. Minutes and notices to the General Meetings are available at https://nyabgroup.com/en/administration/general-meeting/.

Shareholders' Nomination Committee

NYAB's Annual General Meeting established a Shareholders' Nomination Committee and validated a Charter for the Committee on 3 May 2022. The Nomination Committee consists of three members, of which three largest shareholders of the Company are each entitled to appoint one, and it has a responsibility of preparing proposals to General Meetings regarding composition and remuneration of the Board of Directors. Members of the Nomination Committee are appointed annually based on the shareholdings at the end of August.

Nomination Committee consists of Johan Larsson (appointed by Holding Investment Förvaltning i Luleå AB), Stefan Säthergren (appointed by Säthergrens Entreprenad AB), and Jukka Juola (appointed by Andament Oy). Nomination Committee has elected Johan Larsson as its Chairman. Current composition of the Nomination Committee was published as a Company Announcement on 13 October 2023.

Members of the Nomination Committee do not currently fulfil independency provisions included in the Swedish Corporate Governance Code. Johan Larsson is NYAB's CEO and member of the Board of Directors, Stefan Säthergren is employed by Group company NYAB

Sverige AB, and Jukka Juola has been the Managing Director of Group company NYAB Finland Oy until 1 April 2022 and member of the Board of Directors of NYAB Plc until 26 April 2023. Due to NYAB's centralized ownership and history of acquisitions through exchanges of shares, representatives of the largest shareholders have decided to represent themselves in the Nomination Committee. The Committee intends to reassess its composition during the financial year 2024.

Nomination Committee has provided proposals regarding the composition and remuneration of the Board of Directors for the Annual General Meeting 2024. NYAB published the proposals as a Company Announcement on 14 March 2024. They are also available on the Company website at https://nyabgroup.com/en/administration/general-meeting/. The Nomination Committee proposes that current members of the Board of Directors Jan Öhman, Markku Kankaala, Anders Berg, Lars-Eric Aaro, Barbro Frisch, Johan Larsson, Johan K Nilsson, and Jari Suominen shall be re-elected. In addition, Kim Wiio is proposed to be elected to the Board of Directors as a new member. Nomination Committee proposes to the organizing meeting of the Board of Directors that Jan Öhman is re-elected as Chairman of the Board, and Markku Kankaala as Vice Chairman. Mikael Ritola, who is currently a member of both the Board of Directors and Executive Management Team, is not proposed to be re-elected as a member of the Board of Directors to meet the requirements of the Swedish Corporate Governance Code.

While the Nomination Committee strives for a gender balance in the Board of Directors and has identified the need to increase diversity among the members, it has decided not to propose further changes to the composition of the Board of Directors. The composition was largely modified during the year 2023 and includes a versatile entirety of expertise and experience in NYAB's business sectors and geographical markets, as well as listed company administration. Considering also NYAB's ongoing re-domiciliation and listing transfer to Sweden, the Nomination Committee wants to ensure the smooth completion of these projects and sees that additional changes to the composition would not be in the best interest of NYAB's shareholders.

NYAB has summoned an Extraordinary General Meeting to decide on approving the cross-border conversion plan of the Company on 29 April 2024. In the same meeting, it is also proposed that new instructions are adopted for the Nomination Committee to replace the current Charter of the Nomination Committee. The new instructions have been drafted in accordance with the Swedish Corporate Governance Code and general practices for listed companies in Sweden. Additional responsibilities to be set for the Nomination Committee include proposals regarding electing the Chair for a General Meeting, as well as the election and remuneration of auditors. Proposed instructions for the Nomination Committee are available at https://nyabgroup.com/en/administration/general-meeting/.

Auditors

NYAB's auditors are elected annually on the Annual General Meeting. Based on a proposal of the Board of Directors, Authorized Public Accountant Osmo Valovirta and audit firm Ernst & Young Oy, Authorized Public Accountant Anders Forsström being the key audit partner, were re-elected on the Annual General Meeting 2023. They have served as auditors of the Company since July 2021. Ernst & Young is also the auditor of NYAB's subsidiary companies.

NYAB's Board of Directors has proposed to the Extraordinary General Meeting that is held on 29 April 2024 that Ernst & Young AB is elected as auditor of the parent company following NYAB's re-domiciliation to Sweden. Current auditors are proposed to continue as auditors until the completion of the cross-border conversion.

Board of Directors

NYAB's Board of Directors has an overall responsibility for the administration of NYAB and the proper organization of its operations. The Board of Directors is responsible for, among other things, establishing strategy and objectives, continuously monitoring financial performance and position, deciding on main governance systems and guidelines, monitoring risk assessment and risk management related to strategy and operations, and evaluating the management of the Company. According to NYAB's Articles of Association, the Board of Directors consists of a minimum of three and a maximum of nine members, whose term of office ends at the end of the Annual General Meeting following the election.

Work of the Board of Directors is based on a written Charter that was approved by the Board in June 2023 and is reassessed at least on an annual basis. The Charter regulates, among other things, the duties of the Board, the functions of the Board, and the responsibilities of the Chairman of the Board. The Board also adopts instructions for the CEO, instructions for financial reporting, and instructions for its committees.

During the financial year 2023, composition of NYAB's Board of Directors was as follows:

- Markku Kankaala, Johan K Nilsson, Johan Larsson, Mikael Ritola, Jari Suominen and Lars-Eric Aaro were members for the entire financial year
- Jukka Juola and Aarne Simula were members until 26 April 2023
- Anders Berg, Barbro Frisch and Jan Öhman were members as of 26 April 2023

Markku Kankaala was the Chairman of the Board until 27 September 2023, after which Jan Öhman has been the Chairman of the Board and Kankaala the Vice Chairman. The Board of Directors has made the elections among its members.

According to the assessment of the Board of Directors, 6 of the current 9 members (66.7%); Jan Öhman, Lars-Eric Aaro, Anders Berg, Barbro Frisch, Markku Kankaala, and Jari Suominen; are independent of both the Company and its major shareholders. Johan K Nilsson is not independent of the Company, as he is a partner of an attorney firm that provides legal services for NYAB companies regarding projects that belong to their business operations. Johan Larsson and Mikael Ritola are not independent of the Company nor its major shareholders, as they have a joint control over the largest shareholder of the Company and belong to its Executive Management Team.

NYAB's Board of Directors had a total of 22 meetings during the financial year 2023. 13 meetings were held as physical meetings or through remote participation, and 9 meetings as meetings per capsulam. All members were present in the meetings except for Aarne Simula and Markku Kankaala, who were both absent from one meeting. In addition to the meetings, members have had several discussions with NYAB's management, have been given presentations on NYAB's operations in Sweden and Finland, and have attended visits in NYAB's working sites in both countries.

The Board of Directors conducted a self-evaluation at the end of the financial year. The self-evaluation was conducted through a questionnaire that was submitted to all members, and results were gone through in a physical Board meeting. In the self-evaluation, the Board of Directors addressed, among other things, its composition and competence, working methods and efficiency, responsibilities and targets, governance and risks, as well as communication with the executive management.

The Board of Directors has also evaluated the work of the CEO and Executive Management Team. The evaluation was conducted as a discussion in a physical Board meeting, where only non-executive members of the Board were present. In the same meeting, the Board of Directors also discussed with auditors of the Company without members of the Executive Management Team being present.

Board Committees

The Board of Directors has established an Audit Committee and a Remuneration Committee. The Committees do not have independent decision-making authorities, but they assist the Board in preparing specific matters that the Board makes decisions on.

Audit Committee

Work of the Audit Committee is based on a written Charter that was approved by the Board of Directors in June 2023 and is reassessed at least on an annual basis. Primary duties of the Audit Committee are to assist the Board in fulfilling its responsibilities regarding internal controls, risk management, accounting, financial reporting, and compliance, and evaluates the need for an internal audit function. Furthermore, the Audit Committee ensures a qualified, efficient, and independent external audit of the Company and that the communication between the Board of Directors and the auditor is satisfactory.

Audit Committee consists of Jan Öhman (Chairman), Barbro Frisch, Johan K Nilsson and Markku Kankaala. During the financial year 2023, Audit Committee held two meetings, where it discussed NYAB's financial reports and forecasts, audit plan for the financial year, and certain internal governing documents. Furthermore, Audit Committee monitored NYAB's progress in its targeted re-domiciliation and listing transfer to Sweden, as well as alignment with upcoming CSRD requirements.

Remuneration Committee

Remuneration Committee consists of Jari Suominen (Chairman), Johan Larsson and Mikael Ritola. During the financial year 2023, Remuneration Committee held four meetings, where it prepared proposals for the Board of Directors regarding NYAB's share-based incentive schemes. Johan Larsson and Mikael Ritola, who are also members of NYAB's Executive Management Team and have a joint control of the largest shareholder in the Company, do not participate in the share-based incentive schemes.

NYAB has strengthened its resources in human resources management during the financial year

2023 and will develop procedures and composition of the Remuneration Committee during 2024 to strengthen its alignment with the Swedish Corporate Governance Code.

CEO and Executive Management Team

NYAB's CEO is responsible for managing day-to-day operations of the Group and coordinating the business operations in accordance with the instructions and other directives by the Board. CEO reports to the Board and shall ensure that the members of the Board are continuously informed in such a manner as necessary for the Board to take well-informed decisions and be able to follow the situation and development of the Company and the Group.

Johan Larsson (born in 1980) has been the CEO of NYAB Plc since 1 April 2022 and member of the Board of Directors since 31 March 2022. He was previously the CEO of Group company NYAB Sverige AB between 2012-2022 and has been an entrepreneur in several growth companies in different industries.

Larsson is the founder of NYAB's largest shareholder Holding Investment Förvaltning i Luleå AB, of which he owns 50% and which owned 242,349,800 shares in NYAB Plc at the end of financial year 2023. In addition, he owned 392,480 shares personally and 2,635,492 shares through his own investment company BINGAB Barents Investment Group AB. His total ownership in NYAB, including his related party companies, amounted to 34.7%.

CEO has appointed an Executive Management Team to support his work. The Executive Management Team consists of the following members with said responsibilities:

- Aku Väliaho, CFO, responsible for strategic planning, implementation, managing and running of all the finance activities including governance within the Company
- Mikael Ritola, Senior Vice President, responsible for managing day-to-day operations and performance relating to NYAB's business operations in Finland
- Magnus Granljung, Senior Vice President, responsible for managing day-to-day operations and performance relating to NYAB's business operations in Sweden
- Erik Petersen, Vice President of Corporate Affairs, responsible for communications, sustainability, brand, as well as investor and stakeholder relation functions
- Elin Åhrberg, Director of HR & Environment, responsible for HR and HSEQ functions

Remuneration of the CEO and Executive Management Team is based on fixed monthly salaries that are in line with market terms and based on everyone's responsibilities, competences, and experience. In addition, those members of the Executive Management Team, who are independent of NYAB's major shareholders, participate in the share-based incentive schemes of the Group in accordance with allocations and performance criteria approved by the Board of Directors.

Risk management and internal controls

NYAB's risk management is based on a risk management policy that is approved by the Board of Directors. In addition, the Board of Directors approves internal governing documents that define processes relating to strategy, operations, compliance, and external reporting, as well as related internal controls, roles, and responsibilities. NYAB's governing documents and policies are continuously updated by designated document owners and adopted by the authorized body at least annually. Each document owner is responsible for ensuring that relevant information is distributed to relevant parties. More information on NYAB's risk management and most significant risks has been presented in the Board of Directors' report.

Internal controls

NYAB's internal controls refer to a cycle of activities to ensure that efficient controls are in place to manage key risks for each of the following areas: strategy, operations, compliance, as well as financial and non-financial reporting. NYAB's internal control process includes setting up the internal control framework, risk-based evaluation of control activities, remediation, and follow-up/tracking of identified gaps and weaknesses, as well as reporting on the status of internal control activities to the Audit Committee and the Board of Directors.

NYAB's internal control framework covers three dimensions: overall control environment, processing of financial transactions, and IT environment supporting financial processes. Controls are divided into preventive controls that are designed to proactively review the actions to avoid the occurrence of misstatements, as well as detective controls that are designed to reveal irregularities after they occur.

The framework NYAB applies in the work with internal controls is the COSO framework (The Committee of Sponsoring Organizations of the Treadway Commission). COSO describes the work based on the following five components: control environment, risk assessment, control activities, information & communication, and monitoring. These components shall permeate what NYAB does at all levels of the Group to manage the risks that arise in the business, and to support the Company achieve its objectives and results.

Financial reporting
NYAB's procedures and systems for external information and communication aims to provide the market with relevant, reliable, and accurate information on the Group's development and financial position. A central part of the internal control process is to ensure effective dissemination of information to relevant stakeholders. In addition to group-wide risk management process, NYAB performs a separate, targeted risk assessment to identify risks of material errors in internal processes and procedures related to financial reporting, thereby minimizing the risks of incorrect financial reporting within the Group, as well as ensuring effective internal controls.

NYAB's Board of Directors is responsible for ensuring that the Company's financial reports are prepared in accordance with applicable legislation, accounting standards and other requirements, and that the Company has adequate internal controls and formalized routines to ensure that approved principles for financial reporting and internal controls are applied. Group CFO is responsible for ensuring the reliability of NYAB's external reporting, as well as the implementation of risk management and internal control processes.

NYAB's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). Financial statements of the parent company are prepared in accordance with Finnish Accounting Standards (FAS).

NYAB's half-yearly report that was published on 25 August 2023 and financial statement release that was published on 28 February 2024 were prepared in accordance with the IAS 34 Interim Financial Reporting standard. Regarding first and third quarters of the year, NYAB published business reviews that were not interim financial reports within the meaning of IAS standards but included essential information on NYAB's financial performance.

The auditor's report included in the financial statements covers both the consolidated and the parent company's financial statements. NYAB's interim financial reports have not been audited but have been subject to a general review of the Company's auditors. In addition, NYAB has a Certified Adviser, as defined in the rulebook of Nasdaq First North Growth Market, who monitors NYAB's fulfilment of the disclosure requirements in the trading venue by reviewing NYAB's financial reports before they are published.

Monitoring of internal controls
As part of NYAB's efforts to maintain a sound and effective internal control environment, the internal control framework is evaluated and reported to the Audit Committee and the Board of Directors at least annually. The evaluation is mainly carried out through self-assessments to identify which control activities are effective, and to identify any deficiencies in the design or execution of the controls. Monitoring the internal control environment provides reasonable assurance that the Company produces accurate financial reports.

In 2023, NYAB has made significant progress in improving its risk management and internal control activities. NYAB has, among other things, identified key financial processes by identifying risks in the financial reporting, adopted risk management and internal control policies, and documented key financial processes and related controls. At the end of the year, a self-assessment of the processes was conducted to assess the design and effectiveness of the internal controls, and remediation plans for non-effective and missing controls were established. Results of the self-assessment were reported to the Board of Directors. NYAB will proceed with its continuous work to develop and improve the control framework in 2024.

Internal audit
The Board of Directors has not established a separate internal audit function. According to the assessment of the Audit Committee, NYAB's existing independent review practices that consist of an extensive external audit, as well as audits to operating companies in accordance with their certification systems, provide adequate assurance on NYAB's risk management, internal controls, and governance processes. In addition, NYAB has carried out an extensive work with independent advisors during the financial year 2023 to evaluate and develop its risk management, internal control, and governance processes. Taken also into account the limited geographical scope of NYAB's business operations, the Audit Committee sees that a separate internal audit function would not provide sufficient additional value in the current standing of the company. Audit Committee will reassess the need for an internal audit function on a regular basis.

Board of Directors

Jan Öhman
Chairman of the Board

Year of Birth:
1960

Elected:
2023

Committee work:
Chairman of the Audit Committee

Main education:
Senior High School, Business economics

Selected experience and other assignments:
CFO, Industrivärden AB
CFO, IPCO AB
CFO, Indutrade AB
CFO positions at Sandvik Group

Holdings in NYAB (including related parties)
210,000 shares

Markku Kankaala
Vice Chairman of the Board

Year of Birth:
1963

Elected:
2021

Committee work:
Member of the Audit Committee

Main education:
Engineer in mechanical and metal engineering

Selected experience and other assignments:
Chairman and founder, PM Ruukki Oy*
Chairman of the Board, Wetteri Oyj*
Founder and several positions, Afarak Group Oyj (formerly Ruukki Group Oyj)
Board member, Enersense International Oyj

Holdings in NYAB (including related parties)
27,117,491 shares

Anders Berg
Board member

Year of Birth:
1972

Elected:
2023

Committee work:

Main education:
M.Sc., Industrial and Management Engineering

Selected experience and other assignments:
Chairman and founder, Backgatan Industri AB*
Board member: Runway Safe Group*, Mobilaris AB*
Senior advisor: Air Spiralo Group*
CEO, OXE Marine AB
Board member, Byggmax AB
President & CEO, Lindab Group AB
President & CEO, Plannja AB

Holdings in NYAB (including related parties)
303,592 shares

Lars-Eric Aaro
Board member

Year of Birth:
1956

Elected:
2022

Committee work:

Main education:
Mining engineer (M.Sc.),
Honorary Doctorate in Engineering Science

Selected experience and other assignments:
Chairman of the Board: Luleå Näringsliv*,
Mobilaris AB*, Blastr Green Steel*, LTU Holding AB*
Board member: WIBAX AB*, Predge AB*,
Vanir Green Industries A/S*, PartnerInvest Norr AB*,
Johrika AB*
President & CEO, LKAB
EVP & Head of Corporate Sales, AFRY

Holdings in NYAB (including related parties)
-

Barbro Frisch
Board member

Year of Birth:
1957

Elected:
2023

Committee work:
Member of the Audit Committee

Main education:
M.Sc., Economics

Selected experience and other assignments:
Entrepreneur, Barbro Frisch Consulting AB*
Interim CEO, Einar Mattson Project AB
Head of Purchasing Sweden, Veidekke Sverige AB
Head of Strategy & Business Development, AstraZeneca

Holdings in NYAB (including related parties)
17,800 shares

*ongoing assignments

Board of Directors

Johan Larsson
Board member, CEO

Year of Birth:
1980

Elected:
2022

Committee work:
Member of the Remuneration Committee

Main education:
Elementary school

Selected experience and other assignments:
CEO, NYAB Plc*
Chairman and founder: Holding Investment Förvaltning i Luleå AB*, BINGAB Barents Investment Group AB*
Board member, Luleå Business Region AB*
CEO, NYAB Sverige AB

Holdings in NYAB (including related parties)
4,048,160 shares and 242,349,800 shares through Holding Investment Förvaltning i Luleå AB, where Larsson owns 50%

Johan K Nilsson
Board member

Year of Birth:
1960

Elected:
2022

Committee work:
Member of the Audit Committee

Main education:
LL.M.

Selected experience and other assignments:
Partner, JKN Attorneys*
Chief Legal Officer, PEAB
Corporate lawyer, PEAB
Corporate lawyer, Skanska

Holdings in NYAB (including related parties)
-

Mikael Ritola
Board member

Year of Birth:
1989

Elected:
2022

Committee work:
Member of the Remuneration Committee

Main education:
Elementary school

Selected experience and other assignments:
Senior Vice President Finland, NYAB*
Founder and Board member: Holding Investment Förvaltning i Luleå AB*, OLARIT Invest AB*
Head of Special Construction, NYAB Sverige AB

Holdings in NYAB (including related parties)
188,820 shares and 242,349,800 shares through Holding Investment Förvaltning i Luleå AB, where Ritola owns 50%

Jari Suominen
Board member

Year of Birth:
1957

Elected:
2021

Committee work:
Chairman of the Remuneration Committee

Main education:
Engineer

Selected experience and other assignments:
Senior Advisor, St1
Director, Renewable Energy, St1
CEO, Tuuliwatti
Chairman of the Board, Finnish Wind Power Association
Several management positions, ExxonMobil

Holdings in NYAB (including related parties)
39,000 shares

*ongoing assignments

Executive Management

Johan Larsson
CEO since April 2022

Year of Birth:
1980

Main education:
Elementary school

Selected experience:
Founder and Chairman, Holding Investment Förvaltning i Luleå AB & BINGAB Barents Investment Group AB*
Board member, Luleå Business Region AB*
CEO, NYAB Sverige AB

Holdings in NYAB (including related parties)
4,048,160 shares and 242,349,800 shares through Holding Investment Förvaltning i Luleå AB, where Larsson owns 50%

Aku Väliaho
CFO since January 2022

Year of Birth:
1985

Main education:
M.Sc. (Econ.)

Selected experience:
Head of Real Estate, Finnair Oyj
Executive Director of Pension Fund, Finnair Oyj
Head of Treasury Operations, Finnair Oyj
Assistant Treasurer, Oriola Group

Holdings in NYAB (including related parties)
7,500 shares

Mikael Ritola
Senior Vice President, Finland since October 2022

Year of Birth:
1989

Main education:
Elementary school

Selected experience:
Head of Special Construction, NYAB Sverige AB

Holdings in NYAB (including related parties)
188,820 shares and 242,349,800 shares through Holding Investment Förvaltning i Luleå AB, where Ritola owns 50%

Magnus Granljung
Magnus Granljung
Senior Vice President, Sweden since April 2022

Year of Birth:
1973

Main education:
M.Sc. (Tech.)

Selected experience:
CEO, NYAB Infrastruktur AB
COO, BDX Företagen AB
District Manager, Skanska Sverige AB

Holdings in NYAB (including related parties)
24,339,872 shares

Erik Petersen
Vice President of Corporate Affairs since August 2023

Year of Birth:
1979

Main education:
Bachelor of Social Sciences, Marketing

Selected experience:
Head of New Business, Paramount Global
Head of KAM and Partnerships, Visit Sweden
Senior Business Development Manager, Visit Sweden

Holdings in NYAB (including related parties)
22,000 shares

Elin Åhrberg
Director of HR & Environment since October 2023

Year of Birth:
1981

Main education:
Higher Vocational Education Degree in Marketing and Business Management

Selected experience:
HR Manager, Drift division, Svevia
HR Business Partner, NCC
HR Manager, Mangold Fondkommission AB
HR Recruitment Manager, ÅF Technology AB

Holdings in NYAB (including related parties)
-

*ongoing assignments

Our industry can build a
more sustainable society

Sustainability statements

Enabling the progress of society for future generations

NYAB is committed to enabling the progress of society for future generations and contributing to the transition to a fossil free economy. At the end of the year, the majority of our order backlog was focusing on projects that support the green transition.

Our collective history in the Group spans a total of several decades and has paved the way for the company we are today. Over the years, we have acquired vital industry experience as well as deep knowledge about how we can optimize our value creation for society and contribute to sustainable development. These insights are mirrored in our renewed business purpose, mission, and vision, as well as our strategic plan for 2024–2026.

Our vision is to become the preferred partner in building a better future for generations to come, as well as to be the first-choice workplace for dedicated professionals. Already today we have a prominent role in the green industrial transformation, which is noticeable in our business activities in 2023 and our order backlog, where an increasing share of projects now focus on renewable energy production and improved transmission capacity.

Building on our strong local position

NYAB has created a strong market position in the regions where we are active, especially in northern Sweden and Finland. Many of our employees as well as the subcontractors and local entrepreneurs we collaborate with were born in the region and work in our immediate environment. This means we can build a deeper understanding of our local market conditions, while at the same time contribute to reducing the climate footprint in our projects by avoiding long-distance transportation of people and resources.

Our aim is to optimize value creation for the local communities where we operate, including municipalities, local residents and end-users. Our projects enable improved infrastructure and play an important role in transforming societies for the better. At the same time, we recognize that some of our activities can cause negative impacts due to disturbing noise and potential changes to land and soil. To minimize vibrations, noise levels, and other potential disruptions during the production phases we keep a close collaboration with our customers and contracted partners throughout the project. After the completion of the construction phase, we conduct regular monitoring and maintenance to avoid any further possible negative impacts.

To further strengthen our local roots, we are engaged in local sponsorship projects in a range of areas, from sports, health and culture to community life and local business. Our aim is to be a positive force in these communities by strengthening the situation for children and youth and contribute to their development. All our employees can personally contribute by nominating projects and associations for our sponsorships.

Enabling emission-free energy production

Stemming from our long industry experience and strong local roots we have created a competitive advantage that we nurture and develop in our new projects. During 2023, we took on several new strategic assignments

that showcase our commitment and strong position in the green transition in the Nordics.

In the energy sector our focus is, among other things, projects that utilize emission-free technology in energy production, such as wind and solar power. During the autumn, NYAB was contracted for the second phase of the prestigious project Aurora Line – a new 380 km long 400 kV transmission line between Sweden and Finland that is built together by the main grid companies Svenska kraftnät and Fingrid. Another project that was entrusted to NYAB in 2023 refers to the construction of a 102.5 MWp solar farm in disused peat bog areas in Utajärvi, Northern Ostrobothnia in Finland. The solar farm is developed by our associated company Skarta Energy, a Finnish developer of renewable energy. Skarta Energy is a joint venture between NYAB and CapMan Nordic Infrastructure II fund, where NYAB owns 40 percent. During the year, we also won our first substation project for the Finnish transmission system operator Fingrid. This project focus on the expansion of the switchgear at the 110 kV substations in Utanen and Isokangas in Finland. NYAB was included in Fingrid's supplier register in 2022, which is a prerequisite to participate in tender processes, and this new project marks a significant milestone in our journey. Yet another project that we won in 2023 refers to earthworks to be carried out as part of the preparations for the construction of Talga's new battery anode refinery located in Luleå Industrial Park, an industry hub for the green transition in the region.

In all these projects we are utilizing our diverse expertise in the energy sector, spanning from engineering to energy construction and on to land construction services. The projects are conducted together with our customers, industry parties and public bodies.

Our sustainability framework

Our new strategic plan (2024-2026) integrates sustainability and is based on four pillars: People first, Responsibility to customers and society, Operational excellence, Profitable growth. During 2023, we initiated a double materiality assessment, which will lay the foundation for our strategic sustainability work and agenda in the coming years. The double materiality assessment focuses on NYAB's environmental, social, and governance-related impacts on the environment and people as well as the financial impacts on NYAB arising from sustainability. Based on the initial results, work has already been started in setting new strategic sustainability targets and analyzing sustainability data availability and quality throughout our value chain.

In short, our sustainability framework focus on two key areas:

- **Develop sustainable business operations** – As a company, we have high ethical standards. To support our business strategy, we proactively manage our impacts (negative/positive, actual/potential) on people and environment throughout our value chain. Our social impacts include health and safety and diversity, among other things, and our environmental impacts include greenhouse gas emissions and resource efficiency, to mention a few examples.
- **Optimize value creation from products and services** – Our aim is to optimize our value creation for society and stakeholders by offering high-quality, cost-effective solutions in demanding infrastructure, renewable energy, and industrial construction. We can play an instrumental role and act as an enabler in the green industrial transition. This is also how we can create long-term profitability for NYAB.

