



The Board of Directors and the Managing Director of

NCC Treasury AB (publ)

corporate registration number 556030-7091

hereby submit the

# Annual Report

for the fiscal year January 1 - December 31, 2022

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# Report of the Board of Directors

## General operations

NCC Treasury AB (publ) is a wholly-owned subsidiary of NCC AB (publ), corporate registration number 556034-5174, with headquarters in Solna.

The company is the NCC Group's inhouse bank for the investment and borrowing of liquid funds. The company also provides counseling services of financial risk management. NCC Treasury AB manages interest rate, exchange rate, credit, refinancing, counterparty and liquidity risks within stipulated risk limits, see Accounting policies and valuation principles. NCC Treasury also manages price risks associated with oil-based products.

However, the company does not conduct in activities governed by the Swedish Banking Act, Swedish Credit Companies Act or the Swedish Finance Companies Act.

During the 2022 financial year, NCC Treasury AB (publ) generated a profit after financial items of SEK 124.4 M (127.4).

The operations in the company is scheduled to continue during 2023 according to current guidelines and policies (see Corporate governance below).

## Multi-year review

	2022	2021	2020	2019	2018
Balance sheet in SEK thousands	Dec 31	Dec 31	Dec 31	Dec 31	Dec 31
Total assets	14,079,507	14,382,295	12,973,620	13,934,962	12,083,986
Total shareholders' equity	174,672	140,304	140,520	141,949	21,264
Total liabilities	13,904,836	14,241,991	12,833,100	13,793,013	12,062,722
Total shareholders' equity and liabilities	14,079,507	14,382,295	12,973,620	13,934,962	12,083,986
Equity/assets ratio, %	1.2	1.0	1.1	1.0	0.2

	2022	2021	2020	2019	2018
Income statement in SEK thousands	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Net sales	-	-	-	-	-
Operating profit	-24,657	-22,988	-21,093	-19,981	-15,811
Profit after financial items	124,357	127,434	137,329	139,859	111,286
Net profit for the year	128,297	125,893	134,173	134,722	86,803

## Change among senior executives

No changes among senior executives during the year.

## Corporate governance

NCC Treasury AB (publ) has issued debt securities which are listed and thereby is required to prepare a Corporate Governance Report in accordance with the Annual Accounts Act.

NCC AB owns 100 % of the shares in NCC Treasury AB (publ) and therefore holds all the voting rights at the shareholder's General Meetings. According to the Articles of Association, a Board member is elected at the Annual General Meeting. Amendment to the Articles of Association is approved by the Annual General Meeting. The Annual General Meeting has not authorized the Board to decide on the subject to issue new shares or acquire own shares.

NCC Treasury's corporate governance guidelines are in line with the NCC Group's guidelines. NCC Treasury applies a risk-assessment and risk-management method for ensuring that the risk to which the company is exposed, and that can impact the internal control and financial statements, are addressed within the processes that have been established. The material risks that have to be taken into account include market risks, operating risks and the risks of errors in financial recognition. NCC Treasury AB's business operations as inhouse bank is regulated by a Group Treasury Policy that has been determined by the NCC Group's Board of Directors.

The Board has overall responsibility for the internal control of financial reporting. Each year, the Board establishes rules of procedure for the Board's work and an instruction concerning the division of work between the Board and the Managing Director. According to this instruction, the Managing Director is responsible for the internal control and for contributing to an efficient control environment.

At NCC Treasury, financial reporting and the management of risks are based on a number of control activities that are conducted in operations. The purpose of the control activities is to ensure the efficiency of the Group's processes and that the internal controls are adequate.

NCC Treasury AB complies with the internal policies, guidelines, manuals and codes to which the financial reporting is subject and are available on NCC's Intranet (MyNCC). The information also contains methodology, instructions and supporting documentation in the form of checklists etc. as well as overall time schedules.

Follow-ups to safeguard the quality of the internal controls are conducted in various ways within NCC Treasury. NCC has developed a system (framework) for documented self-evaluation of internal controls that NCC Treasury AB complies with. Self-assessments are performed regularly and comprise a component for the Board's assessment of the internal control.

The status of the internal control set-up is reported annually at a meeting of the NCC Treasury AB Board.

## Sustainability report

NCC Treasury AB has not prepared its own sustainability report on the basis of chapter 6 § 10 part 2 of the Annual Accounts Act. The company is covered by the sustainability report which is included as a separate section in NCC AB's annual report. See further in the note on group information regarding corporate registration number and headquarters.

## Significant events during the financial year

In July, NCC Treasury AB signed an agreement to link sustainability goals to an existing revolving credit facility of EUR 280 M that was signed in December 2021. In September, green bonds were issued for a value of SEK 1 billion with a 3-year maturity. The green framework for the bonds was updated in June 2022 and verified by the Center for International Climate and Environmental Research (CICERO), an independent research center affiliated with the University of Oslo. The framework is classified as "medium green".

NCC Treasury AB has implemented a new Treasury Management system during the year. The implementation will be completed in 2023.

## Proposed distribution of earnings

Funds available for distribution by the Annual General Meeting:

Earnings brought forward	17,535,423
Net profit of the year	<u>128,297,212</u>
Amount in SEK	<u>145,832,635</u>

The Board of Directors and the Managing Director proposes that the funds should be distributed as follows:

To be distributed to shareholders	140,000,000
To be carried forward	<u>5,832,635</u>
Amount in SEK	<u>145,832,635</u>

The company has received Group contribution from NCC AB at the amount of SEK 19,129,302.

