

# Our core is construction



# Our core is construction

Every generation has a responsibility to maintain and develop its shared social infrastructure in order to create opportunities today and in the future. Construction, maintenance and development projects are initiated by our customers or by NCC.

NCC's purpose is to utilize our expertise and competencies as the basis for taking the customer through the construction process in order to create a positive end result for all stakeholders.

NCC is a knowledge-based company whose core is the ability to manage the complexity of a construction process. Our operations include building and infrastructure project contracting, asphalt and stone materials production and commercial property development.

We are experts in the various aspects of the process, and also at getting them to work together. NCC is pursuing development initiatives in the areas of skills development, digitization and increased utilization of expertise and data from all parts of the company.



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### About the report

NCC's Annual Report on 2022 is submitted by the Board and the President and CEO of NCC AB (publ). The statutory annual accounts are presented on pp. 12–71 and have been audited by NCC's external auditor. The Sustainability Report is presented on pp. 2–3, 8–11, 24–29 and 82–120 and has been prepared in accordance with Chapter 6 of the Swedish Annual Accounts Act. NCC reports according to GRI Standards 2021.

### ESEF report

NCC has prepared the Annual Report in a format that enables uniform electronic reporting according to 16 Chapter, Section 4 a of the Swedish Securities Market Act (2007:528)

### Cover photo:

*Nyt Hospital Nordsjælland, Denmark.*  
A new super hospital – and one of the most digitalized construction projects in Denmark

– was one of the projects that NCC worked on in 2022 in the healthcare area. A state-of-the-art structure comprising four stories with a total of 570 beds and multiple specialist functions, such as an emergency clinic, an intensive care unit, operating theaters, diagnostics, mother-baby units, surgery, internal medicine, neurology, oncology and audiology functions – and much more. The hospital is to be completed in 2025.

# Building for the future

NCC is one of the leading construction companies in the Nordics. Based on its expertise in managing complex construction processes, NCC facilitates construction that generates favorable results for the customers and has a positive impact on society in general. Operations include building and infrastructure project contracting, asphalt and stone materials production and commercial property development. In 2022, NCC had sales of SEK 54 billion, and 12,500 employees.

## Construction and civil engineering

### NCC Infrastructure

Builds, renovates and maintains infrastructure for travel, transportation, energy and water treatment, as well as facilities for basic industry, in Sweden, Norway and Denmark. With expertise encompassing the entire chain from counseling in early stages, project planning and design to production and maintenance, we realize, together with our customers, projects with a favorable impact on society.

### NCC Building Sweden

Builds and renovates residential buildings, offices, healthcare buildings, schools, sports facilities and public buildings for public and private customers in Sweden. With advanced skills in sustainability, digitalization and partnering, NCC Building Sweden develops projects jointly with customers from the early stages.

### NCC Building Nordics

Builds and renovates residential buildings, offices, healthcare buildings, schools, sports facilities and public buildings for public and private customers in Denmark, Finland and Norway. With advanced skills in sustainability, digitalization and partnering, NCC Building Nordics develops projects jointly with customers from the early stages.

## Industry

### NCC Industry

Develops, produces and sells stone materials and asphalt products for construction and infrastructure projects in Sweden, Norway, Denmark and stone materials in Finland. The operations form a natural supply chain that is also well integrated into NCC's construction and civil engineering operations.

## Development

### NCC Property Development

Develops, lets and sells properties, with the focus on office properties. With extensive expertise encompassing the entire chain from conceptualization of individual projects to the development of city districts, and with a major focus on sustainability and cooperation, flexible and customized property solutions are created in growth markets in the Nordic region.



# 53,285

Orders received (SEK M)

# 54,198

Net sales (SEK M)

# 1,358

Operating profit (SEK M)

## Financial targets and outcome

### Earnings per share

Target 2023	Outcome 2022
≥ 16 SEK	10 SEK

### Corporate net debt<sup>1)</sup>

Target 2022	Outcome 2022
< 2.5 X EBITDA	0.8 X EBITDA

### Dividend policy

Percent of earnings to be distributed to shareholders.

Target 2022	Outcome 2022 <sup>2)</sup>
≈ 60%	55%

#### Notes for financial target

- 1) Net debt excludes pension debt and lease liability.
- 2) The Board of Directors has proposed a dividend of SEK 6 per share for 2022.

## Sustainability targets and outcome

### Health and Safety

#### LTIF4

Work-related accidents resulting in more than four calendar days of absence per million working hours.

Target 2022	Outcome 2022
3.0	4.1

### Climate and energy

#### Scope 1 & 2

Target 60-percent reduction in CO<sub>2</sub>e<sup>1</sup> (Scope 1 and 2) by 2030 (base year 2015), measured as tons of CO<sub>2</sub>e/SEK M

Outcome 2022: Emission intensity amounted to 2.5 CO<sub>2</sub>e tons/SEK M, corresponding to a reduction of 52 percent compared with 2015.

NCC will be climate neutral by 2045

Target 2030	Outcome 2022
-60%	-52%

#### Scope 3

50-percent reduction in CO<sub>2</sub>e (Scope 3) by 2030 (base year 2015), from concrete, steel, asphalt and transportation, measured as kilograms of CO<sub>2</sub>e/purchased volume.

Target 2030	Ready-mix concrete <sup>2)</sup> Outcome 2022	Asphalt <sup>2)</sup> Outcome 2022	Steel reinforcement <sup>2)</sup> Outcome 2022	Transportation <sup>3)</sup>
-50%	-16%	-31%	-38%	-

#### Notes for sustainability

- 1) Carbon dioxide equivalents, i.e. GHG emissions expressed as the equivalent amount of carbon dioxide.
- 2) To date, this metric refers only to ready-mix concrete, steel reinforcement and internally purchased asphalt.
- 3) Emissions from transportation are not reported for 2021

# Structure and cooperation provide stability in turbulent times

NCC holds a strong position in the Nordic construction market, and this something we continued to develop during 2022. It was a year of mixed performance, with many parts of the business developing well, while others faced major challenges mainly due to unrest and change in the business environment.

**At this juncture**, we know that 2022 turned out to be a more turbulent year for the world than we had expected. The impact of the pandemic had not yet completely abated when Russia's brutal war of aggression in Ukraine broke out and Europe was faced with new challenges. We are now confronted by a complex reality marked by crises and challenges on many levels in tandem: economic, political and climate-related. Uncertainty ahead of the coming years is substantial.

At the same time, our industry also benefit from stabilizing factors. When some segments and geographies are placed on hold, others continue to develop and grow. The market is there, albeit not everywhere or in the same areas as before. We have to be well positioned, make the right choices and execute with discipline. This is also one of the cornerstones of our strategic direction, which stands firm and which guides us in both good and more uncertain times.

## Net profit for the year

The majority of NCC operations continued to perform well and deliver healthy earnings in 2022. Others faced larger challenges. Operating profit declined, which was naturally a disappointment. Orders received during the year as a whole were favorable and we have a strong order backlog for contracting operations in all business areas.

Our largest business area, Infrastructure, showed stable development as a result of discipline and focus in terms of choice and implementation of projects. Its focus has been on prioritizing segments in which NCC's strengths come to the fore.

In the construction operations of Building Sweden and Building Nordics, strong business acumen has emerged, successfully propelling the business forward and satisfying customer expectations with regard to proactivity and early involvement. As a result, most of the operations showed healthy performance. However,



results were burdened by write downs for individual projects and departments, which negatively impacted earnings.

The Industry business area, with its operations in stone materials and asphalt production, endured a difficult year. This applied particularly to the asphalt operations, which were impacted by difficult external conditions in the form of rising energy prices and also experienced internal challenges, necessitating changes to be made to governance and management. This work continues and I have a positive view of the operations' ability to recover its full potential.

The commercial property development operations of the Property Development business area were impacted by the effects of rapidly rising interest rates and the difficulties investors had in securing financing. NCC has a high-quality portfolio of commercial property projects. If necessary, we will bide our time until opportunities to generate value from ongoing projects arise. We will also continue

to evaluate opportunities to launch new projects, but at a lower risk level.

## Financial targets and financial position

NCC's objective is to deliver earnings per share of at least SEK 16 in 2023. Earnings per share in 2022 amounted to SEK 10.29. The target stands firm but, for obvious reasons, it has become more difficult to achieve due to the macro-economic uncertainty.

A repurchase program was carried out during the year, whereby NCC bought back shares for approximately SEK 1 billion. NCC has a strong financial position and we are well below our debt target. Since there is uncertainty concerning how the market will develop moving forward, and this could entail both risks and opportunities, having a strong financial position that gives us room to maneuver is an advantage.

## Industry-leading core competency

We want our customers to perceive us as experts and as being proactive

## “We want our customers to perceive us as experts and as being proactive throughout the construction process.”

throughout the construction process. This position requires us to have employees with the right competencies, experience and attitudes, and who are also given opportunities to continuously learn and develop. Successful competency supply is an absolute prerequisite for our success in delivering increasing customer value and achieving our targets. We must be attractive for the best talents and ensure that they work with the right things. To this end, we offer an extensive training program that we developed further during the year in cooperation with academic institutions in the Nordic region and Europe. I, myself, am engaged in promoting competency development and am personally involved in all of the major training programs.

### Early involvement

The proportion of major projects in which we work together in various ways with customers at an early stage has increased. This is a successful way for us to generate customer value, since we know that projects that are well planned ahead of construction start and that are implemented without changes yield the best results in the form of predictability, time and productivity. Both for customers and for us as the contractor.

### Strong safety culture

It is with great sorrow that I must confirm that NCC was not spared from serious injuries or fatal accidents during the year. All of these events are subject to thorough analyses to be able to learn from them and arrive at the right conclusions. Work aimed at making the workday safer for everyone continues, with a focus on completely eliminating serious accidents and incidents. We arrange recurring activities to raise awareness of and promote a good safety culture, and we are working to develop and test both digital and technical solutions.

### Sustainable development

NCC supports the UN Global Compact and its ten principles, which are integrated into our business strategy, culture and daily operations. We work in an organized manner to reduce our negative climate impact and make a positive contribution to the Sustainable Development Goals.

As part of joint improvement efforts, NCC prioritizes those areas where we have the best potential to achieve results. One such example is concrete, where we have an internal program aimed at reducing emissions in various ways and for which all business areas have independently developed plans. A prerequisite for success is dialogue and cooperation with all stakeholders in the value chain.

NCC's expertise in the construction process and the conditions this provides also form the basis for satisfying customer expectations in terms of continuously reducing the climate impact and fulfilling stringent environmental standards. In close dialogue with our customers and other stakeholders, we are able to apply the expertise that we possess to jointly make the right decisions and the right choices.

The entire business community is now making preparations to collect, analyze and present more sustainability-related data according to new and forthcoming regulations. Access to sustainability data is essential for increased transparency, but also to be able to make the right decisions. We are only at the start of this process. All stakeholders need to adopt a wise approach to the complexity that underlies sustainability reporting, which will naturally become more precise and appropriate over time.

### Supply of materials and permit processes

2022 was the second year during which Sweden was faced with uncertainty about the future supply of cement, after the company Cementsa failed to secure the permits

necessary for its operations. Thankfully, a period of respite of several years has been granted. That is very good. To cope with the transition that the business community is facing, not least in Sweden, faster and more coordinated work on permit processes is necessary to be able to manage conflicting objectives at an early stage and in a clear-cut manner. This is something that we continuously address in our dialogue with politicians and decision makers. The supply of materials is of vital importance to NCC and to the industry.

### Value of being a large company

Despite the economic uncertainty, I look forward to 2023 with confidence, and I would like to express my deep gratitude to all employees, customers, business partners and shareholders for the past year. Our strategic direction, based on cultivating and utilizing our expert position in the construction process in close and early cooperation with our customers, stands firm. This is the right approach – both for our operations facing considerable demand and for those experiencing more cautious conditions.

Our shared processes and the resources and frameworks of a large company create conditions for well-founded decisions. We are firmly grounded in and focus solely on our Nordic home market. In parallel, we are large enough to conduct focused development initiatives and build expertise in selected segments. This provides us with stability, energy and a direction ahead of 2023.

Solna, March 2023

**Tomas Carlsson,**  
President and CEO

# Generating customer value based on knowledge and experience

NCC has a strong and well-established position in the Nordic market, combined with a local presence. The foundation is the ability to manage the construction process and its complexity. Our success factors include leveraging the Group’s collective expertise and experiences, making data-informed decisions and pursuing change through clarity concerning our Star behaviors.

**NCC is a knowledge-based company** whose foundation is the ability to manage the complexity of a construction process. Our operations comprise building construction and infrastructure project contracting, asphalt and stone materials production and commercial property development.

NCC constructs, refurbishes and develops the built environment, creating conditions for a better society. We function as an expert, in close cooperation with customers, in order to satisfy the customers’ expectations and requirements and to ensure that the physical environment is developed with the greatest possible positive effect on society for both current and future generations.

The construction process is characterized by many stakeholders, the need for broad competency and expert knowledge, as well as coordination of multiple operators. NCC’s strengths include working proactively with customers prior to and during projects and using our data and knowledge to secure a positive end result for all stakeholders. We are always proud of our projects and the contributions they make to society when they are implemented well; however, our main focus is on being experts in

the process that leads them there. NCC aims to be the most skilled and trusted company in the market when it comes to implementing construction projects. As a proactive construction expert, NCC assigns priority to early involvement with customers, proposing solutions and contributing ideas and new knowledge.

**NCC’s strategic direction – generating value from being a large construction company**

NCC acts to optimally leverage the value created by a large Nordic company with a breadth of operating areas and a local presence, and to share these benefits with the customer.

NCC’s strategic initiatives are collected in four focus areas:

- Build a knowledge-based company and a culture based on shared values and behaviors.
- Work in a data-informed manner, which requires that we invest in IT and digitization.
- Be proactive in relation to the customers in order to manage the complexity of the construction process and utilize and develop our expertise and experience.
- Leverage our collective expertise in order to develop the construction process.

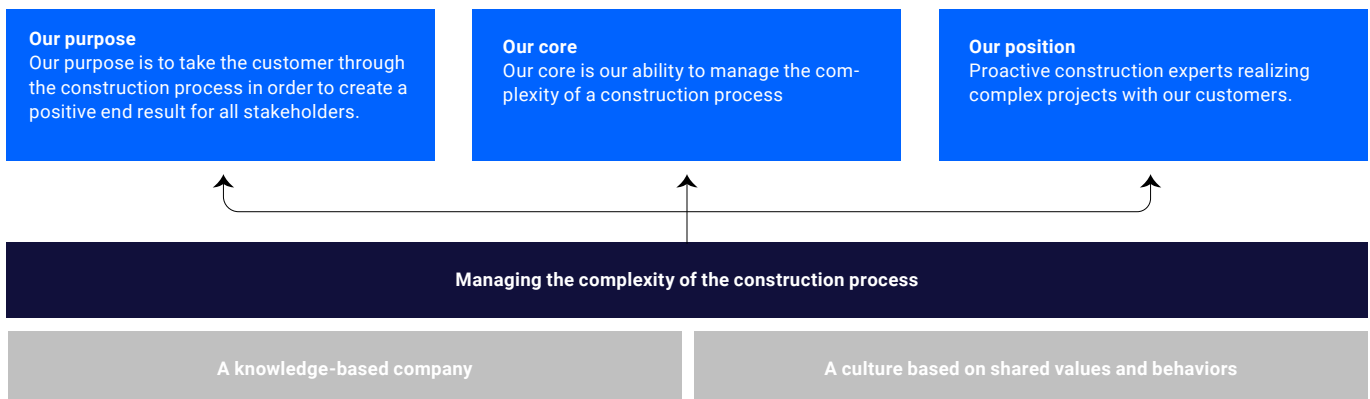
**A knowledge-based company**

The value of being a large construction company includes our ability to identify and share the knowledge that exists in the Group. For example, NCC has been able to use and share its know-how on a large scale in such projects as the construction of hospitals, swim centers and water and wastewater treatment plants, as well as in the management of biodiversity at our quarries, to name but a few areas.

To achieve this it’s required that we encourage our Star behaviors, and that we continuously hone our competencies in important knowledge fields. Distinct and motivating career opportunities, and our training and development initiative, NCC Academy, are key components in this work. Read more on pp. 10–11 about how NCC works with knowledge and skills development, and drives change through Star behaviors.

**Cutting-edge expertise in water and wastewater treatment plants**

Water treatment is an example of an area in which NCC has developed cutting-edge expertise. By accepting overall responsibility, NCC is an attractive partner to customers in this growing area. Through early involvement and close cooperation,







Käppala wastewater treatment plant, Stockholm

NCC is able to contribute to efficient projects. In 2022, we concluded an agreement concerning the reconstruction and capacity expansion of the Käppalaverket wastewater treatment plant on the island of Lidingö, outside Stockholm. The work on the plant, which will continue to operate during the entire construction period, is being conducted to meet higher environmental standards.

**Digitization and data-informed work methods**

A group of NCC’s size creates enormous amount of data. For efficient knowledge sharing, it is essential that the information is structured, easily available and simple to share. Knowledge sharing between projects and different business areas is facilitated by systematizing the information and through increased digitization of processes. This enables NCC to better leverage the Group’s collective knowledge and expertise, and enables the employees to make data-informed decisions, thus creating customer value, improving productivity and increasing competitiveness.

We play an active role in industry-wide collaborations in order to accelerate the digital transformation. NCC is also pursuing the issue of digitization issue and the capability to make data-informed decisions externally. Among other initiatives, NCC has taken leading roles in the Smart Built Environment, a Swedish strategic innovation program, and in the European Network of Construction companies for Research and Development (ENCORD). NCC is also a member of the Combient network, an industry collaboration aimed

at accelerating the digital transformation. This membership serves as a tool for NCC to become more data-informed, learn from other companies and exchange knowledge over industry boundaries.

**Group-wide model strengthens business areas**

A feature characterizing all of the Group’s operations is the drive to be proactive in relation to customers, and to be involved at

an early stage, which enables us to utilize and develop our expertise and experience.

We also agree that we should leverage our collective expertise to develop the construction process.

In addition, each business area has its own starting point and challenges. Strategic initiatives – such as working closer to customers and gathering experts and their know-how – will therefore be based in our business areas.

**Market**

NCC conducts operations in Denmark, Finland, Norway and Sweden. The market is fragmented with a large number of participants.

NCC occupies a strong position in all of the Nordic countries where it is active.

13%

Norway

Infrastructure  
Building Nordics  
Industry: Asphalt & Stone materials  
Property Development

10%

Finland

Building Nordics  
Industry: Stone materials  
Property Development

19%

Denmark

Infrastructure  
Building Nordics  
Industry: Asphalt & Stone materials  
Property Development

58%

Sweden

Infrastructure  
Building Sweden  
Industry: Asphalt & Stone materials  
Property Development

Percentage calculated on share of net sales.

# Expertise and cooperation in the climate transition

NCC constructs, maintains and develops the built environment. This work is based on know-how, data and expertise concerning how materials, methods and processes impact the environment and the climate, and society in general. Establishing a joint roadmap to reduce the negative climate effects of concrete-based construction was a focus area in 2022.

**The climate transition** places major demands on the construction industry in general but also represents major opportunities. The transition of society in a sustainable direction and a necessary adjustment to climate change provide potential for investments in infrastructure, the development of energy solutions, upgrades and adaptations of existing buildings and infrastructure, and new investment in buildings.

The climate transition has changed the conditions, and requires innovation and a shift by the entire industry. NCC aims to play a leading role in this shift, based on our customers' needs. In this area, NCC can contribute its high level of expertise – we are specialists with in-depth knowledge and wide-ranging experience and are willing to help our customers with insightful solutions. We understand that tackling climate issues must permeate our business at a profound level, and we view decentralization and responsibility among our units as fundamental.

To contribute to the climate transition, cooperation and dialogue with customers, suppliers and other stakeholders in the industry is also necessary. We must work together to resolve the challenges and reduce the climate impact by developing work methods, materials, products and solutions.

NCC works to reduce carbon emissions,

increase the efficiency of energy consumption, use resources responsibly and increase the recycling and reuse of materials. We provide data, expertise and digital information about processes and products, thus contributing to traceability while also facilitating positive change.

To date, the work to achieve the objective of reducing emissions in the value chain has focused on four prioritized areas:

- Concrete
- Steel
- Asphalt
- Transportation.

Read more about NCC's sustainability work in the Sustainability Report section on pp 82-120.

## Prioritized area

Concrete is currently the most widely used construction material in the world. According to the Research Institutes of Sweden (RISE), 25–30 billion tons of concrete are used every year. Concrete offers many benefits – it is cheap, robust, long-lasting, versatile, flexible, moldable, fire-proof and strong. It is a central material in many construction projects, in everything from building construction to infrastructure, such as bridges, water treatment plant, wind turbines and cogeneration plants. At the same time, it has a major climate impact.

Concrete consists of ballast (sand, stones, gravel), cement, which is used as binding agent, and water. More than 90 percent of the climate impact of concrete derives from the manufacture of cement, from which large amounts of carbon dioxide are emitted.

For this reason, NCC has identified concrete as an prioritized area and has set a target of halving its climate emissions from concrete by 2030. Up to 2022, we had only collected data for a minor amount of the concrete that was used, ready-mix concrete, but work is under way to expand data collection. Since 2015, CO<sub>2</sub>e emissions from ready-mix concrete have been reduced by 16 percent.