For information on the management of our sustainability impacts, risks and opportunities, please see pages 32-43.

NYAB is constructing Aurora Line

Aurora Line is a new 380 km long 400 kV transmission line between Sweden and Finland that is built together by the main grid companies Svenska kraftnät and Fingrid. The project plays a crucial role in the green transition in the Nordics and will improve the security of supply, equalize electricity prices between Finland and the rest of the Nordic countries by increasing transmission capacity as well as enable an increase in renewable energy production in the Baltic Sea region.

Based on our comprehensive competence in energy and infrastructure construction, NYAB is assigned for the construction phase of an approximately 90 km transmission connection between Dockasberg and Risudden in Sweden. The project is carried out in collaboration with Svenska kraftnät. Before that, NYAB also supported preparatory work, including critical purchases for the construction phase.

Read more >

Photo by: Fingrid Oyj

Photo by: Fingrid Oyj

NYAB implements expansion of substations in Northern Ostrobothnia

In June we won our first substation project for the Finnish transmission system operator Fingrid. This project marks a significant milestone for NYAB and includes the expansion of the Utanen 110 kV substation with two fields, the Isokangas 110 kV substation with one field as well as 110 kV cabling up to the first transmission line pole.

The Utanen and Isokangas substations are located approximately 40–60 km from Oulu. The Utanen substation is Fingrid’s first substation to be connected to a solar power park, and the expansion will enable the connection of the solar power plant planned for Tunturisuo in Utajärvi to the main grid. The design work of the Utanen substation has already been started, and the new fields will be ready for commissioning in October 2024. The Isokangas project is planned for commissioning in April 2025.

Read more >

NYAB performs earthworks for Talga at Europe's first commercial battery anode refinery

Luleå Industrial Park is an important hub in the green industrial transition that is currently taking place in Northern Sweden. One of the investment companies, Talga, chose NYAB for the earthworks to be carried out as part the preparations for the construction of Talga's new battery anode refinery. The project manifests our position as an enabler of the green transition in the region. Our work includes necessary earthworks, including excavation, filling, pipe laying and soil coatings for civil engineering installations and buildings within the property.

The facility will be powered by renewable electricity and is part of Talga's investment in climate-smart battery anodes, using natural graphite from the Vittangi mine in Kiruna municipality. The planned annual production of battery anode material will be sufficient for approximately 200,000 new electric cars each year.

Read more >

NYAB supports local communities with sports, health and culture

Our sponsorship activities in both Finland and Sweden aim at promoting long-term development and attractiveness in the communities where we operate. We want to be a positive force, strengthening the situation for children and youth and contribute to their development. We also want to encourage our employees and their families to engage in sports, health and cultural activities and have a meaningful leisure time.

In 2023, NYAB was an official partner for the Cross-Country World Cup and the two December competitions in Gällivare and Östersund, when Sweden was given the opportunity to arrange additional competitions as part of the International Ski Federations (FIS) commitment towards a more climate-friendly World Cup. We also sponsor the Swedish skiers Sofia Henriksson, Emma Ribom and Johan Häggström.

On a local level we contribute to among others the following organisations:

- Kangasniemen Kalske
- Nibacos Kokkola
- Salibandyseura Konnat
- Kouvolan Jalkapallo
- Oulun Kärpät
- Rauman Lukko
- Suomen lapsellista
- Voimistelu- ja Urheiluseura Nurmon Jymy
- IFK Luleå
- Kalix Skidklubb (Skid SM)
- Kalix Bandy
- Kalix Hockey
- Luleå Hockeyförening
- Gällivaregalan
- Luleå Brottarklubb
- Trafikkalendern
- Alviks Idrottsklubb
- Seskarö Trails
- Sävast Ski Team
- Luleå Stassteater (sjukhusclownerna)
- Kalix Kommun stadsfesten
- Boden BK
- Luleå Hockey
- Aktiv skola
- Nattvandrarna

Read more >

Photo cred: Julia Edbom

General disclosures

NYAB’s sustainability statements 2023 are included in the Annual report 2023 and are inspired by the reporting requirement found in the CSRD (Corporate Sustainability Reporting Directive) and ESRS (European Sustainability Reporting Standards).

General basis for the preparation of the sustainability statements

NYAB reports on its sustainability performance and progress on an annual basis in its sustainability statements. The sustainability reporting relates to the calendar year ending on 31 December 2023 and has the same scope as the financial report. All NYAB’s operations and group companies are included unless otherwise stated. The Annual report with the sustainability statements was published on 18 March 2024.

NYAB initiated a double materiality assessment process during 2023. The assessment is performed from a value chain perspective. The outcome from the double materiality assessment is not yet fully implemented in NYAB’s sustainability reporting and serves as a guideline for the further development of NYAB’s sustainability framework and sustainability statements. Reported sustainability related disclosures are therefore not yet fully aligned with the final material sustainability matters and the requirements in ESRS. This reporting will be further developed during the coming years and by 2025 all material sustainability matters will be reported on in accordance with the requirements in the ESRS.

The sustainability statements 2023 have been approved by NYAB’s Board of Directors. They are not assured by an independent party.

For questions regarding the sustainability statements, please contact sustainability@nyabgroup.com.

Sustainability governance

Sustainability is incorporated throughout NYAB’s operations and forms an integrated part of NYAB’s corporate governance. For more details on NYAB’s overall corporate governance, see pages 18-26.

The Board of Directors are ultimately responsible for NYAB’s sustainability work and has a joint responsibility in overseeing the management of NYAB’s material sustainability matters. The Board of Directors also review and approve the sustainability statements. During 2023, as part of the double materiality assessment, the Board of Directors were engaged in the still on-going process to validate the material sustainability matters. The Board of Directors have, if needed, access to specific expertise in relation to NYAB’s material sustainability impacts, risks, and opportunities.

The Audit Committee is regularly monitoring NYAB’s sustainability progress. The CEO reports recurringly on sustainability performance and progress to the Audit Committee. All identified sustainability related non-compliances are immediately reported to the Board of Directors.

Sustainability management

NYAB’s CEO has the overall responsibility for managing the Groups sustainability impact, risks, and opportunities. Sustainability matters are followed up by the Executive Management Team on monthly meetings and all material sustainability incidents and non-compliances are handled and if needed, instantly reported to the Board of Directors.

The Executive Management team is leading the implementation of CSRD and ESRS and is coordinating initiatives related to human resources and the environment on Group level and is supporting responsible functions within business operations.

NYAB respects the UN Global Compact and its ten principles within the areas of human rights, labour, environment, and anti-corruption. The ten principles are based on the universal declarations (the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption), and forms the base for NYAB’s sustainability work and activities.

In addition, NYAB has several policies in place that steer the sustainability work, including the Code of Conduct, the Group Sustainability Policy, the Risk Management and Internal Control Policy, and the IT, Info Security and Privacy Policy. The Code of Conduct was updated in 2023 and is supported by a whistle blower function, which is available on NYAB's website. The Group Sustainability Policy encompasses NYAB's commitment to being responsible and fostering a positive influence on society, individuals, ethical practices, and governing NYAB towards a more sustainable development with high corporate ethics and integrity. The CEO is responsible for ensuring that the Group Sustainability Policy is implemented and monitored throughout the group.

Operational management

The sustainability work is managed in the operative business functions of the group companies. Sustainability activities are planned, evaluated, measured, and improved as a part of each group company's businesses management systems.

In annual management reviews, operations of the group companies are evaluated from all different perspectives including sustainability considerations on climate related impact, environmental safety, occupational health, well-being and safety and project quality matters. Sustainability related progress, impacts, risks, and opportunities are reviewed, and development targets for the following year are set. Management teams from the operating companies participate in the management review, and quality teams compile the processed issues. NYAB's Executive Management Team reports regularly to the Board of Directors on the fulfilment of matters related to quality, safety and health in business operations and projects.

NYAB Finland has management systems certified in accordance with the requirements in ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety). NYAB also has a RALA certification.

In Sweden, NYAB holds a BKMA certification – a widely recognized certification system specific to the Swedish construction sector, which covers the same core principles as ISO certification.

Risk management process

Each operating company is annually evaluating and assessing sustainability related risks connected to the climate, environment, own workforce, workers in the value chain, affected communities and business conduct. Appropriate control functions and procedures are set up and managed. Risk management measures differ between countries and operating companies and are adapted to local legislation and the operating environment in the specific company.

Each management team report to NYAB's Executive Management Team on the conclusions from performed sustainability risk assessments. The consolidated sustainability risk exposure is reported to the Board of Directors as part of the annual risk assessment of the business and its operations. The Board of Directors has the main responsibility for organizing an appropriate and effective risk management in the group.

Strategy, business model and value chain

Our new strategic plan (2024-2026) integrates sustainability and is based on four pillars: People first, Responsibility to customers and society, Operational excellence, Profitable growth.

The first pillar, People first, highlights safety as our highest priority. Our projects involve the use of heavy machinery and heavy lifting as well as exposure to hazardous material, that might impact our own employees as well as our sub-contractors. Our aim is to become the most preferred workplace in the industry, a workplace where our employees and sub-contractors thrive and develop as professionals as well as individuals.

The second pillar, Responsibility to customers and society, is directly linked to our company purpose of enabling the progress of society for future generations and our mission to deliver high-quality, cost-effective solutions in demanding infrastructure, renewable energy, and industrial construction. Through our services for public and private sector customers, we enable the green transition in the Nordics.

The third pillar, Operational excellence, aims at further strengthening NYAB's key enablers within operations by focusing on continuous improvement to support high efficiency, competitive advantages and leverage our business model. This work also involves managing our own material environmental impacts, including impacts on climate change, pollution, and resource efficiency, to mention a few examples.

Our fourth strategic pillar, Profitable growth, aims at capturing growth opportunities relating to the green transition investments in Sweden and Finland, as well as opportunities relating to large-scale infrastructure projects in Sweden and energy projects in Finland, among other things.

NYAB's business operations focus on demanding infrastructure, renewable energy, and industrial construction. Our offering includes engineering, construction, and maintenance services to private and public customers in Sweden and Finland.

Our business strategy supports long-term sustainable development and value creation for society. As part of implementing our strategy and sustainability framework we are analysing new sustainability targets. NYAB is committed to contributing to the United Nations Sustainable Development Goals (SDG) as well as the Paris Agreement. We strive to continuously reduce our negative climate impact. Based on our business activities and initiatives we contribute to the following SDG's:

- SDG 6 – Clean water and sanitation
- SDG 7 – Affordable and clean energy
- SDG 8 – Decent work and economic growth
- SDG 9 – Industry innovation and infrastructure
- SDG 11 – Sustainable cities and communities

NYAB's business model outlines our role in our value chain, where our core offering is focusing on planning, design and project management. In addition, we are offering foundation and excavation services as well as construction services together with our industry partners and sub-contractors. Read more on page 14.

NYAB's value chain

Our sustainability impacts, risks and opportunities originate throughout our value chain. Our climate related and environmental impacts mainly originate from activities upstream and downstream. Impacts on people and the environment from our own operations are limited.

Upstream

Production and transportation of input materials

Our suppliers support us with the input materials and transportation needed for our own operations and the projects we deliver. Our main impact in the form of green house gas emissions stems from this phase in the value chain. We also have an impact on the workers in our supply chain, this we manage with the requirements on our suppliers set in our Code of Conduct.

Own operations

Construction, maintenance and engineering activities

We deliver engineering, construction and maintenance services in the local communities where we operate. We focus on carbon efficiency and to increase circularity in our deliveries.

We enable a safe and secure work environment for our employees and those who work on behalf of our sub-contractors and entrepreneurs.

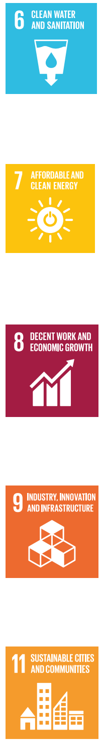
Downstream

Delivered projects

We deliver construction and maintenance of wind and solar farms, roads, bridges and railways, electricity networks and water treatment facilities. The majority of our order backlog is focusing on projects supporting the green transition.

Our deliveries will long term contribute to a more sustainable infrastructure.

Impact



Stakeholder dialogue

NYAB's operations impact and are impacted by numerous stakeholders. Being attentive to the views, expectations and needs of stakeholders is important when further developing the Groups sustainability activities and framework.

The operational companies as well as the Group conduct continuous dialogues with many different stakeholder groups. Customer and project specific feedback related to project management, safety, quality, climate, and the environment is gathered on a regular basis. In addition, employee engagement is measured and followed-up on an annual basis going forward.

Ten representatives from the Executive Management and the Board of Directors were where included in a comprehensive stakeholder dialogue and validation process, as part of the double materiality assessment that was initiated during 2023.

Examples of engagement activities with different stakeholder groups during 2023 have been surveys connected to customer satisfaction and employee engagement as well as assessments of the corporate culture. In addition, we have implemented the framework "Kraftsamla". The purpose is to strengthen the way to cooperate with customers in on-going projects.

	Suppliers	Emplyees	Customers and end-users	Local communities	Authorities	Educational institutions	Shareholders and financiers
Expectations	Collaboration Shared goals in health and safety Mutual respect Adequate risk management Respecting environmental and social matters	Safe working environment Occupational well-being Competence development and training Competitive remuneration Equal treatment	Security of supply and quality Efficient project management Respecting environmental and social matters	Collaboration with local people and companies Sustainable, clean and safe services and solutions	Complying with rules and regulations	Career opportunities Project work	Value creation Profitable and responsible operations
Procedures	Close dialogue Risk management plan Quality plans and monitoring Responsible and fair payment terms	Safe working methods and equipment Occupational healthcare inspections Supporting work-life balance Development and feedback interviews Training and skills development Incentive programs Employee engagement and well-being surveys Corporate culture assessment Safety walks and quarters Safety and Macho Indexes	Quality management systems Project satisfaction and quality measuring	Dialogue and public consultations Recruiting local talent Sponsorships and initiatives	Transparent processes and monitoring Communication and reporting	Partnerships Employer branding Trainee positions	Clear targets Superior and responsible management

The outcome from stakeholder dialogues supports NYAB with insights on how important different sustainability topics are to different stakeholder groups, and how different stakeholder groups are impacted by different sustainability topics.

NYAB recognizes the need of further developing its survey procedures to form a more comprehensive view of its impacts and main stakeholders' expectations regarding different perspectives of sustainability.

Potentially material sustainability matters

The initial outcome from the double materiality assessment process is sustainability matters that potentially are material for NYAB and its value chain. These sustainability matters will eventually form the base for NYAB's future sustainability framework and overall sustainability related objectives and targets. Future sustainability statements will be based on information and disclosures reporting how the identified material sustainability matters impacts people and the environment and how they affect NYAB's financial development, performance, and position.

Based on the initial work with our double materiality assessment, we have so far identified the following social potentially material impacts, risks and opportunities throughout our value chain:

- Climate change
- Pollution
- Circular economy
- Own workforce
- Workers in the value chain
- Business conducts

The double materiality process

The double materiality assessment was initiated during 2023 and is fully aligned with the requirements set in the ESRS. The outcome from the first double materiality assessment has been approved by the Executive Management Team and the Board of Directors and will be further developed during the years to come.

The initial double materiality assessment process was conducted in three steps:

- Identification of potentially material sustainability matters.
- Assessment of impact, risks, and opportunities.
- Validation of sustainability matters and decision on material sustainability matters.

Identification of potentially material sustainability matters

Potentially material sustainability matters were identified based on annual- and sustainability reports, external sources as SASB, UN Human Rights Tool, International Labour Organization, UNEP Financial Initiative, Global Corruption Index by GRP and the topics and sub-topics listed in the ESRS.

The potentially material sustainability matters were assessed from a value chain perspective (upstream, own operations, downstream) and impact, risks and opportunities were identified through interviews with experts from NYAB. The following functions were included in the assessment:

- Sustainability and Communications.
- Operations.
- Risk management.
- Quality and Working with environment,
- Procurement and Logistics.
- Finance and Human Resources.
- the Executive Management Team.
- CEO and representatives for the Board of Directors.

Secondly, identified potentially material sustainability matters in the form of impact, risks and opportunities were assessed from two different perspectives.

Assessment of impact materiality

Impact on people and the environment along the value chain was assesses based on if the identified impact is negative or positive as well as actual or potential.

If the impact was negative, the severity of the impact was estimated based on the scale (how serious the impact is), scope (how widespread it is), and irremediable character (how difficult it is to remedy potential harm). If the impact was potential, the probability of occurrence was estimated.

Positive impact was estimated based on the scale and the scope of the impact as well as the probability of occurrence.

Assessment of financial materiality

The risks and opportunities connected to each sustainability matter were estimated based on a combination of the likelihood of occurrence and the potential magnitude of the financial effects on NYAB. Cross-references were done to NYAB's risk management process and all estimates were validated and approved by internal expertise.

Validation of sustainability matters

The final validation of sustainability matters was done through validation workshops and circulations of the final documentation. The process is set so that the results from the double materiality assessment will be continuously validated by NYAB management and by the Board of Directors. The work with the double materiality assessment will continue during the coming years. At this stage we are ensuring that our understanding of the impact along the value chain is aligned with the conclusions made by our suppliers and customers.

Environmental disclosures

NYAB's main impact on the environment is connected to the greenhouse gas emissions generated by operations along the value chain, especially in the supply chain and during the user-phase. We strive to reduce our harmful climate impact continuously. Along the way it is imperative to develop more environmentally friendly operations and offer the market clean energy, sustainable infrastructure, and industrial construction projects.

From a sustainability perspective, NYAB's material environmental matters are related to topics connected to:

- Climate change
- Pollution
- Circular economy

Climate change

Impacts, risks, and opportunities

NYAB is building solutions that will reduce the climate impact along the user phase. Wind and solar farms are built in collaboration with the industry and the public sector. NYAB is an enabler in the green transition of the industry by working with projects that contributes to societal development while reducing the amount of energy used. NYAB have so far constructed more than 690 MW of wind power in Finland. In total 151 wind turbines have been built. After the planned completion in 2024 of ongoing projects the total number of turbines will be 192 with a total capacity of approximately 950 MW. NYAB's solar power construction started with the agreement signed in December 2023 to construct a 102.5 MW solar farm in Utajärvi, Northern Ostrobothnia.

Direct and indirect greenhouse gas emissions (scope 1 and 2) from own operations in the form of transportation and use of energy and along the value chain (scope 3) have an actual and negative impact on the climate as emissions contribute to climate change. The material negative impact is found upstream and downstream in the value chain. The upstream negative impact is connected to our suppliers and their use of raw materials and energy. The downstream negative impact is caused by transports and machines connected to our delivered projects as well as under the user-phase. The negative impact from NYAB's own operations is in this perspective low.

Policies, action plans and targets

NYAB's Group Sustainability Policy ensures contribution in all our projects, such as energy plants, infrastructure, and industrial buildings to a more sustainable future. The policy also defines NYAB's commitment to regularly evaluate that our emissions adhere to industry best practices to continually improve our environmental impact.

To reduce emissions from transportation, the aim is to avoid redundant transportation and optimise processes regarding transportation and the use of machinery. We train our subcontractors, suppliers, and personnel, as well as deriving development measures from them, to jointly work towards more sustainable working measures. In Sweden, NYAB has a car policy that regulates the selection of company cars with lower emissions, meaning NYAB actively chooses environmentally classed vehicles when investing in new vehicles.

Progress 2023 and next step

NYAB continues to work towards reduced emissions in own operations as well as in the value chain. During the year we updated our car policy to increase the number of electric or hybrid cars. Through this, we develop our vehicle fleet to become more sustainable with less greenhouse gas emissions. The table to the right shows the percentage of environmentally friendly cars (electric or hybrid). The figures apply to NYAB's fleet of cars. In 2023, 76% (66%) of all personnel company cars were electric or hybrid cars.

Regarding emissions in the value chain, we have the ambition to train our personnel and business partners to achieve the most efficient operations in projects.

NYAB has implemented various initiatives during the year to improve material efficiency. In the Karahka project for instance, land masses were reused, and a mobile concrete station was utilized within the project construction area, thereby significantly reducing the need for transportation. Moving forward, NYAB will develop measurements and set climate-related targets to enable sufficient monitoring of progress made within reduced emissions.

Share of electric/hybrid vehicles of total fleet of cars

Year	2023	2022	2021	2020
Vehicles (Qty)	83	61	58	50
Environmetally friendly vechicles (Qty)	63	40	26	10
Electric/hybrid vehicles (Pct)	**76%**	**66%**	**45%**	**20%**

Pollution

Impacts, risks, and opportunities

NYAB has an actual negative impact on the environment caused by pollution of air, water and soil, generated by infrastructure, renewable energy, and industrial construction projects. Mainly, the use of heavy machinery in projects generates greenhouse gas emissions and causes pollution of air, while pollution of water and soil is from construction projects that generates spills of diesel, paints and solvents. NYAB is also handling and transporting hazardous materials in construction projects and on a few occasions, uses substances of high concern.

Policies, action plans and targets

Pollution should be prevented in all parts of NYAB's operations. NYAB aims to contribute to a cleaner and healthier environment, and plan on making efforts across operations to be aligned with upcoming CSRD requirements, from both an operational and reporting perspective. The prevention of pollution is advocated within the entire Group, and our Sustainability Policy encompasses the Group's joint view as well as ensures that measures are being taken in each operating company.

To prevent environmental damage in Sweden, we perform safety walks in every project that includes an observation to discover environmental risks, for example machine oil spills. In both Sweden and Finland, we inspect working sites based of an environmental indicator that reviews dust, machinery, fuel tank, list of chemicals, storage of hazardous materials as well as the surplus soil disposal to prevent potential damage. In Finland, the target for inspections was larger than 95 percent and the result was on average 98,4 percent. In Sweden, our environmental controls are conducted in conjunction with our safety inspections, and these are done every other week.

Circular economy

Impacts, risks, and opportunities

In NYAB's projects, large volumes of waste are created in forms of cement, glass and plastic. When it comes to the procurement of materials, NYAB evaluates different alternatives for each project. Overall, materials with longer service life are preferred. In Swedish projects, recycled, and more energy efficient materials are prioritized. When possible, raw materials with lesser impact on the environment are selected. There is a great opportunity in increasing circularity in operations through reusing leftover materials and masses when possible.

Policies, action plans and targets

The Group Sustainability Policy along with the Code of Conduct encompasses an optimised work and engagement with NYAB's suppliers and subcontractors in the steps towards increased circularity in the industry. NYAB plans to inform and engage business partners in the value chain regarding set goals and targets.

To manage the negative impact in the value chain, discussions are held with customers to select materials that are less environmentally damaging and in order to promote a circular approach. In Finnish operations, NYAB monitors the development of the amount of waste and takes measures to reduce it through, for example, effective recycling and by reusing masses that are excavated in other projects when possible. This both increases circularity as well as it can be more cost efficient. Overall, our focus is to be resource efficient by reducing energy consumption and optimizing resource use through recycling and reuse, throughout the value chain and in own operations in our projects.

Progress 2023 and next step

NYAB will continue to explore ways to increase circularity in construction by planning how resource use can be optimised between projects. Through this, we can utilize all available opportunities to ensure responsible procurement as well as waste management. NYAB will continue to prioritize dialogue with its business partners to work together and enable achievement of set goals. NYAB aspire to contribute to circularity through our projects. In the earlier mentioned Karahka project leftover masses were transformed into filling and utilized in adjacent construction activities. Also, in 2023 NYAB participated in an extensive societal transformation project in Gällivare, which required movement of buildings. The move included several apartment blocks, houses, and storage buildings. The project helped preserve cultural buildings, as well as demolition and the construction of new buildings could be avoided.

Social disclosures

NYAB's business strategy put people first, with health and safety being of highest priority. Our aim is to strengthen the ONE NYAB culture, be the most attractive workplace in our industry, and prevent accidents in the workplace.

From a sustainability perspective, NYAB's material social matters are related to topics connected to:

- Own workforce.
- Workers in the value chain.

During 2023, we started to develop a sustainability measurement strategy to harmonize the follow-up of our sustainability performance in the group, including our social impacts, risks and opportunities. Work on developing new social measurements has been started and will continue during 2024. As part of this, we are also preparing for implementing a digital support system.

Own workforce

Impacts, risks, and opportunities

Our aim is to be the most attractive workplace in the industry and provide our employees with chances to grow and contribute to the development in our company and industry. Many of our own employees are involved in project development and project management work.

We recognise that our projects involve heavy lifting, use of heavy machinery and in general a work environment with increased safety risks due to employees working beside roads, railways and construction sites. This work environment might expose our employees at risks for injuries or fatalities if the issues are not managed correctly. Hence, health and safety represent vital sustainability challenges for NYAB. In addition to this, we strive to maintain a healthy work-life balance in all our projects, and mitigate negative impacts related to long working days or outsourcing.

Attracting and retaining the right competences are key to reaching our objectives and targets. The competition for talent is high, especially in regions with lower population densities. Continuous training and skills development are important in all our managerial and specialist tasks.

All our employees, regardless of gender, sexual orientation, ethnic origin, religion, or other status have the same rights, opportunities, and responsibilities at NYAB. Equal treatment of personnel is an essential part of our culture. We see diversity as a strength and competitive advantage. However, as our industry is typically male dominated reaching a more gender balanced workforce is a challenge and will take time.

Policies, action plans and targets

At NYAB, the social sustainability for our workforce is managed by our local HR teams in Sweden and Finland. In both countries we have implemented a process to ensure sustainability performance in our projects related to environment and quality as well as work environment and health and safety. The daily work is managed through our management systems. Naturally, we have a close collaboration with our customers, subcontractors, and industry partners. Our Group-wide Sustainability Policy sets our approach and the principles we use to manage our social impacts.

Our aim is to prevent all accidents in the workplace, and we work actively to ensure that our employees receive safety training. Our safety guidelines are reviewed and developed on regular basis. In both Sweden and Finland, safety at work is evaluated through internal audits as well as safety walks by the management. In addition to this, we believe in building a safety culture and implementing pre-emptive measures. Employees and the people we work with in our projects are encouraged to be attentive, for example, in making safety observations. In Finland, working sites are encouraged to have "safety quarters", during which personnel spend time considering safety together and take improvement measures at working sites. Also, NYAB Finland uses LTIF to measure safety. In Sweden, a new safety index is being launched. Read more on page 41. In addition to this, NYAB in Sweden measures workplace accidents that generate more than four days absence per million worked hours (LTIF4) for own workers. In both market areas we have also started measuring a Macho index to maintain a healthy workspace and prevent any signs of macho culture.

We encourage an ongoing dialogue with our employees and recognise the importance of our managers supporting our employees. Our management principles are based on our company values. Taking responsibility, high level of trust, entrepreneurial approach, and sustainably profitable activities are essential matters for NYAB. Everyday managerial work life is done close to the own team, which ensures an adequate presence and necessary support. In Finland, NYAB has carried out regular well-being surveys for years. A similar approach is being implemented in Sweden in 2024, Starting in 2023, NYAB Sweden has conducted an employee engagement survey to measure overall well-being.