## Income Statement

SEK thousands	Note	2022	2021
Selling and administrative expenses	1	-24,657	-22,988
<i>Result from financial items</i>			
Result from financial fixed assets	2, 3	-	364
Result from financial current assets	2, 4	333,021	224,153
Interest expense and similar items	5	-184,008	-74,094
<b>Profit/loss after financial items</b>		<b>124,357</b>	<b>127,434</b>
Tax on net profit for the year	6	3,941	-1,541
<b>Net profit for the year</b>		<b>128,297</b>	<b>125,893</b>

## Statement of comprehensive income

SEK thousands	Note	2022	2021
Net profit for the year		128,297	125,893
Fair value changes for the year in cash flow hedges		13,705	2,275
Tax attributable to cash flow hedges		-2,823	-469
Other comprehensive income		10,882	1,807
<b>Total comprehensive income during the year</b>		<b>139,179</b>	<b>127,700</b>

# Balance Sheet

SEK thousands	Note	2022 Dec 31	2021 Dec 31
<b>ASSETS</b>			
<i>Fixed assets</i>			
Receivables from Group companies	7, 8	441	379,644
Long-term receivables		16,463	4,931
<b>Total fixed assets</b>		<b>16,904</b>	<b>384,575</b>
<i>Current assets</i>			
<i>Current receivables</i>			
Receivables from Group companies	8	13,548,673	11,411,640
Other current receivables		67,324	23,560
Prepaid expenses and accrued income		12,397	1,288
<i>Current receivables</i>		13,628,394	11,436,488
<i>Short-term investments</i>	9	373,899	400,961
<i>Cash and bank balances</i>		60,311	2,160,271
<b>Total current assets</b>		<b>14,062,604</b>	<b>13,997,720</b>
<b>TOTAL ASSETS</b>		<b>14,079,507</b>	<b>14,382,295</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<i>Shareholders' equity</i>			
<i>Restricted shareholders' equity</i>			
Share capital (120,000 shares with a par value of SEK 100 each)		12,000	12,000
Revaluation reserve		1,150	1,150
Statutory reserve		2,400	2,400
Hedging reserve		13,289	2,407
<i>Restricted shareholders' equity</i>		28,839	17,957
<i>Unrestricted shareholders' equity</i>			
Earnings brought forward		17,535	-3,546
Net profit for the year		128,297	125,893
<i>Unrestricted shareholders' equity</i>		145,833	122,347
<b>Total shareholders' equity</b>		<b>174,672</b>	<b>140,304</b>
<i>Long-term liabilities</i>			
Bond loans	12, 13 10	2,250,000	850,000
Liabilities to Group companies	8	2,395	1,994
Other liabilities		441	34
<b>Total long-term liabilities</b>		<b>2,252,836</b>	<b>852,029</b>
<i>Current liabilities</i>			
Bond loans	11, 13 10	229,641	850,000
Liabilities to credit institutions		309,289	-
Liabilities to Group companies	8	11,086,898	12,494,996
Other liabilities		12,386	44,729
Accrued expenses and deferred income	14	13,786	238
<b>Total current liabilities</b>		<b>11,652,000</b>	<b>13,389,963</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>14,079,507</b>	<b>14,382,295</b>

## Changes in shareholders' equity

SEK thousands	<i>Restricted shareholders' equity</i>				<i>Unrestricted shareholders' equity</i>	
	Share capital	Revaluation reserve	Statutory reserve	Hedging reserve	Earnings brought forward and profit for the year	Total shareholders' equity
<b>Opening balance Jan 1, 2021</b>	<b>12,000</b>	<b>1,150</b>	<b>2,400</b>	<b>601</b>	<b>124,369</b>	<b>140,519</b>
Net profit for the year					125,893	125,893
Other comprehensive income				1,807	-	1,807
<b>Total comprehensive income</b>				<b>1,807</b>	<b>125,893</b>	<b>127,700</b>
Dividend					-122,000	-122,000
Group contribution					-7,450	-7,450
Tax on Group contribution					1,535	1,535
<b>Total transactions with shareholders</b>					<b>-127,915</b>	<b>-127,915</b>
<b>Closing balance Dec 31, 2021</b>	<b>12,000</b>	<b>1,150</b>	<b>2,400</b>	<b>2,407</b>	<b>122,347</b>	<b>140,304</b>
<b>Opening balance Jan 1, 2022</b>	<b>12,000</b>	<b>1,150</b>	<b>2,400</b>	<b>2,407</b>	<b>122,347</b>	<b>140,304</b>
Net profit for the year					128,297	128,297
Other comprehensive income				10,882	-	10,882
<b>Total comprehensive income</b>				<b>10,882</b>	<b>128,297</b>	<b>139,179</b>
Dividend					-120,000	-120,000
Group contribution					19,129	19,129
Tax on Group contribution					-3,941	-3,941
<b>Total transactions with shareholders</b>					<b>-104,811</b>	<b>-104,811</b>
<b>Closing balance Dec 31, 2022</b>	<b>12,000</b>	<b>1,150</b>	<b>2,400</b>	<b>13,289</b>	<b>145,833</b>	<b>174,672</b>

## Cash flow statement

SEK thousands	Note	2022	2021
<b>Operating activities</b>			
Profit after financial items		124,357	127,434
Adjustments for items not included in cash-flow <sup>*)</sup>		287,486	26,447
<b>Cash flow from operating activities before changes in working capital</b>		<b>411,842</b>	<b>153,882</b>
<b>Cash flow from changes in working capital</b>			
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease(+) in receivables		-108,595	39,187
Increase(+)/Decrease(-) in liabilities		-3,812	-19,120
<b>Cash flow from the operating activities</b>		<b>299,436</b>	<b>173,949</b>
<b>Financing activities</b>			
Raised external loans		1,938,930	-
Amortization of external loan liabilities		-850,000	-
Increase (+)/Decrease (-) of interest-bearing liabilities to Group companies		-1,422,301	1,428,011
Dividend		-120,000	-122,000
Group contribution		-7,450	-14,749
Increase (-)/Decrease (+) of external interest-bearing receivables		27,062	-297,119
Increase (-)/Decrease (+) of interest-bearing receivables from Group companies		-1,602,791	-727,343
<b>Cash flow from financing activities</b>	16	<b>-2,036,550</b>	<b>266,800</b>
<b>Cash flow for the year</b>		<b>-1,737,113</b>	<b>440,749</b>
Cash and cash equivalents on January 1		2,160,271	1,821,938
Exchange-rate differences in cash and cash equivalents		-362,847	-102,415
<b>Cash and cash equivalents on December 31</b>		<b>60,311</b>	<b>2,160,271</b>