## Group-wide roadmap

NCC works on the basis of a Group-wide roadmap for concrete-based construction at both a Group level, where coordination is conducted, and in each business area. The aim is that all employees will be involved and be aware of the transition that is required and thus be able to contribute to the transition. This effort requires close cooperation with suppliers and other players in the value chain, while it is also important that regulatory aspects are considered.

NCC's roadmap complies with both national and international roadmaps. The work has two phases: Minimize and transform.

## New concrete formula reduces cracks and carbon emissions in upgrade of Lilla Edet hydropower plant

On behalf of Vattenfall AB, NCC is upgrading the Lilla Edet hydropower plant in order to raise safety and manage larger water flows. The new dam is being constructed using eco-friendly concrete, which reduces both carbon emissions and the risk of cracks in the concrete. The new concrete formula has been developed in cooperation with Vattenfall and Thomas Betong. By replacing a part of the cement with fly ash and using larger ballast grains, the carbon footprint of the concrete has been reduced by 30 percent compared

with the previously prescribed formula for the plant. This is the first time that fly ash has been used to this extent and in this type of structure. The concrete formula has been devised in order to minimize cracks that arise when the concrete hardens. The fly ash and the larger ballast grains help to reduce heat development for the concrete, which also results in lower temperature fluctuations. This means that less cooling is required to manage these fluctuations.



**National initiatives**

NCC participates in a range of national initiatives for reducing the climate footprint of construction, such as:

- In Denmark, NCC is a partner in the “Bæredygtigt Beton Initiativet,” which consists of 35 proposals for reducing CO<sub>2</sub> emissions from building and infrastructure project contracting
- In Finland, NCC, together with other industry players, is a member of a government initiative aimed at developing sector-specific roadmaps for reducing CO<sub>2</sub> emissions
- In Norway, NCC has joined “Eiendomssektorens veikart mot 2050,” so that the property sector will promote a society that will be sustainable by 2050
- In Sweden, NCC is a partner in “Roadmap for fossil-free competitiveness – Construction and Civil Engineering sector,” whereby NCC will take responsibility for its part in achieving a climate-neutral value chain by 2045

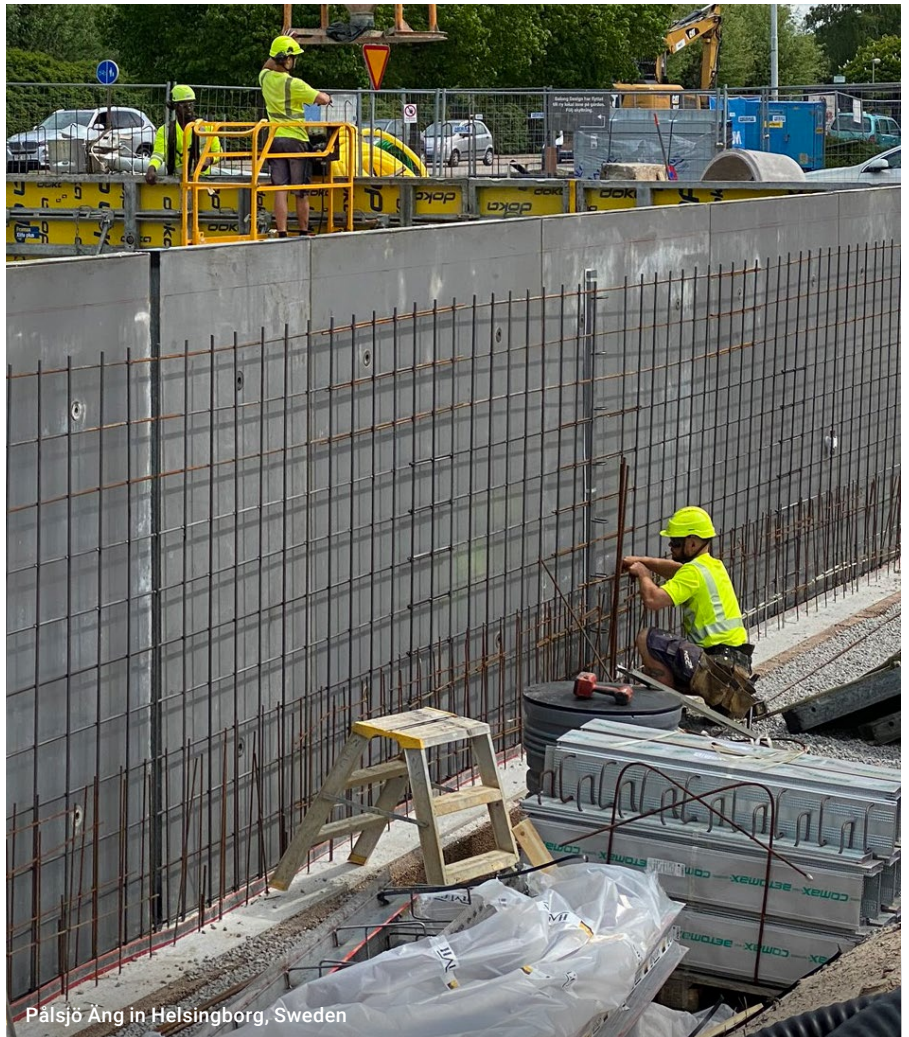
**Minimize climate impact of concrete-based construction**

Efforts to minimize climate impact are conducted from three perspectives.

- Right concrete in the right place: Not using a concrete grade that exceeds the requirements of the different components of various structures but that still satisfies requirements in respect of function, strength and durability.
- Minimize the amount of cement in concrete: Increase the use of “eco-friendly concrete”. This entails replacing part of the cement with materials that resemble cement but that have a lower carbon footprint, such as slag or fly ash, which are by-products of other industrial processes.
- Minimize the volume of concrete: Optimize the design and minimize all components of a structure. NCC is reviewing the design of its structures to ensure an efficient use of resources and to minimize the amount of concrete, and is working to reduce waste in production.

**Transform concrete-based construction**

Halving our climate footprint is possible within the framework of contemporary knowledge, known available technology and existing standards. To eventually achieve climate neutrality, we need to identify efforts and techniques that can generate long-term effects. Implementing these, which includes new methods and materials, is the second aspect of NCC’s roadmap: transforming concrete-based



Pålsjö Äng in Helsingborg, Sweden

**Reduced climate footprint of building projects**

In Sweden, there are several examples of NCC participating in construction projects that have succeeded in reducing the climate footprint of concrete. The Building Sweden business area decided in 2022 that all of its projects will use eco-friendly concrete as their point of departure as part of the implementation of the Group-wide roadmap.

At Pålsjö Äng in Helsingborg, NCC is building 73 rental apartments in three multi-family buildings and 11 row houses, as well as supplementary buildings, on behalf

of Helsingborgshem. In the procurement of this project, the focus was on reducing the climate impact during the construction process. The buildings will be provided with solar panels and there are plans for sedum roofs. This project will include an optimized structure that will be poured on site, as well as concrete with a lower carbon footprint than conventional concrete. Carbon emissions from production will be 10 to 45 percent lower. Some of the joists have been cast using concrete with less than 100 kg CO<sub>2</sub>e/m<sup>3</sup>, which is very low in this context.

At the Kungsörnen residential housing project in Helsingborg, NCC has focused on lowering the carbon footprint by reducing the amount of concrete, minimizing waste, optimizing the use of concrete and streamlining the design. In large parts of the project, NCC has used eco-friendly concrete, based on about 40 percent slag. Through this structured and target-oriented work, the climate impact was reduced to nearly half, compared with other corresponding construction projects.



construction. This effort remains at an early stage, but it includes supporting development and promoting the use of such techniques as carbon capture from

cement production for recycling or storage, the development of innovative technical solutions for construction, and promoting increased recycling and reuse of concrete.

# Expertise throughout the construction process

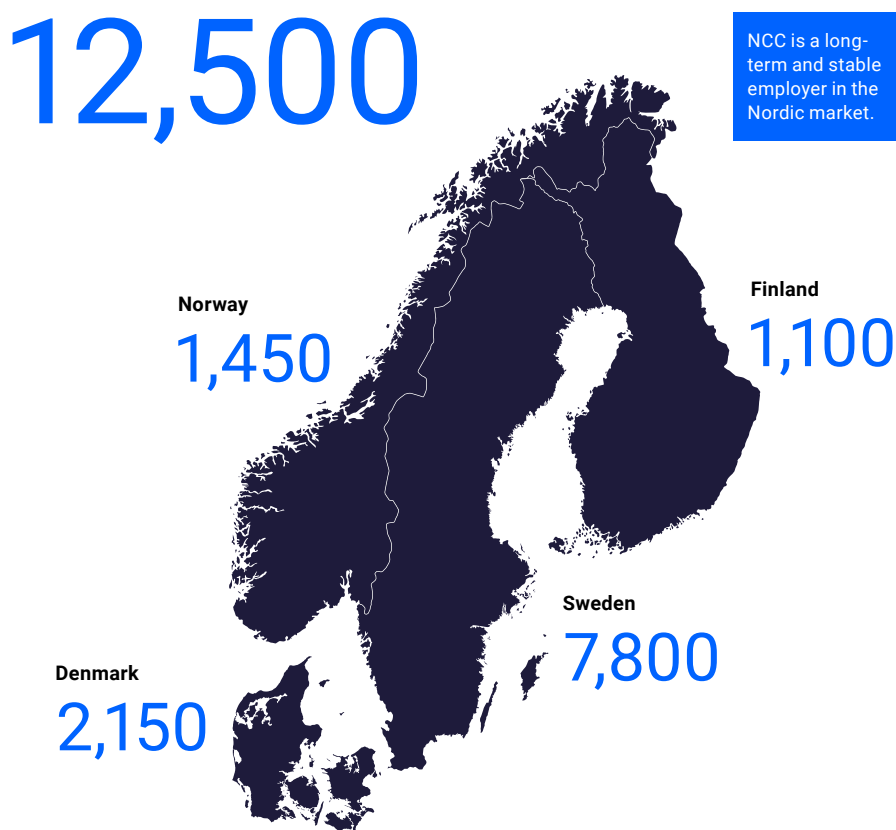
During 2022, NCC's 12,500 employees, together with our customers, developed and pushed the progress of construction projects forward throughout the Nordic region. Expertise and experience enable our project teams to anticipate and manage the challenges and opportunities that arise during a construction process, and to propose proactive solutions to the customer.

**Attracting and developing** the best talents in the industry is decisive for NCC's competitiveness. Common values and behaviors are a cornerstone of NCC's strategic direction. During 2022, we have continued to build a successful culture based on NCC's Star behaviors - four behaviors that guide all employees on a daily basis and at the same time describe what customers can expect from NCC. Two years after the launch, we are now starting to see positive effects on our culture in several areas, such as collaboration, customer orientation and knowledge sharing.

We have a good reputation among our candidates, which gives NCC high ratings in the follow-up of the recruitment process. The employee survey shows high commitment and a willingness to recommend NCC as an employer. During the year, NCC launched a new, modernized employee survey which, through such features as increased frequency and transparency, focuses on continuous improvements and on the performance of the team.

NCC wants to recruit and retain the best talents in the industry. An increasingly complex construction process requires specialists and experts in many different areas. To satisfy the growing demand for skills, we need to reach largest and most relevant skills base possible. Diversity and inclusion are therefore a prerequisite for success. NCC applies zero tolerance to discrimination, no employees should be impeded in their development and careers

## Number of employees in the Nordic region



NCC is a long-term and stable employer in the Nordic market.

due to unfair treatment and we strive for a balance between women and men in NCC's management teams and monitor this.

## High employee engagement

7.9/10

From NCC's employee survey, above external benchmark.

## Good reputation among candidates

8.9/10

"NCC offers good career opportunities" Feedback from candidates in NCC's recruitment processes.

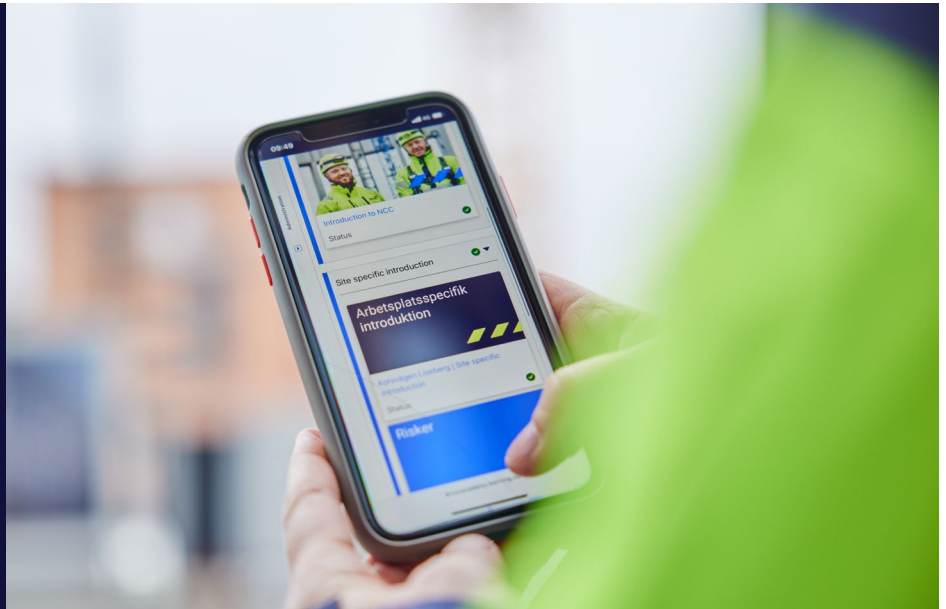
## Zero tolerance of discrimination

8.7/10

"I am secure in the knowledge that I will not be discriminated against, harassed or bullied at NCC." From NCC's employee survey, above external benchmark.

## NCC Site Introduction

NCC Site Introduction is a new, safe and efficient digital induction tool targeted at the more than 100,000 who are introduced to NCC’s production worksites each year. The new Group-wide process simplifies the compulsory steps that all NCC employees, sub-suppliers and their partners need to complete prior to starting work at any of NCC’s sites. Before arriving at a site, everyone must have completed and passed NCC’s site introduction. Rollout commenced in Sweden during 2022 and will continue in the other Nordic countries in 2023.



### We develop the best project teams in the business

The increased specialization and complexity of construction projects imposes high demands on skills, leadership ability and customer understanding. NCC places great importance on developing its own employees and today it has an extensive portfolio of industry-specific skills and leadership programs. A sound balance between internal and external recruitments to various key positions secures continuity and development.

NCC has a large number of young talents in the company and wants to develop them into future leaders and specialists. All business areas have their own talent programs, which are combined with Nordic network meetings for knowledge sharing.

Concurrently, we offer high-quality development programs to the most experienced managers. One example is the Mega Project Management Program, which is aimed at experienced project managers and has been continuously developed since its inception in 2018. In 2022, cooperation with Oxford Global Projects, world leaders in research on mega-projects, was initiated in order to further strengthen our capabilities in leadership and the construction process.

For division and department heads, there is the Senior Executive Program, a

leadership program in collaboration with IMD Business School in Lausanne and an important part of NCC’s work with succession.

### A safe and healthy work environment has the highest priority at NCC

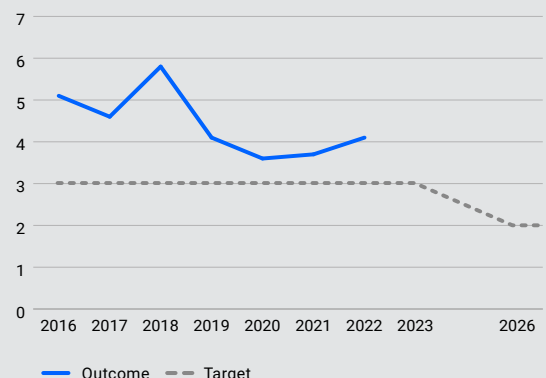
All employees at NCC’s worksites must contribute to a safe and healthy work environment, so that everyone returns home from a workday free from injury. The occupational health and safety work always involves suppliers and subcontractors. NCC has set a target of reducing

common accidents and eliminating serious incidents and accidents with a potentially fatal outcome. In recent years, NCC has succeeded in steadily reducing its accident frequency rate at production worksites, albeit with a small increase in 2021–2022. In 2022, NCC launched NCC Site Introduction, a new digital program focusing on worksite safety. When it is fully implemented, everyone who works at our worksites will have undergone high-quality safety training prior to coming to and starting work at a worksite.

#### Accident frequency

NCC has a Group-wide occupational health and safety (OHS) target for the number of work-related accidents resulting in more than four days of absence per million working hours (Lost Time Injury Frequency, LTIF4). In 2022, the LTIF4 rate was 4.1, which was higher than in 2021.

The target for 2022 was 3.0.



# Report of the Board of Directors

The Board of Directors and the President and CEO of NCC AB (publ), corporate identity number 556034-5174 and headquartered in Solna, Sweden, hereby submit the Annual Report and the consolidated financial statements for the 2022 fiscal year.

## Operations

NCC is one of the leading construction companies in the Nordics. Based on its expertise in managing complex construction processes, NCC contributes to the positive impact of construction for its customers and society. Operations include commercial property development, building and infrastructure project contracting, and asphalt and stone materials production.

## Operations during the year

### Market

In the main, NCC is impacted by the general economic situation and the GDP trend. Cost increases and rising interest rates have a dampening effect on the market. Throughout 2022, the market was impacted by rising prices, particularly for certain input materials and energy. Over the long term, higher prices lead to lower demand. Rising interest rates also affect interest in investing in new properties. The market for residential units and offices is impacted most by the economic situation.

At the same time, the long-term market conditions for contracting operations, property development and industrial operations in the Nordic region remain positive. There are plans for large industrial investments in parts of Sweden. There is an underlying demand for both residential units and public buildings, such as schools, prisons, hospitals and retirement homes, driven by growth and development in the metropolitan regions and in other growth regions. In turn, this is also driving initiatives for infrastructure in city areas, including roads, public transport, water and wastewater, and energy solutions. In general, the market for renovation and refurbishment is also healthy.

In the countries where NCC has infrastructure operations, there are ambitious plans and investment initiatives in renewal, refurbishment and maintenance of national and regional infrastructure. Demand for asphalt and stone materials is driven by investments in infrastructure and maintenance.

### External factors

In February 2022, Russia began an invasion of Ukraine, which has had a number of consequences for the global economy. NCC has no operations in Ukraine, Russia or Belarus, nor does it have any major direct suppliers in these countries. The conflict has also strengthened an already ongoing trend of cost increases for key input materials, not least energy, which could have an impact on NCC and NCC's customers. A declining economy and falling GDP also represent a risk for NCC in the longer term. Higher interest rate could also have an impact on factors such as the conditions for selling properties. This also has an impact on the construction market in general in accordance with the description in the risk section of the Annual Report.

Regarding the supply of cement in Sweden, uncertainty decreased after cement production on Gotland was granted a new four-year permit. A new long-term permit process is to be initiated, which is why there is still uncertainty regarding the long term.

The coronavirus pandemic brought restrictions in all countries of operation at the beginning of the year and it cannot be ruled out that continued effects of the pandemic could impact NCC's production or cause disruption to the supply chain.

### Net sales

Net sales totaled SEK 54,198 M (53,414) All business areas increased their net sales apart from NCC Property Development, where fewer projects were recognized in profit compared with 2021.

Changes in exchange rates had an impact of SEK 1,082 M (-372) on net sales. Refer the texts specific to the business areas for more information.

### Operating profit

Operating profit amounted to SEK 1,358 M (1,825). The lower operating profit was primarily due to NCC Industry and NCC Building Sweden.

Operating profit in NCC Infrastructure improved continuously during the year.

In NCC Building Sweden, operating profit was charged with SEK 120 M for cost increases and impairment losses on a few residential housing projects during the third quarter.

In NCC Building Nordics as a whole, operating profit was lower than in 2021, mainly due to cost increases and restructuring

costs in Finland. The Danish operations generally had a strong market and showed healthy earnings.

Rising prices for energy and input materials have presented challenges for NCC Industry. Rising prices have been particularly challenging for some parts of the asphalt operations, resulting in a lower operating profit. The stone materials operations are stable.

In NCC Property Development, operating profit was in line with 2021.

Other and eliminations amounted to SEK -161 M (-130), where the result from NCC AB and minor subsidiaries and associated companies is included in the amount of SEK -131 M (-58). In the comparative period, NCC received a refund of health insurance premiums amounting to SEK 124 M. Inter-company gains/losses of SEK -44 M (34) are included. This includes SEK 15 M (-107) for other Group adjustments, mainly for pensions and leases.

### Net financial items, profit after financial items and net profit for the year

Net financial items amounted to SEK -59 M (-60). Higher corporate debt and higher interest expenses had a negative impact, which was offset by higher capitalization of interest in NCC Property Development.

Profit after financial items totaled SEK 1,299 M (1,765). Tax expenses for the year totaled SEK -230 M (-257) and the effective tax rate was 18 (15) percent. During 2022, three tax-free sales were conducted: Kineum Gårda, Fredriksberg D and Bettorp. In 2021, seven tax-free sales of projects were conducted. Certain sales of land were also implemented in 2021. Profit after tax for the year amounted to SEK 1,069 M (1,508).

### Comprehensive income for the year

Comprehensive income for the year totaled SEK 2,963 M (2,413). The higher earnings were mainly attributable to remeasurement of defined-benefit pension plans, SEK 2,039 M (942). Tax relating to items that cannot be recycled to net profit for the year are recognized separately; see Note 23.

## Financial position

The Group's total assets amounted to SEK 29,565 M (29,421) at December 31. The main change pertained to lower pension debt, which was offset by a decrease in cash and cash equivalents.