Parameters such as work satisfaction and loyalty are measured through the survey.

Competence development for our employees is part of the HR management process in both Sweden and Finland. Long-term training needs and measures are based on business needs. On a more daily basis, knowledge sharing in our projects is enabled through close collaboration between employees and the people we collaborate with.

Developing the skills of our employees is crucial if NYAB is to meet the future needs of the business. It is also an important factor in strengthening our employee's ability to work and create a positive work ethic. The needs for skills development arise from the business strategy and the action plans based on it. As part of the strategy and plans, areas for further competence development have been identified and will be implemented in the years to come.

To attract and retain employees we are working to build a safe and healthy working environment and offer attractive remuneration. We also have variable short-term incentive programs in place across business operations. In addition, we have a long-term share incentive program that covers the entire personnel.

In Finland, principles for equality have been included in the work community development plan that is drafted together with employee representatives. In Sweden, there is a separate policy for equality. Reconciliation of work and family, and the distant-working model that is in place in Finland, are important for the personnel and appreciated by our employees.

Progress 2023 and next steps

Safety at work, the development of personnel, the improvement of internal communications, as well as encouraging, performance-based remuneration were the continued key matters at NYAB in 2023. Work on developing new social measurements has been started and will continue during 2024. In Sweden focus was to start preparing the implementation of BIA during 2024, a web-based system that enables reporting, tracking and remedy of deviances in the work environment. In Finland there was a focus on safety campaigns to educate the workforce on safety equipment and to increase the number of safety observations.

A safe working environment is the foundation of our operations. To prevent accidents and incidents at the workplace, we have developed a new safety index to get more focus on safety at work and among our teams. This index is now being implemented in both Sweden and Finland. More specifically, the index gives insight in how employees perceive NYAB's safety work and how it enables them to perform their work duties safely. This enables NYAB to identify and discuss potential areas of improvement concerning safety work.

In Finland, the KPI Safety LTIF3 2023 resulted in zero, meaning no accidents generating more than three absent days from work have occurred. The outcome was an improvement from last year's result of 14,6. LTIF4 in Sweden was 2,57 and 1,91 for the group. In Sweden, our employee engagement survey focusing on engagement and loyalty resulted in an Employee Net Promoter Score (eNPS) of 61, showing that our employees are more engaged and loyal than the average employee in our sector.

In Sweden, we initiated an ambitious measurement strategy in 2023 to gather valuable feedback and foster a continuous dialogue with our employees. This initiative aims to establish a shared approach to leadership and a common platform for dialogue with our employees about what is important for the teams in their daily work throughout the year. It also involves engaging in improvement activities and regularly assessing the level of engagement within the team. Additionally, it provides leaders an opportunity to reflect on their role and what matters for their team, the organisation, and themselves.

We also initiated an overview of the working environment for our employees as part of our focus on strengthening the ONE NYAB culture. In Finland, we have encouraged employees to actively make safety observations. A fast and easy mobile app, open to every employee has been developed for this purpose together with an incentive for reporting observations.

"In Finland, the KPI Safety LTIF3 2023 resulted in zero"

Safety Index (Scal 0–100) for NYAB Sweden

Company	Safety Index
NYAB	83

LTIF4 for NYAB in Sweden

Year	2023	2022	2021	2020
Accidents (Qty)	1	1	0	0
Working hours	389 027	297 876	246 054	251 685
LTIF4	**2,57052**	**3,3571**	**0**	**0**

LTIF4 measuring number of accidents that generated more than four days of absence, multiplied with 1 000 000 divided with working hours.

Workers in the value chain

Impacts, risks, and opportunities

Many of the subcontractors and people that we collaborate with in our projects are based in the local region where we operate. As with our own employees, the work performed for NYAB may include heavy lifting, working with heavy machinery and handling hazardous substances. This means that health and safety is our most important sustainability topic also in relation to this stakeholder group.

Other important social issues to manage are healthy working hours, adequate wage, diversity, and mitigating risks related to human rights. NYAB operates and conducts projects in markets where there are existing laws protecting both employees and human rights, and the risk of breaching human rights is mainly concentrated to our supply chain and the production of input materials.

Policies, action plans and targets

To implement our objectives and meet the requirements stated in customer agreements and set by other stakeholders, we collaborate closely together with our eco-system of customers, subcontractors, and industry partners.

Respective market area is responsible for the requirements set on their own suppliers. They are all based on NYAB's Code of Conduct. At this stage, a new Group-wide Supplier Code of Conduct is being drafted. NYAB has zero tolerance for human rights abuses, forced labour and child labour throughout the value chain.

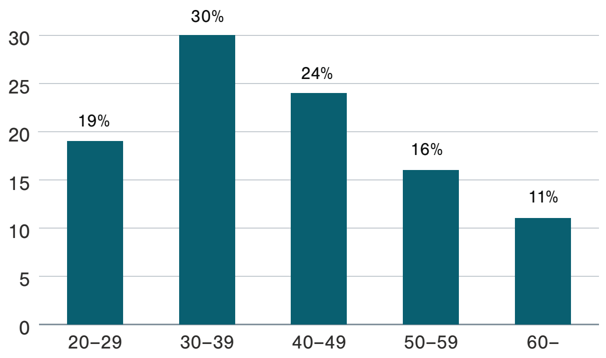
Progress 2023 and next step

Since NYAB is dependent on our suppliers to ensure that social matters are rightfully handled we continue to focus on strong partnerships in our value chain where we voice our expectations, requirements and objectives regarding health and safety.

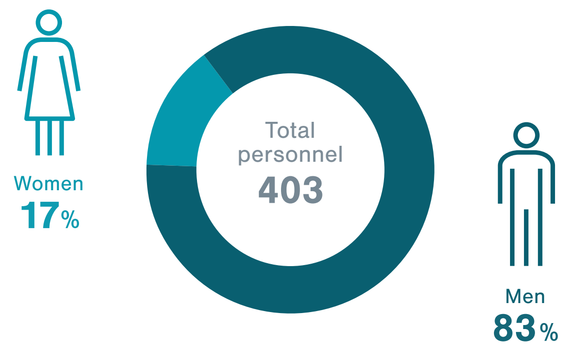
Employee turnover	
Employee turnover rate	Total 9%

Executive management, diversity	
Women	1
Men	5

Employees by age distribution



Employees by gender (31.12.2023)



Governance Disclosures

NYAB promotes responsible business methods and fosters an ethical way of acting. Our aim is to ensure sustainable business practices throughout our value chain. This requires a constant work which is managed in close collaboration with our ecosystem of customers, sub-contractors, and partners.

Business conduct

Impacts, risks, and opportunities

Although the Nordic countries are often seen as relatively clean from corruption, we recognise we are exposed to risks for corruption as well as other business ethics related risks. Based on Transparency International's latest Corruption Perception Index (CPI 2023), measuring the perception of corruption in the public sector, Sweden has seen a negative trend during the past year and ended up second worst in the Nordics. Finland on the other hand, is perceived to be one of the countries with the least corruption. We are also active in an industry where many parties are engaged in the projects, requiring our attention on maintaining our strict ethical standards. In addition to this, in the construction sector counterparties might be closely linked to certain individuals which might pose an extra risk.

NYAB has a positive impact on its business operations by providing a whistle-blowing system that enables employees throughout the value chain to report any unethical or alarming behaviour. NYAB's preventative work within corruption also contributes to raising industry standards and promote responsible business practices throughout the value chain.

Policies, action plans and targets

NYAB identifies and considers all forms of corruption as a threat to democracy and strives to comply with good business ethics and legislation in all its operations. Every employee has a responsibility to make sure that this is clear in relation to their customers and stakeholders.

Our Code of Conduct includes detailed information regarding business ethics extended to subsidiaries, suppliers, and subcontractors. The Code of Conduct ensures correct and fair business behaviour and honour NYAB's values in our business relationships. NYAB also has a zero-tolerance policy towards anti-competitive practices, corruption, or bribery, and these shall not – either directly or indirectly – occur within our value chain.

Our whistle-blowing system is available for all our stakeholders through our website. The system is provided by an external provider who is also responsible for the processing of reports together with our Board of Directors. Incidents can be reported anonymously.

Repeated or individual deviations by our own personnel results in termination of employment. Repeated or individual deviation by a supplier or subcontractor is regarded as a breach of agreement, and if the deviation is not corrected in each time frame, collaboration is ended.

Progress 2023 and next step

During 2023 NYAB has established several steering documents and tools such as the whistle-blowing system, the Group Sustainability Policy and the Risk Management and Internal Control Policy, to meet increasing requirements and to manage our own potential negative impact. NYAB strives to affect society, business partners, employees, and owners positively through maintaining and developing responsibly managed relationships with suppliers as well as sub-contractors.

There have been no reported cases in the whistle-blowing system. If any reports are made, they are investigated and managed in accordance with NYAB's internal guidelines. We have not identified any cases of corruption and harassment during the year.

Board of Directors' report

Board of Directors' report

Significant events for the financial year 2023

NYAB's business operations for the financial year 2023 consisted of infrastructure, energy, and industrial construction, as well as engineering and maintenance services, in Sweden and Finland. Most significant new contracts related to power networks and renewable energy. Furthermore, NYAB has started several new infrastructure projects that serve the needs of transportation in roads and railways, aviation, as well as water treatment. NYAB also has started and executed multiple ongoing frame and maintenance agreements.

NYAB's largest contract for the year was the contract signed with Svenska kraftnät at the end of October regarding the construction of Aurora Line. The total value of the contract is estimated to be EUR 89 million. The Aurora Line will be an electricity transmission connection between Sweden and Finland, improving security of supply and equalize electricity prices. NYAB's work in the project regards an approximately 90 km distance in Northern Sweden. In power network construction, NYAB has also started, among others, several substation projects with Fingrid in Finland, as well as the construction of a new power line in the Luleå region in Sweden.

Regarding renewable energy, NYAB signed a contract worth approximately EUR 69 million to construct a solar farm in the municipality of Utajärvi in Northern Ostrobothnia. The solar farm is developed by NYAB's associated company Skarta Energy. The first phase of the project started in December 2023, and the entire project is expected to be completed during the first half of 2026. In wind power, NYAB signed a Balance of Plant (BoP) contract with Energiequelle at the beginning of the year regarding the construction of Mikonkeidas wind farm, with which the number of turbines involved in NYAB's completed and ongoing projects already exceeded 190.

In infrastructure construction, NYAB and Swedavia signed a contract regarding the widening of taxi runways at Stockholm Arlanda airport in May. In Northern Sweden, NYAB and Infranord, a company wholly owned by the Swedish state, agreed on two railway projects located in Kiruna. In these projects, NYAB conducts land improvement work on the connections to LKAB's expanding iron ore mining districts. Furthermore, NYAB started cabling work in Southern Sweden that enables the transition to the new European Railway Traffic Management System. In the Stockholm region, NYAB and Stockholm Vatten & Avfall signed a frame agreement regarding excavation and piping work for water and sewage. NYAB is one of three contractors that together will receive a total volume of up to SEK 1.5 billion over the next five years.

In industrial construction, NYAB commenced work, among others, for Talga, establishing a battery anode refinery in Luleå, and for Yara at its Siilinjärvi mills.

NYAB and the city of Mikkeli executed a settlement agreement in the spring to settle the dispute between NYAB and Mikkeli Waterworks that had been subject to legal proceedings. The agreement resulted in a positive cash flow impact of approximately EUR 9.2 million and a positive non-recurring result impact of approximately EUR 3.6 million for NYAB for the second quarter.

The construction of the first solar projects of Skarta Energy Oy, the joint venture between NYAB and CapMan Infra fund, started in the second half of the year. The JV's largest project is the Utajärvi solar farm constructed on disused peat bog areas with an estimated capacity of 102.5 MWp and an annual energy production of 97 GWh. Overall, Skarta Energy aims to construct 800 MW of solar power during five years.

In September, NYAB announced it will proceed with preparations to re-domicile its parent company to Sweden. In connection with the cross-border conversion, NYAB also aims for listing on Nasdaq First North Premier Growth Market in Sweden. The cross-border conversion and the listing transfer are expected to be completed during the first half of 2024.

Financial position and development

Revenue of the Group for the financial year increased 10.7% from the comparison period and amounted to EUR 280.4 (253.3) million. In constant currencies, revenue growth was 16.6 %. Revenue in Finland was EUR 93.2 (51.6) million, constituting 33 % (20 %) of the total revenue. Revenue in Sweden was EUR 187.2 (201.7) million, constituting 67 % (80 %) of the total revenue.

In addition to strong organic growth, the increase in the share of revenue generated in Finland results from currency rate fluctuations that had an impact of approximately EUR -15 million on the revenue in Sweden, as well as the transaction executed on 31 March 2022, as NYAB Plc acquired all shares in NYAB Sverige AB. In IFRS reporting, the transaction has been treated as a reverse acquisition, in which case Finnish group companies have been consolidated to the income statement as of 1 April 2022.

Of the Group's total revenue, 46 % (30 %) came from the private sector and 54 % (70 %) from the public sector. Increase in the share of revenue from the private sector results particularly from the relative increase in energy and industrial construction projects that are primarily offered to private sector clients.

EBITDA of the Group for the financial year 2023 was EUR 21.4 (30.4) million, amounting to 7.6% (12.0 %) of revenue. The change was significantly affected by the sale of Skarta Energy Oy in December 2022 that had an impact of EUR 14.7 million on EBITDA for the comparison period. Operating profit was EUR 15.2 (25.7) million, amounting to 5.4% (10.2%) of revenue. The settlement agreement executed with the city of Mikkeli had a positive impact of EUR 3.3 million on the operating profit. Operating profit was negatively impacted by an increase in the group administration costs of approximately EUR 1.9 million, cost increase from share-based incentive schemes of approximately EUR 0.1 million, and higher depreciations of approximately EUR 1.5 million mainly deriving from PPA amortizations.

The Group's result before tax was EUR 10.7 (25.3) million. Tax for the reporting period amounted to EUR -1.6 (-2.0) million and net profit to EUR 9.0 (23.3) million. Items below operating profit were especially affected by finance expenses relating to NYAB's preparations for re-domiciliation and listing transfer where the target is to enable a following capital market transaction EUR -1.5 million, as well as the share of result in the associated company Skarta Energy, EUR -1.6 million.

NYAB's financial position has remained strong. At the end of the financial year, the consolidated balance sheet total was EUR 266.1 (259.1) million and equity was EUR 185.3 (180.4) million. Equity ratio was 73.0 % (69.6 %) and the return on capital employed was 6.6 % (22.7 %). Free cash flow of the Group improved to EUR 22.3 (3.7) million and order backlog to EUR 294.7 (239.7) million.

Operating environment

Macroeconomic environment caused headwinds to NYAB's financial performance in both Swedish and Finnish markets during the financial year 2023. The continued increase in interest rates and high inflation caused delays in both order intake and revenue recognition in ongoing projects, as many clients remained waiting for market conditions to stabilize. Furthermore, the weakening of the Swedish krona during 2023 had a negative impact on NYAB's euro-denominated financials. In addition, exceptionally early and extreme winter conditions postponed revenue recognition in many projects from the end of the financial year to the year 2024.

Due to the short-term uncertainty of the operating environment, realized volumes in NYAB's frame agreements in Swedish infrastructure market were lower than estimated, and the initiation of new projects in Finnish energy market was interrupted for a long period. Despite the slow market, NYAB continued to be selective when taking on new projects to ensure a balanced risk/return profile in its order intake. Moreover, the focus in NYAB's energy construction was proportionally shifted to projects in power network construction that are not as heavily impacted from macroeconomic fluctuations.

For the financial year 2024, Trafikverket's budget for road and railway investments in Sweden is lower than the comparison year, whereas outlook for maritime transportation investments and industrial projects, for example, is positive. In Northern Sweden, where NYAB has its largest share of operations, total construction investments are expected to reach a double-digit growth due to billion-scale investment projects of steel and mining companies. In Finland, there is a high interest for green transition investments, and several new projects are planned especially in the energy sector. However, timing and execution of the investments is subject to uncertainty.

Strategy and financial targets

NYAB's Board of Directors approved a new strategic plan for 2024-2026 in December. The mission of the Company is to deliver high-quality, cost-effective solutions in demanding infrastructure, renewable energy, and industrial construction. Its vision is to become the preferred partner in building a better future for generations to come, as well as to be the first-choice workplace for dedicated professionals. The strategic plan is based on four pillars: people first, responsibility to customers and society, operational excellence, and profitable growth.

Regarding its personnel, NYAB highlights safety as the highest priority and focuses on, among others, improving collaboration and building joint success between business units. When it comes to customers and society, NYAB focuses on customer satisfaction and invests in sustainability to further strengthen its offering and contribution to society, as well as to align with EU's climate targets and upcoming CSRD requirements. Operational excellence is pursued to be developed by enhancing cross-border resource sharing and project execution, focusing on holistic cost awareness in all parts of the organization and seeking incremental improvements in operations by utilizing smart digital solutions and collaboration.

NYAB pursues organic growth in, among others, projects relating to green transition investments in Sweden and Finland, large-scale infrastructure project in Sweden, as well as energy projects in Finland. NYAB also aims at increasing the share of collaborative and long-term maintenance contracts in Sweden and Finland, as well as supplementing its growth with strategic acquisitions that provide synergies and/or key competencies for the prioritized business areas.

In accordance with the long-term financial targets that were revised in connection with the strategic plan, NYAB pursues annual revenue growth exceeding 10%, EBIT margin exceeding 7.5%, net debt to EBITDA of less than 1.5, and dividend exceeding 35% of net profit in the long term.

Targeted re-domiciliation of the parent company and subsequent listing transfer to First North Premier in Sweden are expected to support the strategic plan and achieving the long-term targets. These changes are expected to increase NYAB's access to the capital markets, improve the liquidity of its shares, and provide commercial benefits by bringing the company closer to its largest clients, thus providing the best basis for creating additional value for shareholders.

Future outlook

NYAB sees its record-high year-end order backlog together with its exposure to growing sectors and geographical markets as a basis for a positive outlook. NYAB gives a financial guidance where its revenue and operating profit for 2024 are expected to increase from 2023. Global megatrends, such as green transition and urbanization, also provide robust demand for NYAB's business areas. The transition of volumes to 2024 from 2023 due to late year winter conditions, as well as the stabilization of inflation and interest rate development at the end of the year, further support the solid foundation for the 2024 outlook. Key uncertainties impacting the business and financial performance include the development of inflation, interest rates, and value of the Swedish krona, weather conditions, as well as the functionality of supply chains and other typical project risks.

The long-term outlook is positive for all business areas and NYAB is well positioned to deliver in accordance with its long-term financial targets. Green transition accelerates the construction of renewable energy and power networks, as fossil fuels are being replaced and demand for energy increases with the electrification of industrial processes. Besides the rapidly growing wind power, an increasing number of industrial-scale solar farm projects is proceeding to the construction phase, and investment plans of main grid companies amount to several billions of euros. Regarding infrastructure, there are large investment needs in the public sector for both transportation and water treatment, and urbanization increases demand especially in the Stockholm-Mälardalen region. Significant opportunities within industrial clients are expected, among others, in the mining industry that is essential for rapidly growing clean energy technologies especially in NYAB's key market in Northern Sweden.

Personnel, administration, and management

NYAB's total number of personnel at the end of the financial year was 403 (31 December 2022: 383). NYAB had 166 employees in Finland and 237 in Sweden.

Markku Kankaala, Johan K Nilsson, Johan Larsson, Mikael Ritola, Jari Suominen and Lars-Eric Aaro were members of NYAB Plc's Board of Directors for the entire financial year; Jukka Juola and Aarne Simula until 26 April 2023; and Anders Berg, Barbro Frisch and Jan Öhman as of 26 April 2023.

Markku Kankaala was the Chairman of the Board until 27 September 2023, after which Jan Öhman has been the Chairman of the Board and Kankaala the Vice Chairman. NYAB's Audit Committee consists of Jan Öhman (Chairman), Barbro Frisch, Johan K Nilsson and Markku Kankaala. Remuneration Committee consists of Jari Suominen (Chairman), Johan Larsson and Mikael Ritola.

Johan Larsson was the CEO of the Company for the entire financial year. Other members of the Executive Management Team at the end of the year were Aku Väliaho (Chief Financial Officer), Mikael Ritola (Senior Vice President, Finland), Magnus Granljung (Senior Vice President, Sweden), Erik Petersen (Vice President of Corporate Affairs) and Elin Åhrberg (Director of HR & Environment).

Authorized Public Accountant Osmo Valovirta and audit firm Ernst & Young Oy, Authorized Public Accountant Anders Forsström being the key audit partner, are the auditors of the Company, and Augment Partners AB is the Certified Adviser.

Share and shareholders

NYAB Plc's total number of shares for the entire financial year 2023 was 706,658,238. For the financial year 2022, the number of shares at the end of the year was 706,658,238 and the average number of shares was 497,528,014. The Company holds no treasury shares.

Shares are traded on Nasdaq First North Growth Market Finland, where a total of 22,753,812 shares were traded during the financial year. The highest price was 0.878 euros, lowest price 0.449 euros and volume-weighted average price 0.649 euros. The closing price for the financial year was 0.55 euros and the market value of all shares at the end of the financial year was EUR 388.7 million.

At the end of the period, the Company had a total of 3,837 shareholders that had been registered in the shareholder register maintained by Euroclear Finland Ltd. A total of 65.1 percent of all shares in the Company were owned by nominee-registered shareholders.

Largest shareholders of the Company at the end of the financial year were Holding Investment Förvaltning i Luleå AB (a company under joint control of Board member and CEO Johan Larsson and Board and Executive Management Team member Mikael Ritola, ownership 34.3%), Säthergrens Entreprenad AB (ownership 10.6%), and Andament Oy (ownership 8.9%). Members of the Board and Executive Management, as well as companies under their control, owned a total of 42.1% of all shares in the Company.

Resolutions of the Annual General Meeting

NYAB Plc's Annual General Meeting was held on 26 April 2023. Annual General Meeting adopted the financial statements and the consolidated financial statements for the financial year 1 January-31 December 2022 and discharged person, who had been members of the Board of Directors or the CEO during the financial year, from liability.

Annual General Meeting decided to pay a capital repayment of 0.7 euro cents per share, which corresponds to a total amount of 4,946,607.67 euros, from the invested unrestricted equity reserve to shareholders. The capital repayment was paid to shareholders on 8 May 2023.

Annual General Meeting decided to elect nine members to the Board of Directors. Previous members Markku Kankaala, Johan K Nilsson, Johan Larsson, Mikael Ritola, Jari Suominen and Lars-Eric Aaro were re-elected as members of the Board of Directors, and Anders Berg, Barbro Frisch and Jan Öhman were elected as new members.

Monthly remuneration of 3500 euros was decided to be paid to members of the Board of Directors who do not work for NYAB. Monthly remuneration of the Chairman of the Board is 5000 euros. In addition, a meeting fee of 500 euros shall be paid to members, who do not work for NYAB, for participating in meetings of committees of the Board of Directors. Reasonable costs and travelling expenses caused by the meetings shall be recompensed to all members of the Board of Directors.

Annual General Meeting decided that remuneration to auditors will be paid according to the invoice that the company has approved. Authorized Public Accountant (KHT) Osmo Valovirta and audit firm Ernst & Young Oy, Authorized Public Accountant (KHT) Anders Forsström as the key audit partner, were re-elected to act as auditors of the company.

Annual General Meeting decided to authorize the Board of Directors to decide on the issuance of a maximum of 70,000,000 shares through a share issue or by issuing options or other special rights entitling to shares in one or more issues. The authorization includes a right to decide on issuing new shares either with or without payment, and a right to issue shares in deviation from the shareholders' pre-emptive rights (directed issue). The authorization is valid for five years from the decision and replaces all earlier authorizations for a share issue in the company.

Minutes of the Annual General Meeting are available at https://nyabgroup.com/en/administration/general-meeting/.

Proposal of the Board of Directors for profit distribution

NYAB Plc's result for the financial period that ended on 31 December 2023 was 16,605,532 euros and the distributable assets of the parent company were 266,530,406 euros. The Board of Directors proposes to the Annual General Meeting to be held on 11 April 2024 that 0.014 euros per share, equaling a total of 9,893,215 euros, is paid to shareholders as a distribution of assets based on the balance sheet to be adopted for the financial period. The amount of ordinary profit distribution is 0.008 per share and an additional extraordinary profit distribution is EUR 0.006 per share.

The distribution of assets is proposed to be executed as a capital repayment from the invested unrestricted equity reserve, and no dividends will be paid. The capital repayment is paid to shareholders who on the record date of 15 April 2024 are entered as shareholders in the company's shareholder register held by Euroclear Finland Ltd. The capital repayment is proposed to be paid in one installment on 22 April 2024.

Risks and risk management

Risk management

NYAB's risk management is designed to prepare for threats and opportunities arising from changing external and internal conditions, in order to achieve the Group's strategic and operational objectives. Risk management includes continuous risk identification, mitigation, and monitoring of NYAB's risk exposure.

Risk management at NYAB is based on a risk management policy that is approved by the Board of Directors. In addition, the Board of Directors approves internal governing documents that include, among others, the Code of Conduct, decision-making authorities, financial handbook, as well as guidelines for disclosures and insider management. The governing documents define processes relating to strategy, operations, compliance, and external reporting, as well as related internal controls, roles, and responsibilities. Internal controls aim at ensuring the management of key risks with eliminating, reducing, monitoring and/or insuring measures.

The Board of Directors evaluates the validity of the internal governing documents at least once a year. In addition, the Board of Directors has established an Audit Committee to assist in ensuring risk management and adequate internal controls. Group CEO oversees day-to-day business operations in accordance with instructions given by the Board of Directors and reviews the effectiveness of internal controls, as well as measures taken in organizations of the country managers that report to him. Group CFO is responsible for ensuring the reliability of NYAB's external reporting, as well as the implementation of risk management and internal control processes.

NYAB identifies risks and decides on mitigating actions to manage them as a part of the annual risk management process that covers the entire organization. Risks have been divided into strategic, operative, as well as financial and administrative risks.

Strategic risks

NYAB steers its business operations in accordance with its strategy. The Company is not able to control entirely or partially all factors related to growth in accordance with the strategy, as well as to financial and competitive improvement. It is possible that there will be changes in the general development of the economy, demand for NYAB's services and customers' expectations, regulation affecting the operations of the group companies, or competitive landscape of the industry that have a detrimental effect on the strategy execution and financial position. Risks are being prepared for with, among others, careful market analysis and continuous dialogue with customers.

NYAB aims at supplementing its growth with strategic acquisitions that provide synergies and/or key competencies for the prioritized business areas. It is possible that NYAB can't find suitable acquisition targets or that the integration of potential targets to business operations is not successful and expected objectives cannot be reached with the acquisitions. Risks relating to acquisitions are managed by conducting due diligences and contractual negotiations.