<sup>\*)</sup> consists primarily of unrealized exchange rate differences

### Addendum to cash flow statement

SEK thousands	2022	2021
<b>Paid and received interest**</b>		
Received interest	282,578	217,413
Paid interest	-163,914	-52,480
** included in cash flow from the operating activities before changes in working capital		
<b>Cash and cash equivalents</b>		
<i>The following components are included in cash and cash equivalents</i>		
Cash and bank balances	60,311	2,160,271
	60,311	2,160,271

# Accounting policies and valuation principles

SEK thousands unless otherwise specified

## General information

NCC Treasury AB, corporate registration number 556030-7091, is a Swedish registered company with headquarters in Solna. The address to the headquarters is Herrjärva torg 4, 170 80 Solna. The company is the NCC Group's inhouse bank for the investment and borrowing of liquid funds. The company also provides counseling services of financial risk management. NCC Treasury AB manages interest rate, exchange rate, credit, refinancing, counterparty and liquidity risks within stipulated risk limits, see Accounting policies and valuation principles. NCC Treasury also manages price risks associated with oil-based products.

## General accounting policies

NCC Treasury AB (publ) has prepared its Annual Report pursuant to the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, which means that the International Financial Reporting Standards (IFRS) adopted by the EU and the interpretive statements issued by the International Financial Reporting Interpretations Committee (IFRIC) are applied in full with the exceptions and additions governed by RFR 2.

## New IFRS and amendments to IFRS to be applied

A small number of changes to existing standards and interpretations came into effect for fiscal year commencing after January 1, 2022. NCC Treasury is applying the amendments to IFRS 9 Financial instruments in respect of the relief rules regarding the reference rate reform. These relief rules apply to prospective criteria for hedge accounting so that they are not impacted misleadingly by any future change in reference rates. Other amendments of standards and interpretations had no material impact on the NCC Treasury AB's financial statements for the current year and are not expected to impact future periods or future transactions.

## New IFRS and amendments to IFRS whose application has yet to commence

A small number of changes to existing standards and interpretations came into effect for fiscal years commencing after January 1, 2023. Although their impact on NCC Treasury AB's financial statements has yet to be established in detail, they are not expected to have any material effect.

## Group companies

Those companies that are subsidiaries of NCC AB (publ) are referred to as Group companies.

## Interest income and interest expense

Profit from the sale of securities is recognized net in "Result from financial current assets". Interest income on fixed assets is recognized as "Result from financial fixed assets". Interest earned on current assets is recognized as "Result from financial current assets". Interest payable on liabilities is recognized as "Interest expense and similar items". Interest pertaining to external interest rate swaps and currency forward swaps is offset under other interest expense. Interest on Group companies interest rate swaps and currency forward swaps is recognized as interest income for the interest received, and interest expense for interest paid. Changes in fair value regarding internal and external oil derivatives and currency options are recognized among interest income in the event of a positive change in value and among interest expense in the event of a negative change in value.

## Taxes

Income taxes comprise current tax and deferred tax. Taxes are recognized in profit or loss, except when the underlying transactions are recognized in other comprehensive income, provided that the relating tax effect is recognized in other comprehensive income. Current tax is defined as tax that is to be paid or received during the current fiscal year, which also includes adjusted tax attributable to previous periods.

Deferred tax is recognized in the hedging reserve. Deferred tax is calculated based on the tax rate determined for the following year and this year's change in deferred tax due to changes in hedging reserve is recognized in other comprehensive income.

## Financial instruments

Acquisitions and divestments of financial instruments are recognized on the date of transaction, meaning the date on which the company undertakes to acquire or divest the asset. Financial instruments recognized on the asset side of the balance sheet include cash and bank balances, short-term investments, other receivables, receivables from Group companies and accrued income. The liabilities side of the balance sheet includes bonds, liabilities to credit institutions, liabilities to Group companies, other liabilities and accrued expenses. A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. A financial asset is derecognized from the balance sheet when the contractual rights have been realized or extinguished. The same applies to portions of financial assets. A financial liability is derecognized from the balance sheet when the contractual commitment has been fulfilled or otherwise terminated. This also applies to part of a financial liability.



When entered for the first time, a financial asset is classified on the basis of NCC Treasury's business model for managing the financial asset and the character of the expected cash flows. Financial assets are only reclassified if the business model for the asset has been modified. A financial liability is recognized at amortized cost, apart from derivatives that are measured at fair value.

### **Measurement of financial instruments**

Financial instruments are classified in one of the following measurement categories: Financial assets measured at fair value through profit or loss, Financial assets measured at amortized cost, Financial liabilities measured at fair value through profit or loss, Derivatives used in hedge accounting, or Other financial liabilities.

### **Financial assets measured at fair value through profit or loss**

This category includes derivatives with positive fair value and interest-bearing securities for which NCC Treasury's business model is to maximize the return on the asset within given risk limits. Changes in fair value are recognized in net financial items in profit or loss. A derivative instrument that is an identified and effective hedging instrument is not included in this category. For the accounting of hedging instruments, see Derivatives used in hedge accounting below.

### **Financial assets measured at amortized cost**

These include accounts receivable and loan receivables, as well as short-term investments (short term bank deposits) where the objective of the business model is to receive contractual cash flows up to maturity. These cash flows are received at predetermined points in time and solely comprise payment of principals and interest on the outstanding principals.

### **Financial liabilities measured at fair value through profit or loss**

This category includes derivatives with a negative fair value, with the exception of derivatives that are identified as effective hedging instruments, see Derivatives used in hedge accounting below. Changes in fair value are recognized in net financial items.

### **Other financial liabilities**

Loans and liabilities to Group companies are included in this category. Liabilities are measured at amortized cost. Any differences between the amount received and the repayment amount are recognized in profit or loss distributed over the term of the loan using the effective interest method.