At December 31, capital employed amounted to SEK 11,480 M (12,055). The return on capital employed was 12 percent (16). The return on shareholders' equity was 17 percent (32).

**Net debt**

The Group's net debt at December 31 amounted to SEK -3,000 million (-2,932). Total net debt was essentially unchanged, since the pension debt decreased to the same extent as corporate net debt increased. The corporate net debt, meaning net debt excluding pension debt and lease liabilities, went from a net cash position to a net debt position and totaled SEK -1,561 M (766) at the end of the year. The reason for the increase was lower cash flow before financing.

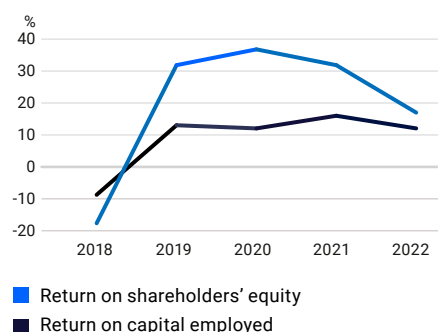
The average maturity of interest-bearing liabilities, excluding the pension debt and lease liability, was 28 months (14) at the end of the quarter. At December 31, NCC's unutilized committed lines of credit totaled SEK 5.1 billion (3.1), with an average remaining maturity of 29 (34) months.

**Equity/assets and debt/equity ratio**

On December 31, 2022, the equity/assets ratio was 24 percent (20). The debt/equity ratio was a multiple of 0.4 (0.5).

**Profitability**

The return on capital employed declined, due to the lower earnings, while the return on equity declined somewhat more, mainly due to the increase in shareholders' equity.



**Cash flow**

Cash flow before financing was SEK -136 M (1,896). Despite reduced investment, cash flow from property projects was lower than in the preceding year due to fewer projects being recognized in profit. Cash flow from other working capital improved during the year, although pre-payments were higher for all contracting units in the preceding year. Cash flow from accounts payable improved.

Cash flow from investments were on par with the preceding year. During the year, NCC received purchase considerations from the divestment of NoDig, Hercules Armering and from the divestment of land by Industry, which was completed in December 2021.

In the preceding year, purchase considerations were mainly received from the sale of the asphalt operations in Finland. During the year, shares were also repurchased for approximately SEK 1 billion. Total cash and cash equivalents at the end of the period amounted to SEK 928 M (3,048).

**Environmental impact**

The Group conducts operations subject to permit obligations under the Environmental Code in the Swedish subsidiaries.

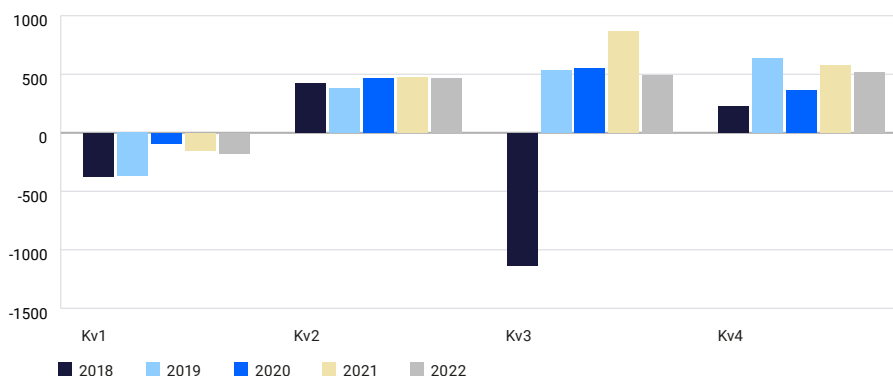
Of the Group operations subject to permit and reporting obligations, it is mainly the asphalt and gravel pit operations, plus a number of piling plants, conducted by NCC Industry that affect the external environment, as well as the construction and civil engineering operations conducted by NCC Building Sweden, NCC Building Nordics and NCC Infrastructure. Within NCC Industry, quarries and harbors are subject to permit obligations, while asphalt and piling production is generally subject to reporting obligations. Permits for quarries are renewed continuously. NCC Industry also conducts recycling operations that are subject to permit obligations. Some of these include landfills, which are also subject to permit obligations. No significant injunctions according to the Environmental Code exist.

**Statutory sustainability report**

In accordance with Chapter 6, Section 11 and Chapter 7, Sections 31 a-c of the Swedish Annual Accounts Act, NCC has decided to prepare the Parent Company's and the Group's statutory sustainability report as a separate report that is not part of the official annual accounts. The Sustainability Report encompasses all subsidiaries.

**Profit after financial items per quarter**

NCC is always impacted by seasonally low activity in the first quarter. In 2018, a analysis of the operations was conducted, which resulted in major impairment losses, provisions and remeasurements in the third quarter.



## Order status

### Orders received

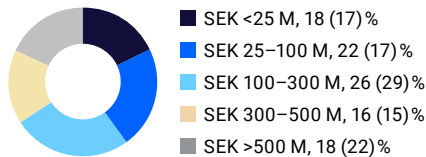
Orders received amounted to SEK 53,285 M (55,786). Orders received by NCC Infrastructure amounted to SEK 15,391 M (18,377). In the prioritized product segment of Energy & Water Treatment, orders received increased by about SEK 1 billion in the latter part of the year. In NCC Building Sweden, orders received amounted to SEK 14,711 (14,369), with Public Buildings accounting for the largest increase. In NCC Building Nordics, Public Buildings continued to be the largest item and orders received totaled SEK 12,321 M (13,297). Compared with the preceding year, orders received increased in Denmark but declined in Norway and Finland. Orders received in NCC Industry were higher in both the asphalt and the stone materials operations.

Many orders contain various elements of early involvement or are conducted in partnering form, which means that NCC's expertise is utilized well and offers better opportunities for risk management. There is significant focus on controlling risk and managing cost increases in accordance with established processes and decision-making mandates.

### Order backlog

NCC's order backlog totaled SEK 54,995 M (55,763) and remains at a high level.

### Project size of orders received



The diagram reflects SEK 42 billion of the total orders received of SEK 53 billion.

### Orders received and net sales per country

SEK M	Orders received		Net sales	
	2022	2021	2022	2021
Sweden	33,170	31,940	31,360	31,122
Denmark	10,541	8,613	10,073	9,068
Norway	5,239	8,888	7,285	7,129
Finland	4,336	6,344	5,480	6,095
<b>Group</b>	<b>53,285</b>	<b>55,786</b>	<b>54,198</b>	<b>53,414</b>

## Major projects

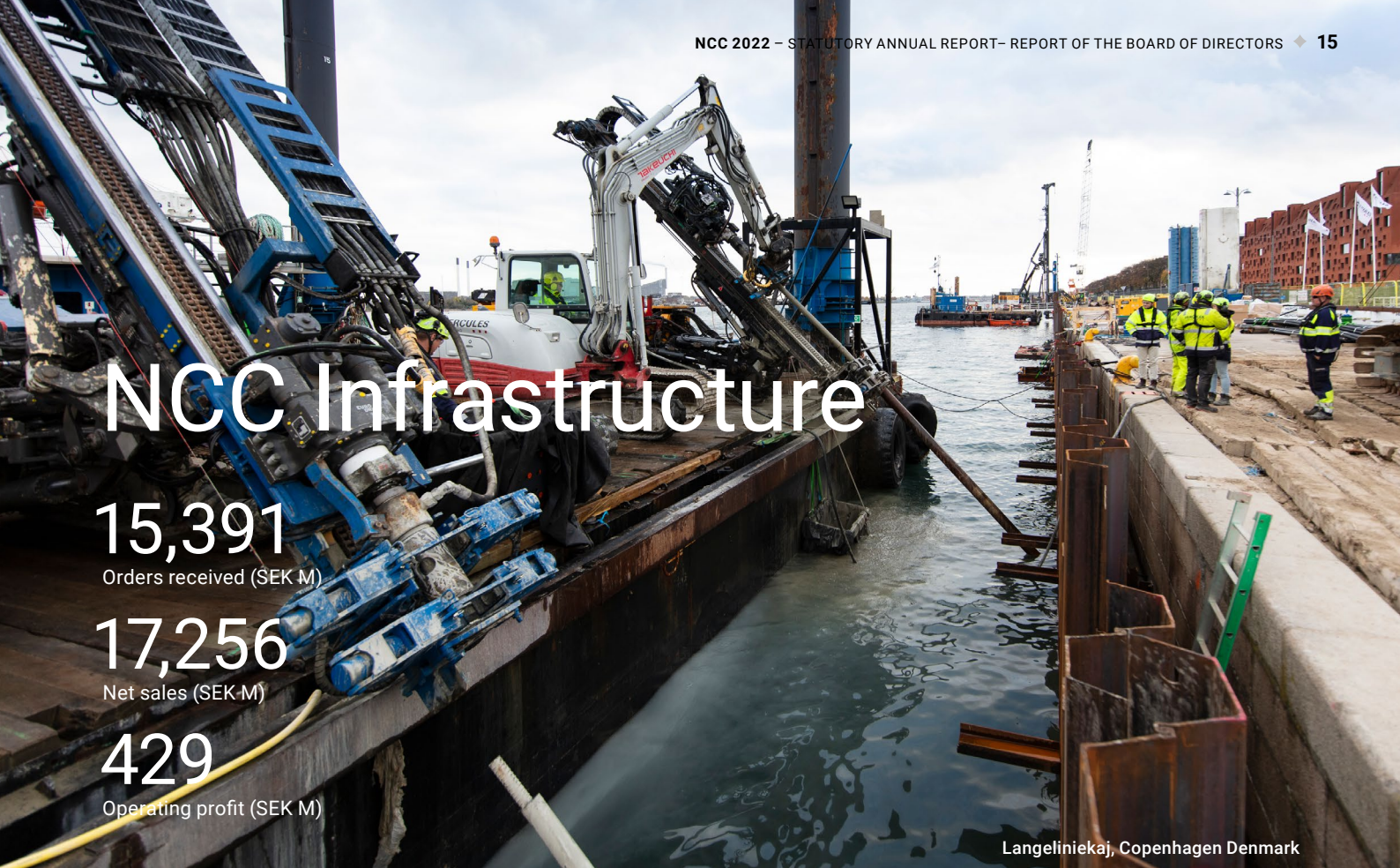
Projects >SEK 500 M Order value and estimated completion may change over the course of the project Internal projects are not included.		NCC's share of order value Dec 31, 2022	Completion rate, % Dec 31, 2022	Estimated year of completion
<b>New projects in 2022</b>				
Residential units, Herlev	DK	983	12%	2025
Water and wastewater treatment facility, Lidingö	SE	946	2%	2026
Prison, Kristianstad	SE	711	33%	2024
Residential units, Copenhagen	DK	605	23%	2024
University buildings, Espoo	FI	530	38%	2024
<b>Ongoing projects</b>				
Railway tunnel, West Link/Central Station, Gothenburg	SE	6,541	70%	2026
Railway tunnel, West Link/Korsvägen, Gothenburg	SE	5,195	65%	2026
Hospital, Hillerød	DK	4,767	54%	2025
Hospital building, Eskilstuna	SE	2,432	42%	2025
Railway section, Lund Arlöv	SE	2,100	85%	2024
Residential units, hotel and restaurants, Copenhagen	DK	1,994	77%	2024
Railway station, Drammen	NO	1,982	21%	2025
New island with residential units and parking facility, Copenhagen	DK	1,926	88%	2023
Subway station, Hagastaden, Stockholm	SE	1,801	16%	2026
Tunnel construction, Faroe Islands	NO	1,525	85%	2024
Hospital project, phase 2, Oulu	FI	1,492	15%	2025
Hospital project, Oulu	FI	1,361	87%	2023
Light Rail, Bybanen, Bergen	NO	1,325	94%	2023
Residential renovation, row houses, Albertslund	DK	1,266	88%	2023
Interchange, Häggvik	SE	1,200	97%	2023
Offices, Gothenburg	SE	1,194	19%	2025
Offices, Trondheim	NO	1,065	21%	2025
Hotel at Liseberg, Gothenburg	SE	1,063	90%	2023
Subway depot, Stockholm	SE	1,047	48%	2025
Offices, Odense	DK	1,002	16%	2024
Swimming complex/water park, Gothenburg	SE	852	58%	2024
Offices, Helsinki	FI	763	52%	2024
Railway section, Oslo	NO	763	99%	2023
Residential renovation, Roskilde	DK	747	90%	2023
Quay structure, harbor, Norrköping	SE	731	77%	2026
Residential units, Solna	SE	679	13%	2025
Residential renovation, Malmö	SE	659	55%	2024
Sewage treatment plant, Kristianstad	SE	628	60%	2024
Offices, Oslo	NO	609	48%	2023
Sporting facilities, Trondheim	NO	604	81%	2023
Arterial road/bridges, Umeå	SE	561	99%	2023
Offices/residential units, Umeå	SE	520	22%	2024
<b>Completed projects 2022</b>				
Railway section, Venjar-Eidsvoll Nord, Eidsvoll	NO	1,815	100%	2022
Residential units and commercial premises, Aarhus	DK	1,573	100%	2022
University buildings, Uppsala	SE	946	100%	2022
Interchange, Hjulsta	SE	786	100%	2022
Technical services buildings, Helsingborg	SE	770	100%	2022
Residential units, Copenhagen	DK	750	100%	2022
Offices, Solna	SE	703	100%	2022
Offices, Helsefyr, Oslo	NO	696	100%	2022
Residential units, Uppsala	SE	696	100%	2022

### Orders received, order backlog, net sales and earnings per business area

SEK M	Orders received		Order backlog		Net sales		Operating profit/loss	
	2022	2021	2022	2021	2022	2021	2022	2021
NCC Infrastructure	15,391	18,377	17,291	18,923	17,256	16,339	429	391
NCC Building Sweden	14,711	14,369	18,587	18,046	14,178	13,868	252	457
NCC Building Nordics	12,321	13,297	17,127	17,271	13,568	11,324	347	410
NCC Industry <sup>1)</sup>	11,638	10,297	1,958	1,554	11,268	10,755	8	220
NCC Property Development					1,301	4,775	482	478
<b>Total</b>	<b>54,060</b>	<b>56,339</b>	<b>54,963</b>	<b>55,794</b>	<b>57,571</b>	<b>57,062</b>	<b>1,518</b>	<b>1,956</b>
Other and eliminations	-775	-553	32	-32	-3,373	-3,648	-161	-130
<b>Group</b>	<b>53,285</b>	<b>55,786</b>	<b>54,995</b>	<b>55,763</b>	<b>54,198</b>	<b>53,414</b>	<b>1,358</b>	<b>1,825</b>

<sup>1)</sup> Amounts for NCC Industry in 2021 include Asfalt Finland.





# NCC Infrastructure

**15,391**  
Orders received (SEK M)

**17,256**  
Net sales (SEK M)

**429**  
Operating profit (SEK M)

Langeliniekaj, Copenhagen Denmark

**NCC Infrastructure's** orders received amounted to SEK 15,391 M (18,377) The decline was due to the operations in Norway, since several major projects, such as the Drammen railway station, were registered in orders in 2021. Orders received during the year increased primarily within Energy & Water Treatment whose share increased to 28 (18) percent. The refurbishment of the Käppalaverket wastewater treatment plant in Lidingö, to upgrade the plant's capacity and purification capacity, is an example of a new project during the year. Groundworks continued to represent a high share of orders received by NCC Infrastructure and amounted to 28 percent (26). Railways declined due to several major projects, such as the Drammen railway station and the Hagastaden subway station in Stockholm, being registered in the preceding year.

## Key figures

SEK M	2022	2021
Orders received	15,391	18,377
Net sales	17,256	16,339
Operating profit	429	391
Operating margin, %	2.5	2.4
Average no. of employees	4,118	4,313

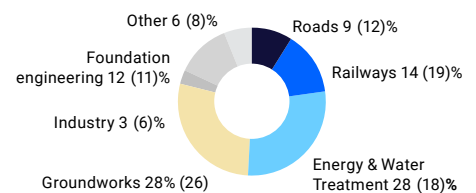
The order backlog declined year-on-year and amounted to SEK 17,291 M (18,923), but remains at a high level.

Net sales increased and amounted to SEK 17,256 M (16,339). Net sales attributable to Energy & Water Treatment amounted to 17 percent (16), which was lower than the share for orders received, due to the fact that a number of projects were registered during the latter part of the year. Groundworks and Railways continued to account for a high proportion of NCC Infrastructure's operations.

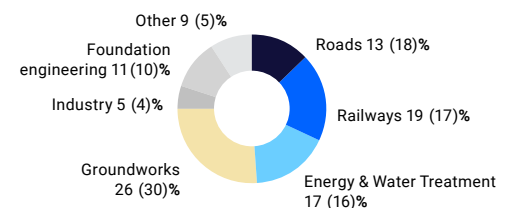
Sweden is NCC Infrastructure's largest market, accounting for 74 percent (78) of sales, while Norway and Denmark account for 15 and 14 percent and 11 and 8 percent of net sales, respectively.

Operating profit improved to SEK 429 M (391), as a result of higher net sales and a better product portfolio. The sale of NCC NoDig had a slightly positive impact on operating profit. However, the business area's operating profit continued to be negatively impacted by a number of large infrastructure projects with a low margin that have been in progress for some time.

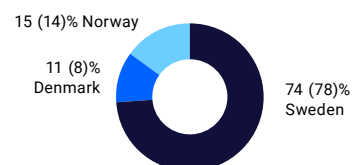
## Orders received per product segment



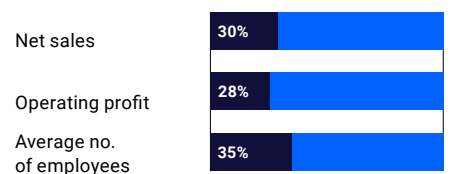
## Net sales per product segment



## Net sales per country



## Share of NCC total



# NCC Building Sweden

14,711  
Orders received (SEK M)

14,178  
Net sales (SEK M)

252  
Operating profit (SEK M)

Kronprinsen, Malmö Sweden

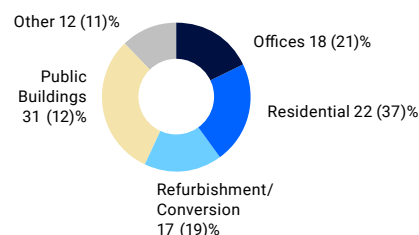
**NCC Building Sweden's** orders received amounted to SEK 14,711 M (14,369). The increase resulted mainly from a number of major projects being registered among orders during the first part of the year, with Public Buildings accounting for the largest share of orders received, accounting for 31 percent (12). Residential declined to 22 percent (37), while other product segments were in line with the preceding year. Major projects registered during the year included the construction of a new prison and non-institutional care facility in Kristianstad and the construction of an office and station building directly adjacent to Gothenburg Central Station and the West Link's Centralen station.

The order backlog strengthened year-on-year and amounted to SEK 18,587 million (18,046) M at year-end.

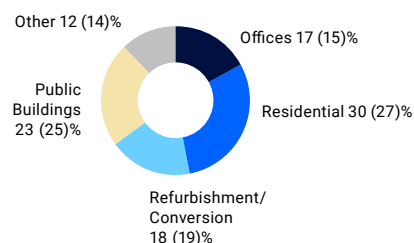
Net sales totaled SEK 14,178 M (13,868). The breakdown matched the preceding year, with Residential continuing to account for the largest proportion of net sales, 30 percent (27).

Operating profit amounted to SEK 252 M (457). In the third quarter, impairment losses of approximately SEK 120 M on a small number of residential projects had a negative impact on operating profit. In addition, operating profit was negatively impacted by somewhat lower project margins, mainly in residential projects due to higher material costs.