Operative risks

NYAB's business operations are based on project deliveries that include risks relating to, among others, pricing, quality, functionality of supply chains, and the availability of key personnel. Project agreements are often based on fixed pricing, in which case the emphasis is on cost management and the validity of offer calculation. Negative changes in the availability and market prices of materials, such as steel, fuels, bitumen, concrete, and timber, may have a detrimental impact on the profitability of projects.

Risks relating to project deliveries are managed with decision-making authorities that are defined based on the size of the project, continuous monitoring of the projects, and, where appropriate, by receiving binding offers from suppliers, price indexation for customers, as well as transferring contractual risks to suppliers and subcontractors. In addition, NYAB aims at increasing the share of collaborative contracts in its contract backlog to reduce uncertainties relating to fixed-price contracts. Furthermore, continuous dialogue with customers and development of HR activities of the Group are essential in ensuring the success of the projects and the availability of competent personnel.

Operative risks also include damage risks, which NYAB has prepared for with insurances that are customary to the industry. Valid insurance agreements widely cover business operations of the whole group. In addition, accidents are more frequent at construction sites than in several other industries. NYAB controls these risks, for example, with comprehensive safety instructions, regular training, and standardized orientation practices. Personnel and visitors are also specifically orientated with each working site.

Financial and administrative risks

Changes in macroeconomic environment or general financial market situation may cause currency, liquidity, interest, and credit risks that have a detrimental effect on NYAB's business operations, result, or financial position. The majority of NYAB's business operations is conducted in Swedish krona, but the reporting currency of the Group is euro, in which case currency rate fluctuations may have a significant impact on the reported financials. Group's operating companies' assets and liabilities are targeted to be kept in their own functional currencies. Group's exposure to direct foreign currency transaction risk is insignificant, and NYAB does not actively hedge against the transaction risk of currency rates.

NYAB is continuously seeking to estimate and monitor its financing needs to ensure sufficient liquid assets. Low indebtedness and moderate investment needs in the business operations enable flexibility in financing, and changes in interest rates do not have a material impact on the financial position of the Group. However, the financing needs of the Group may change as the business operations grow and expand, in which case raising new funding or obtaining guarantees may fail, or their terms and conditions may be unfavorable for NYAB. Furthermore, there are significant investment needs involved in the business operations of an associated company Skarta Energy, and the associated company's possibilities to raise funding with competitive terms may have an essential impact on its growth prospects and possibly to NYAB's potential orderbook regarding contracts relating to the engineering, procurement, and construction of projects.

NYAB may suffer credit losses if its customers or financial counterparties are unable to meet their contractual obligations towards the Group. Exceptional market conditions may cause unexpected credit risks for the customers of the group that, if materialized, may have a detrimental effect on NYAB's business operations, result, and financial position. NYAB aims at constantly monitoring and evaluating the creditworthiness of its clients to control its potential credit risks. In addition, NYAB aims at ensuring a sufficient extent of the customer portfolio so that the credit risk caused by singular customers would not be essentially detrimental for the group and seeks to negotiate customer payment terms that reduce credit risk exposure. A significant part of NYAB's revenue comes from the public sector, where customers are only subject to moderate credit risks.

NYAB's financial risks are described in more detail in note 5.4 to the consolidated financial statements. Other administrative risks include, among others, critical IT systems that are used in NYAB's business operations, information security, as well as reporting of financial and non-financial information. Risks are managed by maintaining and developing systems for reporting, training employees, and integrating procedures between Swedish and Finnish organizations.

Ongoing litigations

NYAB Plc is a party to certain litigations regarding transactions that relate to the investment service business operations of its former subsidiary company, PCM Holding Oy, that was divested in 2021. The Company has been demanded compensation of approximately EUR 2.5 million with claims that have not been processed in the District Court, as legal disputes between the claimants and PCM Holding have not been resolved. The Company regards the claims unfounded, and according to its legal advisors it is very unlikely for the Company to be held liable for possible damage caused in the operations of PCM Holding.

In addition, criminal proceedings against persons, who have been in the management of the Company and PCM Holding in 2018, have been instituted in the District Court at the end of 2023. According to the document instituting the proceedings, a forfeiture claim with a maximum amount of EUR 1.5 million has been made against "the Company and/or PCM Holding". Based on the materials that the Company has received by now, the basis of the claim cannot be concluded, and the Company does not consider it to be justified.

Financial reporting

NYAB will publish a half-yearly report for 1 January–30 June 2024 on Wednesday, 14 August 2024. In addition, NYAB will publish business reviews for the first and the third quarter, when an interim report according to the rulebook of Nasdaq First North Growth Market Finland is not released. Business review for the period 1 January–31 March 2024 will be released on 8 May 2024, and for the period 1 July–30 September 2024 on 6 November 2024.

Financial Statements

Contents

Key Figures

Group key financial performance indicators

	1.1.–31.12.2023	1.1.–31.12.2022	1.1.-31.12.2021
Revenue, EUR thousand	280,417	253,318	131,713
Change in net sales, %	10.7%	92.3%	5.3%
EBITDA, EUR thousand	21,374	30,389	16,741
% of net sales	7.6%	12.0%	12.7%
EBITA, EUR thousand	17,818	27,217	15,612
% of net sales	6.4%	10.7%	11.9%
Operating Profit (EBIT)	15,187	25,744	15,599
% of net sales	5.4%	10.2%	11.8%
Profit for the period, EUR thousand	9,049	23,320	12,197
Earnings per share (EPS), basic, in euros	0.01	0.03	0.03
Earnings per share (EPS), diluted, in euros	0.01	0.03	0.03
Balance sheet total, EUR thousand	266,088	259,098	53,710
Return on equity, %	4.9%	22.5%	45.4%
Return on capital employed, %	6.6%	22.7%	54.8%
Equity ratio -%	73.0%	69.6%	49.7%
Net debt, EUR thousand	-5,630	7,010	-5,801
Net gearing -%	-3.0%	3.9%	-21.7,%
Net debt/EBITDA	-0.26	0.23	-0.35
Free cash flow, EUR thousand	22,338	3,699	5,681
Order backlog, EUR thousand	294,730	239,682	162,922
Number of employees at the end of the period	403	383	149

Calculation formulas for financial performance indicators and alternative indicators

Indicator		Formula	
EBITDA	=	Operating profit + depreciations and amortisation	
EBITDA margin, %	=	Operating profit + depreciations and amortisation / Revenue	x 100%
EBITA	=	Operating profit + amortisation of intangible assets + impairments	
EBITA margin, %	=	Operating profit + amortisation of intangible assets + impairments / Revenue	x 100%
Operating profit (EBIT)	=	Profit for the financial year before financing items and taxes	
Operating Profit (EBIT) margin -%	=	Profit for the financial year before financing items and taxes / Revenue	x 100%
Earnings per share (EPS), basic, euros	=	Profit for the period attributable for shareholders of the company / Weighted average number of shares outstanding during the period	x 100%
Earnings per share (EPS), diluted, EUR	=	Profit for the period attributable to the shareholders of the parent company / Weighted average number of shares outstanding (adjusted for the impact of all diluting potential shares)	x 100%
Return on equity (ROE) -%	=	Profit for the period (last 12 months) / Average shareholder's equity	x 100%
Return on capital employed (ROCE) -%	=	Profit before taxes + financial income and expenses (last 12 months) / Average shareholder's equity + average interest-bearing loans and borrowings	x 100%
Equity ratio, %	=	Shareholders' equity / Balance sheet total – advances received	x 100%
Net debt	=	Interest-bearing debt – cash and cash equivalents	
Net gearing, %	=	Interest bearing liabilities - Interest bearing receivables and cash / Shareholders' equity	x 100%
Net debt/EBITDA	=	Net debt / EBITDA, rolling 12 months	
Order backlog	=	Amount of unrecognised revenue from customer contracts at the end of the period	
Free cash flow	=	Cash flow from operating activities + cash flow from investing activities	

Consolidated financial statements (IFRS)

Consolidated statement of comprehensive income (IFRS)

EUR thousand	Notes	1.1.–31.12.2023	1.1.–31.12.2022
Revenue	2.1	280,417	253,318
Other operating income	2.2	3,418	16,019
Materials and services	2.3	-217,957	-203,612
Employee benefit expenses	2.4	-32,390	-26,764
Other operating expenses	2.5	-12,114	-8,571
EBITDA		**21,374**	**30,389**
Depreciation, amortisation and impairment	2.6	-6,186	-4,645
OPERATING PROFIT		**15,187**	**25,744**
Finance income	5.2	491	565
Finance expenses	5.2	-3,217	-1,004
Finance income and expenses total		-2,726	-440
Share of result of associates and joint ventures	6.2	-1,784	-27
RESULT BEFORE TAXES		**10,677**	**25,278**
Income taxes	7.1	-1,628	-1,958
RESULT FOR THE PERIOD		**9,049**	**23,320**

EUR thousand	Notes	1.1.–31.12.2023	1.1.–31.12.2022
Attributable to:			
Equity holders of the parent		9,049	23,320
Non-controlling interests		0	0
Earning per share for net profit attributable to owners of the parent			
Earnings per share, basic, EUR		0,01	0.03
Earnings per share, diluted, EUR		0,01	0.03
Result for the period		**9,049**	**23,320**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Valuation (losses)/gains on fair value through other comprehensive income equity investments		-176	-499
Tax relating to items that will not be reclassified		0	100
Items that may be reclassified subsequently to profit or loss			
Change in cumulative translation adjustment		238	-1,857
TOTAL COMPREHENSIVE INCOME		**9,111**	**21,064**
Total comprehensive income attributable to:			
Equity holders of the parent company		9,111	21,064
Non-controlling interests		0	0

Notes form an integral part of the consolidated financial statements.

Consolidated balance sheet (IFRS)

EUR thousand	Notes	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Goodwill	4.1	121,189	121,182
Intangible assets	4.2	1,589	3,840
Tangible assets	4.3	12,939	14,360
Right-of-use assets	3.1	3,369	3,377
Participations in associates and joint ventures	6.2	16,732	11,110
Other non-current receivables and investments	5.3	2,465	5,624
Deferred tax assets	7.2	32	480
Total non-current assets		**158,316**	**159,973**
Current assets			
Inventories	3.2	1,373	2,303
Trade receivables	3.3	57,607	50,618
Contract assets	3.3	21,186	22,841
Other receivables	3.3	4,962	9,536
Cash and cash equivalents	3.4	22,644	13,827
Total current assets		**107,772**	**99,125**
TOTAL ASSETS		**266,088**	**259,098**

EUR thousand	Notes	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company			
Share capital	5.2	80	80
Reserve for invested non-restricted equity	5.2	137,428	142,375
Funds	5.2	-176	0
Translation adjustment	5.2	-2,113	-2,382
Retained earnings	5.2	50,107	40,345
Total equity attributable to the shareholders of the parent company		**185,326**	**180,418**
Non-controlling interests		0	0
Total equity		**185,326**	**180,418**
Non-current liabilities			
Non-current interest-bearing liabilities	5.4	9,274	10,367
Lease liabilities	5.4	2,229	2,277
Accrued expenses	5.4	89	113
Provisions	3.6	194	83
Deferred tax liabilities	7.2	3,941	4,379
Total non-current liabilities		**15,728**	**17,219**
Current liabilities			
Current interest-bearing liabilities	5.4	4,409	7,178
Lease liabilities	5.4	1,102	1,014
Contract liabilities	3.5	12,149	11,647
Trade and other payables	3.5	47,374	41,621
Total current liabilities		**65,034**	**61,460**
TOTAL LIABILITIES		**80,762**	**78,680**
TOTAL EQUITY AND LIABILITIES		**266,088**	**259,098**

Notes form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity (IFRS)

EUR thousand	Share capital	Reserve for invested non-restricted equity	Other reserves	Translation differences	Retained earnings	Total equity attributable to the owners of the parent company	Non-controlling interests	Total equity
Equity 1 January 2023	**80**	**142,375**	**0**	**-2,381**	**40,346**	**180,420**	**-**	**180,420**
Result of the year	-	-	-	-	9,049	9,049	-	**9,049**
Other comprehensive income	-	-	-176	3	-3	-176	-	**-176**
Translation adjustment	0	-	-	238	-	238	-	**238**
Total comprehensive income	**0**	**-**	**-176**	**241**	**9,046**	**9,111**	**-**	**9,111**
Reverse acquisition share issue impact	-	-	-	-	-	-	-	**-**
Share issues	-	-	-	-	-	-	-	**-**
Acquisition of non-controlling interests	-	-	-	-	-	-	-	**-**
Share-based payments	-	-	-	26	717	742	-	**742**
Distribution of assets	-	-4,947	-	-	-	-4,947	-	**-4,947**
Other items	-	-	-	-	-	-	-	**-**
Total transactions with owners	-	-4,947	-	26	717	-4,205	-	**-4,205**
EQUITY 31 December 2023	**80**	**137,428**	**-176**	**-2,114**	**50,108**	**185,326**	**-**	**185,326**

Consolidated statement of changes in equity (IFRS)

EUR thousand	Share capital	Reserve for invested non-restricted equity	Other reserves	Translation differences	Retained earnings	Total equity attributable to the owners of the parent company	Non-controlling interests	Total equity
Equity 1 January 2022	**16**	**-**	**0**	**-524**	**26,665**	**26,157**	**549**	**26,706**
Result of the year	-	-	-	-	23,320	23,320	-	**23,320**
Other comprehensive income	-	-	-	-	-400	-400	-	**-400**
Translation adjustment	-	-	-	-1,857	-	-1,857	-	**-1,857**
Total comprehensive income	**-**	**-**	**-**	**-1,857**	**22,921**	**21,064**	**-**	**21,064**
Reverse acquisition share issue impact	64	139,250	-	-	-	139,314	-	**139,314**
Share issues	-	3,125	-	-	-	3,125	-	**3,125**
Acquisition of non-controlling interests	-	-	-	-	452	452	-549	**-97**
Share-based payments	-	-	-	-	657	657	-	**657**
Distribution of assets	-	-	-	-	-10,158	-10,158	-	**-10,158**
Other items	-	-	-	-	-191	-191	-	**-191**
Total transactions with owners	64	142,375	-	-	-9,240	133,199	-549	**132,650**
EQUITY 31 December 2022	**80**	**142,375**	**0**	**-2,381**	**40,346**	**180,420**	**-0**	**180,420**

The notes form an integral part of the consolidated financial statements.

Consolidated statement of cash flows (IFRS)

EUR thousand	Notes	1.1.–31.12.2023	1.1.–31.12.2022
Cash flows from operating activities			
Result for the period		9,049	23,320
Adjustments for profit:			
Depreciation and amortisation	2.6	6,186	4,645
Finance income and expenses	5.2	2,709	440
Gain on disposal of intangible assets		-141	-16,020
Income taxes	7.1	1,628	1,958
Share of profit/loss of an associate	6.2	1,784	27
Other adjustments		466	0
Total adjustments		**12,633**	**-8,950**
Changes in working capital:			
Increase (-) / Decrease (+) in trade and other receivables		-258	-19,743
Increase (+) / Decrease (-) in inventories		914	-421
Increase (+) / Decrease (-) in trade and other payables		7,513	10,558
Total changes in working capital		**8,168**	**-9,605**
Interest received and other financial income	5.2	465	565
Interests paid	5.2	-1,436	-1,004
Financial expenses paid	5.2	-1,556	0
Income taxes paid	7.1	-3,179	-193
Net cash flows from operating activities		**24,144**	**4,132**

EUR thousand	Notes	1.1.–31.12.2023	1.1.–31.12.2022
Cash flows used in investing activities			
Acquisition of subsidiaries, net of cash acquired	4.1	-	1,403
Disposal of subsidiaries, net of cash disposed		-	4,559
Purchase of tangible and intangible assets	4.2, 4.3	-2,490	-6,395
Proceeds from sale of tangible and intangible assets	4.2, 4.3	683	-
Net cash flows from investing activities		**-1,806**	**-433**
Cash flows from financing activities			
Proceeds from issue of new long-term debt	5.4	14,374	13,142
Repayment of long-term debt	5.4	-15,351	-5,606
Change in short-term borrowings	5.4	-2,515	-387
Repayment of lease liabilities	5.4	-895	-97
Acquisition of non-controlling interests	3.1	-	
Distribution of assets	5.1	-8,982	-5,654
Net cash flows from/(used in) financing activities		**-13,369**	**1,398**
Net increase in cash and cash equivalents		**8,969**	**5,097**
Cash and cash equivalents at 1 January		13,827	9,369
Impact of the changes in foreign exchange rates		-152	-640
Cash and cash equivalents at 31 December		**22,644**	**13,827**

The notes form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements (IFRS)

1. General accounting principles used in the preparation of the financial statements

1.1 Group information

NYAB Plc ("Parent company" or "Company") is a Finnish public limited liability company and its business ID is 2393685-6. The Company is domiciled in Oulu and its registered address is Kauppurienkatu 7, 90100 Oulu. Shares of the Company are traded on Nasdaq First North Growth Market Finland.

NYAB Group ("NYAB" or "Group"), focuses on offering engineering, construction, and maintenance services for public and private sector clients within energy, infrastructure, and industrial construction in Finland and Sweden.

These NYAB Plc's consolidated financial statements for the financial year ended on 31 December 2023 were authorised to be published in accordance with a resolution of the Board of Directors on 28 February 2024.

The notes to the consolidated financial statements are grouped into sections according to the topic. The general basis of preparation of the consolidated financial statements is described as part of this section. The accounting principles that are closely related to a specific note are presented as part of that note. Notes on each section contain relevant financial information, description of the accounting principles and critical accounting estimates and assumptions applied for the individual note.

The consolidated financial statements of the Group include the subsidiaries and associated companies specified in Notes 6.1 and 6.2. More information on the consolidation principles is presented in Note 1.2 Basis of preparation.

1.2. Basis of preparation

NYAB Plc's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as well as IFRIC and SIC interpretations as adopted by the European Union and effective on 31 December 2023. The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities classified at fair value through profit and loss accounts. The notes to the consolidated financial statements also comply with the Finnish accounting standards and corporate legislation which are complementary to the IFRS regulations.

The group has applied these accounting principles in financial years 2023 and 2022, unless otherwise stated below. The group has applied new and changed standards that have entered into force as of January 1, 2023 during the accounting period. The improvements and changes made to the existing standards, which have been discussed in note 1.3, have not had a material impact on the group's financial statements.

Financial year 2023 was the first one for NYAB in its current Group structure. The Group structure was established during the comparison year, as Skarta Group Plc and NYAB Sverige AB merged on 31 March 2022. In the arrangement, the legal acquirer was Skarta Group Plc (current NYAB Plc), but from the perspective of IFRS financial reporting, the arrangement was treated as a reverse acquisition, and NYAB Sverige AB was defined as the accounting acquirer. Skarta Group Plc has been consolidated as of 31.3.2022. The reverse acquisition and other acquisitions for the comparison period have been further discussed in note 4.1.

The preparation of the consolidated financial statements is based on the use of the initial cost, except for financial assets or liabilities recognised at fair value through profit or loss, and unless otherwise specified in the relevant accounting principle. The consolidated financial statements are presented in euros, which is the functional and presentation currency of the parent company. Financial statements are presented in thousands of euros, unless otherwise stated. The figures presented have been rounded and therefore the sum of the individual figures may differ from the total presented. KPIs are calculated using exact values.

All transactions and balances between Group companies are eliminated on consolidation.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

In the consolidated financial statements, the Group classifies assets and liabilities applying the current/non-current distinction. The Group classifies an asset as current when it expects to realise the asset within twelve months after the reporting period. Other assets are classified as non-current. The Group classifies a liability as current when it matures for repayment within twelve months after the reporting period or when the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Other liabilities are classified as non-current.

The financial statements are prepared on a going concern basis. At the date of signing the financial statements, management is required to assess the parent company's and the Group's ability to continue as a going concern, and this assessment should cover the parent company's and the Group's prospects for a minimum of 12 months from the end of the reporting period.

The more detailed accounting principles of NYAB Plc's consolidated financial statements are presented by topic in connection with the relevant note.

Conversion of items presented in foreign currency
The consolidated financial statements are presented in euros, which is the legal parent company's functional currency and NYAB Plc's presentation currency. The Group's business operations are primarily carried out in Finland and Sweden.

Transactions in foreign currencies are converted into functional currencies at the exchange rates prevailing on the day of the transaction. Foreign exchange gains and losses arising from payments related to transactions and the translation of monetary assets and liabilities in a foreign currency at the exchange rate prevailing at the end of the reporting period are recognised in profit or loss.

Foreign exchange gains and losses related to loans are presented in the income statement in financial income and expenses. All other foreign exchange gains and losses are presented in the income statement in other operating income and other operating expenses on a net basis.

The income statements of group enterprises using a functional currency that is different from the presentation currency are translated into euro at the average exchange rate for the period and the balance sheets at the exchange rate prevailing at the end of the reporting period. All exchange differences arising from the conversion are recorded in other comprehensive income. The functional currency of Group companies is either euro or Swedish crown.

Exchange differences arising from net investments in foreign subsidiaries are recognised in other comprehensive income when preparing consolidated financial statements. When a foreign operation is sold in whole or in part, the related exchange differences are transferred to profit or loss as part of the capital gain or loss. Goodwill arising from the acquisition of a foreign operation and adjustments made to reach fair values are treated as assets and liabilities of the foreign operation and are translated at the exchange rate prevailing at the end of the reporting period.

1.3 New and amended standards and interpretations

On 1 January 2023 the Group adopted the following new or amended standards. The application of the changes had no material impact on the Group's consolidated financial statement.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors -standard amendment: definition of an accounting estimate. The amendment clarifies the difference between the definition of the change in the accounting principle and the definition of accounting estimate in the application of IAS 8.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 amendments in the presentation of accounting principles.

IAS 12 Income Taxes -standard amendment: deferred tax on a transaction which at the time of the transaction gives rise to equal taxable and deductible temporary differences. The purpose of the amendment is to clarify the recognition of deferred taxes for transactions which at the same time give rise to equal deferred tax liability and a deferred tax asset. Such events include, for example, the recognition of the lease in accordance with IFRS 16 and the recognition of the responsibility for restoration.

IAS 12 Income Taxes -standard amendment: International tax reform. These amendments give companies temporary relief from accounting for deferred taxes arising from the international tax reform. Also introduced targeted disclosure requirements for affected companies.

The following new or amended IFRS standards are not yet effective and will be adopted in the financial year commencing on 1 January 2024 or later. Only the changes that are most relevant to the Group have been included in the summary below. Management does not expect the changes to have a material impact on the Group's financial statements in future reporting periods:

IAS 1 Presentation of Financial Statements -standard amendment which specifies the requirements related to the classification of liabilities as current or non-current items.

IAS 1 Presentation of Financial Statements -standard amendment that deals with non-current liabilities with covenants. The amendments improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants.

IFRS 16 Leases -standard amendment: Lease liability in a Sale and Leaseback. Relates to the subsequent measurement of lease liabilities arising from a sale and leaseback transaction.

1.4 . Critical accounting estimates and assumptions

The preparation of IFRS consolidated financial statements requires management to make estimates and assumptions as well as to use judgment when applying the accounting principles. These together have an effect on the values of balance sheet items, disclosure of contingent assets and liabilities as well as the reported amounts of revenues and expenses during the reporting period. Final actuals may differ from the estimates.

Estimates and judgements are continually evaluated and they are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The table below lists the areas where management's accounting estimates and judgements are most critical to reported results and financial position; as well as where to find more information on the areas of critical accounting estimate and judgement.

Key estimates and judgements		Note
Revenue Recognition	2.1	Revenue and reportable segments
Share-based payments and incentive plans	2.4.3	Share based payments
Determination of lease term and incremental borrowing rate	3.1	Right of use assets
Determination of warranty provision	3.6	Provisions
Assigned values and useful lives determined for intangible assets and property, plant and equipment acquired in a business combination	4.1	Business combinations
	4.2	Intangible assets
	4.3	Property, plant and equipment
Consideration transferred in the business combination	4.1	Business combinations
Impairment testing of goodwill	4.2	Intangible assets

2. Result from business operations

2.1 Revenue and reportable segments

Segment information
The CEO of the Group (the parent company's CEO) together with the Board of Directors are the most senior chief operating decision maker (CODM). CODM is responsible for allocating resources and assessing the Group's performance. The CODM mainly uses revenue and operating profit to assess the Group's financial performance, both of which are regularly monitored by the CEO and BoD only at the group level. CODM is assisted in operational decision making by a centralised Group Executive Management Team.

NYAB has one operating segment. CODM assesses its performance as a whole. The operating segment includes the group's entire business and corresponds to NYAB's only reportable segment, so segment information is presented as information for the entire NYAB Group.

NYAB has one reportable segment as there is one operating segment. The segment consists of all NYAB's business. NYAB's business consists of various infrastructure, energy and industrial projects and other services supporting these projects, such as maintenance and engineering. No project type or other services are monitored separately from construction projects. The risks and timing of cash flows are similar in all NYAB Group's projects and other services.

A significant part of NYAB's turnover comes from customers within the scope of public administration 54% (70%), such as the state, municipalities and cities, as well as transport agencies in Finland and Sweden. In 2022–2023, NYAB has had one customer (Swedish Transport Administration, Trafikverket), which in certain periods has accounted for more than 10% of the Group's total group revenue.

The basis for decision making in the assessment of financial performance and the allocation of resources is revenue and operating profit in accordance with IFRS financial statements.

Revenue

Accounting policy

The Group applies the five-step revenue recognition model included in IFRS 15 to recognise revenue. IFRS 15 aims to provide users of financial statements with information about the risks, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The recognition of revenue under IFRS 15 is based on a transfer of control. Revenue is recognised when the performance obligation is fulfilled by transferring control over the promised good or service to the customer. The transfer of control may take place at a single point in time or over time. Revenue is recognised at the amount to which the company expects to be entitled against the transfer of the performance obligations.

Types of contracts and performance obligations
NYAB's net sales consist mainly of large infrastructure, energy and industrial construction projects. In addition to construction projects, NYAB's revenue includes other services, such as engineering and maintenance services. The most common type of customer contract related to construction projects is the all-in contract. Maintenance services usually involve a framework agreement, within which individual services are performed based on a separate work order.

Projects
NYAB's projects usually involve the delivery of one entirety to the customer, and construction projects thus constitute a single performance obligation. If additional work or modifications are agreed upon during the contract, they will be processed as part of the current customer contract and the existing performance obligation.

Maintenance and other services
Maintenance services are usually provided from a different order based on the framework agreement. Each order placed on the basis of a framework agreement is a separate performance obligation.

Payments and timing of cash flows

NYAB mainly does project business and there may be significant projects in progress on the reporting date. A large part of NYAB's project business concerns infrastructure, energy and industrial construction, which is why the operations are partly seasonal and construction projects are most frequent during favorable weather conditions.