### **Derivatives used in hedge accounting**

Derivatives used in hedge accounting are recognized at fair value in the balance sheet. The change in value of an effective hedging instrument is recognized in the hedging reserve in shareholders' equity through other comprehensive income.

### **Impairment**

NCC Treasury assesses expected loan losses based on prospective information for those financial assets recognized at amortized cost. A loss reserve is established in one of the following ways:

- for loss events that may be expected to be incurred within 12 months
- for loss events that may be expected to be incurred during the entire life of the asset

A loss risk reserve for the entire life of the asset is established if, on the reporting date, the credit risk for the financial asset has risen significantly since initial recognition and, if this is not the case, a loss risk reserve is established within 12 months.

### **Hedge accounting**

Interest rate derivatives are used to manage the interest rate risk. Hedge accounting occurs where effective hedging relationships can be proved. Changes in value, after income tax considerations, are recognized in other comprehensive income and accumulated in the hedging reserve. Any ineffectiveness is recognized in net financial items. What NCC achieves by hedging interest rates is that the variable interest on parts of NCC's financing becomes fixed interest.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash funds and immediately available balances with banks and similar institutions, as well as short-term investments with a maturity of less than three months at the acquisition date, and exposed to only a slight risk of value fluctuation.

### **Receivables and liabilities in foreign currency**

Receivables and liabilities in foreign currency are restated at the exchange rates prevailing on the balance sheet date. Exchange rate differences arising from the translation of financial assets and liabilities are offset in net financial items under "Interest expense and similar items". A specification regarding exchange rate differences is found in Note 5 "Interest expense and similar items".

### **Shareholders' equity**

Group contributions are recognized based on their economic significance, meaning that Group contributions granted are recognized in shareholders' equity, net after tax, and the tax effect is recognized in profit or loss.

### **Pledged assets**

The company has pledged a bond with a nominal value of SEK 10 M to SEB as collateral in order to conduct derivatives trading on NASDAQ Stockholm.

### **Cash flow statement**

The cash flow statement is prepared using the indirect method, in accordance with IAS 7, Statement of Cash Flows.

### **Important estimates and assessments**

The preparation of financial statements in agreement with RFR 2 often requires the use of a number of important accounting estimates. The company serves as an inhouse bank with responsibility for the investment and borrowing of cash and cash balances and, accordingly, the financial statements comprise primarily financial instruments. In NCC Treasury AB's balance sheet, it is mainly short-term investments and derivatives that are measured at fair value. Other financial instruments, such as receivables from and liabilities to Group companies and other receivables and liabilities, are recognized at amortized cost. The most significant assessments for NCC Treasury AB are presented in Note 17.

# Notes

## Note 1

### Selling and administrative expenses

The company had no employees during the year, instead it leased human resources from NCC AB (publ). No remuneration was paid to the Board of Directors or the Managing Director.

Audit assignments to PricewaterhouseCoopers AB amounted to SEK 365 thousands (356) and other audit costs apart from audit assignments amounted to SEK 70 thousands (60).

## Note 2

### Segment reporting

NCC Treasury AB has no separable assets that meet the definition of an operating segment. Instead, the company is an entirety and measured as a whole by the company's executive decision-makers. The company has only one function, treasury management.

Geographical distribution of interest income (note 3, 4)	2022	2021
Sweden	196,969	110,907
Norway	94,135	59,529
Denmark	11,865	9,454
Finland	23,034	21,416
Baltics and Poland	90	90
	326,093	201,395

## Note 3

### Result from financial fixed assets<sup>1)</sup>

	2022	2021
Interest income, other Group companies	-	364
		364

## Note 4

### Result from financial current assets<sup>1)</sup>

	2022	2021
Interest income, Parent company	5,947	616
Interest income, other Group companies	322,839	200,159
Interest income, external	-2,693	257
Net profit on financial assets/liabilities held for trading purposes, Group companies	6,928	1,011
Net profit on financial assets/liabilities held for trading purposes, external	0	22,110
	333,021	224,153

## Note 5

### Interest expense and similar items<sup>1)</sup>

	2022	2021
Interest expense, Parent company	-1,343	-76
Interest expense, other Group companies	-59,479	-2,099
Interest expense, external	-101,307	-38,113
Net loss on financial assets/liabilities held for trading purposes, Group companies	0	-22,085
Net loss on financial assets/liabilities held for trading purposes, external	-7,082	-1,011
Net exchange rate differences *	-879	152
Credit fees	-13,917	-10,862
	-184,008	-74,094

\* of which

Exchange rate differences on fixed assets, other Group companies	-	28
Exchange rate differences on financial current assets, other Group companies	172,365	229,533
Exchange rate differences on financial current assets, external	-362,847	-102,415
Exchange rate differences on financial liabilities, Parent company	-177	2,045
Exchange rate differences on financial liabilities, other Group companies	11,710	-6,743
Exchange rate differences on financial liabilities, external	178,069	-122,296
Net exchange rate difference	-879	152

<sup>1)</sup> Result in notes 3, 4 and 5 pertains mainly to the measurement category amortized cost.

## Note 6

### Tax on net profit for the year

	2022	2021
Current tax assignable to income tax	-	-7
Current tax assignable to Group contribution	3,941	-1,535
	3,941	-1,541

## Note 7

### Long-term receivables from Group companies

	2022	2021
	Dec 31	Dec 31
<i>Accumulated acquisition value</i>		
Carrying amount on January 1	379,644	3,151
Reclassified to current receivables	-379,617	-3,151
Receivables added	441	379,617
Foreign exchange-rate differences during the year	-28	28
Carrying amount at year-end	441	379,644