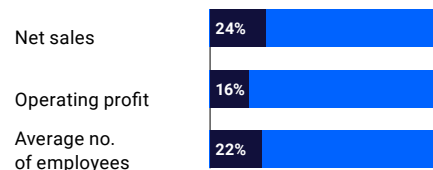
## Orders received per product segment



## Net sales per product segment

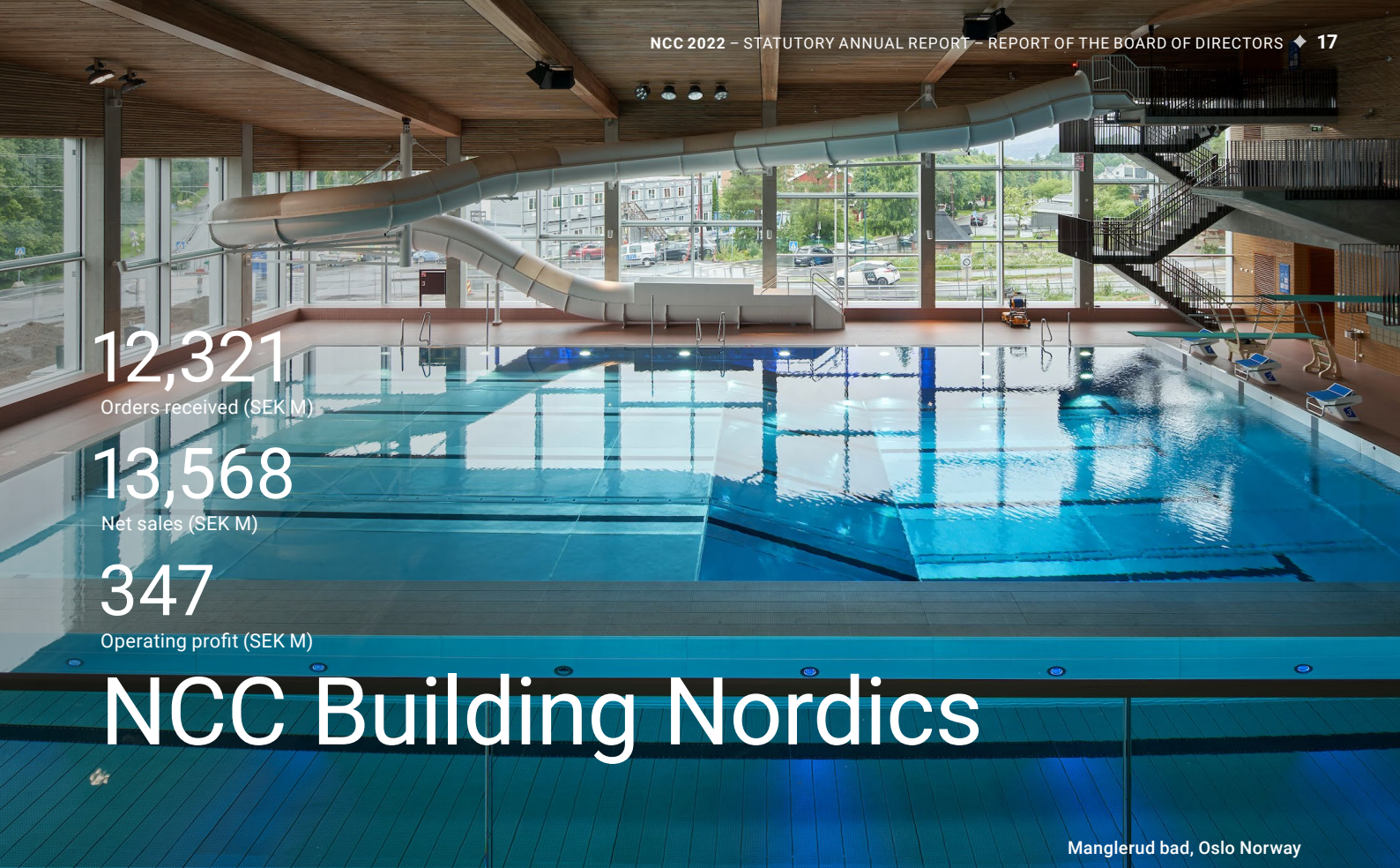


## Share of NCC total



## Key figures

SEK M	2022	2021
Orders received	14,711	14,369
Net sales	14,178	13,868
Operating profit	252	457
Operating margin, %	1.8	3.3
Average no. of employees	2,677	2,736



12,321  
Orders received (SEK M)

13,568  
Net sales (SEK M)

347  
Operating profit (SEK M)

# NCC Building Nordics

Manglerud bad, Oslo Norway

**NCC Building Nordics'** orders received amounted to SEK 12,321 M (13,297) Orders received declined in all countries, but primarily in Finland. Public Buildings accounted for the largest share of orders received, as was the case in the preceding year, accounting for 36 percent (37). The share of Residential was 32 percent (15), with the increase due to the registration of a number of major projects involving the construction of rental units. The decrease in the share of Offices to 10 percent (25) was due to a number of major office projects, such as Trondheim and Odense, being registered in 2021.

Projects registered during the year included a new stage of the hospital project

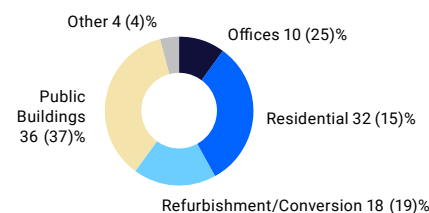
in Hillerød outside Copenhagen, construction of about 440 rental units in Herlev outside Copenhagen and a campus and two rental apartment projects in Turku.

The year-end order backlog totaled SEK 17,127 M (17,271).

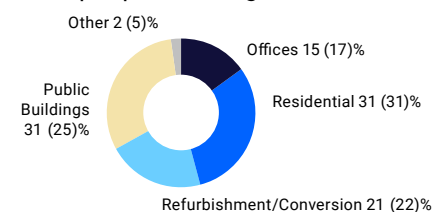
Net sales totaled SEK 13,568 M (11,324), with all countries contributing to the increase. As in the preceding year, Public Buildings and Residential accounted for nearly two-thirds of net sales.

Operating profit amounted to SEK 347 M (410). The lower operating profit and operating margin in Building Nordics was mainly due to cost increases and restructuring costs in Finland.

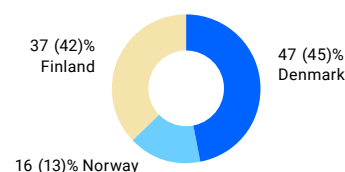
## Orders received per product segment



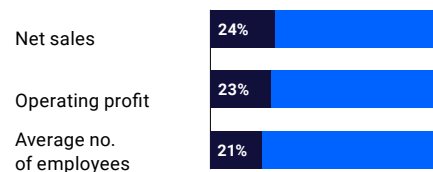
## Net sales per product segment



## Net sales per country



## Share of NCC total



## Key figures

SEK M	2022	2021
Orders received	12,321	13,297
Net sales	13,568	11,324
Operating profit	347	410
Operating margin, %	2.6	3.6
Average no. of employees	2,470	2,372



11,268

Net sales (SEK M)

8

Operating profit (SEK M)

# NCC Industry

Kortedala Sweden

**NCC Industry's orders received** amounted to SEK 11,638 M (9,708) and were higher year-on-year in both the Asphalt and Stone materials operations. The Finnish asphalt operations were divested in late 2021 and the comparative figures have been adjusted to ensure comparability between the years.

Net sales increased compared with 2021 and amounted to SEK 11,268 M (10,065).

## Key figures

SEK M	2022	2021 <sup>2)</sup>
Net sales	11,268	10,065
Operating profit	8	488
Operating margin, %	0.1	4.9
Operating capital employed	4,411	4,711
Return on operating capital employed, %	0.3	10.4
Average no. of employees	2,564	2,826
Stone materials, 1,000 tons <sup>1)</sup>	28,443	28,976
Asphalt, 1,000 tons <sup>1)</sup>	4,803	5,178

<sup>1)</sup> Sold volume.

<sup>2)</sup> In the comparative period 2021, Asfalt Finland (which was divested in December 2021) has been excluded. Orders received would have been SEK 588 M higher during the year and SEK 691 M higher in the comparative period, if Asfalt Finland had been included. Operating profit would have been SEK 268 M lower. The volume of asphalt sold would have been 918 thousand tons higher.

Volumes of sold stone materials amounted to 28,443 thousand tons (28,976) and volumes of sold asphalt to 4,803 thousand tons (5,178). Despite lower volumes, net sales increased as a result of higher prices charged to customers, which were driven by rising costs.

Operating profit amounted to SEK 8 M (488), in line with the anticipated zero earnings communicated in the press release on September 26, 2022.

The lower operating profit was mainly due to the Norwegian and Danish asphalt operations, which had higher costs that could not be fully offset by price increases. In addition, higher overheads due to increased pension payments to the pension fund resulted in lower operating profit. In the preceding year, a non-recurring repayment of health insurance premiums of SEK 29 M was received. The stone materials operations remain stable.

Operating capital employed was somewhat lower than at the end of 2021 due to higher operating liabilities.

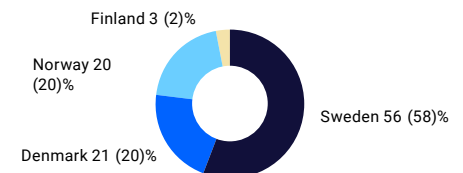
## Orders received per product segment



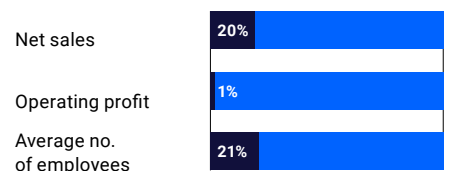
## Net sales per product segment



## Net sales per country



## Share of NCC total



1,301  
Net sales (SEK M)

482  
Operating profit (SEK M)

# NCC Property Development

Kineum, Gothenburg Sweden

**Net sales for NCC Property Development** amounted to SEK 1,301 M (4,775).

Operating profit for 2022 amounted to SEK 482 M (478). During 2022, three projects – Fredriksberg D, Bettorp (Örebro residential care) and Kineum Gårda – were recognized in profit, compared with seven projects in 2021 (Valle View, Viborg, K11, Omega CH, Next, Frederiks Plads 2 and Hatsina Office 1). Kineum Gårda was a joint venture, which means that NCC's share in the result is recognized in profit or loss as "Result from participations in associated companies," which is part of operating profit.

Operating profit was positively impacted during the year by profits from earlier sales, the reversal of provisions for rental guarantees made earlier and development

## Key figures

SEK M	2022	2021
Net sales	1,301	4,775
Operating profit	482	478
Operating margin, %	37.0	10.0
Operating capital employed	7,996	6,330
Return on operating capital employed, %	6.7	7.7
Average no. of employees	112	106

risks. Profit recognition of the sale of land in Järva Krog to Aros Bostad, the first part of which was originally planned for the third quarter of 2022, will occur in the first quarter of 2023 in accordance with the press release on September 26, 2022.

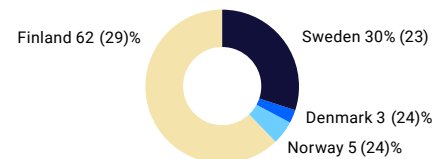
## Property projects

Three projects were started during the year, which is the same number as in the preceding year. Three projects were sold and are expected to be recognized in profit during the period 2023 through the end of 2024. Letting amounted to 31,800 square meters (56,900) and 32 (68) new leases were signed during the year. At the end of the year, 11 projects (11) were ongoing but not yet recognized in profit. Costs incurred in all projects amounted to SEK 7,232 M (5,943), corresponding to a total completion rate of 68 percent (57). The total letting rate was 59 percent (58). Operating net for the full year amounted to SEK 37 M (4).

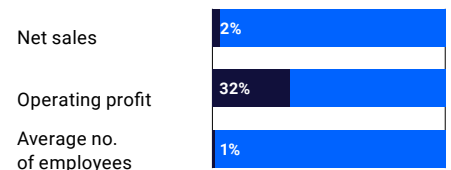
## Operating capital employed

Operating capital amounted to SEK 7,996 M (6,330) The increase was attributable to investments in ongoing projects.

## Net sales per country



## Share of NCC total



## Property development projects, Dec. 31, 2022

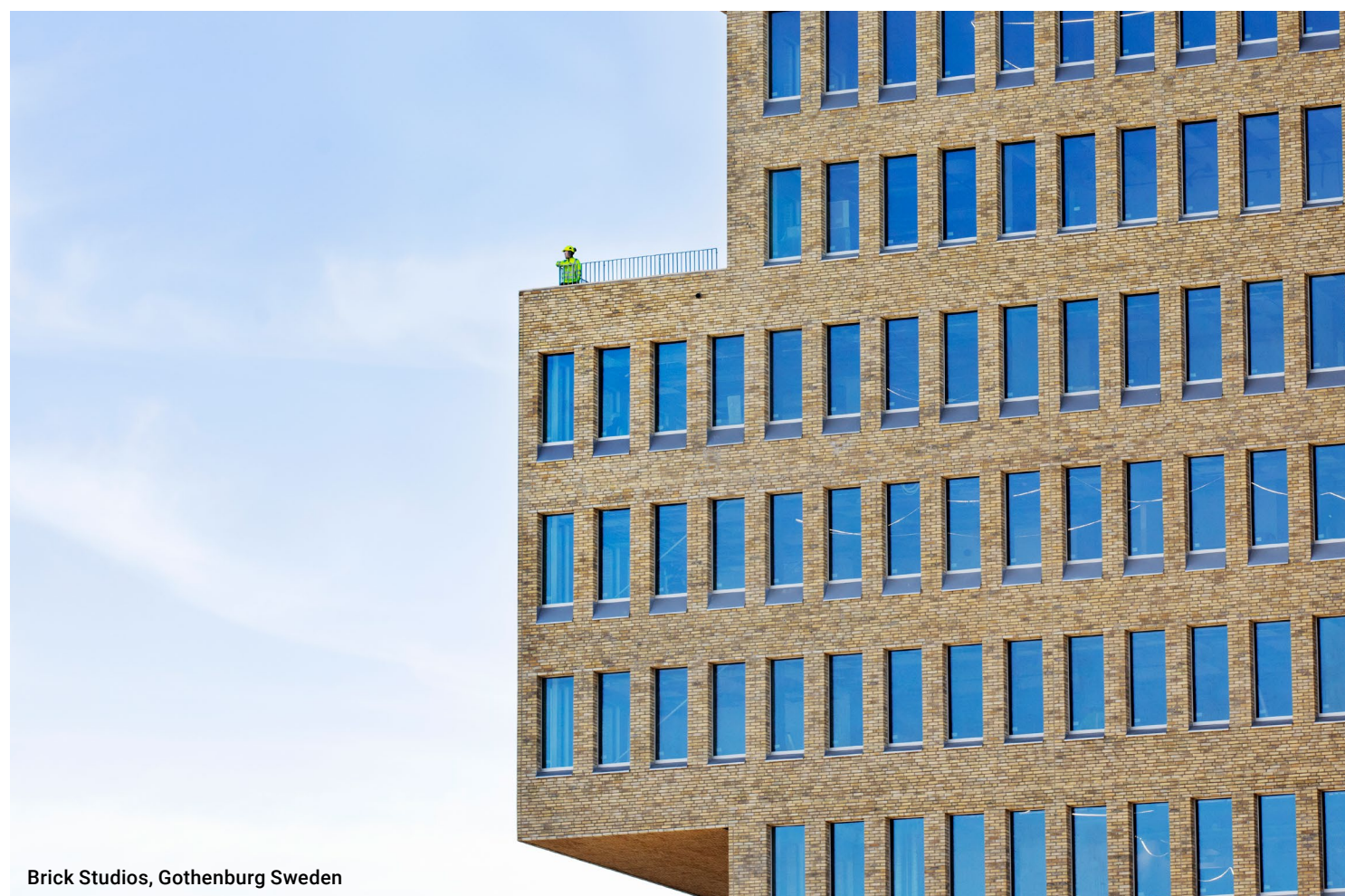
Ongoing property development projects<sup>1)</sup>

Project	Type	City	Sold, expected to be recognized in profit	Completion rate, %	Lettable space, sqm	Letting rate, %
Kontorværket 1	Offices	Copenhagen	Q1 2023	84	15,900	100
<b>Total, Denmark</b>				<b>84</b>	<b>15,900</b>	<b>100</b>
Kulma21	Offices	Helsinki		83	7,700	100
We Land	Offices	Helsinki		45	21,300	20
<b>Total, Finland</b>				<b>56</b>	<b>29,000</b>	<b>43</b>
Bromma Blocks	Offices	Stockholm		92	51,900	74
Brick Studios	Offices	Gothenburg		82	16,200	94
Våghuset	Offices	Gothenburg		84	11,000	89
MIMO <sup>2)</sup>	Offices	Gothenburg	Q4 2024	52	31,700	35
Nova	Offices	Solna		65	9,800	2
Arendal Albatross <sup>3)</sup>	Logistics	Gothenburg	Q1 2024	45	34,000	100
Habitat 7	Offices	Gothenburg		19	8,100	0
Flow Hyllie	Offices	Malmö		21	10,200	40
<b>Total, Sweden</b>				<b>69</b>	<b>172,900</b>	<b>60</b>
<b>Total</b>				<b>68</b>	<b>217,800</b>	<b>59</b>

<sup>1)</sup> The tables pertain to ongoing or completed property projects that have yet to be recognized in profit. In addition to these projects, NCC works actively with letting (rental guarantees and supplementary purchase considerations) in six previously sold and profit-recognized property projects, equal to a maximum of about SEK 35 M.

<sup>2)</sup> NCC communicated in the second quarter of 2017 that Platzer held an option to acquire the property in Mölndal in connection with its completion. During the third quarter of 2021, Platzer elected to exercise the option and the parties have signed a sales agreement. Access is contingent on a letting rate of 80 percent.

<sup>3)</sup> The project has been sold, and the letting rate is 100 percent since the letting risk has passed to the buyer.



Brick Studios, Gothenburg Sweden

## Personnel

The average number of employees in the NCC Group in 2022 was 12,485 (13,002). In all markets, NCC has collective agreements that regulate minimum wages, working hours and employees' rights in relation to the employer. Like other companies in the industry, NCC uses subcontractors and consultants when required. Subcontractors are mainly used in NCC Building Sweden, NCC Building Nordics and NCC Infrastructure.

## Remuneration

A description of salary, compensation and terms of employment of the President and CEO and other employees in the company is presented in Note 4, Number of employees, personnel expenses and remuneration of senior executives. The guidelines proposed to the 2023 AGM are consistent with those resolved by the 2022 AGM; see below.

### *Guidelines for remuneration of senior executives in 2022*

The Board has evaluated the application of the guidelines for salary and other remuneration of the CEO and other members of the company's Senior Management Team (SMT), as resolved by the 2022 AGM, and the applicable remuneration structures and remuneration levels in the company.

The Board has concluded that salary and other remuneration for the CEO and other senior executives have been applied in accordance with the guidelines.

### *Board of Directors' motion concerning guidelines for remuneration of senior executives*

The guidelines encompass the CEO and other members of the Senior Management Team (SMT), currently totaling 11 people. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2023 AGM. These guidelines do not apply to any remuneration resolved or approved by the AGM.

### *The guidelines' promotion of the company's business strategy, long-term interests and sustainability*

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that

the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer executive management competitive total remuneration.

### *Long-term performance-based incentive program*

Long-term share-based incentive programs that are performance-based have been established in the company.

The programs encompass the SMT and other senior executives and key personnel within the NCC Group, currently approximately 180 persons. These are three-year programs and have a distinct link to the business strategy and thus to the company's long-term value creation, including its sustainability. The performance requirements for LTI 2020 comprise the operating margin (EBIT) and the number of worksite accidents. For LTI 2021, the target is accumulated earnings per share (EPS) for the years 2021–2023. No new LTI program was established for the period 2022–2024. For more information on the programs, and the criteria on which outcomes are dependent, refer to Note 4.

## Types of remuneration

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The AGM may also – regardless of these guidelines – adopt remuneration based on, for example, share and share-price-related incentive schemes.

### *Fixed remuneration*

When determining the fixed salary, the individual executive's sphere of responsibility, experience and achieved results are to be taken into account. The fixed salary is reviewed annually, but with the possibility to review for a period of two years at most.

### *Variable remuneration*

The short-term variable remuneration must be capped and related to the fixed salary, and be based on the outcome in relation to established targets, which are measured annually.

The reason for paying variable remuneration is to motivate and reward value-generating activities that support achievement of NCC's long-term business strategy and

interests. The criteria for paying variable cash remuneration thus essentially comply with the Group's long-term operational and financial objectives.

The variable cash remuneration is primarily based on a financial objective (EBIT); in addition, a smaller portion may be based on functional targets or operational targets, for Business Area Managers the number of worksite accidents (resulting in more than four days of absence from regular work per one million worked hours).

To which extent the criteria for awarding variable cash remuneration has been satisfied will be evaluated/determined when the measurement period has ended. The Board of Directors is responsible for assessing the variable cash remuneration paid to the CEO. The CEO is responsible for the assessment of variable cash remuneration paid to other senior executives. The assessment of the financial objectives is based on the annual accounts. The outcome in relation to established targets for variable remuneration is measured after the performance period; meaning following fiscal year-end.

The short-term variable remuneration for the CEO is capped at 75 percent of fixed salary. For other members of the Senior Management Team, it will be capped at 40 or 50 percent of fixed salary. The short-term variable remuneration is to be revised annually.

It is estimated that full utilization of the company's commitments for short-term variable remuneration in relation to the executives concerned will cost the company a maximum of approximately SEK 29 M, including social security fees.

The short-term variable remuneration is pensionable, with the exception of remuneration paid to the CEO.

### *Pensions and other benefits*

NCC is endeavoring to move gradually toward defined-contribution solutions, which entail that NCC pays contributions that represent a specific percentage of the employee's salary. The CEO has a defined-contribution pension with a premium pledge capped at 42 percent of contractual fixed salary. Other members of the SMT who are active in Sweden and have an employment contract subject to Swedish terms and conditions, are entitled, in addition to the ITP 2 plan (the collectively bargained agreement on pensions for white collar workers), to also receive a defined-contribution

supplementary pension capped at 30 percent of pensionable salary increments exceeding 30 income base amounts. The definition of pensionable salary as stipulated in ITP2 is to be used for this supplementary pension. In other respects, variable salary and other benefits will not be pensionable unless this is a consequence of law or a collective agreement. Members of the SMT who have employment contracts under the terms and conditions of another country are covered by pension solutions in accordance with local practices, which must to the extent possible comply with the principles stated in these guidelines. ITP 1 is applied to new employment contracts where possible. The retirement age for the SMT is 65 years.

#### *Other benefits*

NCC provides other benefits, such as medical insurance and a car benefit, to members of the SMT. The combined amount of such benefits in relation to total remuneration may constitute only a limited value and correspond essentially to the benefits normally arising in the market, in total not more than 5 percent of annual cash salary.

#### *Termination of employment*

*Periods of notice and severance pay.* A member of the SMT who terminates employment at NCC's initiative normally has a six-month period of notice and is entitled to severance pay corresponding 12 months of fixed salary. During the said 12 months, the severance pay is deductible from remuneration received from a new employer. The period of notice is six months without any right to severance pay when termination is made by a member of the SMT.