For long-term projects, customer contracts include payment installment tables, which are typically based on work progress. In NYAB's projects, there is no significant difference in time between the assignment of the work and the payment received from the customer, and NYAB's customer contracts do not include financial components as typical payment terms are 30 days.

Fulfillment of performance obligations

The performance obligation is fulfilled when control of a good or service is transferred to the customer. In projects, control is considered to be transferred to the customer over time, as the customer has control over the asset to which the construction services are directed at. In the case of maintenance services and other services, control is deemed to be transferred to the customer over time, as the customer retains control over the asset to which the services relate, or because the customer simultaneously receives and consumes the benefits of the service when NYAB provides the service. NYAB would have no alternative use for the assets and NYAB has an enforceable right to receive payment for the work performed up till the time of review, including reasonable margins.

Determination of the transaction price

If the contract includes more than one performance obligation, NYAB allocates the transaction price to the performance obligations based on separate selling prices. Mainly, NYAB's customer contracts contain one performance obligation, while framework agreements contain a series of separate performance obligations based on an order.

When determining the transaction price, NYAB takes into account variable parts, such as fines and additional fees. The transaction price is updated as estimates change. All additional work and modifications agreed during the construction project will be included in the estimate of the transaction price. NYAB takes variable considerations into account in the transaction price to the extent that it is highly likely that no significant cancellation entries will have to be made to the recognized revenue when the uncertainty is resolved.

Recognition of revenue

The Group generally uses an input-based method to determine the degree of satisfaction of performance obligations. Progress is measured in relation to the estimated total costs and revenue is recognized based on this degree of readiness. The determination of the degree of satisfaction requires the discretion of the management. Materials that are not installed at the reporting date are considered to still be under the control of NYAB and are not considered a part of the accumulated costs under the input method.

If, on the reporting date, the invoicing of an individual customer contract is less than the revenue recognised on the basis of the performance obligation's degree of satisfaction, this difference is presented as an asset under trade receivables and other receivables on the balance sheet, based on the customer contract. If, on the reporting date, the invoicing of the customer contract is greater than the revenue recognised on the basis of the performance obligation's degree of satisfaction, this difference is presented as a liability in the short-term liabilities of the balance sheet under advances received, based on the customer contract.

If, based on the management's estimate, it is probable that the total costs required to complete the customer contract will exceed the total revenue from the customer contract, the expected loss is recognised as an expense immediately.

Obligations arising from customer contracts

NYAB does not have any unusual or non-standard warranty terms in customer contracts. The length of the warranties is typically 2-5 years in accordance with the general terms and conditions of the construction industry. According to the management's estimate, warranty expenses per reporting period are approximately EUR 80-175 thousand for the entire Group. The estimate of the warranty provision is based on historical information on the realisation of warranty costs and is monitored per reporting period. Individual contracts result in higher warranty costs and the warranty provision is recognised separately if necessary. Obligations arising from customer contracts are calculated and recognised in accordance with IAS 37. For more information, see Appendices 3.6.

Key estimates and judgments

When revenue is recognized over time, the result of the customer contract and the recognition of revenue are based on estimates. NYAB's management conducts the assessment continuously during the project, and if the estimates of the result of the customer contract change, the recognition of revenue is updated during the month in which the change became known to the management. In the recognition of revenue from sales, NYAB's management makes discretionary decisions related to, in particular, the identification of performance obligations and the determination of the degree of satisfaction of the performance obligation, as well as the transaction price.

Identification of performance obligations and measuring progress towards complete satisfaction
The determining of performance obligations depends on their identification, and how NYAB's management, among other things, assesses the connection between the different components, services and work phases in the contract and whether the customer could benefit from each of them separately. Management also considers, for example, the treatment of options included in customer contracts, in particular whether they are treated as a separate performance obligation or as part of the original contract and performance obligation. NYAB's management assesses the recognition of options on a case-by-case basis.

In addition to identifying performance obligations, the recognition of revenue requires management assessment to determine the degree of satisfaction of the performance obligation, especially when input methods are used to recognise revenue. To determine the degree of satisfaction on the reporting date, the management of NYAB makes an estimate of the development of the total costs necessary to fulfil the performance obligation. Cost estimates require that the result of the project is assessed, and the actual future result may differ from the estimate. This may be due to various reasons, such as, the cost of additional work and materials, an increase in prices, as well as delays and changes in the cost of available resources. Risks characteristic of construction projects are related to, among other things, the pricing of labor and agreed upon cost and efficiency estimates. In addition, construction projects involve risks outside the control of NYAB, such as risks associated with the authorities, the client or other conditions.

The updating of the estimates and the monitoring of the recognition of past estimates related to the recognition of revenue from customer contracts is carried out regularly and reliably based on the experience of NYAB's management.

Transaction price and variable consideration
NYAB's management estimates the amount of consideration to be received from the customer contract in order to recognise revenue. Contracts related to NYAB's construction projects often include variable considerations, such as various penalties for late payments and additional fees, which are determined on a contract-by-contract basis. NYAB recognises revenue only at the amount and at the moment when it is highly probable that significant cancellations of the recognised revenue will not have to be made. In determining variable considerations, NYAB's management draws on previous evidence and empirical knowledge. The estimated revenue from the customer contract and the associated costs are updated on a contract-by-contract basis at the end of each reporting period.

Revenue by Region

EUR thousand	2023	2022
Finland	93,204	51,604
Sweden	187,213	201,714
Total	**280,417**	**253,318**

Revenue by customer group

EUR thousand	2023	2022
Public sector (municipalities and government)	151,170	177,322
Private sector	129,248	75,995
Total	**280,417**	**253,318**

NYAB has one customer (Trafikverket), which accounted for more than 10% of the Group's total revenue during the reporting period 1.1.-31.12.2023 (EUR 56 555 707,03) and the reporting period 1.1.-31.12.2022 (EUR 84 414 183,46).

Transaction price allocated to the remaining performance obligations*

EUR thousand	31.12.2023	31.12.2022
Unrecognised transaction price	294,730	239,682
To be recognised as income the following year	197,576	178,595
To be recognised later	97,154	61,087

*The transaction price allocated to the remaining performance obligations of the contract book can also be described by the term order backlog.

Revenue by contract balances

EUR thousand	31.12.2023	31.12.2022
Trade receivables	57,607	50,618
Contract assets	21,186	22,841
Contract liabilities	12,149	11,647

During the fiscal year, no impairments have been recognised for contract assets. More information on credit losses on trade receivables is presented in notes 3.3. and 5.4.2.

During the financial year 2023, 11 647 thousand euros have been recognised as income from contract liabilities (advances received) 31 December 2022 (2022: 3 584 thousand euros).

2.2 Other operating income

Accounting policy

Other Operating income includes income other than the actual sale, such as capital gains, insurance claims, rental income and public grants. Public grants that have been received as compensation for incurred expenses are recognized as income in the same period as the expenses are recorded as expenses. Public subsidies for tangible assets are recorded as a reduction of the acquisition costs of tangible assets.

EUR thousand	2023	2022
Rental income	211	113
Received subsidies	0	74
Business and fixed asset disposals	146	14,719
Other income	3,061	1,113
Total	**3,418**	**16,019**

Other income for the financial year includes income resulting from the settlement agreement with the city of Mikkeli that had a total impact of EUR 3.3 million on operating profit. Income for the comparison year includes the sales gain of EUR 14.7 million from the sale of Skarta Energy Oy.

2.3 Material and services

Accounting policy

Cost of sales include purchases of materials, supplies and goods, change in inventories and external services in the financial period. The costs are directly related to the group's actual construction services.

EUR thousand	2023	2022
Materials and services		
Purchases during the financial year	-113,922	-165,683
Increase (-)/decrease (+) in inventories	424	-605
External Services	-104,459	-37,325
Total	**-217,957**	**-203,612**

2.4. Personnel

2.4.1. Employee benefits

Accounting policy

Current employee benefit expenses

Short-term employee benefits, such as salaries, remuneration, fringe benefits, annual holidays and bonuses are recorded for the period during which the work in question was performed. Bonuses are mainly project bonuses and part of project bookkeeping.

The payments made are recognised as personnel expenses once they fall due for payment. Advance payments are recognised as assets on the balance sheet to such an extent as they are recoverable in the form of refunds or deductions from future payments. Performance-based bonuses are recognised as an expense when the Group is obliged to pay the items and their amount can be reliably estimated.

Pension commitments

Pension plans are classified as defined benefit or defined contribution plans. In defined contribution plans, the Group makes contributions to pension insurance companies. The Group has no other payment obligations beside these contributions. Payments to defined contribution plans are recognised in the income statement as an expense for the period to which the payments relate. All plans that do not fulfil these criteria are considered defined benefit pension plans.

Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses calculated according to a formula based on the Group's results and other qualitative key ratios. The Group has project bonus system, in which employees working in project management are rewarded for the good financial success of the project. On basis of previous practice, such a liability is recognised when there is a legal or informal commitment.

Defined benefit and defined contribution plans

The Group has both defined benefit and defined contribution pension plans. The only pension plan that is classified as a defined benefit plan is ITP 2, which is partly used by NYAB in Sweden, and it covers several employers. In ITP 2 plan the participating employers do not have enough information to account the plan as defined benefit plan, and instead it is accounted for as if it was a defined contribution plan. All of the earned benefits of the plan are registered with the final employer. As such, for accounting purposes the Group only has defined contribution plans.

ITP 2 benefit plans are managed by Alecta. As all benefits are registered with the final employer, Alecta lacks the possibility of establishing an exact distribution of assets and provisions to the respective employers. Losses on pension benefits incurred with other employers are, on the first hand, covered by Alecta's collective consolidation capital, and, therefore, do not result in increased costs through increased contractual premiums. However, there is no all adopted framework for the manner in which a loss is to be handled. The monthly premium is calculated per insured and type of benefit on the basis of Alecta's assumptions regarding interest rates, life expectancy, operating costs and yield tax. Calculations are done in order that the payment of a consistent amount of premium up to retirement is sufficient to ensure that the entire, targeted benefit, based on the insured's current pensionable salary, is, in fact, earned. The collective funding ratio measures distributable assets in relation to insurance commitments. According to Alecta's consolidation policy for defined benefit insurance, the collective funding ratio is usually allowed to vary between 125 and 175 percent. If the ratio is below or over these thresholds, measures are taken to return the level to the normal range. If the ratio is high, one measure is that premium reductions may be introduced. If the ratio is low, one measure is that the agreed price for new and existing benefits may be increased. Alecta's surplus in the form of their collective funding ratio at year-end 2023 was 158 percent. As of 31.12.2023 NYAB Sverige AB's share of total savings premiums in ITP 2 in Alecta is 0,00432% and its number of active insured in ITP 2 is 0,00362%. As of 31.12.2023 NYAB Infrastruktur AB's share of total savings premiums in ITP 2 in Alecta is 0,00417% and its number of active insured in ITP 2 is 0,00390%.

Tables below show the average number of employees and the benefits granted to them. Share-based payments have been discussed in note 2.4.3. Employee benefits paid to the CEO and other management team members are presented in note 7.3.

Employee benefit expenses

EUR thousand	2023	2022
Salaries and other remuneration	-28,379	-16,696
Pension expenses (defined contribution pension plans)	-2,940	-2,295
Other personnel expenses	-355	-7,117
Equity-settled share-based incentive plans	-717	-657
Total	**-32,390**	**-26,764**

2.4.2. Number of personnel

Average number of employees

	2023	2022
Average number of personnel (full-time)	406	309
Number of personnel at the end of the period	403	383

2.4.3. Share based payments

2.4.3.1. Accounting policy

The Group has share-based incentive plans for its key employees. Share-based payments to be settled in shares are recognised in equity and the payments to be settled in cash are recognised as a liability. Such cash-settled share-based payments for which the employer shall deduct, on behalf of the employee, from the share award such number of shares which covers taxes and tax-like charges paid in cash, are classified in their entirety as equity-settled share-based payments and thus, are recognised in equity. NYAB Group's share-based payment arrangements are equity settled. The plans are valued at fair value based on the market price of NYAB shares at the grant date and recognized as an employee benefit expense during the vesting period with a corresponding entry in equity. At each reporting date, the number of shares that are expected to vest from the Group's share-based incentive plans is revised. As part of this evaluation, the changes in the forecasted performance of the Group, the expected turnover of the personnel participating in the plans and other information impacting the number of shares to vest, is taken into consideration. Any adjustments to the initial estimates are recognized in profit or loss and a corresponding adjustment is made to equity.

2.4.3.2. Share-based incentive plans of the Group

Performance share plan for 2022-2024
In June 2022 the Board decided to launch the Performance Share Plan. The Performance Share Plan 2022–2024 consists of two performance periods, covering the financial years of 2022–2023 and 2023–2024 respectively.

In the plan, the target group is given an opportunity to earn SkartaNYAB shares based on performance. The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of a performance period. The potential rewards based on the plan will be paid partially in shares and cash after the end of each performance period at the end of May 2024 and 2025 respectively. The prerequisite for reward payment is that a Participant´s employment contract is in force on the reward payment date. Performance Share Plan is treated as an equity-settled plan. Share-based expense for the awards is based on the fair value of the shares on the grant date and reflects the estimated probability that the performance and service conditions will be met during the vesting period. As the shares are to be given for free and there are no non-market performance conditions, they awards are valued based on the share price as at the day of grant. The share price is adjusted by the expected dividend as the awards are not entitled to dividends before the vesting. The share-based expense is adjusted in future periods for changes in the expected outcome of the performance related conditions until the vesting date.

Project bonus share plan
In June 2022 the Board decided to launch the Project Bonus Share Plan. The Participants in the plan have possibility to choose that a portion of their future project bonuses will be paid in NYAB shares. The gross bonus is based on the terms and performance conditions set for the specific projects. After the end of a performance period, the agreed convertible proportion of the gross project bonus before the deduction of any applicable taxes will be converted into Shares. The share price to be applied in the conversion is based on the average share price of the month preceding the confirmation of the project bonus.

Share-based payments included in employee benefit expenses

EUR thousand	2023	2022
Equity-settled share-based incentive plans	-717	-657
Social costs and taxes settled in cash		-4
Total	**-717**	**-661**

Key assumptions made in determining the fair value of share-based incentive plans

Performance Share Plan	2023	2022
Share price at grant (EUR)	0.79	0.80
Share price at the end of the period (EUR)	0.55	0.87
Risk-free rate %	2.567	1.046
Expected dividend %	2.0	2.0
Expected vesting period (years)	1.9	1.9

Share-based incentives 1 January 2023 – 31 December 2023

Plan		Performance share plan 2022-2024
Type		share
Instrument		**PSP 2022-2024**
Initial amount, pcs		5,196,882
Initial allocation date		4. July 2022
Vesting date		31 May 2025
Maximum contractual life, years		2
Remaining contractual life, years		1
Number of persons at the end of the financial year		264
Payment method		Equity
Transactions during the financial year		**PSP 2022-2024**
Outstanding at the beginning of the period		5,196,882
Changes during the financial year		
Granted during the period		5,369,052
Forfeited during the period		-5,062,559
Exercised during the period		-
Expired during the period		-
Outstanding at the end of the period		5,503,375

Share-based incentives 1 January 2022 – 31 December 2022

Plan	**Share issue without payment to the personnel**	**Performance share plan 2022-2024**
Type	share	share
Instrument		**PSP 2022-2024**
Initial amount, pcs	9,950	5,905,191
Initial allocation date	30. June 2022	4. July 2022
Vesting date	30. June 2022	31 May 2024
Maximum contractual life, years	-	2
Remaining contractual life, years	-	1
Number of persons at the end of the financial year	-	230
Payment method	Equity	Equity
Transactions during the financial year		**PSP 2022-2024**
Outstanding at the beginning of the period	-	-
Changes during the financial year		
Granted during the period	9,950	5,905,191
Forfeited during the period	-	-708,309
Exercised during the period	-9,950	-
Expired during the period	-	-
Outstanding at the end of the period	-	5,196,882

No liabilities are recognised arising from share-based payments 31.12.2023 and 31.12.2022.
See note 7.3 for information on the remuneration of the key management.

2.5. Other operating expenses

Accounting policy

Other operating expenses include expenses that are not related to NYAB's actual operating activities. Other operating expenses include expenses other than the cost of goods sold, such as premises, IT and telecommunication, administrative, maintenance and operating for machinery and equipment, and marketing and communication. In addition, lease payments recognised in the income statement on leases classified as short-term leases or leased assets classified as of low value are included in other operating expenses as well as non-index-based variable leases recognized as an expense. Other operating expenses also include losses arising from the disposal of tangible and intangible assets.

EUR thousand	2023	2022
Expenses from premises	-736	-627
Expenses from computer devices and programs	-1,681	-666
Marketing expenses	-677	-488
Administrative services	-3,552	-1,929
Other operating expenses	-5,468	-4,862
Total	**-12,114**	**-8,571**

The increase in administrative services and other operating expenses is mainly due to the merging of Skarta-NYAB operations in the comparison year on 31 March 2022.

2.5.1. Auditors' fees

Auditor remuneration

EUR thousand	2023	2022
EY		
Audit fees	-196	-159
Other fees	-25	-138
Total	**-221**	**-297**

2.6 Depreciation, amortisation and impairment losses

Accounting policy

Depreciation is recognised as an expense in the income statement on a straight-line basis over the estimated useful lives of tangible and intangible assets. Right-of-use assets are depreciated over either the asset's useful life or the lease term depending on which is shorter. More information regarding fixed assets and their depreciation are on notes 4.2, 4.3 and 3.1.

EUR thousand	2023	2022
Depreciation		
Intangible assets	-2,580	-1,472
Property, plant and equipment	-2,341	-2,154
Right-of-use assets	-1,265	-1,019
Total amortisation, depreciation and impairment losses	**-6,186**	**-4,645**

An impairment of EUR 499 thousand has been booked to the intangible assets during the financial year. For the comparison year, there were no impairments or cancellations of impairment recognised related to fixed assets.

2.7 Earnings per share

Accounting policy

Basic earnings per share is calculated by dividing the profit for the financial year attributable to the parent company's shareholders by the weighted average number of shares outstanding during the financial year, excluding own shares held by NYAB Plc. NYAB Plc's number of shares for the entire financial year 2023 was 706,658,238 (weighted average number of shares for the comparison period 631,882,053), and the Company holds no treasury shares.

Diluted earnings per share are calculated by adjusting the average weighted number of shares by diluting all potentially dilutive shares, such as convertible bond shares. This changes the weighted average of the number of shares outstanding.

Earnings per share	2023	2022
Earnings per share, basic		
Profit for the financial year attributable to the owners of the parent company, EUR	9,110,657	21,063,811
Weighted average number of shares, pcs	706,658,238	631,882,053
Basic earnings per share, EUR	**0.01**	**0.03**
Earnings per share, diluted		
Profit for the financial year attributable to the owners of the parent company, EUR	9,110,657	21,063,811
Adjustments:		
Interest expenses on convertible bonds adjusted for the period adjusted for the tax effect, EUR	-	-
Adjusted profit attributable to owners of the parent company, EUR	9,110,657	21,063,811.27
Average weighted number of shares, pcs	706,658,238	631,882,053
Adjustments:		
The average number of own shares that may be issued on the basis of a convertible bond, pcs	-	-
Average weighted number of shares when calculating diluted earnings per share, pcs	706,658,238	631,882,053
Diluted earnings per share, EUR	**0.01**	**0.03**

3. Operating assets and liabilities

3.1. Right of use assets

IFRS 16 Leases requires lessees to recognise all leases in the balance sheet. This is done by recognising the right-of-use asset and the lease liability at the inception of each contract. The values of these are based on the present value of future rental payments. Instead of recognising lease costs in the income statement, depreciation is recognised for right-of-use assets and interest expenses for lease liabilities.

The Group's leases mainly consist of cars, machinery and real estate. The Group has not identified any service contracts under which there are identifiable assets that should be recognised separately in accordance with IFRS 16.

Accounting policy

The moment each contract is agreed upon, the Group assesses whether the contract in question is a lease or whether it contains a lease. This assessment is made in accordance with IFRS 16 on the basis of whether a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each identified lease in which it acts as a tenant, the Group recognises a right-of-use asset and the corresponding lease liability at the inception of the lease. The starting point is defined as the moment when the leased asset is available for use by the Group.

The valuation of the lease liability is made at the beginning of the contract by discounting future lease payments to present value. These fees take into account fixed fees, variable fees based on an index or a rate, residual value guarantees, which are expected to be payable by the Group and the exercise price of a purchase option if the Group is reasonably likely to exercise the option. Various penalty fees for terminating the lease are only taken into account in the valuation if the use of a termination option has been taken into account when assessing the lease period.

According to IFRS 16, the discount rate used for measuring the lease liability and right-of-use asset must be the internal rate of the lease. Often, however, this rate is not easy for the lessee to define, in which case the lessee is allowed to use the Group's incremental borrowing rate instead. The incremental borrowing rate is defined as the interest that the Group would have to pay if it borrowed, for an equivalent period of time and with similar collateral, the money needed to acquire an asset with a corresponding value to the right-of-use asset in a similar economic environment.

The lease liability is measured at the commencement of the lease and loan payments are made during the lease. The amount of the lease liability must be remeasured if there are changes in future lease payments as a result of, for example, index changes, a reassessment of the exercise of options included in the contract or other lease changes.

Right-of-use assets are measured at cost that consists of the amount of the lease liability, and depreciations of the said assets are made during the leasing period. In case the contract includes service components in addition to the lease, they are separated from the lease and recorded as expenses in the income statement. Depreciation of right-of-use assets is made on a straight-line basis over the asset's useful life or the lease term depending of which is shorter. If the Group is reasonably certain that the purchase option included in the contract will be exercised and the exercise amount of the purchase option is included in the valuation of the lease liability, the asset's useful life must be used as the depreciation period.

The Group recognises in the income statement the interest expense on the lease liability and depreciation on right-of-use assets. In the cash flow statement, the Group presents the portion of interest of the lease payments as cash flows from operating activities. The principal payment portion of lease payments are presented as cash flows from financing activities. Payments related to short-term and low-value leases as well as variable lease payments that are not considered in the measurement of the lease liability are presented in cash flows from operating activities.

The Group does not have significant activities as a lessor.

Key estimates and judgments

Applied exemptions

The Group has applied the exemptions provided by IFRS 16, according to which it is not mandatory to recognise short-term and low-value leases in the balance sheet. The rental period of a short-term lease is 12 months or less. Lease payments associated with such leases are recognised as an expense on a straight-line basis in other costs. In addition, the Group does not apply IFRS 16 to intangible assets.

Lease term determination

The lease term is the period of time during which the lease cannot be terminated, including the periods covered by any extension option, if the Group is reasonably certain that the option will be exercised. The periods covered by a termination option are also included if the Group is reasonably certain that the option in question will not be exercised. The Group will take into account all factors and circumstances that create a financial incentive to exercise the extension option and not to exercise the termination option. Management re-evaluates the lease period if any significant events occur or circumstances change. Also, the lease term of leases valid until further notice is determined according to the principles described above. The lease term of each such lease is based on the management assessment of the circumstances and the existence of any economic incentives.

Incremental borrowing rate determination

The internal interest rate of the Group's leases is not easily determined, which is why the Group uses the incremental borrowing rate to discount the lease payments. The incremental borrowing rate may have a very significant impact on the valuation of lease liabilities. As basis for determining the incremental borrowing rate, the Group uses the loan interests agreed with financial institutions and following the requirements of IFRS 16 it is ensured that the rate used reflects the lease commencement date, lease term, leased assets and operating environment.

Right of Use-Asset

Set out below are the carrying amounts of right-of-use asset and the movements during the period.

2023 EUR thousand	Buildings and structures	Machinery and equipment	Land rights	Total right-of-use assets
Acquisition cost 1.1.	**1,340**	**4,019**	**-**	**5,360**
Business combinations	-	-	-	-
Transfers between items	181	-208	27	-
Additions	177	1,354	45	1,576
Disposals	-	-700	-	-700
Translation differences	2	21	-	23
Acquisition cost 31.12.	**1,700**	**4,487**	**72**	**6,259**
Accrued depreciation and impairment 1.1.	**-119**	**1,863**	**-**	**-1,982**
Transfers between items	-43	53	-11	-
Translation differences	-6	-21	-	-28
Depreciation for the period	-301	-945	-19	-1,265
Accrued depreciation on disposals	-	385	-	385
Accrued depreciation and impairment 31.12.	**-469**	**-2,391**	**-30**	**-2,890**
Carrying amount 31.12.	**1,231**	**2,096**	**43**	**3,369**

2022 EUR thousand	Buildings and structures	Machinery and equipment	Total right-of-use assets
Acquisition cost 1.1.	**-**	**2,492**	**2,492**
Business combinations	740	418	1,158
Additions	600	1,225	1,826
Disposals	-	-	-
Translation differences	-	-115	-115
Acquisition cost 31.12.	**1,340**	**4,019**	**5,360**
Accrued depreciation and impairment 1.1.	-	-963	-963
Depreciation for the period	-119	-900	-1,019
Accrued depreciation on disposals	-	-	-
Accrued depreciation and impairment 31.12.	-119	-1,863	-1,982
Carrying amount 31.12.	**1,221**	**2,156**	**3,377**

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period.

EUR thousand	2023	2022
1.1.	**3,223**	**1,432**
Business combinations	-	1,158
Additions	937	1,826
Translation differences	65	-115
Loan payments	-895	-1,077
31.12	**3,331**	**3,223**

Lease interest expenses are presented under note 5.2.

EUR thousand	31.12.2023	31.12.2022
Non-current lease liabilities	2,229	2,277
Current lease liabilities	1,102	1,014
Total	**3,331**	**3,291**
Total outgoing cash flow due to leases*	1,506	1,304

*) Includes lease payments on short-term leases and leases where the underlying administrative asset has a low value

Lease expenses from short-term leases and from leases of low-value assets are included in other operating expenses and the total amount in 2023 was about 610 thousand euros (227 thousand euros).

The maturity analysis of lease liabilities is disclosed under note 5.4.3 Liquidity and refinancing risk. Lease interest expenses are presented under note 5.2.

3.2. Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value being the estimated selling price for the end product, less applicable variable selling expenses and other production costs. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of raw materials are generally determined using the weighted average cost method. Cost of inventories are determined through application of the FIFO method (first in, first out).

Cost assigned for the inventories for the group is the purchase cost including the transport cost to the construction site or raw material supply depot. There are no warehouses or procurement facilities or other fixed overheads to be allocated to the cost of the inventories.

EUR thousand	31.12.2023	31.12.2022
Raw materials and consumables	1,373	2,303
Total	**1,373**	**2,303**

Raw materials and consumables consist mainly of asphalt and supplies and parts purchased for projects. During the previous financial year other inventories mainly consist of work in progress.