## Note 8

### Receivables and liabilities on Group companies

	2022	2021
	Dec 31	Dec 31
Long-term receivables from Parent company	-	-
Long-term receivables from other Group companies	441,248	379,644
<i>Long-term receivables from Group companies</i>	441,248	379,644
Current receivables from Parent company	602,700	-
Current receivables from other Group companies	12,945,973	11,411,640
<i>Current receivables from Group companies</i>	13,548,673	11,411,640
Long-term liabilities to Parent company	-	-
Long-term liabilities to other Group companies	2,395	1,994
<i>Long-term liabilities to Group companies</i>	2,395	1,994
Current liabilities to Parent company	212,538	728,432
Current liabilities to other Group companies	10,874,360	11,766,564
<i>Current liabilities to Group companies</i>	11,086,898	12,494,996

## Note 9

### Short-term investments

	2022	2021
	Dec 31	Dec 31
<i>Carrying amount</i>		
Interest-bearing securities	373,899	400,961
	373,899	400,961
<i>Market value</i>		
Interest-bearing securities	373,899	400,961
	373,899	400,961

## Note 10

### Bond loans

	2022	2021
	Dec 31	Dec 31
<i>Long-term</i>		
Bond loans, unlisted	500,000	100,000
Bond loans, listed on NASDAQ Stockholm	1,750,000	750,000
	2,250,000	850,000
<i>Current</i>		
Bond loans, unlisted	100,000	-
Bond loans, listed on NASDAQ Stockholm	-	850,000
Commerical paper	129,641	-
	229,641	850,000
Total bond loans	2,479,641	1,700,000

The bond loans have remaining maturities ranging from 1 to 55 months with an average tied-up capital of 31 months (21) and with an average closing interest rate of 4.43 % (0.86).

## Note 11

### Liabilities to credit institutions

	2022	2021
	Dec 31	Dec 31
<i>Committed credit line</i>		
Granted credit line	261,381	252,653
Unutilized part	-202,092	-252,653
Utilized credit amount	59,289	-
<i>Liabilities to credit institutions</i>	250,000	-
Total liabilities to credit institutions	309,289	-

## Note 12

### Maturity of long-term liabilities after year-end

Maturities exceeding 5 years accounts for SEK 0 thousands (0).

Other long-term liabilities have maturities ranging from 0.8 (1.0) to 4.5 (3.8) years (see Analysis of maturities in note 15).

## Note 13

### Pledged assets and contingent liabilities

	2022	2021
	Dec 31	Dec 31
Assets pledged	9,147	9,670
Contingent liabilities	None	None
Pledged assets for own liabilities	None	None

The company has pledged a bond with a nominal value of SEK 10 M to SEB as collateral in order to conduct derivatives trading on NASDAQ Stockholm.

The company had no pledged collateral for liabilities at year-end.

The external financial commitments of the company are guaranteed by the parent company.

## Note 14

### Accrued expenses and deferred income

	2022	2021
	Dec 31	Dec 31
Accrued financial expenses	13,786	238
Total	13,786	238

The financial expenses consists of accrued interest expenses and credit fees.

## Note 15

### Financial instruments and financial risk management

#### Group Treasury Policy

NCC Treasury AB's task is to be the inhouse bank for the entire NCC Group. The business areas of the NCC Group and its subsidiaries manage their financial risks through NCC Treasury AB. The company's receivables and liabilities consist of loan liabilities and receivables and liabilities relating to derivatives.

NCC's financial flows and accompanying risks: interest rate, exchange rate, liquidity, refinancing and credit risks as well as price risks associated with oil-based products, are coordinated and managed by NCC Treasury AB.

The company shall act as an active business support to the NCC Group in the above mentioned risks and is responsible for the overall management of NCC's borrowing.

Operations are conducted within the framework of the NCC Group's Treasury Policy.

#### Contractual conditions

NCC is subject to a net debt/equity ratio financial covenant associated with committed lines of credit of EUR 280 M and SEK 2,000 M. NCC meets the requirements for the financial ratio restriction.

#### Reference rate reform

NCC is tracking the transition from IBOR to RFR (risk-free reference rate) and adapting its operations through a flexible work process based on assumptions that can be adjusted on the basis of the changes occurring in the market.

## Refinancing risk

The refinancing risk is defined as the risk that NCC Treasury AB will not be able to obtain financing at a given time or that creditors will have difficulty in fulfilling their commitments thus precluding the possibility of the company meeting its undertakings to Group companies. The company strives to spread its risk among various sources of financing (market-financing programs, bank loans and other loan structures) in order to secure the NCC Group's long-term access to borrowed capital. The NCC Group's policy for its refinancing risk is to ensure that NCC's interest-bearing corporate debt will have a maturity structure that minimizes the Group's exposure from the refinancing risk perspective. The maturity periods must be well diversified over time. The distribution norm is that the capital maturity period must be at least 18 months.

At December 31, NCC Treasury AB's interest-bearing gross debt amounted to SEK 13,848 M (14,181), of which external SEK 2,789 M (1,700), Parent company SEK 213 M (728) and other Group companies SEK 10,846 M (11,753). NCC Treasury AB's capital maturity period in terms of total interest-bearing liabilities was 6 months (3), of which external 28 months (21), Parent company 0.03 month (0.1) and other Group companies 0.03 month (0.03).

NCC Treasury AB has the following market financing programs:

### Market financing programs

	Limit	Utilized Nom SEK M
Commercial paper (CP) program in Finland	EUR 300 M	
Commercial paper (CP) program in Sweden	SEK 4,000 M	130
Medium Term Note (MTN) in Sweden*	SEK 5,000 M	2,350
<b>TOTAL</b>		<b>2,480</b>

\* Green bonds 2,350 (1,700), of which a nominal amount of SEK 1,750 (1,600) M is listed on NASDAQ Stockholm.

## Liquidity risks

The liquidity risk refers to the risk that NCC does not have sufficient payment capacity at a given time, which could adversely impact the Group's ability to fulfill its payment obligations. To achieve adequate flexibility and cost-effectiveness, while ensuring that the NCC Group's future financing requirements are satisfied, the Group Treasury Policy states that the Group's payment capacity must correspond to at least 7 percent of annual consolidated sales, with at least 5 percent of this in the form of unutilized committed credit facilities. Payment capacity is defined as the Group's cash and cash equivalents, short-term investments and unutilized committed lines of credit, less market financing programs with a remaining maturity of less than three months. At year-end, the volume of unutilized committed credit facilities amounted to SEK 5,071 M (3,127), with an average remaining maturity of 2.4 years (2.8). Available cash and cash equivalents are invested in banks or in interest-bearing instruments with good creditworthiness and a liquid secondary market. In line with the Group's credit policy, NCC Treasury AB ensured during 2022 that the NCC Group's payment capacity corresponded to a minimum of 7 percent of annual consolidated sales, with at least 5 percent of this in the form of unutilized committed credit facilities.