#### *Salary and employment conditions for employees*

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development the CEO's remuneration, the remuneration of other employees and

NCC's earnings over the past five years is presented in the remuneration report.

#### *Decision-making process to determine, review and implement the guidelines*

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the AGM. The Board of Directors is also mandated to monitor and evaluate variable remuneration programs for the SMT, the application of guidelines for executive remuneration and applicable remuneration structures and remuneration levels in the company. The CEO and other members of the SMT do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are themselves affected by such matters.

#### *Derogation from the guidelines*

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

#### **NCC share**

At December 31, 2022, NCC's registered share capital comprised 12,914,123 Series A shares and 95,521,699 Series B shares, of which 10,843,582 were held in treasury. The shares have a quotient value of SEK 8.00 each. Series A shares carry ten voting rights each and Series B shares one voting right. All shares provide the same entitlement to participation in the company's assets and profit and to an equally large dividend. At the request of the holder, Series A shares can be converted into Series B shares. Such a request must be made in writing to the Board of Directors, which takes decisions on such matters on a continuous basis. After a conversion decision is made, this is reported to Euroclear Sweden AB for registration. Conversions become effective when the shares are registered. During the year, no Series A shares were converted to Series B shares.

#### *Repurchase program*

The AGM held on April 5, 2022, authorized the Board of Directors, on one or several

occasions during the period up to the next AGM, to make decisions on the repurchase of the company's Series B shares up to an amount so that, at the given time following the acquisition, the company holds a maximum of 10 percent of all shares in the company. The purpose was to give the Board greater scope to be able to adapt the company's capital structure to the capital requirement from time to time. The AGM also authorized the Board, on one or several occasions during the period up to the next AGM, to make decisions on the transfer of a maximum of 200,000 of the company's Series B shares to cover costs, mainly costs for compensation for dividends, social security fees and payments on the basis of the synthetic shares due to outstanding long-term performance-based incentive programs (LTI 2019, LTI 2020 and LTI 2021 Share Programs).

In 2022, NCC bought back 10,077,740 Series B shares at an average price of SEK 101.02, corresponding to 9.29 percent of the share capital. NCC did not sell any Series B shares in 2022. During the year, NCC also distributed 75,230 Series B shares at an average price of SEK 123.24, corresponding to 0.01 percent of the share capital, to the participants of the long-term performance-based incentive program from 2019. Thereafter, the company holds 10,843,582 Series B treasury shares at an average price of SEK 101.46.

#### *Shareholders*

The number of NCC shareholders at year-end was 44,279 (39,484). In terms of voting rights, Nordstjernan AB was the largest individual holder accounting for 8.93 percent (16.83) of the share capital and 24.31 percent (48.18) of the voting rights. In December 2022, OBOS, a Norwegian company, acquired 6.46 percent of the share capital and 23.15 percent of the voting rights from Nordstjernan and is thus the second largest individual shareholder. Following the completion of the repurchase program, NCC holds 10.00 percent (0.78) of the share capital and 4.83 percent (0.37) of the voting rights. No other shareholder accounts for more than 10 percent of the voting rights. The ten largest shareholders jointly accounted for 49.28 percent (51.53) of the share capital and 64.62 percent (65.59) of the voting rights.



## Corporate Governance Report

The Corporate Governance Report is included as a separate section of NCC's 2022 Annual Report and does not constitute a feature of the formal annual report documentation.

## Dividend

On April 5, 2022, the AGM adopted the proposal by the Board of Directors for a dividend of SEK 6.00 per share for fiscal year 2021, divided into two installments. The record date for the first disbursement of SEK 3.00 per share was April 7, 2022. For the second disbursement of SEK 3.00 per share, the record date was November 8, 2022.

## Significant events during the year

In April, the Board decided to exercise the authorization granted by the 2022 AGM to repurchase own Series B shares. The Board also decided to adjust the dividend policy, whereby approximately 60 percent of profit for the year after tax is to be distributed to shareholders. The NCC repurchase program commenced on May 11 and was completed on November 18 when the maximum number of shares had been bought back.

In May, NCC communicated that Grete Aspelund had been appointed Head of the NCC Industry business area. Ylva Lageson remained as Head of the Business until October 1, when Grete Aspelund took office.

In July, NCC signed a agreement to link its sustainability targets to an existing revolving credit facility of EUR 280 M, which was entered into in December 2021.

In September, NCC issued green bonds valued at SEK 1 billion with a three-year maturity. The green framework for the bonds was updated in June 2022 and was verified by the Center for International Climate and Environmental Research (CICERO), an independent research center associated with the University of Oslo, Norway. The green framework has been classified as "medium green."

On September 26, NCC announced that NCC's operating profit for the third quarter would be impacted negatively by the economic situation, driven primarily by asphalt operations in the Industry business area. Unrelated to this, a small number of residential projects in Sweden posted impairment losses of about SEK 120 M due

to inadequate project management.

Due to the acquisition of NCC shares by OBOS in December 2022, Trond Stabekk, CFO of OBOS, became a new member of NCC's Nomination Committee. At the same time, Tobias Kaj who was nominated by Lannebo Funds and Sussi Kwart who was nominated by Handelsbanken Funds stepped down from the Nomination Committee due to the previously implemented ownership change.

## Events after the balance sheet date

The board proposes that the Annual General Shareholder Meeting decide on the withdrawal of 8,674,866 B shares (corresponding to 80 percent of NCC's holdings as of December 31, 2022) and in connection with the withdrawal of own shares carry out a bonus issue to restore the share capital. The remaining 2,168,716 B shares are proposed to be kept by NCC in order to cover commitments according to the long-term performance-based incentive programs.

## Parent Company

The Parent Company's net sales pertain to charges to Group companies and amounted to SEK 153 M (127). The average number of employees was 60 (51). Impairment of shares and participations totaled SEK 0 M (-79). Profit after financial items totaled SEK 1,006 M (1,052) Approved dividends, adjusted for repurchased shares, amounted to SEK 618 M, of which SEK 323 M was paid in April and SEK 295 M was paid in November.

## Appropriations of profits

The Board of Directors proposes that the profit will be appropriated as follows:

Profit brought forward	3,491,299,466
Be appropriated as follows:	
To be distributed to shareholders	585,533,440
To be carried forward	2,905,766,026
<b>Total, SEK</b>	<b>3,491,299,466</b>

The resolution concerning the proposed dividend will be made taking into account the company's future profits, financial position and capital requirements, as well as the macroeconomic conditions. NCC's Board of Directors has proposed a dividend of SEK 6.00 (6.00) per share for the 2022

fiscal year to be paid on two occasions.

This corresponds to 55 percent of after-tax profit for the year. The proposed record date for the first payment of SEK 3.00 is April 4, 2023, with payment occurring on April 11, 2023. For the second payment of SEK 3.00, November 6, 2023 is the proposed record date with payment occurring on November 9, 2023. The Board's statement regarding the proposed dividend and the repurchase of NCC's own shares will be available on the company's website.

## Seasonal effects

NCC Industry's operations and certain operations in NCC Building Sweden, NCC Building Nordics and NCC Infrastructure are impacted by seasonal variations due to weather conditions. Earnings in the first quarter are normally weaker than the rest of the year.

## Amounts and dates

Unless otherwise indicated, amounts are stated in SEK millions (SEK M). The period referred to is January 1 – December 31 for profit/loss items and December 31 for balance-sheet items. Tons refer to metric tons. Rounding-off differences may arise.



Ohkola quarry, Finland

# Material risks and uncertainties

Management of operational, strategic and financial risks is a key prerequisite for NCC's business and efficient risk management is a necessity for a stable and profitable company.

The aim of risk management is to identify risks, assess the efficiency of existing controls and strengthen and develop preventive measures.

NCC has conducted a measurement of the company's risks and describes below the risks regarded as most probable and that are estimated to have the greatest impact on NCC's potential to achieve its objectives in the long and the short term.

## Overview of top risk on group level

Risk category	Risk	Likelihood	Consequence	Change
Market	1. Geopolitical situation	Most likely	Major	⬆️
	2. Market volatility	May occur	Serious	⬆️
	3. Shortage of material and price increase	May occur	Serious	⬆️
People	4. Competence supply & Leadership	May occur	Major	➡️
	5. Health & Safety	May occur	Serious	➡️
Management	6. Management of operations	May occur	Major	➡️
	7. Supply chain	May occur	Serious	⬇️
IT	8. Group Common IT Development	May occur	Major	➡️
	9. IT security (Information security)	May occur	Serious	➡️
Compliance	10. Compliance	May occur	Major	➡️

## Definitions

**Consequence:** Minor (>10 MSEK)      Tangible (>50 MSEK)      Serious (>100 MSEK)      Major (>250 MSEK)

**Likelihood:** Most unlikely      Unlikely      May occur      Most likely



Decrease in consequence or likelihood from 2021



No changes in consequence or likelihood from 2021



Increase in consequence or likelihood from 2021

## Top risk on group level

Risk	Risk description	Key mitigating action plans
<b>Market</b>		
1. Geopolitical situation	The global geopolitical situation has become more uncertain with the Russian invasion of Ukraine but also in several other parts of the world with potential impact on the normal course of international relations, leading to a more complex situations for business in multiple aspects including general inflation and economic development, increase in energy prices and interest rates, contraction in the financing market and higher risk for cyber-attacks etc.	<ul style="list-style-type: none"> <li>The organization has handled and mitigated challenges relating to the geopolitical situation, including cost inflation and disturbances in the supply chains during 2022. We see a continued risk in the coming years with a potential broad impact on the business.</li> <li>For more details about risk description and key mitigation action plans relating to the situation, see section 2, 3 and 9 below.</li> </ul>
2. Market volatility	<p>Risk for loss of revenue due to weakening market overall. More specific a risk of underestimating the size and speed of the downturn of the market, and then be too slow to respond.</p> <p>The market sentiment is a material risk for the property development operations both regarding letting and divestments. Also, there are cost increases linked to interest and inflation.</p>	<ul style="list-style-type: none"> <li>NCC will prioritize better and closer follow-up of market development as well as development for customers and suppliers.</li> <li>Ensure that price increases can be passed to customers (fixed prices from suppliers where appropriate), continuous assessments of right level of blue collars and resource planning.</li> <li>New ways of working regarding letting, project portfolio, and interest management are being implemented.</li> </ul>
3. Shortage of material and price increase	<p>Risk for lack of material and price increases in general, for commodities (for instance metals, steel, energy, plastics, freights) due to the external circumstance in the market.</p> <p>Stone Material and Asphalt units are highly dependent on supply of energy and raw material supply such as stone material reserves, bitumen, recycled asphalt etc.</p>	<ul style="list-style-type: none"> <li>Monthly forecasts on commodities are made and published internally and through the purchasing management team for further actions.</li> <li>Fixed prices in frame agreements and a close dialogue with supplier's cost.</li> <li>Long-term raw material strategies are being developed.</li> <li>To secure bitumen supply, the current supplier base should have multiple key suppliers in a controlled balance.</li> <li>Focus on increasing the number of depots under NCC control and reducing the number of specialty products to minimize the dependency on one single supplier.</li> </ul>
<b>People</b>		
4. Skills supply & Leadership	<p>The base for NCCs strategic direction is to be a knowledge-based company, it is therefore, imperative for us to have the right people with the right attitude and the right skills and experience on-board. Successful recruitment, retention and development of people with necessary skills is crucial for the company.</p> <p>Lack of leadership increase the risk that we cannot deliver according to quality, profitability and not be able to retain our employees. The development of managers is essential to drive and deliver quality in projects and retain personnel with desired skills.</p>	<ul style="list-style-type: none"> <li>Skills mapping and development plan preparing for key positions.</li> <li>Group common development programs are conducted for project management and leadership, such as Mega Project Management Program, Senior executive program, Strategic leadership program and Practical leadership program for site managers.</li> <li>Workshops in Star Behaviors have been conducted to improve culture and behavior in the whole organization.</li> <li>A process to follow up the progress has been implemented. Star behaviors are the basis for all leadership programs.</li> <li>A structured succession planning process is in place to ensure that we constantly replenish with the right competence and experience.</li> </ul>
5. Health & Safety	<p>In the construction business there is a high risk for different kinds of accidents. Fatal and serious accidents still occur and often within the three high risk areas such as working from height, heavy crane lifting and use of heavy vehicles. In analyses it is concluded that root causes are poor planning, less affairs from production management, improper and high-risk behaviors among workers.</p> <p>Another conclusion is that there are few or poor safety barriers between humans and the risk of an accident. Many operations in the Group feature risky elements for workers that are subject to considerable demands regarding correct training and safety equipment, and not least an established culture that has the health and safety of employees as its highest priority.</p>	<ul style="list-style-type: none"> <li>Strategic direction that aims to reduce common accidents, and to eliminate serious incidents and fatal accidents.</li> <li>Systematic work to improve and increase the number of digital and physical safety barriers in collaboration with NCC Group Purchasing. The purpose is to increase the level of safety barriers build into the equipment, the machines, and the vehicles we buy, rent or lease, as well as increasing the level of safety barriers we demand for equipment, machines and vehicles used by subcontractors.</li> <li>Intensive work to improve our Site Introduction setup, to align and digitize our safety requirements for NCC workplaces. Every employee, supplier and subcontractor must pass the Site Introduction to access our worksites in the future. This to increase safety awareness.</li> <li>Clarification of what applies to the entire Group and what all managers must know. At Group level distinct directives and guidelines are set for safety work, and instructions are devised for each business area, all to achieve the vision of zero accidents at our workplaces. All reported incidents are analyzed with the aim of improving the injury-prevention effort, with a particular focus on creating a culture that encourages a safe work environment.</li> </ul>

Risk	Risk description	Key mitigating action plans
<b>Management</b>		
6. Management of operations	<p>Within the contracting operations, the main operating risks are project selection and project management.</p> <p>There is also a risk regarding failure in the ability to implement what's decided according to the processes and strategic initiatives.</p> <p>There is an overcapacity in the market for Industry in all geographical areas. The season is limited and there is high competition to provide large volume in a short period of time. This leads to unpredictable pricing. In addition, Asphalt is volume driven business and there is a risk for higher cost per ton in case of low volume. In 2022 the overcapacity has worsened even more due to external circumstances in the market which have led to decreased volumes.</p>	<ul style="list-style-type: none"> <li>• NCC assigns priority to submitting tenders with identified risks that are manageable and calculable. Various contract formats and partnerships with customers facilitate the management of different risks. These operating risks are counteracted through NCC's project selection, assessment of tenders and operational control systems.</li> </ul> <p>Specific for Business Area Industry:</p> <ul style="list-style-type: none"> <li>• Work with sales steering and improved tender evaluation/price setting to secure right volume.</li> <li>• Work with cost steering.</li> <li>• The plan includes actions to reduce capacity in certain markets, and the importance of continuously assess the capacity and make necessary adjustments in time.</li> <li>• Work to tighten up processes, both in terms of clarifying what to implement but also how to follow up and control including to utilize transparent data etc.</li> </ul>
7. Supply chain	<p>Low barriers of entrance bring in many new suppliers and exposes NCC to business risks in the areas of cost, loss of revenue, brand/reputation and employer branding. The responsibility for supplier control is decentralized and handled locally, with the exceptions of pre-qualification of international and central frame agreements suppliers.</p> <p>There is especially high risk in labor intensive categories (sub-contracting) where NCC in many cases is also exposed to a long chains of sub-tier suppliers, which increases the complexity in materials supplies and staffing on the site.</p>	<ul style="list-style-type: none"> <li>• International and frame agreement suppliers are pre-qualified through a process of analysis, strategies, supplier selection, and supplier assessment handled by specialized central purchasing teams. There is currently an ongoing work to develop and implement a common supplier control process which will be applicable also for all local suppliers.</li> </ul>
<b>IT</b>		
8. Group Common IT Development	<p>Failure in implementing common IT developments leads to a significant amount of sunk cost in development without realized benefits implying lack of commitment and readiness for change in NCCs operations. If failing, NCC will face new end-of-life situations in the future both in terms of technical lifecycle and fit-in for business needs.</p>	<ul style="list-style-type: none"> <li>• Dedicated resources for leading the program and a business approach (future processes and way of working at NCC) before selection of the tools.</li> <li>• Clear roles and responsibilities have been defined to ensure business alignment and maximum benefit realization.</li> <li>• Process framework and governance are put in place and Common Process owners have been appointed already for some process areas.</li> <li>• NCC has developed and implemented a common way of working with Business Change Mgmt. and is continuously working with building capability to ensure sustainable change.</li> <li>• NCC is continuously following up the ongoing implementations and benefit realization to ensure that we are progressing as planned.</li> </ul>
9. IT security (information security)	<p>Technical development, digitalization, information driven, and dependent societies are expected to provide opportunities for new types of cyberattacks and network exploitations. Artificial Intelligence driven solutions are becoming a reality and will introduce new security vulnerabilities. It is fundamental to continue to follow the fast-changing technical development, ensure proper security governance and planning to prevent any unsupported IT systems, poor control of the IT infrastructure or outdated processes.</p>	<ul style="list-style-type: none"> <li>• NCC Security Strategy and roadmap, in combination with NCC IT development roadmap required short-, medium - and long-term activities to mitigate information security risks.</li> <li>• NCC continues with the establishment of an Information Security Management System and a Cyber Security Operation Center which increases the threat monitoring ability and capabilities for resilience to security incidents</li> </ul>
<b>Compliance</b>		
10. Compliance	<p>Risk for penalties and sanctions, branding, law suites, cost of disqualification in public tenders due to compliance breaches.</p>	<ul style="list-style-type: none"> <li>• Training in competition law has been developed including follow up of the training started in 2021. This training is now included in the mandatory training program.</li> <li>• A new updated mandatory training program in compliance has been developed to be launched next year.</li> </ul>

## Financial risks & reporting

Risk area	Description	Control activities
Interest-rate risk	The interest-rate risk is the risk that changes in market rates will adversely affect NCC's cash flow or the fair value of financial assets and liabilities.	<p>NCC's Group Treasury Policy has been adopted by NCC AB's Board of Directors and constitutes a framework for risk mandates and limits in the NCC Group.</p> <p>The Group's financial activities are organized centrally, thus providing an adequate overview of financial positions and risks. Refer also to Note 36.</p>
Exchange-rate risk	The exchange-rate risk is the risk that exchange rate changes will adversely affect NCC's income statement, balance sheet or cash flow statement.	
Refinancing risk	Refinancing risk is the risk that opportunities for financing will be limited and/or that the cost will be higher when loans that expire have to be refinanced, which could adversely impact NCC's operations, earnings and financial position.	
Liquidity risk	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.	
Credit and counterparty risks in financial operations	Credit and counterparty risks in financial operations refers to the risk that NCC's financial counterparties are unable to fulfill their obligations to NCC.	
Customer credit risk	Customer credit risk refers to the risk that NCC's customers are unable to honor payments to NCC for delivered goods and services.	At NCC, customer credit risks are managed through Group-wide procedures for identifying and assessing risks, both before agreements are reached with customers and continuously in operational follow-ups. NCC's credit risk in accounts receivable is highly diversified given the large number of projects of varying sizes and types in a multitude of customer categories.
Percentage-of-completion profit recognition	In assignments involving construction contracts, NCC applies percentage-of-completion profit recognition, whereby profit is recognized at the pace of completion. Should the anticipated profit from a project deteriorate during the project's production period, this could result in a need to reverse profit recognized earlier.	By means of project management, meaning continuous monitoring of production calculations, reconciliation of work completed, project forecasts, etc., it is possible to ascertain that the information is accurate.
Supplier risk	Risk that sub-suppliers enter bankruptcy and cannot deliver orders	Supplier controls and development of the supply chain.

## Sensitivity and risk analysis

The figures are based on outcomes in 2022.

Change	Result effect after net financial items, SEK M (annual basis)	Effect on return on shareholders' equity (percentage points)	Effect on return on operating capital employed (percentage points)	Comments
<b>NCC Infrastructure</b>				
Volume <sup>1)</sup>	± 5%	62	0.8	For NCC Infrastructure, a one-percentage-point increase in the margin has a significantly larger impact on earnings than a 5-percent increase in volume. This reflects the importance of pursuing a selective tendering policy and focusing on risk management in early project stages.
Operating margin	+/-1 percentage point	173	2.1	
<b>NCC Building Sweden</b>				
Volume <sup>1)</sup>	± 5%	45	0.6	For NCC Building Sweden, a one-percentage-point increase in the margin has a significantly larger impact on earnings than a 5-percent increase in volume. This reflects the importance of pursuing a selective tendering policy and focusing on risk management in early project stages.
Operating margin	+/-1 percentage point	142	1.8	
<b>NCC Building Nordics</b>				
Volume <sup>1)</sup>	± 5%	55	0.7	For NCC Building Nordics, a one-percentage-point increase in the margin has a significantly larger impact on earnings than a 5-percent increase in volume. This reflects the importance of pursuing a selective tendering policy and focusing on risk management in early project stages.
Operating margin	+/-1 percentage point	136	1.7	
<b>NCC Industry</b>				
Volume <sup>1)</sup>	± 5%	24	0.3	NCC Industry's operations are affected by such factors as price levels and the volume of produced and paved asphalt. An extended season due to favorable weather conditions increases volumes and, because the proportion of fixed costs is high, the impact on the margin is material.
Operating margin	+/-1 percentage point	113	1.4	
Capital rationalization <sup>3)</sup>	± 10%	20	0.2	
<b>NCC Property Development</b>				
Sales volume, project	± 10%	50	0.6	NCC Property Development's earnings are predominantly determined by sales. The potential to sell property projects is largely dependent on the leases signed with tenants. An increased letting rate facilitates a higher sales volume. The value of a property is also determined by the difference between operating expenses and rent levels, and thus a change in the rent levels or operating economy of ongoing projects could change the value of such projects.
Sales margin, project	+/-1 percentage point	12	0.2	
<b>Group</b>				
Changed interest rate, net debt <sup>2)</sup>	+/- 1 percentage point	31	0.4	

<sup>1)</sup> Given this change in volume, it is assumed that overhead costs will be unchanged

<sup>2)</sup> Excluding pension debt

<sup>3)</sup> Operating capital employed

# Climate-related risks and opportunities

**Climate change** impacts people and society, which occasionally leads to changes in work methods and products. Climate adaptation is thus decisive if NCC is to retain its competitiveness. For this reason, Climate and energy is one of the prioritized areas in NCC's Sustainability Framework (see p. 83) and NCC works to address its significant climate-related risks and opportunities.