3.3. Trade and other receivables

Accounting policy

NYAB's trade receivables are from invoicing of specialty construction contracts, major infrastructure projects, and maintenance contracts. The group's largest clients are government agencies, municipalities, municipality-owned business institutions or other public entities (state-owned and other publicly owned organizations). Further information in note 2.1 Revenue.

NYAB's financial assets consist of cash equivalents and trade receivables that are measured at measured at amortized cost using the effective interest method. Financial assets at amortized cost are assets held to collect contractual cash flows and those cash flows are solely payments of equity and interest.

Loan receivables and other than trade receivables are initially measured at fair value. The carrying values of loan receivables and other receivables correspond to their fair value according to NYAB's management, because they are short-term, and their interest rate is substantially equivalent to the market rate.

Other receivables consist mainly of receivables from customer contracts, prepaid expenses and accrued income and other receivables.

Key estimates and judgments

Impairment of trade and other receivables
NYAB records the expected credit losses related to trade receivables and other receivables based on an estimate proactively. NYAB applies a simplified method for the measuring trade receivables and assets from customer contracts. Impairments on trade receivables and assets based on customer contracts are calculated according to the Expected Credit Losses (ECL) model. Estimates on expected credit losses and credit loss provisions to be recognized in trade receivables are based on the amount corresponding credit losses during the entire asset life cycle, whereby a credit loss is recognized on the basis of credit losses expected over the entire life cycle of trade receivables or an asset based on customer contracts.

A provision will be recorded in the balance sheet for expected future credit losses and it will remain on the balance sheet until it is recognized in the income statement or is reversed. Due to the nature of NYAB's business, provisions may remain on the balance sheet for several years if the receivable involves, for example, the outcome of a lawsuit.

The expected credit losses related to trade receivables is calculated by customer portfolio based on portfolio risks. The judgment is based on experience with past years' credit losses and earlier payment behavior, as well as publicly available future information. NYAB's management has calculated credit loss rates based on the ageing category of trade receivables, taking into account the specifics and risks associated with the receivables.

For large individual trade receivables or customers, the credit loss provisions are calculated based on estimates of the probability that the customer will become insolvent. These estimates are from available market information, the customers' credit ratings and the customer-specific experience of NYAB's project management. Adjustments are made if there are indications of a decrease of customers' credit ratings, for example, on the basis of payment behavior.

According to NYAB's management's judgement, expected credit losses related to trade receivables and assets based on customer contracts are not material and therefore not recorded in the financial statement of 31 December 2023.

Trade receivables and contract assets

EUR thousand	31.12.2023	31.12.2022
Trade receivables (Gross)	57,607	50,618
Contract assets	21,186	22,841
Less: Allowances for Expected credit losses	-	-
Trade receivables and contract assets (Net)	**78,793**	**73,459**

Ageing analysis of trade receivables

	Unmatured	1–30 days	31–90 days	More than 90 days	Total	Expected Credit Loss	Carrying Amount
31 Dec 2023	38,113	5,959	1,070	12,464	57,607	-	57,607
31 Dec 2022	30,600	5,618	6,627	7,772	50,618	-	50,618

See note 5.4 for additional information on the credit risks related to trade receivables.
See note 2.1. for additional information on the recognition of contract assets.

Other receivables

EUR thousand	31.12.2023	31.12.2022
Contingent considerations	-	3,618
Prepaid expenses	2,658	3,787
Other receivables	2,304	2,131
Total Other receivables	**4,962**	**9,536**

Prepaid expenses consist of advances paid related to electricity network business projects and other project accruals. Contingent considerations in the comparison year related to the sale of Skarta Energy Oy and have been converted to holdings in associated companies during the reporting period.

3.4. Cash and cash equivalents

Accounting policy

Cash and cash equivalents, in both the balance sheet and the cash flow statement, include bank balances and other current investments with a due date within three months of the acquisition date.

EUR thousand	31.12.2023	31.12.2022
Cash in hand and at bank	22,644	13,827
Total Cash and cash equivalents	**22,644**	**13,827**

3.5. Trade and other payables

Accounting policy

Trade payables and other financial liabilities included in the item are classified as financial liabilities measured at amortised cost. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. The book values of trade and other payables are considered to correspond to their fair value because of their short maturity. The liabilities are unsecured and are normally settled within 30 days of their initial recognition. The book value of trade payables and other financial liabilities included in this balance sheet item is presented in Note 5.4 Financial Risk Management.

Trade and other payables are classified as current liabilities if they fall due within 12 months of the end of the reporting period. Advances received are contractual liabilities until the Group meets the performance obligation promised to the customer.

EUR thousand	31.12.2023	31.12.2022
Trade payables	26,691	24,428
Contract liabilities	12,149	11,647
Accrued expenses and deferred income	8,830	3,693
Accrued personnel expenses	3,355	3,014
Accrued interest expenses	-	204
Other liabilities	7,772	8,470
Current tax liability	725	1,812
Total	**59,523**	**53,268**

See note 2.1. for additional information on the recognition of contract liabilities. EUR 4.3 million of the accrued expenses and deferred income consists of value added taxes that are to be credited to customers.

3.6. Provisions

Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expenses relating to a provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision
The Group provides warranties for contractors work performance and for the materials and goods supplied. The group does not sell warranties or extended warranties/guarantees that fall within the scope of IFRS 15. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

Onerous contracts
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. The project managers regularly update the project revenues and cost estimates in order to identify any loss making contracts where losses cannot be avoided.

Onerous contracts are accounted for and reviewed quarterly. If significant onerous contracts occur, the total forecasted loss is recognised.

Key estimates and judgements

Provisions for present obligations require management judgment in determining whether it is probable that an outflow of economic benefits will be required to settle the obligation. Estimation is required in determining the value of the obligation as the amount recognised as a provision is based on the best estimate of unavoidable costs required to settle the obligation at the end of the reporting period.

The assessment of provisions for existing obligations requires management's judgment to determine whether a legal or other constructive obligation has arisen that makes it probable that resources will be transferred to settle the obligation. If the the obligation is estimated to have arisen, NYAB's management will form an estimate of the probable amount of the obligation and when it will be fulfilled.

Estimates are necessary because the values recognised in provisions are based on the best available estimates, at the time of recognition, of the unavoidable costs needed to settle the obligation at the end of the reporting period. When estimating necessary costs, management must consider several possible outcomes and the probabilities of them happening, risks and uncertainties surrounding the events and circumstances, and also make assumptions about the timing of payments. Evaluation is also needed when determining the discount rate. Changes in timing or cost estimates may become necessary over time and/or as more detailed information becomes available.

	2023		
EUR thousand	**Warranty provisions**	**Project risk provisions**	**Total**
At 1 Jan	**81**	**2**	**83**
Business combinations	-	-	**-**
Additional provisions	-81	192	**112**
Total (31 Dec)	**-**	**194**	**194**
Non-current	-	194	**194**
Total	**-**	**194**	**194**

	2022		
EUR thousand	**Warranty provisions**	**Project risk provisions**	**Total**
At 1 Jan	**-**	**-**	**-**
Business combinations	81	-	**81**
Changes in provisions	-	2	**2**
Total (31 Dec)	**81**	**2**	**83**
Non-current	81	2	**83**
Total	**81**	**2**	**83**

4. Acquisitions and capital expenditure

4.1 Business combinations

Accounting policy

The Group applies the acquisition method in accounting for business combinations. The total consideration payable for the acquisition of the subsidiary shall be determined as the fair value of assets to be disposed of, liabilities to be absorbed and equity instruments issued by NYAB. The total consideration includes the fair value of the asset or liability incurred from the conditional consideration. Acquisition-related expenditure, such as professional fees, are recognised as expenses when realised. Identifiable acquired assets, and liabilities and contingent liabilities admitted are measured at the fair values at the date of acquisition. A subsidiary is consolidated from the moment the group acquires control and the transferred subsidiaries are consolidated until control ceases. For more information on accounting principles related to group companies see notes 6.1. and 6.2.

The non-controlling interest in the subject of the acquisition shall be recorded at fair value per acquisition or at an amount equal to the proportionate share of the non-controlling interest in the net assets of the acquisition subject.

Key estimates and judgments

Accounting for business combinations requires significant judgment and the use of estimates. The fair values of acquired assets and liabilities are, where possible, determined based on available market values. If no market values are available, the valuation is based on the asset's estimated ability to generate income. Consideration transferred in business combinations is measured at the fair value on the acquisition date.

Treatment of the goodwill from the acquisitions made in 2022 has been discussed in Note 4.2. No business combinations were made during 1.1.-31.12.2023.

4.1.1. Acquisitions in 2022

4.1.1.1. Merger of Skarta Group Plc and NYAB Sverige AB

On 16 December 2021, NYAB Plc (previously, Skarta Group Plc) informed that it has signed a share exchange agreement under which it will acquire the entire common stock of NYAB Sverige AB (100%). NYAB Sverige Group operates nationwide in Sweden and its core business consists of land construction and infrastructure and specialty construction. Its clients include both private and public sector operators.

The method of execution of the business combination was specified as set out in the Company Bulletin in February 21, 2022. On 31 March 2022 the Board of Directors of NYAB Plc (previously, Skarta Group Plc) made the decision on the directed share issue to the shareholders of NYAB Sverige AB and approved the subscriptions made therein. As part of the business combination, a directed share issue was arranged to the previous shareholders of NYAB Sverige AB in which 414,244,098 new shares of NYAB Plc were issued. With the directed share issue, the number of shares in NYAB Plc increased to 702,641,888 shares. The directed share issue had no effect on NYAB Plc's share capital, which amounts to EUR 80 thousand. In the arrangement, Skarta Group Plc also transferred a cash consideration of EUR 2.5 million.

The new shares issued in the directed share issue have been registered in the Trade Register and trading on them has started on Nasdaq First North Growth Market Finland on 5 April 2022.

On 31 March 2022, Skarta Group Plc and NYAB Sverige AB merged to form a new entity, NYAB Plc (previously, Skarta Group Plc). The companies operate in the same industry. With the business combination, NYAB's resources grew substantially and its expertise increased, particularly in the Norrbotten area, a major market for both parties to the business combination. Planned investments in carbon-free industry and infrastructure in the region for the coming decades will amount to more than EUR 100 billion. Strategic, economic and commercial benefits are expected from the merger.

From the perspective of IFRS financial reporting, the merger of Skarta Group Plc and NYAB Sverige AB is treated as a reverse acquisition. NYAB applies the acquisition method in which NYAB Sverige AB is defined as the accounting acquirer and Skarta Group Plc as the accounting acquiree.

The comparative period presented in NYAB's financial statements for the reporting period ended December 31, 2022 and the opening balance sheet on January 1, 2021 include only companies of NYAB Sverige AB and companies belonging to Skarta Group Plc have been consolidated for the first time on 31 March 2022 and their turnover in the NYAB Group for the period from 1 April to 31 December 2022 amounted to EUR 59,3 million euro.

Determination of the consideration transferred in the reverse acquisition
In the reverse acquisition, NYAB Sverige AB did not dispose any consideration of the accounting acquiree. Instead the accounting acquiree Skarta Group Plc issued its own shares to the shareholders of the accounting acquirer and transferred a cash consideration of EUR 2.5 million.

In accordance with IFRS 3.B20, in a reverse acquisition the consideration transferred is based on the number of equity interests the legal subsidiary NYAB Sverige AB would have had to issue to give the owners of the legal parent Skarta Group Plc the same percentage equity interest in the combined entity that results from the reverse acquisition. The fair value of the transferred consideration was EUR 139 250 000, which corresponds to 1 114 shares with a value of 125 000 that NYAB Sverige AB would have issued in accordance with the above. The value per share is derived from NYAB Sverige AB's value, which is based on one hand on the value agreed in the share swap agreement and the valuation of the company prepared in March 2022 on the other. This valuation has been prepared externally primarily on the basis of a discounted future cash flow model and on the other hand on the basis of a benchmark analysis. The future cash flows used in the valuation are based on the estimates and forecasts of the company's management and include significant management judgement. Cash consideration has been deducted from retained earnings from previous years as a distribution to owners.

4.1.1.2. Acquisition of Power Forze AB
On August 31, 2022, NYAB acquired the all the shares of Power Forze AB (100%) through a share swap agreement. Power Forze AB is a company operating specifically in northern Sweden and providing services for electrical installation of industrial and wind turbines, as well as the construction and maintenance of power grids. With the acquisition of Power Forze AB, NYAB strengthens its position in the energy construction value chain in a growing market, seeking revenue synergies, among other things.

In the directed share issue 4,006,400 new shares of SkartaNYAB Plc were issued to the shareholders of Power Forze AB. The subscription price per share was EUR 0.72 and it was paid as an apport asset with shares of Power Forze AB. With the directed share issue, the number of shares of SkartaNYAB Plc increased to 706,658,238 shares. The directed share issue had no effect on NYAB's share capital, which amounts to EUR 80 thousand. NYAB recorded EUR 27 thoudand euros acquistion related costs.

The new shares issued in the directed share issue have been registered in the Trade Register and trading on them has started on Nasdaq First North Growth Market Finland on 5 September 2022.

Power Forze Ab was consolidated for the first time on 31 August 2022 and its net sales in the NYAB Group for the period 1 September to 31 December 2022 is moderate.

Fair value of consideration transferred in the reverse acquisition
The purchase price payable for the shares of Power Forze AB was SEK 38.5 million, of which SEK 8.5 million was paid by cash consideration and the final part by directed share issue.

The fair value of the transferred consideration in the directed share issue was calculated at the rate on 31 August 2022 at the date of transfer of control (EUR 0.78 per share), resulting in a total of EUR 3,124,992. The total fair value of the transferred consideration was EUR 3,931,161.

Assets acquired and liabilities assumed in the Business Combinations

The fair values of the identifiable assets and liabilities of Skarta Group Plc and Power Forze AB as at the date of acquisition were:

Assets

EUR thousand	NYAB Group Plc	Power Forze AB	Total
Other intangible assets	65	-	65
Non-competition agreements	1,892	-	1,892
Order backlog	3,015	390	3,405
R&D project portfolio	5,397	-	5,397
Land areas	234	-	234
Property, plant and equipment	5,847	45	5,892
Right-of-use-asset	863	208	1,071
Investments	4,507	-	4,507
Non-current receivables	153	-	153
Deferred tax assets	321	-	321
Total Non-Current Assets	**22,294**	**643**	**22,937**
Inventories	1,088	-	1,088
Trade receivables	6,763	713	7,476
Other receivables	163	37	201
Other accrued receivables	13,554	17	13,571
Cash and cash equivalents	1,716	493	2,209
Current assets	**23,283**	**1,261**	**24,544**
TOTAL ASSETS	**45,577**	**1,904**	**47,481**
Borrowings	-5,745	-4	-5,749
Provisions	-19	-52	-70
Deferred tax liabilities	-2,201	-101	-2,302
Lease liabilities	-763	-208	-971
Non-Current Liabilities	**-8,728**	**-365**	**-9,093**

EUR thousand	NYAB Group Plc	Power Forze AB	Total
Borrowings -Interest bearing	-1,474	-9	-1,483
Trade payables	-5,718	-562	-6,280
Other current liabilities	-4,592	-85	-4,678
Accrued expenses	-3,953	-117	-4,070
Current Liabilities	**-15,737**	**-775**	**-16,512**
TOTAL LIABILITIES	**-24,465**	**-1,140**	**-25,605**
Total identifiable net assets at fair value	21,112	764	21,877
Goodwill arising on acquisition	118,138	3,167	121,305
Purchase consideration transferred	**139,250**	**3,931**	**143,181**

The goodwill from the merger of Skarta Group Plc and NYAB Sverige AB is primarily due to the significantly increased market position and, in particular, the increased geographical coverage in the strategically important regions. In addition, synergies are expected in the merger due to the growth in personnel and increased expertise and experience of the staff, which will reflect in, among other things, the capability to respond to larger offers, innovations and future technologies. Goodwill is not deductible for tax purposes.

The goodwill from the acquisition of Power Forze AB is due to the expertise and experience of the staff and the increased market position. Goodwill is not deductible for tax purposes.

	2022		
EUR thousand	NYAB Group PLc	Power Forze AB	Total
Cash flow impact			
Cash consideration	-	-806	-806
Cash and cash equivalents of the acquired entities	1,716	493	2,209
Total cash flow impact	**1,716**	**-313**	**1,403**

4.1.2. Losing control over a subsidiary during the comparison period
On 23 December 2022, NYAB sold the entire stock of Skarta Energy Oy to a new company to be incorporated. The total consideration was EUR 22 million while the cash portion of the consideration was EUR 4.8 million. The conditional consideration was EUR 4 million and in the balance sheet it is presented under other current receivables. The net cash inflow from the disposal was EUR 4.6 million. The net assets over which control was lost was EUR 3.2 million. Subsequently, NYAB Finland has formed an affiliated company with CapMan Nordic Infrastructure II fund, which owns the shares of Skarta Energy Oy. NYAB owns 40% of the shares of the affiliated company.

Impact on profit for the financial period 1.1.-31.12.2022 caused by the arrangement concerning Skarta Energy Oy totals EUR 15.7 million. Further information on the total impact is presented in note 2.2. and on treatment of contingent considerations in notes 3.3., 5.3. and 7.3.

4.2 Intangible assets

Accounting policy

Goodwill
Goodwill arising from business combinations is recognised at an amount by which the consideration paid, the share of non-controlling interests in the acquisition target and the previously owned portion of the target, summed together, exceed the fair value of the net assets acquired. Goodwill is not amortised but is subject to impairment testing annually or more frequently if there have been changes in circumstances that indicate a possible impairment. Any impairment loss on goodwill is recognised immediately in the income statement. Previously recognised impairment losses on goodwill are never derecognised.

Other intangible assets
NYAB recognises intangible assets, other than goodwill, at their original cost less accumulated amortisation and any impairment losses when the cost can be measured reliably and it is probable that the expected economic benefits stemming from the assets will flow to the Group. Intangible assets are depreciated on a straight-line basis over their estimated useful life.

Asset amortisation methods and useful lives are reviewed and, if necessary, adjusted at each balance sheet date or more frequently if circumstances or other events during the reporting period indicate that intangible assets are impaired. Intangible assets with limited useful lives are tested for impairment if there are indications of impairment.

Intangible assets acquired in connection with acquisitions are recognised separately from goodwill if they meet the definition of an intangible asset, are identifiable or are based on contracts or legal rights. Intangible assets acquired in connection with acquisitions are recognised at fair value at the date of acquisition.

NYAB's other intangible assets consist of unfinished development projects, software development costs and land rights. Those intangible assets with a limited useful life are amortised in income statement over their estimated useful life.

The estimated useful lives of intangible assets are:

Land rights:	10 years
Software:	5 years
Order backlog & NCAs:	2-10 years
R&D-projects:	10 years

Research and development costs
Research costs are expensed as incurred. Development costs that are directly attributable to the design, testing and implementation of identifiable and unique assets controlled by the Group are recognised as intangible assets in the balance sheet when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale
- the Group intends to complete the intangible asset and use or sell it
- the Group can demonstrate how the intangible asset will generate probable future economic benefits
- the Group has adequate resources available to complete the asset
- the Group is able to measure the expenditure attributable to the development of the intangible asset reliably.

Capitalised development costs include direct employee costs, an appropriate portion of relevant overheads, and direct purchases.

Amortisation is commenced when the asset is ready for use, and it starts to produce economic benefit to the Group. During the period of development, the asset is tested for impairment annually.

Key estimates and judgments

The value of intangible assets obtained in an acquisition are determined based on fair value and their remaining useful lives are determined as well. Assigned values and useful lives as well as the underlying assumptions are based on management's views. Different assumptions and useful lives could have a significant impact on the reported amounts.

Intangible assets are tested for impairment according to the accounting principles.

	2023					
EUR Thousand	**Goodwill**	**Order backlog & NCAs**	**Research & Development projects**	**Land rights**	**Other intangible assets**	**Total**
Cost as at 1.1.2023	**121,182**	**5,208**	**48**	**94**	**142**	**126,532**
Business combinations					-	-
Additions	-	-	337		337	337
Disposals	-	-	-4		-4	-4
Reclassification	2,849	72	22	-96	-74	2,847
Translation difference	7	1	1	2	3	12
Cost at 31.12.2023	**124,038**	**5,282**	**404**	**0**	**404**	**129,724**
Accumulated amortisation and impairment as at 1.1.2023	0	-1,460	-30	-21	-50	-1,510
Reclassification	-2,849	-7	-13	21	9	-2,847
Amortisation and impairment losses for the financial year	0	-2,540	-40		-40	-2,581
Translation difference		-5	0		0	-6
Accumulated amortisation and impairment losses at 31.12.2023	-2,849	-4,013	-83	0	-83	-6,945
Carrying amount 31.12.2023	**121,189**	**1,268**	**321**	**0**	**321**	**122,779**
Carrying amount 1.1.2023	**121,182**	**3,748**	**18**	**73**	**92**	**125,021**

	2022					
EUR Thousand	**Goodwill**	**Order backlog & NCAs**	**Research & Development projects**	**Land rights**	**Other intangible assets**	**Total**
Cost as at 1.1.2022	**-**	**-**	**48**	**29**	**77**	**77**
Business combinations	121,305	5,296	5,397	65	5,462	132,063
Additions	-	-	-	-	-	-
Disposals	-	-	-5,397	-	-5,397	-5,397
Translation difference	-123	-88			-	-211
Cost at 31.12.2022	**121,182**	**5,208**	**48**	**94**	**142**	**126,532**
Accumulated amortisation and impairment as at 1.1.2022	-	-	-30	-8	-38	-38
Amortisation and impairment losses for the financial year	-	-1,460	-	-12	-12	-1,472
Accumulated amortisation and impairment losses at 31.12.2022	-	-1,460	-30	-21	-50	-1,510
Carrying amount 31.12.22	**121,182**	**3,748**	**18**	**73**	**92**	**125,021**
Carrying amount 1.1.2022	**-**	**-**	**18**	**21**	**39**	**39**

Impairment testing during the reporting period

Accounting policy

During the reporting period, impairment testing is performed only on the group of cash-generating units including goodwill.

No indication of impairment of individual assets or cash-generating units was observed during the reporting period. The Group does not have assets with unlimited useful lives or unfinished development projects that should undergo impairment testing annually.

Impairment testing

The carrying values of goodwill, other intangible assets, property, plant and equipment, right-of-use assets, and non-financial investments are reviewed regularly for indication of impairment.

Impairment testing is performed if there is an indication of impairment; and the asset is written down to its recoverable amount if its carrying amount is greater than the estimated recoverable amount.

In addition, goodwill and other intangible assets that have an indefinite useful life, and as such are not subject to amortisation, are tested annually for impairment, even if there is no indication of impairment. Impairment testing is performed and documented annually in connection with the long-term forecasting process.

Annual impairment testing is performed on a cash-generating unit level. NYAB defines cash-generating unit as the smallest group of assets that generate cash flows that are independent of the cash flows generated by other assets. Goodwill is allocated to groups of cash-generating units that benefit from the synergies of the acquired goodwill.

NYAB uses value in use to establish the recoverable amount of cash-generating units. Value in use is determined by discounting future cash flows expected to be derived from a group of assets. The carrying amount of a group of cash generating units comprises net operating assets, including goodwill and fair value adjustments arising from acquisitions.

With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Key estimates and judgments

When determining the level on which goodwill is tested and whether there are signs of its impairment, the management uses significant judgment and estimates.

Impairment testing is forward-looking and requires management to make certain assumptions, as explained below. These assumptions reflect past experience and, when appropriate, external sources of information.

The recoverable amounts of cash-generating units are determined by value in use calculations. These calculations are based on estimated discounted future cash flows from most recent, long-term forecast, and / or long-term assumptions approved by management.

The period covered by cash flows is related to the useful lives of the assets being reviewed for impairment. The growth rate used to extrapolate the cash flow projections until the end of assets' useful lives is in line with the assumed inflation, taking into consideration market outlook forecast. Cash flows arising from future investments are excluded; unless projects have been started, in which case the cash outflow needed to complete the started projects is included.

The discount rates reflect current assessments of the time value of money and relevant market risk premiums specific to each cash generating unit, reflecting risks and uncertainties for which the future cashflow estimates have not been adjusted.

Preparation of these cash flow estimates requires management to make assumptions relating to future expectations. Assumptions vary depending on the business and the market conditions the tested assets are in.

During 1.1.2023-31.12.2023 there were no other changes in goodwill except translation differences. Goodwill was generated in the Skarta-NYAB merger on 31.3.2022 and in the acquisition of Power Forze AB on 31.8.2022. On the reporting dates of 1.1.2022-31.12.2023, the Group did not have any intangible assets with an unlimited useful life or other items that would require annual impairment testing.

Changes in goodwill

EUR thousand	2023	2022
Value as at 1.1.	**121,182**	**-**
Business combinations	0	121,305
Translation difference	7	-123
Impairment	-	-
Value as at 31.12.	**121,189**	**121,182**

Identification of cash-generating units, goodwill allocation and impairment testing

Cash-generating units are determined based on how NYAB Plc's management monitors and manages the business. In operational reporting, the two specified cash-generating units are defined to be the operation in Sweden and the operation in Finland. NYAB's management monitors goodwill at the level of the business segment defined in Note 2.1.

The two CGU's of NYAB Plc benefit from the synergies of the Skarta-NYAB business combination as one group. In regard to impairment testing, the goodwill of NYAB Plc is not divisible between the two recognized CGUs separately. Therefore, the two CGU's form a group to which the goodwill is allocated as a whole for the purposes of the impairment testing.

Key assumptions used in goodwill testing at:

	31.12.2023
Length of period to be tested	5 years
Terminal growth	2,0 %
Terminal profitability (EBITDA %)	8,7 %
Discount rate (Pre-tax WACC)	11,6 %
Discount rate (Post-tax WACC)	9,3 %

Consolidated goodwill and intangible assets with an indefinite useful life are tested annually during Q4 based on the 31 October balance sheet. The recoverable amount of the group of cash-generating units as of 31.10.2023 based on the performed impairment testing exceeded the carrying amount.

Based on the impairment testing performed, no impairment losses have been recognised on the income statement. The recoverable amount of the group of cash generating units significantly exceeds the carrying value of the group of cash generating units.

Sensitivity analysis

The Group has considered the sensitivity of key assumptions as part of the impairment testing. When doing this, any consequential effect of the change on the other variables has also been considered. The calculations are most sensitive to changes in estimated future EBITDA levels and to changes in the discount rate. Management estimates that no reasonably possible change in the discount rate used or in future earnings would cause the carrying amount to exceed its recoverable amount in any cash generating unit or group of cash generating units.