## Analysis of maturities (amounts including interest)

The table below shows NCC Treasury AB's financial liabilities (including interest payments) and net settled derivative instruments classified as financial liabilities. For financial instruments carrying variable interest rates, the interest rate pertaining on the balance sheet date has been used. Amounts in foreign currency have been translated to SEK, based on the exchange rate applying on the balance sheet date. All amounts in the table are the contractual undiscounted cash flows.

Dec 31, 2022 in SEK M	Total	<3 months	3 months- 1 year	1-3 years	>3 years
External interest-bearing liabilities	3,044	402	189	1,918	535
Parent company interest-bearing liabilities	213	213			
Other Group interest-bearing liabilities	11,059	11,059			
External oil forward contracts	2	1	2		
Other Group oil forward contracts	0.3		0	0.3	
External interest rate swaps					
<b>Total</b>	<b>14,319</b>	<b>11,675</b>	<b>191</b>	<b>1,918</b>	<b>535</b>

Dec 31, 2021, in SEK M	Total	<3 months	3 months- 1 year	1-3 years	>3 years
External interest-bearing liabilities	1,729	4	860	865	
Parent company interest-bearing liabilities	728	728			
Other Group interest-bearing liabilities	11,753	11,753			
External oil forward contracts	2	0	2	0	
Other Group oil forward contracts	6	2	4	0	
External interest rate swaps		0.1	0.1	0.3	
<b>Total</b>	<b>14,218</b>	<b>12,487</b>	<b>865</b>	<b>866</b>	

The table below shows the company's gross settled derivative instruments. All amounts in the table are the contractual undiscounted cash flows.

Dec 31, 2022, in SEK M	Total	<3 months	3 months- 1 year	1-3 years	>3 years
<b>External currency forward contracts</b>					
- outflow	-3,929	-3,262	-586	-81	
- inflow	3,987	3,303	601	83	
<b>Parent company currency forward contracts</b>					
- outflow	0				
- inflow	0				
<b>Other Group currency forward contracts</b>					
- outflow	-1,065	-381	-601	-83	
- inflow	1,035	368	586	81	
<b>Net flow from gross settled</b>	<b>28</b>	<b>28</b>	<b>0</b>	<b>0</b>	

  

Dec 31, 2021, in SEK M	Total	<3 months	3 months- 1 year	1-3 years	>3 years
<b>External currency forward contracts</b>					
- outflow	-4,781	-3,505	-1,166	-110	
- inflow	4,754	3,478	1,164	112	
<b>Parent company currency forward contracts</b>					
- outflow	0				
- inflow	0				
<b>Other Group currency forward contracts</b>					
- outflow	-1,523	-414	-996	-112	
- inflow	1,514	412	992	110	
<b>Net flow from gross settled instruments</b>	<b>-35</b>	<b>-29</b>	<b>-6</b>	<b>0</b>	

### Interest rate risks

The interest rate risk is the risk that changes in market rates will adversely affect NCC Treasury AB's cash flow or the fair value of financial assets and liabilities. The company's main financing sources are shareholder's equity, cash flow from the operating activities and borrowing within the NCC Group. Interest-bearing borrowing exposes the Group to an interest rate risk. The company is tasked with ensuring compliance with NCC's interest risk policy, namely, that the weighted average remaining period of fixed interest for NCC's interest-bearing corporate debt, when exposure is reduced by the period of fixed interest on cash and cash equivalents including interest rate swaps, should normally be 12 months subject to a mandate to deviate from this figure by +/- 6 months, and that the interest rate maturity structure of the debt portfolio should be adequately spread over time. If the available borrowing vehicles are not compatible with the desired interest rate structure for the debt portfolio, interest rate swaps are the main instruments used to adapt the structure. At year-end the fixed interest maturity period was 13 months (9), including interest rate swaps linked to the corporate debt.

In the financial statements, hedge accounting is applied when there is an effective connection between the hedged loan and interest rate swaps. When assessing effectiveness, NCC Treasury ensures that the financial correlation between interest rate swaps and underlying loans has been fulfilled by having the interest rate swaps denominated in the same currency, and that maturities, the timing of interest payments, nominal amounts and interest rate bases correspond with underlying loans. Interest rate swaps have the same quantity as underlying loans (hedge quote 1-for-1). NCC Treasury AB applies hedge accounting for a nominal amount of SEK 475 M (400), with STIBOR as the interest base, which will be affected by the reference rate reform. Ineffectiveness may arise if the points in time for the cash flow in the interest rate swaps do not fully match those of underlying loans and if the point in time for the switch in the reference rate deviates between the interest rate swap and the underlying loans. Ineffectiveness attributable to interest rate swaps was negligible in 2022. At year-end, interest rate swaps outstanding with Group companies amounted to a nominal value of SEK 0 M (0) and such swaps to external parties to a nominal value of SEK 475 M (590). The interest rate swaps had a fair value of SEK 17 M (3) net, comprising long-term receivables of SEK 14 M (3) and short-term receivables of SEK 3 M (0). The interest rate swaps have due dates ranging from 0.8 (0.5) to 1.8 (2.8) years with an average fixed interest rate of 1.0 percent (-0.03). An increase in interest rates by one percentage point would result in a change of SEK 0 M (1) in net profit for the year and a change of SEK 5 M (6) in other comprehensive income resulting from a change in fair value of the interest rate swaps.