As a feature of this work, NCC in 2021 started to report in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework, an effort that continued in 2022. This means that NCC reports its climate-related risks and opportunities on the basis of the guidelines developed by TCFD. The analysis is presented using NCC's four principal thematic areas as a basis.

## Governance

NCC's Board of Directors monitors the sustainability strategy for the entire Group. The Board is kept updated on the work of the business areas, including climate-related risks and opportunities. This includes semi-annual reports on NCC's sustainability work, encompassing the progress made and comments on targets set for emissions reduction. NCC's CEO has overall responsibility for the Group's climate-related issues. The CEO, supported by the Senior Management Team (SMT), discusses outcomes from the process for assessing climate-related risks and opportunities.

## Risk management

NCC has assessed the probability and the consequences of a broad spectrum of climate-related issues, including various types of climate-related risks (such as Regulation, Technologies, Laws, Market and Physical) and opportunities.

In 2022, NCC launched a process to integrate its assessment of climate-related risks and opportunities in the ordinary risk process for broader strategic risks. This included testing a pilot version of the integrated method together with all of the business areas. The results of this pilot test will shape the final design of NCC's risk assessment process, which will be ready in 2023. The table below presents the climate-related risks and opportunities that NCC has assessed as being the most significant for its operations. These key climate-related risks and opportunities are managed by the various business units, with scrutiny by the SMT.

## Strategy

To pursue this strategic priority, NCC is working to integrate the climate issue into the project development process, drive development in order to promote the use of climate-friendly products and solutions, reduce its own carbon emissions and promote increased resilience. As a feature of the climate-related risk assessment process previously conducted by NCC, each business area evaluated climate-related

risks and opportunities for the Group based on two scenarios: RCP 2.6, meaning a scenario with a level of warming of 2°C, and RCP 8.5, a scenario with a level of warming of 4°C degrees, in accordance with the UN Intergovernmental Panel on Climate Change's scenarios.

## Metrics and targets

NCC calculates its GHG emissions according to the Greenhouse Gas Protocol, which is presented on pp. 94-97. NCC pursues an overall objective of being climate neutral by 2045, combined with a 60-percent decrease in CO<sub>2</sub>e emissions (Scope 1 and 2, base year 2015), measured in tons of CO<sub>2</sub>e per SEK M of sales and a 50-percent decrease in CO<sub>2</sub>e emissions (Scope 3, base year 2015) from concrete, asphalt, steel and transportation, measured in tons of CO<sub>2</sub>e per purchased volume.

NCC has initiated a process to study whether additional metrics and targets are needed for appropriate monitoring and management of NCC's most significant climate-related risks and opportunities. This effort will be finalized in 2023.

Category overview		Risk/Opportunity	Primary potential economic impact on NCC
<b>Physical risks</b>	Potential negative impact of climate change on NCC due to physical effects of climate change.	Changes in rainfall patterns entail a risk of flooding, erosion and landslides on purchased land, ongoing projects or already developed properties and facilities.	Increase in indirect (operating) expenditure.
<b>Transition risks</b>	Potential negative impact of climate change on NCC due to the transition to a low-carbon economy.	Carbon-price mechanisms (such as higher fuel and energy prices, costs for carbon tax in NCC's operations) Changed customer behavior – If NCC fails to contribute to a low-carbon economy at the speed demanded by the customers, we could possibly witness reduced demand for our products and services.	Higher direct expenses.
<b>Opportunities</b>	Potential positive impact on an organization related to climate change	Development and/or build-out of goods and services generating low emissions. Use of energy sources generating lower emissions. Resource efficiency (such as increased recycling)	Increase in revenues due to higher demand for products and services Return on investments in low-emission technology. Reduction in direct operating expenditure.

## Consolidated income statement

SEK M	Note 1, 3, 12, 19, 32	2022	2021
Net sales	2	54,198	53,414
Production costs	4, 5, 9, 15, 16, 24, 33	-50,202	-48,894
<b>Gross profit</b>		<b>3,996</b>	<b>4,520</b>
Selling and administrative costs	4, 6, 15, 16	-2,981	-2,808
Capital gain/loss from sales of owner-occupied properties	16	22	165
Impairment losses and reversal of impairment losses, fixed assets	7, 15, 16		-16
Capital gain/loss from sales of Group companies	8	59	-46
Result from participations in associated companies and joint ventures		262	10
<b>Operating profit</b>		<b>1,358</b>	<b>1,825</b>
Financial income	11	29	20
Financial expenses	11	-87	-80
<b>Net financial items</b>		<b>-59</b>	<b>-60</b>
<b>Profit after financial items</b>		<b>1,299</b>	<b>1,765</b>
Tax on net profit for the year	23	-230	-257
<b>Net profit for the year</b>		<b>1,069</b>	<b>1,508</b>
<b>Attributable to:</b>			
NCC's shareholders		1,069	1,508
<b>Net profit for the year</b>		<b>1,069</b>	<b>1,508</b>
<b>Earnings per share</b>			
Profit after tax, SEK, before dilution		10.29	14.02
Profit after tax, SEK, after dilution		10.29	14.02
<b>Number of shares, millions</b>			
Total number of issued shares		108.4	108.4
Average number of shares outstanding before dilution during the year		103.9	107.6
Average number of shares outstanding after dilution during the year		103.9	107.6
Number of shares outstanding on Dec 31		97.6	107.6

## Consolidated statement of comprehensive income

SEK M	Note	2022	2021
<b>Net profit for the year</b>		<b>1,069</b>	<b>1,508</b>
<b>Items that have been recycled or can be recycled to net profit for the year</b>			
Year's exchange differences on translating foreign operations	14	229	99
Fair value changes for the year in cash flow hedges		102	56
Year's fair value changes for cash flow hedges transferred to net profit for the year		-44	18
Tax attributable to cash flow hedges	23	-12	-15
		<b>275</b>	<b>157</b>
<b>Items that cannot be recycled to net profit for the year</b>			
Revaluation of defined-benefit pension plans	29	2,039	942
Tax relating to items that cannot be recycled to net profit for the year	23	-420	-194
		<b>1,619</b>	<b>748</b>
<b>Other comprehensive income for the year</b>		<b>1,894</b>	<b>905</b>
<b>Comprehensive income for the year</b>		<b>2,963</b>	<b>2,413</b>
<b>Attributable to:</b>			
NCC's shareholders		2,963	2,413
<b>Total comprehensive income during the year</b>		<b>2,963</b>	<b>2,413</b>



# Consolidated balance sheet

SEK M	Note	2022	2021
<b>ASSETS</b>	1, 19, 32, 36		
<b>Fixed assets</b>			
Goodwill	15	1,943	1,852
Other intangible assets	15	326	335
Right-of-use assets	33	1,420	1,600
Owner-occupied properties	16	909	790
Machinery and equipment	16	2,504	2,296
Long-term holdings of securities	18, 20	83	82
Long-term interest-bearing receivables	22	184	128
Pension receivables	29	68	
Other long-term receivables		36	23
Deferred tax assets	23	564	609
<b>Total fixed assets</b>		<b>8,037</b>	<b>7,714</b>
<b>Current assets</b>			
Right-of-use assets	33	2	2
Properties held for future development	24	1,179	1,005
Ongoing property projects	24	7,171	5,370
Completed property projects	24		
Participations in associated companies	24	74	431
Materials and inventory	25	1,079	1,059
Tax receivables		118	70
Accounts receivable	36	8,205	7,748
Worked-up, non-invoiced revenues	2	1,410	1,367
Prepaid expenses and accrued income		857	952
Current interest-bearing receivables		117	103
Other receivables	22	386	552
Short-term investments <sup>1)</sup>	20, 35	394	487
Cash and cash equivalents	35	534	2,561
<b>Total current assets</b>		<b>21,528</b>	<b>21,707</b>
<b>TOTAL ASSETS</b>		<b>29,565</b>	<b>29,421</b>
<b>EQUITY</b>	1		
Share capital	26	867	867
Other capital contributions		1,844	1,844
Reserves	14	331	57
Earnings brought forward including profit for the year		4,140	3,076
<b>Shareholders' equity</b>		<b>7,183</b>	<b>5,844</b>
<b>Total equity</b>		<b>7,183</b>	<b>5,844</b>
<b>LIABILITIES</b>	1, 19, 32, 36		
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities	27, 33	3,286	2,038
Other long-term liabilities	30	60	47
Provisions for pensions and similar obligations	29		1,997
Deferred tax liabilities	23	943	464
Other provisions	28	2,481	2,608
<b>Total long-term liabilities</b>		<b>6,770</b>	<b>7,154</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	27, 33	1,012	2,176
Accounts payable		5,165	4,567
Tax liabilities		14	22
Invoiced revenues not worked up	2	4,754	4,830
Accrued expenses and deferred income	31	3,512	3,588
Provisions	28	7	13
Other current liabilities	30	1,148	1,227
<b>Total current liabilities</b>		<b>15,612</b>	<b>16,422</b>
<b>Total liabilities</b>		<b>22,382</b>	<b>23,577</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,565</b>	<b>29,421</b>

<sup>1)</sup> Short-term investments with a maturity exceeding three months are included; refer to the cash flow statement.

## Parent Company income statement

SEK M	Note 1, 32	2022	2021
Net sales		153	127
<b>Gross profit</b>		<b>153</b>	<b>127</b>
Selling and administrative costs	4, 5, 6, 7	-231	-114
<b>Operating profit/loss</b>		<b>-78</b>	<b>13</b>
<b>Result from financial investments</b>			
Result from participations in Group companies	7, 8	1,081	1,048
Result from other financial fixed assets		13	12
Result from financial current assets		1	1
Interest expense and similar items	10	-10	-22
<b>Profit after financial items</b>		<b>1,006</b>	<b>1,052</b>
Appropriations	13	233	452
Tax on net profit for the year	23	-34	-90
<b>NET PROFIT FOR THE YEAR</b>		<b>1,205</b>	<b>1,415</b>

## Parent Company statement of comprehensive income

SEK M	2022	2021
<b>Net profit for the year</b>	<b>1,205</b>	<b>1,415</b>
<b>Items that have been recycled or can be recycled to net profit for the year</b>		
Year's exchange differences on translating foreign operations		-1
<b>Other comprehensive income for the year</b>	<b>0</b>	<b>-1</b>
<b>Total comprehensive income during the year</b>	<b>1,205</b>	<b>1,413</b>

# Parent Company balance sheet

SEK M	Note	2022	2021
<b>ASSETS</b>	1, 32, 36		
<b>Fixed assets</b>			
<i>Tangible fixed assets</i>			
Machinery and equipment	16		
<b>Total tangible fixed assets</b>		0	0
<i>Financial fixed assets</i>			
Participations in Group companies	17	4,487	4,477
Other long-term holdings of securities		45	45
Deferred tax assets	23	29	30
<b>Total financial fixed assets</b>	21	<b>4,562</b>	<b>4,552</b>
<b>Total fixed assets</b>		<b>4,562</b>	<b>4,553</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivable		1	1
Receivables from Group companies		463	689
Other current receivables		5	5
Tax receivables		130	128
Prepaid expenses and accrued income		4	1
<b>Total current receivables</b>		<b>603</b>	<b>824</b>
Balance in NCC Treasury AB	35	213	721
<b>Total current assets</b>		<b>816</b>	<b>1,545</b>
<b>TOTAL ASSETS</b>		<b>5,378</b>	<b>6,097</b>
<b>EQUITY AND LIABILITIES</b>	1, 32, 36		
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	26	867	867
Statutory reserves		174	174
<b>Total restricted equity</b>		<b>1,041</b>	<b>1,041</b>
<i>Unrestricted equity</i>			
Profit brought forward		2,287	2,496
Net profit for the year		1,205	1,415
<b>Total unrestricted equity</b>		<b>3,491</b>	<b>3,910</b>
<b>Total equity</b>		<b>4,532</b>	<b>4,951</b>
<i>Provisions</i>			
Other provisions	28	6	6
<b>Total provisions</b>		<b>6</b>	<b>6</b>
<i>Long-term liabilities</i>			
Other long-term liabilities		3	6
<b>Total long-term liabilities</b>		<b>3</b>	<b>6</b>
<i>Current liabilities</i>			
Accounts payable		13	10
Liabilities to Group companies	27	711	147
Tax liabilities		65	125
Current interest-bearing liabilities <sup>1)</sup>	27		800
Other liabilities		16	13
Accrued expenses and deferred income	31	30	40
<b>Total current liabilities</b>		<b>836</b>	<b>1,135</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,378</b>	<b>6,097</b>

<sup>1)</sup> Pertains to loan from the NCC Group's Pension Foundation.

# Changes in equity

## Group

SEK M	Shareholders' equity attributable to Parent Company shareholders					Total equity
	Share capital	Other capital contributions	Reserves	Profit brought forward	Total	
Opening equity, Jan 1, 2021	867	1,844	-101	1,362	3,972	3,972
Net profit for the year				1,508	1,508	1,508
Other comprehensive income			157	748	905	905
<b>Total comprehensive income</b>			<b>157</b>	<b>2,256</b>	<b>2,413</b>	<b>2,413</b>
Sale/Acquisition of company shares				-13	-13	-13
Performance-based incentive program				10	10	10
Dividend				-538	-538	-538
<b>Total transactions with the Group's shareholders</b>				<b>-542</b>	<b>-542</b>	<b>-542</b>
<b>Equity on Dec 31, 2021</b>	<b>867</b>	<b>1,844</b>	<b>57</b>	<b>3,076</b>	<b>5,844</b>	<b>5,844</b>
Net profit for the year				1,069	1,069	1,069
Other comprehensive income			275	1,619	1,894	1,894
<b>Total comprehensive income</b>			<b>275</b>	<b>2,688</b>	<b>2,963</b>	<b>2,963</b>
Sale/Acquisition of company shares				-1,009	-1,009	-1,009
Performance-based incentive program				3	3	3
Dividend				-618	-618	-618
<b>Total transactions with the Group's shareholders</b>				<b>-1,624</b>	<b>-1,624</b>	<b>-1,624</b>
<b>Equity on Dec 31, 2022</b>	<b>867</b>	<b>1,844</b>	<b>331</b>	<b>4,140</b>	<b>7,183</b>	<b>7,183</b>

## Parent Company

SEK M	Restricted equity		Unrestricted equity		Total equity
	Share capital	Statutory reserves	Profit brought forward	Net profit for the year	
Opening equity, Jan 1, 2021	867	174	1,944	1,095	4,080
Appropriation of profits			1,095	-1,095	
Net profit for the year				1,415	1,415
Other comprehensive income			-1		-1
<b>Total comprehensive income</b>			<b>-1</b>	<b>1,415</b>	<b>1,413</b>
Sale/Acquisition of company shares			-13		-13
Performance-based incentive program			10		10
Dividend			-538		-538
<b>Equity on Dec 31, 2021</b>	<b>867</b>	<b>174</b>	<b>2,496</b>	<b>1,415</b>	<b>4,951</b>
Appropriation of profits			1,415	-1,415	
Net profit for the year				1,205	1,205
Other comprehensive income					
<b>Total comprehensive income</b>			<b>0</b>	<b>1,205</b>	<b>1,205</b>
Sale/Acquisition of company shares			-1,009		-1,009
Performance-based incentive program			3		3
Dividend			-618		-618
<b>Equity on Dec 31, 2022</b>	<b>867</b>	<b>174</b>	<b>2,287</b>	<b>1,205</b>	<b>4,532</b>

# Cash flow statements

SEK M	Note	Group		Parent Company	
		2022	2021	2022	2021
<b>OPERATING ACTIVITIES</b>					
Operating profit		1,358	1,825	-78	13
Adjustments for items not included in cash flow:					
– Depreciation/amortization	5	1,231	1,307		
– Impairment losses and reversal of impairment losses	7		16		
– Result from sales of fixed assets		-112	-178		
– Changes in provisions	28	-231	90		
– Other		-8	18	-13	
<b>Total items not included in cash flow</b>		<b>881</b>	<b>1,253</b>	<b>-13</b>	<b>0</b>
Interest paid and received		-24	-9	-5	-13
Tax paid		-218	-241	-94	-34
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,997</b>	<b>2,829</b>	<b>-191</b>	<b>-35</b>
<b>Cash flow from changes in working capital</b>					
Sales of property projects	24	1,406	3,666		
Investments in property projects	24	-2,924	-3,467		
Other changes in working capital	35	-213	-768	-26	3
<b>Cash flow from changes in working capital</b>		<b>-1,731</b>	<b>-570</b>	<b>-26</b>	<b>3</b>
<b>Cash flow from operating activities</b>		<b>265</b>	<b>2,260</b>	<b>-217</b>	<b>-32</b>
<b>INVESTING ACTIVITIES</b>					
Acquisition of subsidiaries/operations	35				-18
Sale of subsidiaries/operations	35	190	189		
Investment in tangible fixed assets	16	-939	-710		
Sale of tangible fixed assets	16	360	168		
Investment in financial fixed assets		-10	-2		
Sale of financial fixed assets		32	50	13	12
Investment in intangible fixed assets	15	-33	-59		
Sale of intangible fixed assets	15		1		
<b>Cash flow from investing activities</b>		<b>-401</b>	<b>-363</b>	<b>13</b>	<b>-6</b>
<b>Cash flow before financing</b>		<b>-136</b>	<b>1,896</b>	<b>-204</b>	<b>-38</b>
<b>FINANCING ACTIVITIES</b>					
Dividend paid		-618	-538	-618	-538
Acquisition of company shares		-1,009	-13	-1,009	-13
Group contributions and dividends, received				1,674	1,807
Loans raised	36	1,895		697	141
Amortization of loans	36	-1,650	-31	-941	-752
Amortization of lease liabilities	33	-623	-688		
Increase (-) / Decrease (+) in long-term interest-bearing receivables		-59	18		
Increase (-) / Decrease (+) in current interest-bearing receivables		169	-240	-107	-145
<b>Cash flow from financing activities</b>	35	<b>-1,896</b>	<b>-1,492</b>	<b>-304</b>	<b>499</b>
<b>Cash flow for the year</b>		<b>-2,031</b>	<b>404</b>	<b>-508</b>	<b>461</b>
<b>Cash and cash equivalents, Jan 1</b>		<b>2,561</b>	<b>2,155</b>	<b>721</b>	<b>259</b>
Exchange rate difference in cash and cash equivalents		4	2		
<b>Cash and cash equivalents, Dec 31</b>	35	<b>534</b>	<b>2,561</b>	<b>213</b>	<b>721</b>
Short-term investments with a maturity exceeding three months		394	487		
<b>Total liquid assets at year-end</b>	35	<b>928</b>	<b>3,048</b>	<b>213</b>	<b>721</b>

# Notes

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## Note 1

### Accounting policies

#### Basis for preparing the accounts

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union (EU). The Group also complies with RFR 1 Supplementary Accounting Rules for Groups, the Swedish Annual Accounts Act and applicable statements (UFRs). The annual report is prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities.

The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on March 7, 2023. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting for adoption on March 31, 2023.

#### Important estimates and assessments

Preparing annual accounts in compliance with IFRS requires the use of a number of important accounting estimates and assessments. The estimates and assessments have been made on the basis of what is known when the Annual Report was issued. These estimates and assessments, by definition, will rarely correspond to the actual outcome. This needs to be specially considered in connection with uncertainty in the economic climate and the global financial market, as NCC is impacted to a normal degree by the general economic situation. The areas subject to a high degree of assessment, that are complex or those where assumptions and estimates are material to NCC are presented in the relevant note.

#### New IFRSs and amendments to IFRSs applied

A small number of changes to existing standards and interpretations came into effect for the fiscal year. NCC 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.

In April 2021, the IFRS Interpretations Committee published an agenda decision relating to how to account for configuration or customization costs in a cloud computing arrangement. Based on this publication, an assessment is made on whether a system or software is to be regarded as an intangible asset, lease or service contract. The recognition of configuration or customization costs is conducted accordingly based on this assessment. If the implementation expenses do not fulfill the criteria for being recognized as an intangible asset, they are expensed over the period in which the implementation services are performed according to contract. In the event of advance payment of the services, an asset is recognized in the form of a prepaid expense. A project is ongoing at NCC to evaluate the future effects arising from this publication and whether the amendment will have a significant impact on the Group's planned investments. The amendment did not have any significant impact on NCC in 2022.

Other amendments of standards and interpretations had no material impact on the consolidated financial statements for the current year; nor are they expected to impact future periods or future transactions.