4.3 Property, plant and equipment

Accounting policy

NYAB's tangible fixed assets are comprised mainly of buildings, land improvements, other structures, machinery and equipment (such as excavators, pile driving engines etc.), vehicles and computers. Tangible assets are carried at acquisition cost less depreciation and impairment. Acquisition cost includes all expenses arising directly from the acquisition of an asset, including reliably verifiable installation and transportation costs. Government grants related to the fixed assets are deducted from the acquisition cost of the asset. There are no borrowing costs that would be directly attributable to the acquisition, construction or production of a qualifying asset.

Additional expenses are included in the asset's reported value, or are reported as a separate asset, depending on the more appropriate alternative. Additional expenses are recognised on the balance sheet only when it is likely that the future economic benefits associated with the will accrue to the Group and when the acquisition cost of the asset can be measured reliably. The reported value of a replaced part is derecognised. All other forms of repairs and maintenance are recognised as an expense during the period in which they arise.

Capital gains and losses arising from the disposal of tangible assets are determined by comparing sales proceeds with carrying amount and recognised in other operating income or other operating expenses.

Depreciation of property, plant and equipment commences when the asset is available for use to NYAB. Depreciation is reported on a straight-line basis over the asset's estimated useful life and is recognised as an expense in the income statement.

The estimated useful lives of tangible assets by asset type are the following:

Buildings:	50 years
Other structures:	10 years
Land improvements:	20 years
Machinery and equipment:	3-5 years
Vehicles:	3-5 years
Computers:	3-5 years

Land is not depreciated.

When recognizing straight-line depreciation, a temporary difference arises between the carrying amount and depreciation in taxation; a deferred tax item is presented in Note 7.2.

The assets' residual values and useful lives are reviewed at the end of every reporting period and are adjusted if necessary. In the event that the reported value of an asset exceeds its estimated recoverable amount, the asset is immediately written down to its recoverable amount.

	2023			
EUR thousand	**Land and Buildings**	**Machinery and Equipment**	**Other tangible assets**	**Total**
Acquisition cost as at 1.1.2023	**4,661**	**12,532**	**865**	**18,058**
Business combinations	-	-	-	-
Disposal of subsidiary	-	-	-	-
Exchange rate differences	11	17	19	47
Additions	64	677	485	1,225
Disposals	-51	-410	-	-461
Work in progress	-	-	-	-
Acquisition cost as at 31.12.2023	**4,684**	**12,817**	**1,368**	**18,869**
Accumulated depreciation and impairment losses as at 1.1.2023	-249	-3,449	-	-3,698
Exchange rate differences	-5	-27	-	-32
Depreciation and impairment losses for the financial year	-188	-2,153	-	-2,341
Cumulative depreciation on disposals and reclassifications	-	141	-	141
Accumulated depreciation and impairment losses as at 31.12.2023	**-441**	**-5,488**	**-**	**-5,930**
Carrying amount 31.12.2023	**4,242**	**7,329**	**1,368**	**12,939**
Carrying amount 1.1.2023	**4,411**	**9,084**	**865**	**14,360**

	2022			
EUR thousand	**Land and Buildings**	**Machinery and Equipment**	**Other tangible assets**	**Total**
Acquisition cost as at 1.1.2022	**4,504**	**3,763**	**-**	**8,267**
Business combinations	234	5,884	8	6,126
Disposal of subsidiary	-184	-15	-8	-206
Additions	106	3,128	-	3,235
Disposals	-	-229	-	-229
Work in progress	-	-	865	865
Acquisition cost as at 31.12.2022	**4,661**	**12,532**	**865**	**18,058**
Accumulated depreciation and impairment losses as at 1.1.2022	-243	-1,310	-	-1,552
Depreciation and impairment losses for the financial year	-6	-2,147	-	-2,154
Disposal of subsidiary	-	8	-	8
Accumulated depreciation and impairment losses as at 31.12.2022	**-249**	**-3,449**	**-**	**-3,698**
Carrying amount 31.12.2022	**4,411**	**9,084**	**865**	**14,360**
Carrying amount 1.1.2022	**4,261**	**2,453**	**0**	**6,715**

5. Capital structure

5.1. Equity

Accounting policy

Equity
The Group's equity consists of share capital, reserves, currency translation differences, accumulated profits and the share of non-controlling interests. NYAB Plc has one class of shares, and all shares have an equal right to dividends. Shares of NYAB Plc have no nominal value. The transaction costs arising from the share issue or the subscription of options are presented as a deduction on equity.

Dividends
Dividends are recognised as debt after the Annual General Meeting has approved the amount of dividend to be distributed.

Reserve for invested non-restricted equity
The portion of the subscription prices of the share issues that is not recognised in share capital, is recognised in the reserve for invested non-restricted equity. The repurchase price of the company's own shares has been entered in the reserve for invested non-restricted equity. The accounting principles of share-based payments made by NYAB are set out in Note 2.4.3.

Translation differences
The income statements of Group companies, which functional currencies are different than the presentation currency of the Group, are translated into euros using the average exchange rate for the period and balance sheets are translated using the exchange rate of the balance sheet date. All the exchange rate differences arising from these translations are recognised in other comprehensive income. Exchange rate differences arising from net investments in foreign subsidiaries are recognised in other comprehensive income when preparing the consolidated financial statements. When a foreign operation is sold wholly or partially, the related exchange rate differences are transferred to profit or loss.

5.1.1. Share capital and number of shares
NYAB Plc's total number of shares for the entire financial year 2023 was 706,658,238. The Company holds no treasury shares. Share capital of the company is EUR 80 thousand.

During the comparison year 2022, the number of shares changed in three separate directed share issues. Share issues were related to acquisitions of NYAB Sverige AB and Power Forze AB, as well as the commitment of personnel through a share issue without payment.

Number of shares (pcs)

	2023	2022
1 Jan	**706,658,238**	**288,397,790**
Reverse acquisition impact 31 Mar 2022		414,244,098
Share issue		9,950
Power Forze AB acquisition		4,006,400
31 Dec	**706,658,238**	**706,658,238**

Share capital

	2023	2022
1 Jan	**80**	**16**
Reverse acquisition share issue impact	-	65
31 Dec	**80**	**80**

5.1.2. Distribution of funds

The Annual General Meeting that was held on 26 April 2023 resolved to pay shareholders a return of capital of EUR 0.007 per share, totalling EUR 4,946,607.67. The capital repayment was made from the company's invested non-restricted equity fund and its payment date was 8.5.2023. No dividend was paid. In addition, cash flow statement for the financial year 2023 includes a repayment of a dividend liability to NYAB Sverige AB's prior shareholders. The payment, amouting to approximately EUR 4.0 million, relates to a dividend resolution that NYAB Sverige AB made before the reverse acquisition between the companies.

NYAB Plc's result for the financial period that ended on 31 December 2023 was 16,605,532 euros and the distributable assets of the parent company were 266,530,406 euros. The Board of Directors proposes to the Annual General Meeting to be held on 11 April 2024 that 0.014 euros per share, equaling a total of 9,893,215 euros, is paid to shareholders as a distribution of assets based on the balance sheet to be adopted for the financial period. The amount of ordinary profit distribution is 0.008 per share and extraordinary profit distribution is EUR 0.006 per share.

The distribution of assets is proposed to be executed as a capital repayment from the invested unrestricted equity reserve, and no dividends will be paid. The capital repayment is paid to shareholders who on the record date of 15 April 2024 are entered as shareholders in the company's shareholder register held by Euroclear Finland Ltd. The capital repayment is proposed to be paid in one installment on 22 April 2024.

5.1.3. Reserve for invested non-restricted equity

	2023	2022
1 Jan	**142,375**	**-**
Reverse acquisition share issue impact	-	139,250
Power Forze AB acquisition share issue	-	3,125
Distrubution of funds	-4,947	-
31 Dec	**137,428**	**142,375**

5.2. Financial income and expenses

	2023	2022
Financial income		
Interest income on instruments valued at amortized cost	432	48
Dividend income	31	7
Foreign exchange gain	28	506
Other financing income	1	4
Total financial income	**491**	**565**
Finance expenses		
Interest expenses on debt instruments valued at amortized cost	-1,372	-829
Interest expenses on lease liabilities	-219	-68
Impairment on Investment	0	25
Foreign exchange losses	-150	-91
Other financing expenses	-1,476	-41
Total financial expenses	**-3,217**	**-1,004**
Finance income and expenses total	**-2,726**	**-440**

The increase in other financing expenses was due to preparations costs relating to NYAB's re-domiciliation and listing transfer where the target is to enable a following capital market transaction.

5.3. Financial assets and liabilities

Accounting policy

5.3.1. Financial assets

The Group's financial assets are classified in accordance with IFRS 9 Financial Instruments in the following categories: financial assets recognised at amortised cost, financial assets at fair value through profit or loss, and financial assets recognised at fair value through other comprehensive income. The classification is based on the purpose of the financial assets at the time of the initial acquisition.

Financial assets are recognised on the balance sheet on the trade date on which the Group undertakes to purchase or sell the financial instrument. Financial assets are derecognised when the rights to cash flows have ceased or have been transferred to another party, and the Group has transferred substantially all the risks and rewards of ownership to the other party.

5.3.1.1. Financial assets measured at amortised cost

NYAB Plc measures financial assets at amortised cost when the financial asset is included in a business model whose primary purpose is to hold the assets until maturity and the payments are fixed or determinable and consist of principal or interest on capital. They arise when the Group provides money, goods or services directly to a debtor. Financial assets at amortised cost include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets at amortised cost are subject to impairment using expected credit loss (ECL) model. Gains and losses from derecognition of the asset are recognised in profit and loss. Refer to the table below for list of financial assets recognised using amortized cost.

5.3.1.2. Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading in the short term, financial assets designated upon initial recognition irrevocably as fair value through profit or loss and financial assets mandatorily recognised at fair value through profit or loss according to IFRS 9. Derivatives are classified as held for trading unless hedge accounting is applied to them. Gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

5.3.1.3. Financial assets measured at fair value through other comprehensive income

Financial assets valued at fair value through other comprehensive income are equity instruments, which are held for collection of contractual cash flows or held for selling the assets, and where contractual cash flows are solely payments of principal and/or interest. Change in fair value is recognized in other comprehensive income (OCI). Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment and accumulated reserves are not recycled to profit or loss upon derecognition. Dividends received are recognised in profit and loss.

5.3.1.4. Derecognition

NYAB Plc derecognises financial assets when the rights to receive cash flows from the assets have expired or when it has substantially transferred the risks and rewards of the assets outside of the Group.

5.3.1.5. Impairment

NYAB Plc recognises an allowance for expected credit losses (ECL) according to IFRS 9 for financial assets measured at amortised cost. See further information on ECL in Note 3.3 Trade and other receivables.

Financial assets measured at fair value through profit or loss are not included in ECL assessment as they are already measured at fair value. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

5.3.2. Financial liabilities

The Group's financial liabilities are classified either as financial liabilities recognised at amortised cost or as financial liabilities recognised at fair value through profit or loss or. The Group has no financial liabilities recognised at fair value through comprehensive income.

Financial liabilities are included in long-term and short-term liabilities and may be interest-bearing or interest-free. Financial liabilities are classified as short-term unless the Group has the absolute right to transfer the payment of the liability at least 12 months from the balance sheet date.

A financial liability is derecognised when the group either pays the debt to the lender or is legally exempted from the principal liability obligation as a result of a legal process or by the lender.

The maturity distribution of financial liabilities is presented in Note 5.4.

5.3.2.1. Financial liabilities measured at amortised cost
Loans, trade payables and other liabilities meeting the criteria for financial liability are included in the liabilities measured at amortised cost. Drawn-up loans are initially recognised at fair value minus transaction costs. Subsequently, the loans are measured at amortised cost and the difference between the amount of the loan deducted from transaction costs and the amount to be repaid is recognised as a financial expense using the effective interest method over the maturity.

Long-term amortised financial liabilities measured at amortised cost consist of loans from financial institutions and other loans.

Short-term amortised financial liabilities consist of financial institution loans, other loans, payables and other liabilities.

5.3.2.2. Financial liabilities measured at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. The Group has not designated any financial liability as at fair value through profit or loss.

5.3.3. Fair value measurement
Fair value measurements are classified using a fair value hierarchy i.e. Level 1, Level 2 and Level 3 that reflect the significance of the inputs used in making the measurements.

5.3.3.1. Level 1
The fair value of financial assets and liabilities classified as Level 1 is based on unadjusted quoted prices in active markets at the closing date.

5.3.3.2. Level 2
The fair value of financial assets and liabilities classified as Level 2 is based on observable input parameters, which are other than quoted prices.

The fair value of financial instruments traded in active markets in Level 2 is calculated using prices derived from quoted market prices at the closing date. Known calculation techniques, such as estimated discounted cash flows, are used to determine fair value of interest rate and currency financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the closing date. Fair values of options are determined by using option valuation models. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The counterparty credit risk has been taken into account when determining fair value. The credit risk is determined based on a portfolio valuation in a bilateral approach covering both NYAB Plc's own credit risk and the credit risk of the corresponding counterparty.

The Group bases the calculation on existing market conditions at each closing date. Financial instruments used in NYAB Plc are standardised products that are either cleared via exchanges or widely traded in the market. Credit risk from trading commodity derivatives is mitigated by clearing trades through exchanges or by limiting trades to OTC counterparties considered to be creditworthy, or secured by credit worthy guarantees. Derivatives are traded with creditworthy counterparties.

NYAB Plc did not have any derivates to report at the end of the accounting period.

5.3.3.3. Level 3
The fair value of financial assets and liabilities classified as Level 3 is based on unobservable input parameters.

Level 3 consist mainly investments in unlisted shares and debt instruments classified as other investments for which the fair value can't be reliably measured and derivative financial instrument for which the fair value has been determined using valuation techniques with unobservable inputs. The input parameters of Level 3 of the fair value hierarchy for equity investments are specified taking into account economic developments and available industry and corporate data. The counterparty credit risk has been adjusted when determining the fair value.

5.3. Financial assets and liabilities

				31.12.2023			
EUR thousand	**Note**	**Fair Value Hierarchy Level**	**Fair value through profit and loss**	**Fair value through other comprehensive income**	**Amortised cost**	**Balance sheet total**	**Fair value**
Financial assets non-current							
Debt instruments		Level 3	0			0	0
Equity instruments		Level 3		2,392		2,392	2,392
Financial assets current							
Trade receivables	3.3				57,607	57,607	57,607
Other Receivables	3.3	Level 3	14			14	14
Cash and Cash equivalents	3.4				22,644	22,644	22,644
Total			**14**	**2,392**	**80,251**	**82 656**	**82,656**

Fair values that have been presented only as a disclosure are level 3 fair values.

				31.12.2022			
EUR thousand	**Note**	**Fair Value Hierarchy Level**	**Fair value through profit and loss**	**Fair value through other comprehensive income**	**Amortised cost**	**Balance sheet total**	**Fair value**
Financial assets non-current							
Debt instruments		Level 3	3,019			3,019	3,019
Equity instruments		Level 3		2,605	-	2,605	2,605
Financial assets current							
Trade receivables	3.3			-	50,618	50,618	50,618
Other Receivables	3.3	Level 3	3,618	-		3,618	3,618
Cash and Cash equivalents	3.4			-	13,827	13,827	13,827
Total			**6,637**	**2,605**	**64,444**	**73,686**	**73,686**

Fair values that have been presented only as a disclosure are level 3 fair values.

Movements in level 3 financial instruments measured at fair value 31.12.2023

EUR thousand	1.1.	Total gains / losses	Purchases	Sales	Transfers	31.12.
Debt instruments	6,637		14	-6,637		14
Equity instruments	2,605	-176	-36			2,392

Sensitivity analysis of level 3 financial instruments measured at fair value
For equity instruments, a 10% increase in the fair value would impact other comprehensive income by around +/- 0.24 M€. The impact on equity would be around 0.22 M€.

Movements in level 3 financial instruments measured at fair value 31.12.2022

EUR thousand	1.1.	Total gains / losses	Purchases	Sales	Transfers	31.12.
Debt instruments	-		6,637			6,637
Equity instruments	18	-499	3,086			2,605

Sensitivity analysis of level 3 financial instruments measured at fair value
For debt instruments, a 1% increase or decrease in the market rates would impact the fair value, and profit and loss, by around +/- 0.3 M€. The impact on equity would be around +/- 0.24 M€.

For equity instruments, a 10% increase in the fair value would impact other comprehensive income by around +/- 0.26 M€. The impact on equity would be around 0.21 M€.

Financial Liabilities by category

	31.12.2023				
EUR thousand	**Note**	**Fair Value Hierarchy Level**	**Amortised cost**	**Balance sheet total**	**Fair value**
Financial liabilities non-current					
Interest-bearing liabilities			9,274	9,274	9,274
Other long term liabilities			89	89	89
Financial liabilities current					
Interest-bearing liabilities			4,409	4,409	4,409
Trade and other payables	3.5		47,374	47,374	47,374
Total			**61,146**	**61,146**	**61,146**

Fair values that have been presented only as a disclosure are level 3 fair values.

	31.12.2022				
EUR thousand	**Note**	**Fair Value Hierarchy Level**	**Amortised cost**	**Balance sheet total**	**Fair value**
Financial liabilities non-current					
Interest-bearing liabilities			10,367	10,367	10,367
Other long term liabilities			113	113	113
Financial liabilities current					
Interest-bearing liabilities			7,178	7,178	7,178
Trade and other payables	3.5		41,621	41,621	41,621
Total			**59,279**	**59,279**	**59,279**

Fair values that have been presented only as a disclosure are level 3 fair values.

Changes in the interest-bearing liabilities

	31.12.2023				
EUR thousand	Opening Balance 1.1	Cash flows	Business combinations	Other changes	Closing balance 31.12.
Non-current Interest-bearing loans and borrowings	10,367	-1,093			9,274
Current Interest-bearing loans and borrowings	7,178	-2,769			4,409
Total changes in interest-bearing liabilities	**17,546**	**-3,863**	**-**	**-**	**13,683**

	31.12.2022				
EUR thousand	Opening Balance 1.1	Cash flows	Business combinations	Other changes	Closing balance 31.12.
Non-current Interest-bearing loans and borrowings	1,840	2,778	5,749		10,367
Current Interest-bearing loans and borrowings	296	5,399	1,483		7,178
Total changes in interest-bearing liabilities	**2,135**	**8,177**	**7,233**	**-**	**17,546**

5.4. Financial Risk management

Accounting policy

The Group's principal financial liabilities, other than derivatives, comprise of loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to liquidity risk, interest rate risk, foreign currency risk and credit risk. The Group's board of directors oversees the management of these risks. The Group's senior management monitors and reports to the board of directors that the Group's financial risk activities are governed by appropriate principles and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group does not use derivatives in its risk management. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

5.4.1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk firstly by capital structure management and secondary by having a balanced portfolio of fixed and variable rate loans and borrowings. Changes in interest rates does not have a significant impact on NYAB Group's profit and loss or equity as of 31.12.2023. Due to this, no sensitivity analysis has been presented for interest rate risk.

5.4.2. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established principles, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed each time Group enters into business contract with the customer. Outstanding customer receivables and contract assets are regularly monitored and credit insurances for major customers' receivables are obtained from third parties if deemed necessary.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group does not hold collateral as security.

Refer to note 3.3 for information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix.

Maturity of trade receivables

EUR thousand	Unmatured	0-30 days	30-90 days	More than 90 days	Total	Expected credit loss	Carrying amount
31.12.2023	38,113	5,959	1,070	12,464	57,607	-	57,607
31.12.2022	30,600	5,618	6,627	7,772	50,618	-	50,618

5.4.3. Liquidity and refinancing risk
NYAB Plc's solvency risk is divided into refinancing and liquidity risks.

The liquidity risk is related to a circumstance in which the group does not have access to sufficient liquid assets to meet its obligations. To maintain sufficient liquidity, the group prepares short-term and long-term cash forecasts and makes arrangements for additional financing if necessary. Approximately 32% (41%) of the Group's debt will mature in less than one year on 31 December 2023 based on the carrying value of borrowings reflected in the financial statements.

The Group's loan agreements include certain covenants, such as an equity ratio of over 50% and net debt below 2.0 in relation to rolling 12-month EBITDA. The Group reports loan covenants to its lender every six months.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

				31.12.2023			
EUR thousand	**2024**	**2025**	**2026**	**2027**	**2028**	**2029 -**	**Total**
Interest-bearing liabilities	4,398	4,129	4,027	1,111	-	-	**13,664**
Lease liabilities	1,181	855	515	316	251	214	**3,331**
Provisions	194	-	-	-	-	-	**194**
Trade and other payables	47,374	-	-	-	-	-	**47,374**
Total	**53,147**	**4,983**	**4,542**	**1,426**	**251**	**214**	**64,563**

				31.12.2022			
EUR thousand	**2023**	**2024**	**2025**	**2026**	**2027**	**2028 -**	**Total**
Interest-bearing liabilities	7,178	5,722	2,455	1,448	306	437	**17,546**
Lease liabilities	1,014	811	525	285	302	354	**3,291**
Provisions	83	-	-	-	-	-	**83**
Trade and other payables	41,621	-	-	-	-	-	**41,621**
Total	**49,895**	**6,532**	**2,980**	**1,733**	**608**	**791**	**62,540**

Credit facilities

At year-end 2023, the group had the following credit limit agreements with its banks:

EUR thousand	**31.12.2023**	**31.12.2022**	**Maturity**
Cash	22,644	13,827	
Credit facilities	14,870	14,836	Annual renewals
Credit in use	**-**	**1,132**	
Total available liquidity	**37,514**	**27,531**	

5.4.3.2 Refinancing risk
The refinancing risk is related to a circumstance in which the group does not have sufficient liquid assets to repay its loans or in which refinancing is not available on favourable terms. The Group seeks to protect against the refinancing risk by diversifying the maturity distribution of its loan portfolio and by assessing the share of short-term financing and the Group's need for long-term financing.

5.4.4. Foreign Currency risk
Foreign currency risk is described as the uncertainty in cash flow, profit and loss, and balance sheet that is caused by the fluctuation of foreign currency exchange rates. Direct foreign currency transaction risk, that derives from business or financial transactions, is insignificant for the Group. Indirect foreign currency transaction risk is stemming mainly from commodities' local currency purchase prices that fluctuate based on their foreign currency quotations. Group does not hedge its foreign currency transaction risks. The majority of Group business operations is conducted in Swedish krona, but the reporting currency of the Group is Euro. Hence the Group has significant exposure to translation risk in its EUR-denominated profit and loss statement. Translation risk is mainly managed by keeping operating companies' assets and liabilities in their own functional currencies.

As the Group's exposure to direct foreign currency transaction risk is insignificant, no sensitivity analysis has been presented for foreing currency risk.

5.5. Capital Management

Primary objective in Group's capital structure management is to ensure capabilities to acquire financing also in uncertain operating environment to safeguard the continuity of business operations. In addition, by optimizing capital structure, the Group aims to increase efficiency in terms of capital costs and return on capital employed.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. In addition, Group may decide to divest its assets in order to repay debts. A long-term goal for the Group is to keep the net debt / EBITDA below 1.5x. The covenant levels for the Group's financial agreement are equity ratio over 50% and net debt / EBITDA under 2.0x.

The net debt at year-end has been as follows:

EUR thousand	31.12.2023	31.12.2022
Interest-bearing loans and borrowings	17,014	20,837
Cash in hand and at bank	-22,644	-13,827
Net debt	**-5,630**	**7,010**
Equity	185,326	180,418
Gearing ratio	**-3.0%**	**3.9%**

In order to achieve this overall objective, the Group's capital structure management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings during the reporting periods 1.1.-31.12.2022 and 1.1.-31.12.2023. The maturity profile of financial liabilities has been presented in note 5.4.3.

EBITDA

EUR thousand	31.12.2023	31.12.2022
Operating profit	15,187	25,744
Depreciation, amortisation and impairment	6,186	4,645
EBITDA	21,374	30,389
Net debt-to-EBITDA	**-0.26**	**0.23**

6. Group structure

6.1. Subsidiaries

Accounting policy

The consolidated financial statements include the parent company NYAB Plc and all its subsidiaries. Subsidiaries are entities in which the Group has more than 50 per cent of the voting rights or otherwise exercises control. A group exercises control when, by being involved in an entity, it is exposed to or entitled to variable returns and is able to influence the amount of revenue it receives by exercising power over the entity.

A subsidiary is consolidated from the moment the group acquires control and the transferred subsidiaries are consolidated until control ceases.

The consideration payable for the acquisition of a subsidiary is determined as the fair value of the assets transferred, liabilities assumed, and equity shares issued by the Group. The identifiable assets acquired in a business combination as well as the liabilities and contingent liabilities assumed are measured at fair values at the acquisition date. The non-controlling interest in the acquiree is recognised on an acquisition-by-acquisition basis either at fair value or at an amount corresponding to the relative share of non-controlling interests in the amounts recognised in the balance sheet of identifiable net assets of the acquiree. If the business combination takes place in stages, the acquirer's previous shareholding in the acquiree of the acquiree is measured at fair value at fair value through profit or loss at the acquisition date. Additional information on business combinations is found in note 4.1.

Acquisition-related costs, excluding those arising from the issue of debt or equity securities, are recognised as an expense. Transactions that are treated separately from the acquisition and are recognised in profit or loss are not included in the consideration transferred. Any additional contingent purchase price has been measured at fair value at the time of acquisition and is classified as either a liability or equity. The additional purchase price classified as a liability is measured at fair value at the end of each period and the resulting gain or loss is recognised in profit or loss. The additional purchase price classified as equity is not revalued.

The distribution of profit or loss for the period to owners and non-controlling interests of the parent is presented in connection with the income statement. The non-controlling interest in equity is presented in equity separately from the equity belonging to the owners of the parent. Changes in investments in subsidiaries that do not result in a loss of control are treated as equity transactions. When a group loses control of a subsidiary, the remaining investment is measured at fair value at the date of loss of control and the resulting difference is recognised in profit or loss.

Intra-group transactions, receivables and liabilities, income and expenses, internal distribution of profits and unrealised gains and losses have been eliminated in the preparation of consolidated financial statements.

The profit and loss accounts of non-euro area group companies have been converted into euro at the average rate of the reporting period and the balance sheets at the exchange rate at the balance sheet date. The exchange difference resulting from the use of the different conversion rates, the translation differences resulting from the elimination of the cost of non-euro area subsidiaries, are recognised in equity and the changes are presented in other comprehensive income. In connection with the sale of a subsidiary, translation differences are recognised in the profit and loss account as part of the capital gain or loss. If necessary, the financial statements of subsidiaries have been amended to reflect the accounting principles of the consolidated financial statements.