At year-end, NCC Treasury AB's interest-bearing gross debt amounted to SEK 13,848 M (14,181), of which external SEK 2,789 M (1,700), Parent company SEK 213 M (728) and other Group companies SEK 10,846 M (11,753). The fixed interest maturity period for gross debt was 2 month (0.4), of which external 12 months (3), Parent company 0.03 month (0.1) and other Group companies 0.03 month (0.03).

An increase in interest rate by one percentage point would impact NCC Treasury AB's annual earnings after tax as well as equity by SEK -30 M (-33), based on the interest-bearing assets and liabilities, including interest rate swaps, existing on the balance sheet date.

### Exchange rate risks

The exchange rate risk is the risk that changes in exchange rates will adversely affect the company's income statement, balance sheet or cash flow statement. The NCC Group's business areas are responsible for eliminating transaction exposure as soon as it becomes known. When performing currency hedges, Group companies must engage NCC Treasury AB, who then carries out external hedges to match the internal currency forward contracts. On the balance sheet date, the company had net sales of currency forward contracts outstanding to Group companies in a nominal amount of SEK 884 M (877), of which SEK 0 M (0) are outstanding to Parent company and the nominal amount of net purchases of currency forward contracts outstanding to external parties was SEK 884 M (877).

Currency swaps are used to achieve that assets and liabilities match in the same currency. Net purchased currency swap agreements for financing amounted to a nominal SEK 2 261 M (2 012).

NCC Treasury AB does not take any exchange rate risks but is subject to an exchange rate risk limit whereby the company's earnings are not permitted to be negatively impacted by more than SEK -10 M in the event of a 5-percent exchange rate change, defined as the sum of the exchange rate risk per currency in absolute terms. At December 31st, a 5-percent change in exchange rates would have resulted in a negative impact on NCC Treasury AB's profit after tax as well as equity of SEK -3.9 M (-0.9).

### Credit risks/counterparty risks

NCC's investment regulations for financial credit risks are revised continuously and characterized by caution. Transactions are only entered into with creditworthy counterparties with credit ratings of at least A- (Standard & Poor's) or the equivalent international rating, as well as local banks with a minimum rating equal to the creditworthiness of the country in which NCC has operations. The framework agreement on netting issued by the ISDA (International Swaps and Derivatives Association) is used with all counterparties with respect to derivative trading. The investment regulation specifies maximum credit exposure and maturity for various external counterparties.

Total counterparty exposure with respect to derivatives, calculated as the net receivable per counterparty, amounted to SEK 125 M (61) at the end of 2022. The net receivable per counterparty is calculated in accordance with the market-to-market approach, i.e the market value of the derivative plus a supplement for the change in risk (1% on the nominal amount). Calculated gross exposure to counterparty risks pertaining to external cash and bank balances and short-term investments amounted to SEK 441 M (2,561).

The credit risk of NCC Treasury AB's counterparties is assessed to be low, as all lending is intra-group, in a Group with a financially strong parent company with joint governance and control. If the ability of a subsidiary to pay would deteriorate, this is normally handled through capital contribution from the parent company.

NCC Treasury AB has no past-due receivables from Group companies. The company has not set aside any reserves for doubtful receivables as the uncertainty in the receivables has been assessed as very low.

### Price risks

The price risk associated with purchasing bitumen is managed by NCC Treasury AB via oil forward contracts. NCC Industry's policy is to hedge larger customer contracts when the work is to be performed later than two months from the ordering date. NCC Treasury AB ensures that oil derivatives are priced using the same underlying index as that which applies to suppliers and that the number of purchased tons of bitumen per month exceeds the number of hedged tons of bitumen per month.

## Note 16

### Non-cash changes in financing activities

SEK M	CB 2021	Cash flow	NON-CASH ITEMS	
			Exchange rate differences	CB 2022
Interest-bearing liabilities	14,181,181	-333,372	28	13,847,837
Interest-bearing receivables	-12,149,930	-1,575,729	-112,850	-13,838,508
<b>Total liabilities, financing activities</b>	<b>2,031,251</b>	<b>-1,909,100</b>	<b>-112,822</b>	<b>9,329</b>
Group contribution		-7,450		
Dividend		-120,000		
<b>Cash flow from financing activities</b>		<b>-2,036,550</b>		



## Note 17

### Carrying amount and fair value of financial instruments

The carrying amount and fair value of financial instruments is presented in the following table. In NCC Treasury AB's balance sheet, it is mainly short-term investments and derivatives that are measured at fair value. Short-term investments are measured according to prices quoted on a well-functioning secondary market for the same instrument.

The measurement to fair value on currency forward contracts, currency options and oil forward contracts is based on customary models with observable input data such as interest rates, exchange rates and commodity prices. The measurement to fair value of interest rate swaps is based on forward interest rates based on observable yield curves. The discount has no significant impact on the measurement of derivatives.

For financial instruments recognized at amortized cost - long-term and current interest-bearing assets and liabilities to Group companies, cash and bank balances, bank deposits and other interest-free assets and liabilities - the fair value does not materially deviate from the carrying amount.

For bond loans listed on Nasdaq Stockholm, the fair value was calculated according to prices listed in a well-functioning secondary market. It has been deemed that the fair value of other external long-term and short-term interest-bearing liabilities did not materially deviate from the carrying amount.

The carrying amount and fair value of financial instruments are presented in the following table.