#### New IFRSs and amendments to IFRSs 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. IFRS 17 Insurance Contracts was adopted by the EU in November 2021 and comes into force on January 1, 2023. IFRS 17 replaces IFRS 4 Insurance Contracts and, unlike IFRS 4, intends to provide a complete framework for measuring and presenting insurance contracts. The aim is to increase transparency and comparability between companies that are affected by the change. In its evaluation of the new standard, NCC has adjudged that it will not give rise to any changes for the Group. Other amendments that come into effect on January 1, 2023 are not expected to have any material effect on the consolidated financial statements.

#### Parent Company accounts compared with consolidated financial statements

The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554), recommendation RFR 2 Accounting for Legal Entities and statements issued by the Swedish Financial Reporting Board. The Parent Company recognizes Group contributions received and granted as appropriations, which is in accordance with the alternative rule in RFR 2. The Swedish Financial Reporting Board has granted exemption from the requirement that listed parent companies must recognize certain financial instruments at fair value. NCC applies the exemption rules and has thus refrained from recognizing certain financial instruments at fair value.

Within the areas described below, the Parent Company's accounting policies differ from the Group's:

- Borrowing costs, refer to Note 10, Interest expense and similar items
- Subsidiaries, refer to Note 17, Participations in Group companies
- Associated companies, refer to Note 18, Investments in associated companies and joint ventures
- Joint arrangements, refer to Note 19, Participations in joint operations
- Income taxes, refer to Note 23, Tax on net profit for the year, deferred tax assets and deferred tax liabilities
- Pensions, refer to Note 29, Pensions
- Leasing, refer to Note 33, Leasing
- Financial instruments, refer to Note 36, Financial instruments and financial risk management

#### Consolidated financial statements

The consolidated financial statements include the Parent Company and the companies and operations in which the Parent Company, directly or indirectly, has a controlling interest, as well as joint arrangements and associated companies.

#### Purchase method

Business combinations are recognized in accordance with the purchase method. This method entails that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and takes over its liabilities. The fair value on the date of acquisition of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests, is determined in the acquisition analysis.

In the event of a business combination in which transferred consideration, any non-controlling interests and the fair value of previously owned interests (in connection with step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are recognized separately, the difference is recognized as goodwill. When the difference is negative, what is known as a bargain acquisition, this is recognized directly in net profit for the year.

Acquired and divested companies are included in the consolidated income statement, balance sheet and cash flow statement during the holding period.

#### Elimination of intra-Group transactions

Receivables, liabilities, revenue and costs, as well as unrealized gains and losses, that arise when a Group company sells goods or services to another Group company are eliminated in their entirety. Unrealized losses are eliminated in the same way as unrealized gains, but only insofar as there are no impairment requirements. This also applies to joint arrangements and associated companies, in an amount corresponding to the Group's holding. Refer to Note 32, Related party transactions.

#### Transfer pricing

Market prices are applied for transactions between Group entities.

#### Foreign subsidiaries, associated companies and joint arrangements

Foreign subsidiaries, associated companies and joint arrangements are recognized using the functional currency and are translated to the reporting currency. For NCC, the functional currency is defined as the local currency used in the reporting entity's accounts. The Parent Company's functional currency is SEK. The reporting currency is defined as the currency in which the Group's overall accounting is conducted, in NCC's case SEK.

#### Property holdings

NCC's property holdings are recognized divided into:

- Owner-occupied properties, which are held for use in the company's own operations. Refer to Note 16, Tangible fixed assets.
- Properties classified as current assets, which are held for development and sale as part of operations. Refer to Note 24, Properties classified as current assets.

#### Equity

##### Recognition of Group and shareholder contributions

Group contributions and shareholder contributions in the Parent Company are recognized in accordance with their financial impact. Group contributions received and granted are recognized as appropriations. Shareholder contributions granted are recognized as a part of the investment in the subsidiary and are thus subject to customary impairment testing.

#### Effects of amended accounting policies

No effects of amended accounting policies in 2022.

## Note 2

### Revenue recognition

	NCC Infrastructure	NCC Building Sweden	NCC Building Nordics	Subtotal, construction and civil engineering	NCC Industry	NCC Property Development	Other and eliminations <sup>1)</sup>	Group
Order backlog, December 31, 2022	17,291	18,587	17,127	53,005	1,958		32	54,995
<i>Of which, expected to be recognized as revenue:</i>								
Within one year	10,925	11,024	10,745	32,694	1,285		125	34,105
Within two years	3,876	5,245	4,892	14,013	489		45	14,546
More than two years ahead	2,491	2,318	1,490	6,298	183		-138	6,344
External net sales 2022 <sup>2)</sup>	16,687	12,763	12,530	41,981	10,643	1,301	274	54,198
External net sales 2021	15,668	12,464	9,829	37,961	10,120	4,768	566	53,414
<b>Point in time for revenue recognition</b>								
Over time (percentage-of-completion)	●	●	●		●			
Specific point in time					●	●		

<sup>1)</sup> Road Services is recognized in Other and eliminations and this unit's order backlog at Dec. 31, 2022 amounted to SEK 253 M. Also refer to other and eliminations in Note 3.

<sup>2)</sup> For information on net sales per service/product, refer to Note 3.

Revenues from construction and civil engineering operations are recognized successively over time, on a percentage-of-completion basis (recognized costs in relation to estimated total project costs). Invoicing is conducted on an ongoing basis according to agreement over the course of the project. This also applies to parts of NCC Industry's operations, where percentage-of-completion revenue is recognized but usually during the same calendar year. A component of NCC Industry's revenues is recognized at a point in time connected to delivery of asphalt and stone materials to the customer, which is reflected in customer payments. For NCC Property Development too, revenues are normally recognized at a point in time (upon completion of the property), which normally coincides with the receipt of payment from the customer.

In all significant respects, the order backlog in construction and civil engineering operations is expected to be recognized as revenue over the coming 24 months, the majority of which within the coming year. In all significant respects, NCC Industry's order backlog is expected to be recognized as revenue during the coming year. For information regarding NCC Property Development's as yet unfulfilled performance obligations, see note 24, Properties classified as current assets. For information on orders received, see the Order status section in the Report of the Board of Directors.

#### Worked-up, non-invoiced revenues

Group	2022	2021
Worked-up revenues from ongoing contracts	36,088	35,424
Invoicing for ongoing contracts	-34,678	-34,057
<b>Total</b>	<b>1,410</b>	<b>1,367</b>

#### Invoiced revenues not worked up

Group	2022	2021
Advance invoicing for ongoing contracts	67,038	54,183
Worked-up revenues from advance-invoiced contracts	-62,283	-49,353
<b>Total</b>	<b>4,754</b>	<b>4,830</b>

Worked-up revenues from ongoing projects including recognized gains less recognized loss allowances amounted to SEK 98,372 M (84,778) for 2022 and prior years. Revenues recognized in 2022 that emanate from work performed in 2021 or earlier are not estimated to amount to material sums.

In all significant respects, invoiced revenues not worked up at December 31, 2021 or earlier are adjudged to have been recognized in 2022.

#### Accounting policies

NCC's revenues are recognized according to IFRS 15 Revenue from Contracts with Customers, meaning when the customer gains control over the sold goods or services. This can occur either by NCC's performance obligations being fulfilled over time (on a percentage-of-completion basis) or at a point in time. NCC's revenues essentially comprise:

- Revenues from construction contracts and similar projects
- Revenues from commercial property development
- Revenues from sales of asphalt, stone materials, etc.

#### Revenues from construction contracts and similar projects

The construction contracts mean that NCC performs work on land belonging to the customer and thus creates an asset that is controlled by the customer in pace with the asset's completion. In turn this means that NCC recognizes revenues over time by applying percentage-of-completion profit recognition.

Application of the percentage-of-completion recognition of revenue and profit entails that profit is recognized in pace with completion of the project. To determine the amount of income worked up at a specific point in time, the following components are required:

- Project revenue: total revenues attributable to the construction contract. The revenues must be of such a character that the recipient can credit them to income in the form of actual payment received or another form of payment.
- Project cost: total costs attributable to the construction contract, which corresponds to project revenues.
- Completion rate (worked-up rate): recognized costs in relation to estimated total project costs.

The fundamental condition for percentage-of-completion profit recognition is that estimate-at-completion of total project revenues and costs can be quantified reliably. As a consequence of percentage-of-completion profit recognition, the trend of earnings in ongoing projects is reflected immediately in the financial statements. Percentage-of-completion profit recognition is subject to a component of uncertainty. Due to unforeseen events, the final profit of the projects may occasionally be higher or lower than expected. It is particularly difficult to anticipate profit at the beginning of the project period and for technologically complex projects or projects that extend over a long period. For projects that are difficult to forecast, revenue is recognized in an amount corresponding to the worked-up cost, meaning that zero earnings are entered until the profit can be reliably estimated. As soon as this is possible, the project switches to percentage-of-completion profit recognition.

Provisions posted for potential loss-making contracts are charged against profit for the relevant year. Provisions for losses are posted as soon as they become known.

Contract modifications covering change orders and contract claims for shortcomings in tender specifications and similar items are recognized when the modifications are enforceable. When assessing whether the modifications are enforceable, all relevant facts and circumstances are to be considered. If the parties fail to agree on the price, the revenue is only to be recognized insofar as it is highly probable that a material reversal of accumulated recognized revenues will not arise when the parties reach agreement. The same applies to revenue recognition of any bonuses, as well as sanctions, whereby revenue is only to be recognized insofar as it is highly probable that a material reversal of accumulated recognized revenues will not be necessary.

Balance sheet items such as "worked-up, non-invoiced revenues" and "invoiced revenues not worked up" are recognized in gross amounts on a project-by-project basis. Projects for which worked-up revenues exceed invoiced revenues are recognized as current assets, while projects for which invoiced revenues exceed worked-up revenues are recognized as a current interest-free liability. The customer is normally invoiced on account during the term of the project.

The following example illustrates how the percentage-of-completion profit recognition is applied. On January 1 of Year 1, NCC receives a contract regarding the construction of a building. The project is estimated to take two years to complete. The contract price is 100 and the anticipated profit from the project is 10. On December 31 of year 1, NCC's costs for the project amount to 45, in line with expectations. Since NCC has completed half of the work and the project is proceeding as planned, NCC recognizes half of the anticipated profit of 10, that is 5, in the accounts for Year 1. Profit recognition on completion means that profit is not recognized until the end of Year 2, or the beginning of Year 3, depending on when the final financial settlement with the client was agreed.



Note 2 Revenue recognition, cont'd.

Profit	Year 1	Year 2
Profit recognition on completion	0	10
According to percentage-of-completion profit recognition	5	5

For agreements that contain both a contract and an operation and maintenance service, the revenue must be allocated to the various parts. The part of the agreement that pertains to the contract-related service is recognized on a percentage-of-completion basis.

#### Revenues from commercial property development

NCC's net sales include revenues from sales of properties classed as current assets. Sales include both land and the building constructed by NCC on the land.

Normally, the sale of land and construction of a building constitute a performance obligation and are recognized jointly. Payment is normally received in conjunction with date of occupancy. In rare cases, depending on the terms and conditions of the agreements, the sale of land (or land with construction under way) constitutes one performance obligation and construction of a building another.

Revenues are recognized at the point in time when control is transferred to the buyer. Control is transferred over time (on a percentage-of-completion basis) unless NCC has an alternative use for the sold property and NCC is entitled to payment from the customer for work completed to date, in which case the revenue is recognized by applying percentage-of-completion profit recognition. If one of the above criteria is not fulfilled, the revenue is to be recognized at a point in time – on completion and handover to the customer. Since NCC always contractually agrees on delivery of a certain property to the customer, and the property cannot be sold to anyone else, NCC never has an alternative use for the sold property. Concerning the question of whether NCC is entitled to payment, certain legislation contains factors that indicate that NCC has such an entitlement, while other legislation indicates that this is not the case. Moreover, legal praxis has not been developed in this context. NCC's overall assessment is that in normal cases the uncertainty concerning

NCC's entitlement to payment is so great that the revenue should be recognized at a point in time, on completion of the property and handover to the customer.

It could also be the case that property projects are sold with guarantees of certain leasing to tenants or with a stipulation that a supplementary purchase consideration be paid when a certain letting rate has been achieved. In connection with the date of sale, any rental guarantees are recognized as prepaid income, which is then recognized as revenue as letting progresses. The supplementary purchase consideration is recognized as revenue when the agreed letting rate has been achieved.

#### Revenues from sales of asphalt, stone materials, etc.

Revenues from sales of asphalt, stone materials, etc. are recognized at the point in time of delivery to the customer.

#### Important estimates and assessments

##### Percentage-of-completion profit recognition

A fundamental condition for being able to estimate percentage-of-completion profit recognition is that project revenues and project costs can be established reliably. This reliability is based on such factors as compliance with NCC's systems for project control and that project management has the necessary skills.

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of projects. The assessment component means that the final result may differ from the profit accrued based on percentage-of-completion.

##### Revenue recognition of property development projects

Property sales are recognized at the point in time when control is transferred to the buyer. The point in time primarily depends on the assessment of which point in time NCC is entitled to payment. This normally does not occur until the project is completed and handed over to the customer, at which time the revenue is recognized in full. However, assessments are made on an agreement-by-agreement basis.

## Note 3 Reporting by operating segment

NCC's business operations are divided into five operating segments based on the parts of the organization monitored by the President and CEO, who is the chief operating decision maker. Each operating segment has a president who is responsible for the daily operations and regularly reports on the results of the segment's performance to the Senior Management Team. The following operating segments were identified based on this reporting procedure:

NCC Infrastructure supplies entire infrastructure projects (such as tunnels, roads and railways), from design and construction to production and maintenance.

NCC Building Sweden and NCC Building Nordics primarily build residential buildings and offices, but also construct such public premises as schools and hospitals and such commercial premises as stores and warehouses.

NCC Industry's operations are based on production of stone materials and asphalt, as well as piling works and paving.

NCC Property Development develops and sells commercial properties in metropolitan regions in Sweden, Norway, Denmark and Finland.

All transactions between the various operating segments are conducted on a purely commercial basis.

The operating segment reporting also recognizes Swedish pension costs using Swedish accounting standards and adjustments of IFRS in "Other and eliminations". "Other and eliminations" may also include certain other items, primarily impairment losses and provisions, attributable to the activities conducted in the operating segments. Other and eliminations also includes the Parent Company and Road Services' remaining operations.

#### Accounting policies

An operating segment is part of the Group that conducts business operations from which it generates revenues and incurs costs and for which independent financial information is available. Furthermore, the earnings of an operating segment are followed up by the chief operating decision maker, who in NCC's case is the CEO, for evaluation of results and for allocating resources to the operating segment. The reporting of operating segments concurs with the reports presented to the CEO.

Group, 2022	NCC Infrastructure	NCC Building Sweden	NCC Building Nordics	NCC Industry	NCC Property Development	Total operating segments	Other and eliminations	Group
External net sales	16,687	12,763	12,530	10,643	1,301	53,925	274	54,198
Internal net sales	569	1,415	1,037	625	0	3,646	-3,646	0
Total net sales	17,256	14,178	13,568	11,268	1,301	57,571	-3,373	54,198
Depreciation/amortization	-369	-60	-91	-604	-14	-1,138	-94	-1,231
Share in associated company profits	0	0	0	3	258	261	1	262
Operating profit/loss	429	252	347	8	482	1,518	-161	1,358
Net financial items								-59
Profit/loss after financial items								1,299
Operating capital employed				4,411	7,996			

Note 3 Reporting by operating segments, cont'd.

Group, 2021	NCC Infra-structure	NCC Building Sweden	NCC Building Nordics	NCC Industry	NCC Property Development	Total operating segments	Other and eliminations	Group
External net sales	15,668	12,464	9,829	10,120	4,768	52,849	566	53,414
Internal net sales	672	1,404	1,496	635	8	4,214	-4,214	
Total net sales	16,339	13,868	11,324	10,755	4,775	57,062	-3,648	53,414
Depreciation/amortization	-343	-71	-87	-668	-13	-1,183	-125	-1,307
Impairment losses and reversal of impairment losses				4	-29	-25		-25
Share in associated company profits				6	4	10		10
Operating profit/loss	391	457	410	220	478	1,956	-130	1,825
Net financial items								-60
Profit/loss after financial items								1,765
Operating capital employed				4,660	6,330			

**Net sales per product segment 2022**

	NCC Infra-structure	NCC Building Sweden	NCC Building Nordics	NCC Industry
Roads	2,319			
Railways	3,313			
Energy & Water Treatment	2,880			
Groundworks	4,419			
Industry	830			
Offices		2,447	2,010	
Residential		4,174	4,161	
Refurbishment/Conversion		2,572	2,818	
Public buildings		3,218	4,258	
Asphalt & paving				8,225
Stone materials				3,043
Foundation engineering	1,971			
Other	1,524	1,768	320	
<b>Total</b>	<b>17,256</b>	<b>14,178</b>	<b>13,568</b>	<b>11,268</b>

**Net sales per product segment 2021**

	NCC Infra-structure	NCC Building Sweden	NCC Building Nordics	NCC Industry
Roads	2,953			
Railways	2,860			
Energy & Water Treatment	2,565			
Groundworks	4,873			
Industry	646			
Offices		2,043	1,901	
Residential		3,821	3,518	
Refurbishment/Conversion		2,604	2,537	
Public buildings		3,504	2,782	
Asphalt & paving				8,047
Stone materials				2,709
Foundation engineering	1,659			
Other	784	1,895	587	
<b>Total</b>	<b>16,339</b>	<b>13,868</b>	<b>11,324</b>	<b>10,755</b>

**Other and eliminations**

	External net sales		Operating profit/loss	
	2022	2021	2022	2021
NCC's Head Office, results from minor subsidiaries and associated companies		2	-131	-49
Road Services, remaining operations	274	564	-1	-9
Eliminations of inter-company gains			-44	34
Other Group adjustments (essentially comprising the difference in accounting policies between operating segments and the Group, such items as pensions <sup>1)</sup> and sale and leaseback)			15	-107
<b>Total</b>	<b>274</b>	<b>566</b>	<b>-161</b>	<b>-130</b>

<sup>1)</sup> For more information, see Note 29 Pensions**Geographical areas**

	Orders received		Order backlog		Net sales		Fixed assets <sup>1)</sup>	
	2022	2021	2022	2021	2022	2021	2022	2021
Sweden	33,170	31,940	32,841	32,197	31,360	31,122	3,177	3,166
Denmark	10,541	8,613	10,338	9,504	10,073	9,068	1,988	1,820
Norway	5,239	8,888	5,473	7,257	7,285	7,129	1,696	1,667
Finland	4,336	6,344	6,343	6,805	5,480	6,095	241	219

<sup>1)</sup> Pertains to fixed assets (incl. right-of-use assets according to Note 33) that are not financial instruments, deferred tax assets, assets pertaining to post-employment remuneration and rights arising in accordance with insurance agreements.

## Note 4

### Number of employees, personnel expenses and remuneration of senior executives

#### Average number of employees<sup>1)</sup>

	2022					2021				
	Number of employees	of whom, men	%	of whom, women	%	Number of employees	of whom, men	%	of whom, women	%
<b>Parent Company</b>										
Sweden	60	22	37%	38	63%	51	18	35%	33	65%
<b>Subsidiaries</b>										
Sweden	7,523	6,263	83%	1,260	17%	7,813	6,563	84%	1,250	16%
Norway	1,757	1,559	89%	198	11%	1,806	1,617	90%	189	10%
Finland	1,158	901	78%	257	22%	1,327	1,067	80%	260	20%
Denmark	1,956	1,686	86%	270	14%	1,955	1,692	87%	263	13%
Other countries	31 <sup>2)</sup>	23	74%	8	26%	50	38	76%	12	24%
<b>Total in subsidiaries</b>	<b>12,425</b>	<b>10,432</b>	<b>84%</b>	<b>1,993</b>	<b>16%</b>	<b>12,951</b>	<b>10,977</b>	<b>85%</b>	<b>1,974</b>	<b>15%</b>
<b>Group total</b>	<b>12,485</b>	<b>10,454</b>	<b>84%</b>	<b>2,031</b>	<b>16%</b>	<b>13,002</b>	<b>10,995</b>	<b>85%</b>	<b>2,007</b>	<b>15%</b>

<sup>1)</sup> The average number of employees is based on the average number of employees during the period January 1 to December 31, calculated on the basis of the number of salaried employees, recalculated to full-year positions.

<sup>2)</sup> Refers to Latvia. In other countries, NCC does not operate.

#### Men and women in the Board of Directors and Senior Management Team on balance sheet date

	Dec 31, 2022		Dec 31, 2021	
	men, %	women, %	men, %	women, %
Board of Directors	80	20	70	30
AGM-elected Board members	67	33	57	43
Senior Management Team	45	55	45	55
Senior Management Team, employed in the Parent Company	33	67	33	67

#### Salaries and other remuneration distributed between members of the Board and senior executives<sup>1)</sup> and other employees

	2022			2021		
	Board of Directors and senior executives	Other employees	Total	Board of Directors and senior executives	Other employees	Total
<b>Parent Company, Sweden</b>						
Salaries and other remuneration	48	48	97	32	52	83
Social security expenses			56			52
– of which, pension costs	6	15	21	6	15	21
Change in pension obligation	5			2		
<b>Group</b>						
Salaries and other remuneration	78	8,540	8,618	62	8,237	8,299
– of which, bonus and similar	19			5		
Social security expenses			2,774			2,940
– of which, pension costs	11		933	11		935
Change in pension obligation	9			4		

<sup>1)</sup> The senior executives category comprises six individuals (six) in the Parent Company and five individuals (five) in subsidiaries. The definition senior executive applies to the Senior Management Team, incl. the CEO.