6.1.1. Group Structure

Set out below are the details of the subsidiaries held directly by the Group:

Company	Domicile	31.12.2023	31.12.2022
NYAB Oyj	**Oulu, Finland**	**100**	**100**
Sitema Oy	Oulu, Finland	100	100
NYAB Finland Oy	Kalajoki, Finland	100	100
Niskasen Maansiirto Oy	Haapajärvi, Finland	100	100
NYAB Sverige AB[1]	**Luleå, Sweden**	**100**	**100**
NYAB Infrastruktur AB	Kalix, Sweden	100	100
NYAB Mälardalen AB	Hägersten, Sweden	100	100
Power Forze AB	Jokkmokk, Sweden	100	100
NYAB Kiruna AB	Kiiruna, Sweden	100	100
Rollout Holding AB	Kiiruna, Sweden	100	100
Inframix AB	Kiiruna, Sweden	100	100

[1] NYAB Sverige AB is the accounting parent company of NYAB Group. NYAB Plc is the legal parent company of the Group, but the Group's IFRS financial statements are presented as if NYAB Sverige AB were the parent company and NYAB Plc was a subsidiary.

6.2. Associated companies and joint arrangements

Shares in associated companies

Accounting policy

Associated companies are companies in which the Group has significant influence (20–50% of the voting rights as a rule), but not control. Associated companies are consolidated using the equity method. If the Group's share of the associated company's losses exceeds the carrying amount of the investment, losses above carrying amount are not combined unless the Group is committed to fulfilling the obligations of the associated company.

The share of the Group's shareholding in the profit and loss of the associated companies for the financial year has been calculated in accordance with the Group's shareholding and is presented in the Consolidated Income Statement as a separate item below operating profit. The Group's share of changes recognised in the associated company's other comprehensive income has been recognised in the Group's other comprehensive income.

The financial statements of associated companies and joint ventures have been amended to reflect the accounting principles used in the Group. If no confirmed financial statements have been available for the associated or joint venture, preliminary financial statement figures or the latest information received have been used in the consolidation.

Key estimates and judgements

Management is required to make significant judgements when assessing the nature of NYAB's interest in its investees and when considering the classification of NYAB's joint arrangements. In the classification, emphasis has been put on decision making, legal structure, financing and risks of the arrangements.

Management judgement is required when testing the carrying amounts for participations in associated companies and joint arrangements for impairment. In the reporting periods 1.1.-31.12.2022 or 1.1.-31.12.2023, no indication was found that the value of associates consolidated using the equity method would be impaired.

NYAB Plc has the following associated companies that are consolidated with equity method.

	31.12.2023								
Name of entity EUR thousand	**Domicile**	**Owner-ship %**	**Non-current Asset**	**Current Asset**	**Equity**	**Non-current liabilities**	**Current liabilities**	**Revenue**	**Profit/(loss) for the financial period**
Associated companies									
Before Holding Oy	Finland	49.63	1,485	11	1,475	-	21	64	-390
CMNI II Market JV S.à r.l.*	Luxembourg	40	34,147	5,241	23,948	8,806	6,633	105	-3,977

	31.12.2022								
Name of entity EUR thousand	**Domicile**	**Owner-ship %**	**Non-current Asset**	**Current Asset**	**Equity**	**Non-current liabilities**	**Current liabilities**	**Revenue**	**Profit/(loss) for the financial period**
Associated companies									
Before Holding Oy	Finland	49,63	-	1,867	1,865	-	2	-	-66
CMNI II Market JV S.à r.l.	Luxembourg	40	2,134	1,564	3,150	-	547	-	-

*includes only the Financial Statements information from the trade target, Skarta Energy Oy

7. Other notes

7.1. Income taxes on the income statement

Accounting policy

The tax expense or income for the period is the tax payable on the taxable profit for the period at the income tax rate in each country, adjusted for changes in deferred tax assets and liabilities arising from temporary differences and unused tax losses. Taxes based on taxable income are calculated based on the prevailing tax rates in the countries in which the Group operates.

Current and deferred taxes are recognised in profit or loss, unless they related to other comprehensive income items or items recognised directly in equity. In this case, the tax is also recorded, respectively, in other comprehensive income items or directly in equity.

Income tax expense in the consolidated income statement on note 7.2:

Taxes in the statement of income

EUR thousand	2023	2022
Tax based on taxable income for the period	1,650	2,522
Taxes and adjustments in respect of prior years	-8	-
Total income tax expense	**1,643**	**2,522**
Change in deferred tax assets	45	327
Change in deferred tax liabilities	31	-236
Deferred tax expense	**-14**	**-564**
Income taxes in the consolidated income statement	**1,628**	**1,958**

The reconciliation between the tax expense recognised in the consolidated income statement and the taxes calculated at the Swedish tax rate (20.6 %) is presented in the table below.

EUR thousand	2023	2022
Profit before tax	**10,677**	**25,278**
Income taxes at Swedish tax rate 20,6 %	2,199	5,207
Taxes subject to prior years	-1,001	-
Effect of different tax rates outside Sweden	-30	-71
Expenses not deductible for tax purposes	138	365
Income not subject to tax	-112	-3,551
Tax loss valuation	81	-2
Other items	360	10
Taxes and adjustments in respect of prior years	-8	-
Income taxes in the consolidated income statement	**1,628**	**1,958**
Effective tax rate, %	15.2%	7.7%

7.2. Deferred tax assets and liabilities on the balance sheet

Accounting policy

A deferred tax liability is recognised for all taxable temporary differences, except where a deferred tax liability arises from the initial recognition of goodwill, the initial recognition of an asset or liability when the transaction in question is not a business combination, and does not affect the accounting result or taxable income at the time of its realisation.

Deferred taxes are determined on the basis of the tax rates that have been approved by the end of the period and are expected to be applied when the deferred tax asset under consideration is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that taxable income will be available against which temporary differences and losses can be utilised. A deferred tax asset that has not previously been recognised is recognised on the basis of probable future taxable profit. Similarly, a deduction is made to the carrying amount of a deferred tax asset if the related tax benefit is no longer considered probable.

The Group deducts tax assets and liabilities based on taxable income for the period from each other when the group has a legally enforceable right to offset recognised items against each other and intends to either execute the payment on a net basis or liquidate the asset and settle the liability at the same time.

Key estimates and judgements

NYAB Plc has deferred tax assets and liabilities which are expected to be realised through the income statement over the extended periods of time in the future. In calculating the deferred tax items, NYAB is required to make certain assumptions and estimates regarding the future tax consequences attributable to differences between the carrying amounts of assets and liabilities as recorded in the financial statements and their tax basis.

Management discretion is especially needed when determining how much deferred tax assets can be recognised. Discretion has been used to decide whether to recognise deferred tax assets for unused tax losses or unused tax credits. The amount of recognition depends on the amount of taxable profit that is likely to arise in the future and against which unused tax losses and tax credits can be utilised.

The estimation of future taxable profits is based on NYAB's strategy, forecasts and assessment of uncertainties. NYAB's management monitors the Group's financial position and assesses future development on a monthly basis. The amount of deferred tax assets recognised for tax losses and unused tax credits is estimated at the end of each reporting period.

Assumptions made include the expectation that future operating performance for subsidiaries will be consistent with historical levels of operating results, recoverability periods for tax loss carry-forwards will not change, and that existing tax laws and rates will remain unchanged into foreseeable future. NYAB believes that it has prudent assumptions in developing its deferred tax balances.

NYAB continually evaluates the probability of utilising deferred tax assets and considers various factors that, in addition to the actual and planned earnings of the past, take into account medium-term and long-term planning. The basis for recognising deferred tax assets is an estimate by management of the extent to which it is probable that there will be sufficient taxable profit in the foreseeable future against which the unused tax losses, tax credits and deductible temporary differences can be offset.

Assumptions and estimates regarding main uncertain tax positions are supported by external legal counsel or expert opinion.

	2023				
EUR thousand	**1.1.23**	**Recognised in the statement of income**	**Other changes**	**Business combinations**	**31.12.23**
Deferred tax assets					
Leases	480	46	-	-	526
Total	**480**	**46**	**-**	**-**	**526**
Netting of deferred tax assets	-	-	-494	-	-494
Deferred tax asset, net amount	**480**	**46**	**-494**	**-**	**32**
Deferred tax liabilities					
Disposals	-987	-	-	-	-987
Leases	474	155	-	-100	530
Impact of accelerated tax depreciation	3,138	-	-	-	3,138
Other items	1,754	-	-	-	1,754
Total	**4,379**	**155**	**-**	**-100**	**4,435**
Netting of deferred tax liabilities	-	-	-494	-	-494
Deferred tax liabilities, net amount	**4,379**	**155**	**-494**	**-100**	**3,941**

	2022				
EUR thousand	**1.1.22**	**Recognised in the statement of income**	**Other changes**	**Business combinations**	**31.12.22**
Deferred tax assets					
Leases	152	327	-	-	480
Total	**152**	**327**	**-**	**-**	**480**
Netting of deferred tax assets	-	-	-	-	-
Deferred tax asset, net amount	**152**	**327**	**-**	**-**	**480**
Deferred tax liabilities					
Disposals	-	-987	-	-	-987
Leases	152	322	-	-	474
Impact of accelerated tax depreciation	2,201	774	162	-	3,138
Other items	-	-346	46	2,054	1,754
Total	**2,353**	**-236**	**208**	**2,054**	**4,379**
Netting of deferred tax liabilities	-	-	-	-	-
Deferred tax liabilities, net amount	**2,353**	**-236**	**208**	**2,054**	**4,379**

The Group has not recognised deferred tax on confirmed losses. Group companies had EUR 18.4 million of confirmed tax losses at the end of the financial year. The losses will expire between 2028-2032.

7.3. Remuneration of related parties and key management

NYAB Plc's related parties include significant shareholders, the group's parent company, subsidiaries, associated companies, members of the Board of Directors and the Executive Management Team, including the CEO of the parent company, and their close family members and entities where these persons exercise control or joint control. The subsidiaries of NYAB Plc are presented in Note 6.1 and the Associated companies in Note 6.2. Related party transactions with related parties that are not eliminated in the consolidated financial statements are presented as related party transactions. Information on contract guarantees for Group companies is presented in Note 7.4.

7.3.1. Related party transactions

Transactions with associates and other related parties

	Associated companies		Other related parties[1]		Total	
EUR thousand	2023	2022	2023	2022	2023	2022
Purchases	216	0	0	25	216	25
Sales	335	0	1	0	336	0

Balances with associates other related parties

	Associated companies		Other related parties[1]		Total	
EUR thousand	2023	2022	2023	2022	2023	2022
Receivables						
Long-term receivables	0	3,019	0	0	0	3,019
Short-term receivables	-5	3,618	0	0	-5	3,618

[1] Other related parties include transactions carried out with the parent company or subsidiaries by the members of the Board of Directors and other key management personnel and their immediate family members or entities controlled by them.

Long-term receivables include convertible loan receivables from associated company CMNI II Market JV S.à r.l. Current receivables from associated companies are related to the additional purchase price for the sale of Skarta Energy Oy.

On 7 December 2023, NYAB signed a contract with project company Utajärven Solarpark Oy that belongs to the same group with the associated company Skarta Energy Oy. The contract regards the construction of a solar farm and its estimated total value is EUR 69 million.

Andament II Sulautuva Oy merged into NYAB Plc on 11 August 2023. The merger was a related party transaction for NYAB, as NYAB's Board member Markku Kankaala held positions of responsibility in Andament at the time of the transaction and PM Ruukki Oy, a company under his control, was a shareholder in Andament. NYAB's Board of Directors assessed that the related party transaction was in the best interest of the Company and carried out on customary commercial terms. Kankaala did not participate in the merger processing or decision-making in NYAB's Board of Directors.

In connection with the merger, NYAB Plc received 111,000,000 its own shares that were previously owned by Andament Group Oy. These shares were cancelled and an equivalent number of new shares in NYAB Plc was issued to Andament shareholders as merger consideration.

Purpose of the merger was to clarify the ownership structure of NYAB Plc, expand its owner base and increase the free float. The arrangement did not have a net impact on the number of shares in NYAB Plc, and its net impact on NYAB's balance sheet position and business operations was neutral.

Otherwise, the Group has had very few transactions with other related parties during the financial year 2023, comprising primarily of the leasing of premises.

No guarantees or other guarantees have been provided on behalf of the group's related parties, excluding subsidiaries

The related party transactions have been carried out in market terms.

Employment benefits for key senior management personnel

EUR thousand	2023 Board of Directors	Group CEO	Executive Management Team	Total
Salaries and other short-term employee benefits	283	210	866	1,359
Share based payments	0	0	92	92
TOTAL	**283**	**210**	**958**	**1,451**

EUR thousand	2022 Board of Directors	Group CEO	Executive Management Team	Total
Salaries and other short-term employee benefits	159	169	710	1,037
Share based payments	0	0	101	101
TOTAL	**159**	**169**	**812**	**1,139**

Group's share based payments are presented in Note 2.4.3.

7.4. Contingent liabilities and commitments

Accounting policy

Contingent liabilities are possible obligations resulting from past events whose existence will only be confirmed by uncertain future events that are beyond the Group's control. Existing obligations that the settlement is not probable or the amount cannot be measured reliably, are also considered contingent liabilities. Contingent liabilities are presented in the notes to the consolidated financial statements.

Legal disputes

NYAB has historically been subject to a few legal disputes, and some of them are still ongoing. Completed legal proceedings have had a favourable outcome for NYAB. If NYAB considers it unlikely that a dispute or litigation will result in financial costs, no provision is recognised. There were no legal dispute provisions during the period, but they are reviewed regularly and a provision is recorded as needed.

NYAB Plc is a party to certain litigations regarding transactions that relate to the investment service business operations of its former subsidiary company, PCM Holding Oy, that was divested in 2021. The Company has been demanded compensation of approximately EUR 2.5 million with claims that have not been processed in the District Court, as legal disputes between the claimants and PCM Holding have not been resolved. The Company regards the claims unfounded, and according to its legal advisors it is very unlikely for the Company to be held liable for possible damage caused in the operations of PCM Holding.

In addition, criminal proceedings against persons, who have been in the management of the Company and PCM Holding in 2018, have been instituted in the District Court at the end of 2023. According to the document instituting the proceedings, a forfeiture claim with a maximum amount of EUR 1.5 million has been made against "the Company and/or PCM Holding". Based on the materials that the Company has received by now, the basis of the claim cannot be concluded, and the Company does not consider it to be justified. .

Key estimates and judgments

Estimates based on management's judgment are mainly related to whether recognition criteria of contingent liabilities are met. These estimates are made at the time of recognition with the best available information. If the recognition criteria for contingent liabilities are met, management must estimate the amount of the obligation. Management's judgment is also needed in assessing the impact of a possible accident on the total cost of the project, as well as the costs associated with repairing said damage.

Business mortgages and guarantees

EUR thousand	2023	2022
Guarantees given on behalf of the Company		
Business mortgages	20,831	18,293
Other guarantees provided	1,539	1,394
Pledged subsidiary shares	13,448	13,417
Contingent liabilities on behalf of other companies belonging to the same group		
Guarantee liabilities from project contracts	30,721	46,510
Total	**66,539**	**79,613**

Warranty liabilities for construction contracts are liability commitments related to regular project operations and they are given, for example, as collateral for performance in accordance with the contract.

Parent company's financial statements (FAS)
Income statement of the parent company

EUR	1.1. - 31.12.2023	1.1. - 31.12.2022
Revenue	**3,658,460**	**2,704,305**
Other operating income	294,944	573,993
Materials and services		
Purchases during the financial year	-1,049	-33,317
Materials and services total	-1,049	-33,317
Employee benefit expenses		
Salaries and other remuneration	-1,653,800	-1,165,826
Other personnel expenses		
Pension expenses	-202,727	-184,787
Other personnel expenses	-31,422	-27,736
Other operating expenses	-1,887,950	-1,378,349
Depreciation, amortisation and impairment	-9,928	0
Other operating expenses	-2,187,689	-1,654,194
Operating profit (loss)	**-133,211**	**212,438**

EUR	1.1. - 31.12.2023	1.1. - 31.12.2022
Finance income and expenses		
Income from other non-current investments	15,772,287	275,830
Interest income and finnacing income	489,653	607,343
Impairment	-176,274	-1,238,852
Interest and other financing expenses	-1,746,923	-253,215
Finance income and expenses total	14,338,744	-608,894
Result before taxes	**14,205,532**	**-792,913**
Group grants received	2,400,000	
Result for the period	**16,605,532**	**-396,456**

Balance sheet of the parent company

EUR	31.12.2023	31.12.2022
ASSETS		
Fixed assets		
Intangible assets	129,020	0
Investments	256,355,750	257,079,538
Other receivables from group companies	300,000	0
Total non-current assets	256,784,770	257,079,538
Current assets		
Long-term receivables		
Long-term other group receivables	0	1,451,328
Loan receivables from group companies	7,831,971	0
Total long-term receivables	7,831,971	1,451,328
Short-term receivables		
Trade receivables from group companies	455,243	389,020
Other receivables from group companies	2,406,657	544,084
Loan receivables from group companies	200,000	0
Other receivables	28,681	18,353
Prepaid expenses	10,200	32,375
Total short-term receivables	3,100,781	983,832
Cash and cash equivalents	373,332	141,602
Total current assets	**11,306,084**	**2,576,762**
Total assets	**268,090,854**	**259,656,299**

EUR	1.1. - 31.12.2023	1.1. - 31.12.2022
EQUITY AND LIABILITIES		
Equity		
Share capital	80,000	80,000
Reserve for invested non-restricted equity	268,288,110	273,234,718
Retained earnings	-18,363,236	-17,966,780
Profit/ Loss for the year	16,605,532	-396,456
Total equity	**266,610,406**	**254,951,481**
Liabilities		
Non-current liabilities		
Loans from financial institutions	98,539	147,809
Group payables	0	3,894,307
Total non-current liabilities	98,539	4,042,116
Current liabilities		
Loans from financial institutions	49,270	49,270
Trade payables	527,083	113,549
Group payables	138,689	75,668
Other payables	149,200	34,482
Accrued liabilities	517,667	389,732
Total current liabilities	1,381,909	662,702
Total liabilities	**1,480,448**	**4,704,818**
Total equity and liabilities	**268,090,854**	**259,656,299**

Notes to the financial statements of the parent company

Accounting policies

The financial statements of NYAB Oyj have been prepared in accordance with Finnish GAAP.

Comparability of the previous financial year

The comparable accounting period is 1.1.-31.12.2022, 12 months. The financial years are comparable to each other.

Valuation principles

Valuation of fixed assets
Intangible and tangible assets are entered in the balance sheet at the acquisition cost less depreciation according to the plan.

The company follows a depreciation plan with defined depreciation times for each commodity. Purchases of commodities with an economic useful life of less than three years, as well as small purchases, are fully booked as expenses for the fiscal year of the purchase.

Depreciation times:

Other long-term expenses	5 years

Pension expenses
An external pension insurance company manages the pension plan. The pension expenses are booked to the income statement during the year they occur.

Income statement notes

Breakdown of sales

	12.2023	12.2022
Other	3,685,460	2,704,305
Total revenue	**3,685,460**	**2,704,305**

Other operating income

	12.2023	12.2022
Rental income	157,800	150,300
Other	137,144	423,693
Other operating income total	**294,944**	**573,993**

Personnel expenses and average number of employees

Aaverage number of employees	**12.2023**	**12.2022**
White-collar	12	9
Total	12	9

Key management compensations	**12.2023**	**12.2022**
CEO	192,240	187,299
Board members	292,000	208,000
Total	**484,240**	**395,299**

Personnel expenses	**12.2023**	**12.2022**
Wages and salaries	1,653,800	1,223,048
Pension costs	202,727	235,026
Other social security costs	31,422	80,372
Personnel expenses total	**1,887,950**	**1,538,446**

Other operating expenses	**12.2023**	**12.2022**
Expenses for premises	254,548	265,723
IT equipment and software costs	276,802	201,226
Marketing expenses	174,573	170,272
Administrative expenses	889,155	601,320
Other administrative expenses	81,089	118,536
Other operating expenses	511,521	297,117
Other operating expenses total	**2,187,689**	**1,654,194**

Fees paid to the auditors	**12.2023**	**12.2022**
Audit fees	100,100	34,980
Certificates and statements	2,450	0
Other services	725	126,595
Tax advisory	1,890	0
Acquisition costs	11,880	0

Financial income and expenses

	12.2023	12.2022
Income from other investments in fixed assets		
Dividend income from Group companies	15,742,342	250,000
Dividend income from others	29,382	7,005
Other income from fixed assets investments	562	18,825
Income from other investments in fixed assets total	**15,772,287**	**275,830**
Other interest and financial income	489,653	607,343
Write-downs		
Write-downs on other investments in fixed assets	176,274	1,216,840
Write-downs of group receivables	0	22,013
Write-downs total	**176,274**	**1,238,852**
Interest expenses and other financial expenses		
To Group companies	227,826	220,256
Others	1,519,097	32,959
Interest expenses and other financial expenses total	**1,746,923**	**253,215**
Financial income and expenses total	**14,338,744**	**-608,894**

Notes on assets

Intangible assets

	Other long-term expenditure	Total
Book value 1.1.	0	**0**
Changes during the period	138,948	**138,948**
Depreciations	-9,928	**-9,928**
Book value 31.12.	129,020	**129,020**

Investments

	Shares in associated companies	Other shares and holdings	Long-term receivables	Total
Book value 1.1.	1,071,040	3,794,666	540,194	**5,405,900**
Additions	0	0	300,000	**300,000**
Reductions	0	-10,000	-540,194	**-550,194**
Acquisition cost 31.12.2023	1,071,040	3,784,666	300,000	**5,155,706**
Accumulated impairment losses 1.1.2023		-1,216,208		**-1,216,208**
Impairment		-176,274		**-176,274**
Book value 31.12.	1,071,040	2,392,185	300,000	**3,763,225**

Revaluations

Sales of securities are included in the reductions of other shares and shares.

Group companies

	Domicile	Group ownership, %
NYAB Finland Oy	Oulu	**100**
Niskasen Maansiirto Oy	Haapajärvi	**100**
NYAB Kiruna AB	Kiiruna	**100**
Rollout Holding AB	Kiiruna	**100**
Inframix AB	Kiiruna	**100**
Sitema Oy	Oulu	**100**
NYAB Sverige AB	Luulaja	**100**
Power Forze AB	Jokkmokk	**100**
NYAB Mälardalen AB	Hägersten	**100**
NYAB Infrastruktur AB	Kalix	**100**

Associated companies

	Domicile	Group ownership, %
Before Holding Oy	Helsinki	**49.63**

Receivables

Long-term receiables

	12.2023	12.2022
Loan receivables from Group companies	7,831,971	1,451,328
Long-term receivables total	**7,831,971**	**1,451,328**

Short-term receivables

	12.2023	12.2022
Receivables from Group companies		
Trade receivables	455,243	389,020
Loan receivables	200,000	539,481
Other receivables	6,657	0
Accrued income and prepaid expenses	2,400,000	4,603
Total	**3,061,900**	**933,104**
Receivables from others		
Other receivables	28,681	18,353
Accrued income and prepaid expenses	10,200	32,375
Total	**38,881**	**50,728**
Short-term receivables total	**3,100,781**	**983,832**

Notes on equity and liabilities

Balance sheet item-specific breakdown of changes in equity and transfers between these items during the accounting period.

Equity

Restricted shareholders equity

EUR	12.2023	12.2022
Share capital 1.1.	80,000	80,000
Share capital 31.12.	80,000	80,000
Restricted shareholders equity total	**80,000**	**80,000**
Non-restricted shareholders equity		
Invested non-restricted equity fund		
Book value at the beginnign of the period	273,234,718	72,850,109
Distributed funds	-4,946,608	0
Paid shared issues	0	200,384,608
Book value at the end of the period	268,288,110	273,234,718
Retained earnings		
Profit/ Loss for previous year	-18,363,236	-17,966,780
Book value at the end of the period	-18,363,236	-17,966,780
Result for the period	16,605,532	-396,456
Non-restricted shareholders equity total	266,530,406	254,871,482
Equity total	**266,610,406**	**254,951,482**
Distributable equity	266,530,406	254,871,482

Long-term liabilities

EUR	12.2023	12.2022
Liabilities to Group companies		
Liabilities to Group companies	0	3,894,307
Total	**0**	**3,894,307**
Other liabilities		
Loans from financial institutions	98,539	147,809
Total	**98,539**	**147,809**
Long-term liabilities total	**98,539**	**4,042,116**

Short-term liabilities

EUR	12.2023	12.2022
Liabilities to Group companies		
Trade payables	67,973	10,725
Other liabilities to Group companies	70,716	64,943
Total	**138,689**	**75,668**
Liabilities to others		
Loans from financial insitutions	49,270	49,270
Trade payables	527,083	113,549
Other liabilties	149,200	34,482
Accrued expenses	517,667	389,732
Total	**1,243,220**	**587,033**
Short-term liabilities total	**1,381,909**	**662,701**

Accruals and deferred income

	12.2023	12.2022
Holiday pay debt	191,169	118,828
Pension expenses	65,988	42,072
Interest expenses	165,102	165,342
Others	95,408	63,491
Total	**517,667**	**389,732**

Commitments in total by commitment type and debt
Commitments given for loan/ contingent liabilities
Company mortgage

	12.2023	12.2022
Company mortgage		0
Other liabilities		

Contingent liabilities on behalf of Group companies

	12.2023	12.2022
Contract collateral	30,720,559	28,600,000

The parent company has given guarantees to guarantee insurers for group companies' contract guarantees for 38,4 million euros, whereof 30,3 million is in use.
The parent company has given financiers of the group companies a general guarantee on behalf of the group companies.

Contingent liabilities on behalf of others

	12.2023	12.2022
Lease liabilities	0	73,504

Payables for leasing liabilties

	12.2023	12.2022
Payable during next financial year	-57,778	12,576
Payable later	-85,166	40,872
Total	**-142,944**	**53,448**

Other contingent liabilities

The group's financing agreement contains certain covenants such as equity ratio exceeding 50%, and net debt per rolling 12-month EBITDA not exceeding 2,0. On the balance sheet date, the covenants have been fulfilled in all respects.

Signatures

28 February 2024

Jan Öhman
Chairman of the Board

Markku Kankaala
Vice Chairman of the Board

Lars-Eric Aaro
Board member

Anders Berg
Board member

Barbro Frisch
Board member

Johan K Nilsson
Board member

Mikael Ritola
Board member

Jari Suominen
Board member

Johan Larsson
Board member, CEO

Auditor's note

A report on the audit carried out has been submitted today.

Helsinki, 28 February 2024

Osmo Valovirta
Authorized Public Accountant

Audit firm Ernst & Young Oy
Anders Forsström
Authorized Public Accountant

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of NYAB Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NYAB Oyj (business identity code 2393685-6) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement and notes.

In our opinion

- The consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- The financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, 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

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine 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, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on 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 good auditing practice 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 the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information
The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 28 February 2024

Audit firm
Ernst & Young Oy

Osmo Valovirta
Authorized Public Accountant

Anders Forsström
Authorized Public Accountant

NYAB

www.nyabgroup.com