SEK thousands	Dec 31, 2022		Dec 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets statutorily measured at fair value through profit or loss</b>				
External interest rate swaps <sup>1)</sup>	-	-	24	24
External currency forward contracts <sup>1)</sup>	65,830	65,830	19,144	19,144
External oil forward contracts <sup>1)</sup>	314	314	5,506	5,506
Group currency forward contracts <sup>2)</sup>	1,371	1,371	2,592	2,592
Group oil forward contracts <sup>2)</sup>	2,507	2,507	1,962	1,962
Short-term investments	373,899	373,899	400,961	400,961
<b>Derivatives used in hedge accounting</b>				
External interest rate swaps <sup>1)</sup>	16,737	16,737	3,024	3,024
<b>Financial assets measured at amortized cost</b>				
Long-term receivables from Group companies	-	-	379,610	379,610
Current receivables from Group companies	13,545,236	13,545,236	11,407,121	11,407,121
Prepaid expenses and accrued income	1	1	1	1
Cash and cash balances	60,311	60,311	2,160,271	2,160,271
<b>Total financial assets</b>	<b>14,066,205</b>	<b>14,066,205</b>	<b>14,380,216</b>	<b>14,380,216</b>
<b>Financial liabilities statutorily measured at fair value through profit or loss</b>				
External currency forward contracts <sup>3)</sup>	6,873	6,873	42,170	42,170
External oil forward contracts <sup>3)</sup>	2,507	2,507	1,901	1,901
Group currency forward contracts <sup>4)</sup>	30,071	30,071	10,303	10,303
Group oil forward contracts <sup>4)</sup>	314	314	5,506	5,506
<b>Other financial liabilities</b>				
Long-term listed green bond loans	1,750,000	1,723,573	750,000	750,173
Long-term unlisted green bond loans	500,000	475,204	100,000	99,994
Current listed bond loans	-	-	850,000	849,533
Current unlisted bond loans and commercial paper	229,641	229,641	-	-
Current interest-bearing liabilities to credit institutions	309,289	309,289	-	-
Current liabilities to Group companies	11,058,908	11,058,908	12,481,181	12,481,181
Accrued expenses and deferred income	12,644	12,644	222	222
<b>Total financial liabilities</b>	<b>13,900,246</b>	<b>13,849,023</b>	<b>14,241,283</b>	<b>14,240,983</b>

<sup>1)</sup> The carrying amount for external currency forward contracts, interest rate swaps and oil forward contracts is included in long-term receivables amounting to SEK 16 M (5) and in other current receivables SEK 66 M (23).

<sup>2)</sup> The carrying amount for Group currency forward contracts and oil forward contracts is included in long-term receivables from Group companies amounting to SEK 0 M (0) and in current receivables from Group companies amounting to SEK 4 M (5).

<sup>3)</sup> The carrying amount for external interest-rate swaps, currency forward contracts and oil forward contracts is included in long-term other liabilities amounting to SEK 0 M (0) and in current other liabilities amounting to SEK 9 M (44).

<sup>4)</sup> The carrying amount for Group currency forward contracts and oil forward contracts is included in long-term liabilities to Group companies amounting to SEK 2 M (2) and in current liabilities to Group companies amounting to SEK 28 M (14).

In the following table, disclosures are made concerning how fair value was determined for financial instruments. When determining fair value, assets were divided into the following three levels. No transfers were made between the levels during the period and no significant changes were made with respect to measurement methods, data or assumptions used.

Level 1: in accordance with prices quoted on an active market for the same instrument.

Level 2: on the basis of directly or indirectly observable market data that is not included in Level 1.

Level 3: on the basis of input data that is not observable in the market (which is not applicable for NCC Treasury AB).

SEK thousands	Dec 31, 2022			Dec 31, 2021		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Derivative instruments *		86,759	86,759		32,252	32,252
Short-term investments	373,899		373,899	400,961		400,961
<b>Total financial assets</b>	<b>373,899</b>	<b>86,759</b>	<b>460,658</b>	<b>400,961</b>	<b>32,252</b>	<b>433,213</b>
Derivative instruments *		39,765	39,765		59,880	59,880
Listed bond loans	1,723,573		1,723,573	1,599,706		1,599,706
Unlisted bond loans and commercial paper		704,845	704,845		99,994	99,994
Other interest-bearing liabilities to credit institutions		309,289	309,289		-	-
<b>Total financial liabilities</b>	<b>1,723,573</b>	<b>1,053,899</b>	<b>2,777,471</b>	<b>1,599,706</b>	<b>159,874</b>	<b>1,759,580</b>

\* Total of Group and external derivative instruments.

### Offsetting financial instruments

NCC has binding framework agreements on netting (ISDA agreements) with all external counterparties for derivative trading, whereby NCC can offset receivables and liabilities should a counterparty become insolvent or in another event. The following table sets out the gross financial assets and liabilities recognized and the amounts available for offsetting.

SEK thousands	Dec 31, 2022		Dec 31, 2021	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Recognized gross amount	83,263	9,380	27,698	44,132
Amounts included in the netting agreement	-7,262	-7,262	-24,437	-24,437
<b>Net amount after netting agreement</b>	<b>76,001</b>	<b>2,117</b>	<b>3,261</b>	<b>19,695</b>

## Note 18

### Events after the balance sheet date

No significant events have occurred after the balance sheet date.

## Note 19

### Proposed distribution of earnings

Funds available for distribution by the Annual General Meeting:

Earnings brought forward	17,535,423
Net profit of the year	128,297,212
Amount in SEK	<u>145,832,635</u>

The Board of Directors and the Managing Director proposes that the funds should be distributed as follows:

To be distributed to shareholders	140,000,000
To be carried forward	5,832,635
Amount in SEK	<u>145,832,635</u>

The company has received Group contribution from NCC AB at the amount of SEK 19,129,302.

# Adoption

The Board of Directors and the Managing Director hereby give their assurance that the Annual Report has been compiled in compliance with the international accounting standards, IFRS, as adopted by the EU, and with generally acceptable accounting practices and thus provide a fair and accurate impression of the financial position and earnings of the company. The Report of the Board of Directors accurately review the company's operations, financial position and earnings and describe the material risks and uncertainties facing the company.

The Annual Report was approved for issue by the Board of Directors on March 16, 2023. The income statement and balance sheet will be presented to the Annual General Meeting for adoption on March 31, 2023.

Solna, March 16, 2023

Charlotte Z Lindstedt  
Chairman of the Board

Ann-Marie Hedbeck  
Member of the Board

Susanne Lithander  
Member of the Board

Anneli Bedman  
Managing Director

Our audit report was submitted on March 16, 2023

PricewaterhouseCooper AB

Anders Carlsson  
Authorized Public Accountant