#### Employment conditions and remuneration of senior executives

The Chairman of the Board and other AGM-elected Board members receive director fees according to an AGM resolution for work on the Board of Directors and committees. No pensions are paid to Board members. No special fee is paid to the Nomination Committee.

Remuneration for the CEO is proposed by the Chairman of the Board and decided by the Board. Remuneration of other senior executives in the Senior Management Team (SMT) is proposed by the CEO and approved by the Chairman of the Board.

Remuneration of the CEO and other senior executives consists of fixed and variable remuneration, other benefits and pensions. The term "other senior executives" refers to the people who together with the CEO constitute the SMT.

#### Fixed remuneration of the CEO

President and CEO Tomas Carlsson receives a fixed monthly salary of SEK 812,000.

#### Variable remuneration

For the CEO, the short-term variable remuneration is capped at 75 percent of fixed remuneration and based on the outcome of established targets, which are mainly financial. Short-term variable remuneration for other senior executives in 2022 is capped at 40 or 50 percent of fixed remuneration.

#### Pension conditions for the CEO

In 2022, the CEO was covered by a defined-contribution pension plan with a premium limit capped at 42 percent of his contractual fixed salary. The CEO's retirement age is 65 years.

#### Pension conditions for other senior executives

Other senior executives employed in Sweden are covered by a defined-benefit ITP plan with a retirement age of 65, and, in accordance with the current policy, of a supplementary defined-contribution pension obligation capped at 30 percent of pensionable remuneration exceeding 30 income base

Note 4 Number of employees, personnel expenses and remuneration of senior executives, cont'd

amounts. For other senior executives employed outside Sweden, the various pension conditions in those countries of employment will apply.

#### Termination terms

The CEO has a period of notice of six months from NCC and six months should he resign at his own request. If employment is terminated by NCC, severance pay is payable for 18 months. The severance pay is not pensionable and does not carry entitlement to vacation pay or other benefits. For a period of six months following the period of notice, the CEO, should NCC so demand, is required to observe a ban on working for competitors. During such a period, the CEO receives remuneration corresponding to basic monthly salary. Remuneration is not payable for periods when the CEO receives severance pay. Other senior executives are subject to six to 12 months' period of notice from NCC, or six months' notice if the senior executive resigns of his/her own accord.

If employment is terminated by NCC, severance pay is normally payable for 12 months. The severance pay will, with one exception, be reduced by an amount corresponding to any remuneration received from a new employer or own business. During the period of notice, senior executives may not take up a new position with another employer or conduct their own business activities without NCC's written consent.

#### Share-based remuneration

The prerequisites and conditions for allotment are listed below.

#### Long-term incentive programs

No long-term performance-based incentive program was proposed in 2022.

#### Transfer of treasury shares

To secure delivery of Series B shares, and to cover costs, mainly for compensation for dividends, social security fees and payments on the basis of the synthetic shares, arising from previously outstanding long-term performance-based incentive programs (LTI 2019, LTI 2020 and LTI 2021), the AGM resolved to permit the transfer of no more than 200,000 Series B shares. LTI 2019 comprised a total of 154,553 Series B shares including shares intended to cover social security expenses, but no shares were sold on account of the ongoing repurchase program.

#### LTI 2019

The performance period for LTI 2019 expired on December 31, 2021. Both the financial performance target and OHS target were achieved in part, and the outcome was just below 40 percent of the maximum outcome. Shares and synthetic shares were delivered in May 2022 to remaining participants in the program. In total, delivery was made of 75,230 shares and a corresponding 52,180 synthetic shares were paid out. 27,143 shares were intended to cover social security expenses. No compensation for dividends was paid. The amounts were delivered to 141 participants. The share price on the redemption date was SEK 123.24.

#### LTI 2020

A new LTI program was launched in 2020 in accordance with an AGM resolution. The program is essentially the same as previous LTI programs. The performance period for LTI 2020 expired on December 31, 2022. The overall operating margin for the period is used as the financial performance target, and the OHS target is the number of worksite accidents resulting in four days of absence or more from ordinary work per million working hours. Both the financial performance target and the OHS target were partially achieved and payment will be settled in May/June 2023.

#### LTI 2021

A new LTI program was launched in 2021 in accordance with an AGM resolution. The program is a three-year performance-based plan entailing that the participants themselves invest in company shares, Savings Shares. After the period expires, each Savings Share provides entitlement, depending on the degree to which the targets have been achieved, to the receipt of 3–6 Performance Shares free of charge. For LTI 2021, the target is accumulated earnings per share (EPS) during the period 2021–2023. For more information on the program, refer to the 2021 Annual Report. The performance period for LTI 2021 is from January 1, 2021 through December 31, 2023. The performance in respect of the predetermined target will be evaluated and reported in conjunction with the 2024 AGM.

Note 4 Number of employees, personnel expenses and remuneration of senior executives, cont'd

**Remuneration, provisions and other benefits in 2022**

SEK 000s	Basic salary <sup>(1,2)</sup>	Variable remuneration <sup>(3)</sup>	Share-based remuneration <sup>(4)</sup>	Other benefits	Pension costs	Pension obligation
Chairman of the Board Alf Göransson	1,625					
<i>Other Board members</i>						
Geir Magne Aarstad	600					
Simon de Château	500					
Mats Jönsson	625					
Birgit Nørgaard	625					
Angela Langemar Olsson	675					
<b>Total Board of Directors</b>	<b>4,650</b>					
CEO Tomas Carlsson <sup>(7)</sup>	10,953	7,088	2,516	120	4,092	1,979
Other senior executives <sup>(5)</sup>	15,808	5,232	1,718	385	2,390	7,334
<b>Total Parent Company</b>	<b>31,411</b>	<b>12,320</b>	<b>4,234</b>	<b>505</b>	<b>6,482</b>	<b>9,313</b>
Other senior executives in subsidiaries <sup>(6)</sup>	20,533	6,296	2,063	275	4,784	15,410
<b>Total senior executives</b>	<b>51,944</b>	<b>18,615</b>	<b>6,297</b>	<b>780</b>	<b>11,266</b>	<b>24,723</b>

<sup>1)</sup> For the Board of Directors, basic salary includes fees for Board and committee membership and for others, in addition to salary, also vacation compensation, reduced working hours and, where appropriate, severance pay.

<sup>2)</sup> Of fees paid to Board members, about three months are attributable to fees adopted by the 2021 AGM and about nine months to resolutions adopted at the 2022 AGM.

<sup>3)</sup> Variable remuneration relates to 2021, approved and disbursed in 2022.

<sup>4)</sup> Amounts pertain to amounts reserved/reversed for the ongoing LTI programs 2020 and 2021. The amount also includes compensation paid concerning the closed LTI program 2019.

<sup>5)</sup> This includes the five positions: the CFO and Head of Finance & IT, Head of Communication, Senior Legal Counsel, Head of Human Resources and Head of Purchasing.

<sup>6)</sup> This includes the five positions: NCC Infrastructure, NCC Building Sweden, NCC Building Nordics, NCC Industry and NCC Property Development. The former Head of NCC Industry, Ylva Lagesson, is included through September 30, 2022 and the current Head of NCC Industry is included as of October 1.

<sup>7)</sup> Change of the CEO's basic salary compared with the preceding year was due to a salary review and change in vacation salary liability.

**Remuneration, provisions and other benefits in 2021**

SEK 000s	Basic salary <sup>(1,2)</sup>	Variable remuneration <sup>(3)</sup>	Share-based remuneration <sup>(4)</sup>	Other benefits	Pension costs	Pension obligation <sup>(5)</sup>
Chairman of the Board Alf Göransson	1,225					
<i>Other Board members</i>						
Viveca Ax:son Johnson <sup>(7)</sup>	500					
Geir Magne Aarstad	600					
Simon de Château	500					
Mats Jönsson	625					
Birgit Nørgaard	625					
Angela Langemar Olsson	675					
<b>Total Board of Directors</b>	<b>4,750</b>					
CEO Tomas Carlsson	9,597	607	1,690	129	3,776	1,164
Other senior executives <sup>(5)</sup>	13,613	760	229	253	2,260	4,246
<b>Total Parent Company</b>	<b>27,960</b>	<b>1,367</b>	<b>1,919</b>	<b>382</b>	<b>6,036</b>	<b>5,410</b>
Other senior executives in subsidiaries <sup>(6)</sup>	25,197	3,412	1,369	425	5,411	13,454
<b>Total senior executives</b>	<b>53,157</b>	<b>4,779</b>	<b>3,288</b>	<b>807</b>	<b>11,447</b>	<b>18,864</b>

<sup>1)</sup> For the Board of Directors, basic salary includes fees for Board and committee membership and for others, in addition to salary, also vacation compensation, reduced working hours and, where appropriate, severance pay.

<sup>2)</sup> Of fees paid to Board members, about three months are attributable to fees adopted by the 2020 AGM and about nine months to resolutions adopted at the 2021 AGM.

<sup>3)</sup> Variable remuneration relates to 2020, approved and disbursed in 2021.

<sup>4)</sup> Amounts pertain to amounts reserved/reversed for the ongoing LTI programs 2019, 2020 and 2021. The amount also includes compensation paid concerning the closed LTI program 2018.

<sup>5)</sup> This includes the five positions: the CFO and Head of Finance & IT, Head of Communication and Senior Legal Counsel for full-year 2022 and Head of Human Resources as of June 1, 2021 and Head of Purchasing as of November 1, 2021.

<sup>6)</sup> This includes seven positions: the Heads of NCC Infrastructure, NCC Building Sweden, NCC Building Nordics, NCC Industry and NCC Property Development for the whole of 2021 and the Head of Human Resources up to May 31, 2021 and the acting Head of Purchasing up to October 31, 2021.

<sup>7)</sup> Viveca Ax:son Johnson stepped down from the Board at the AGM on April 5, 2022.

<sup>8)</sup> Figures for the preceding year were adjusted and now include previous positions in subsidiaries for current senior executives.

Note 4 Number of employees, personnel expenses and remuneration of senior executives, cont'd

## Share rights

Number	Group		Parent Company	
	Share rights	Synthetic shares	Share rights	Synthetic shares
Outstanding at the beginning of the period	744,051	309,600	135,444	66,168
Expired, unallocated	-117,258	-80,584	-18,276	-18,276
Compensation shares allotted LTI 2019	-75,230	-52,180	-12,103	-12,103
Forfeited during the period	-7,860	-5,094	-488	-488
<b>Outstanding at the end of the period</b>	<b>543,703</b>	<b>171,742</b>	<b>104,577</b>	<b>35,301</b>
Puttable at the end of the period	0	0	0	0

All share rights and synthetic shares have an exercise price of SEK 0.

Share rights and synthetic shares outstanding have a remaining maturity of one and a half years to a half year, respectively. The share price for exercised shares on the exercise date was SEK 123.24.

## Personnel expenses for share-based remuneration

	2022		2021	
	Group	Parent Company	Group	Parent Company
Share rights	12	2	10	2
Synthetic shares			3	1
Social security expenses			4	1
<b>Total personnel costs for share-based remunerations</b>	<b>12</b>	<b>2</b>	<b>17</b>	<b>4</b>
<b>Total carrying amount pertaining to liability for synthetic shares</b>	<b>8</b>	<b>2</b>	<b>14</b>	<b>3</b>
Total real value of the liability pertaining to vested benefits	8	2	14	3

## Fair value and assumptions for share rights

	LTI 2020		LTI 2021	
	Group	Parent Company	Group	Parent Company
Fair value on date of valuation, SEK 000s	12,530	1,929	13,809	3,051
Share price, SEK	122.71	122.71	132.49	132.49
Redemption price, SEK	0	0	0	0
Maturity of share rights, years	0.5	0.5	1.5	1.5
Risk-free interest rate, %	1.77	1.77	1.90	1.90

Dividend has been calculated as a three-year average of NCC AB's dividends. All fair values and assumptions are the same for all participants in the program.

## Accounting policies

### Share-based remuneration

Instrument issued under the NCC Group's share-based remuneration plan comprise share rights and synthetic (cash-settled) shares.

The fair value of allotted share rights is recognized as a personnel cost accompanied by a corresponding increase in shareholders' equity. The fair value is estimated at the date of allotment by means of an adjustment of the discounted value of the future dividends for which the plan participants will not qualify. The fair value is based on the average share price for the ten days following the AGM in the relevant year. Adjustments are continuously made for the share rights that are not expected to be vested, meaning that the final degree of fulfillment is estimated on a quarterly basis and the fair value is adjusted thereafter.

Synthetic shares give rise to an undertaking to the employee, which is measured at fair value and recognized as a cost accompanied by a corresponding increase in liabilities. The fair value of the synthetic shares comprises the market price of the Series B NCC share at the particular financial report occasion adjusted by the discounted value of the future dividends for which the plan participants will not qualify.

At each financial report occasion, the Parent Company makes an

assessment of the probability of whether the performance targets will be achieved. Costs are calculated on the basis of the number of shares and synthetic shares that are estimated to be settled at the close of the vesting period.

When settlement of the share rights and synthetic shares occurs, social security fees must be paid for the value of the employees' benefit. These vary in the different countries in which NCC is active. During the period in which the services are performed, provisions are also posted for these calculated social security fees based on the fair value of the share rights and the synthetic shares, respectively, on the reporting date.

To satisfy NCC AB's undertakings in accordance with the long-term incentive programs, NCC AB has repurchased Series B shares. These are recognized as shares held in treasury and thus reduce shareholders' equity.

### Severance payments

In conjunction with notice of employment termination, a provision is recognized only if the company is contractually obliged to terminate an employment position before the normal time, or when payments are made as an offering to encourage voluntary redundancy. For cases in which the company implements personnel cutbacks, a detailed plan is prepared that covers at least the workplace concerned, positions, and the approximate number of affected employees and remuneration for every personnel category or position, as is a time schedule for the plan's implementation.

## Note 5 Depreciation/amortization

	Group	
	2022	2021
Intangible assets	-50	-46
Owner-occupied properties	-60	-61
Owner-occupied properties, right-of-use assets	-247	-261
Machinery and equipment	-552	-554
Machinery and equipment, right-of-use assets	-322	-385
<b>Total depreciation/amortization</b>	<b>-1,231</b>	<b>-1,307</b>

### Accounting policies

Straight-line depreciation based on estimated useful life, or on utilization rate, is applied with due consideration for any residual values at the close of the period. Goodwill and other assets that have an indefinite life are not amortized but subject to systematic impairment testing. NCC applies so-called component depreciation, whereby each asset with a considerable value is divided into a number of components that are depreciated on the basis of their particular useful life.

Depreciation/amortization rates vary in accordance with the table below:

Intangible fixed assets	
Rights-of-use	In pace with confirmed depletion of net asset value
Software	10–33 percent
Other intangible assets	10–33 percent
Tangible fixed assets	
Owner-occupied properties	1.4–10 percent
Land improvements	3.7–5 percent
Pits and quarries	In pace with confirmed depletion of net asset value
Fittings in let premises	14–20 percent
Machinery and equipment, right-of-use assets	5–33 percent

## Note 6 Fees and remuneration to audit firms

	Group		Parent Company	
	2022	2021	2022	2021
Audit firms				
<i>PwC</i>				
Auditing assignments	20	18	5	5
Audit in addition to the audit assignment	1	1	1	1
Tax consultations				
Other services	1	1		1
<i>Other auditors</i>				
Auditing assignments				
Audit in addition to the audit assignment				
Tax consultations				
<b>Total fees and remuneration to auditors and audit firms</b>	<b>21</b>	<b>20</b>	<b>6</b>	<b>6</b>

During 2022, PwC received approximately SEK 1 M for non-audit services. The services primarily comprised various types of consultation involving accounting and sustainability issues, but no valuation services.

Audit assignments amounted to SEK 20 M, of which SEK 12 M to PwC Sweden. Accounting activities in addition to the audit assignment amounted to SEK 1 M, of which SEK 1 M to PwC Sweden. PwC Sweden did not perform any tax consultancy for NCC.

Other services assignments amounted to SEK 1 M, of which SEK 1 M to PwC Sweden.

## Note 7 Impairment losses

	Group		Parent Company	
	2022	2021	2022	2021
<b>Impairment losses on current assets</b>				
Properties held for future development		-10		
<b>Total impairment losses on current assets</b>		<b>-10</b>		
<b>Impairment losses on participations in subsidiaries</b>				
Shares in subsidiaries				-79
<b>Total impairment losses on participations in subsidiaries</b>				<b>-79</b>
<b>Impairment losses on other fixed assets</b>				
Owner-occupied properties		-19		
Machinery and equipment		4		
<b>Total impairment losses and reversal of impairment losses for other fixed assets</b>		<b>-16</b>		
<b>Total impairment losses</b>	<b>0</b>	<b>-25</b>	<b>0</b>	<b>-79</b>

### Accounting policies

When necessary, although at least once a year, NCC conducts impairment testing of the assets' carrying amounts. An impairment requirement arises when the recoverable amount is less than the carrying amount.

## Note 8 Result from participations in Group companies

	Group		Parent Company	
	2022	2021	2022	2021
Dividend			1,081	1,127
Capital gain/loss on sale	59	-46		
Impairment losses				-79
<b>Total</b>	<b>59</b>	<b>-46</b>	<b>1,081</b>	<b>1,048</b>

## Note 9 Operating expenses by type of cost

Group	2022	2021
Production-related goods and services, plus raw materials and supplies	-40,540	-39,026
Change in inventory	-19	-106
Personnel expenses	-11,392	-11,238
Depreciation/amortization	-1,231	-1,307
Impairment losses		-25
<b>Total production costs, and selling and administrative costs</b>	<b>-53,183</b>	<b>-51,703</b>

## Note 10 Interest expense and similar items

Parent Company	2022	2021
Interest expense, Group companies	-6	-2
Interest expense to credit institutions		-12
Financial portion of pension cost	-4	-4
Other financial items		-4
<b>Total</b>	<b>-10</b>	<b>-22</b>

### Accounting policies

In the Parent Company, borrowing costs are expensed in their entirety in the period in which they are incurred.

## Note 11 Net financial items

Group	2022	2021
Interest income and financial assets measured at fair value	2	1
Interest income on financial assets measured at amortized cost	8	5
Interest income on bank balances	4	1
Net gain on financial assets/liabilities measured at fair value	13	13
Net exchange rate changes	1	
Other financial income	1	1
<b>Financial income</b>	<b>29</b>	<b>20</b>
Interest expense on financial liabilities measured at amortized cost	-66	-42
Other financial expenses	-21	-38
<b>Financial expenses<sup>1)</sup></b>	<b>-87</b>	<b>-80</b>
<b>Net financial items</b>	<b>-59</b>	<b>-60</b>
Of which, changes in value calculated using valuation techniques	-3	-1

<sup>1)</sup> Refer to Note 24, Properties classified as current assets, for more information concerning capitalized interest.

## Note 12 Effects on profit or loss of exchange rate changes

Group	2022		Exchange rate effect
	exchange rates 2021 <sup>1)</sup>	2022	
Net sales	53,116	54,198	1,082
Operating profit/loss	1,326	1,358	31
Profit/loss after financial items	1,272	1,299	27
Net profit for the year	1,050	1,069	19

<sup>1)</sup> Figures for 2022 converted at 2021 exchange rates.

Country	SEK	Currency	Average exchange rate Jan–Dec		Year-end rate, Dec 31	
			2022	2021	2022	2021
Denmark	100	DKK	142.90	136.41	149.78	138.04
Euro countries	1	EUR	10.63	10.14	11.14	10.27
Norway	100	NOK	105.23	99.80	105.97	102.76

## Note 13 Appropriations

Parent Company	Appropriations	
	2022	2021
Group contributions received	330	593
Group contributions granted	-97	-141
<b>Total</b>	<b>233</b>	<b>452</b>

## Note 14 Equity

### Specification of the item Reserves in equity

Group	2022	2021
<b>Translation reserve</b>		
Translation reserve, January 1	14	-86
Year's exchange differences on translating foreign operations	229	101
Translation difference attributable to divested operations		-2
<b>Translation reserve, December 31</b>	<b>243</b>	<b>14</b>
<b>Hedging reserve</b>		
Hedging reserve, January 1	42	-17
Fair value changes for the year in cash flow hedges	102	56
Fair value changes in cash flow hedges transferred to net profit/loss for the year	-44	18
Tax attributable to cash flow hedges	-12	-15
<b>Hedging reserve, December 31</b>	<b>87</b>	<b>42</b>
<b>Revaluation reserve</b>		
Revaluation reserve, January 1	1	1
<b>Revaluation reserve, December 31</b>	<b>0</b>	<b>1</b>
<b>Total reserves</b>		
Reserves, January 1	57	-101
Change in reserves during the year		
– Translation reserve	229	99
– Hedging reserve	46	59
<b>Reserves, December 31</b>	<b>331</b>	<b>57</b>

### Translation reserve

The translation reserve includes all exchange rate differences that arise from the translation of the financial statements of foreign operations that have compiled their reports in a currency other than that in which the consolidated financial statements are presented, in NCC's case, SEK. The translation reserve also includes exchange rate differences that arise from the remeasurement of liabilities and currency forward contracts entered into as instruments to hedge net investments in foreign operations.

### Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

### Revaluation reserve

The revaluation reserve arises from step acquisitions, multi-stage acquisitions, meaning an increase in the fair value of previously owned participations in net assets resulting from step acquisitions.



## Note 15 Intangible fixed assets

2022	Group			
	Acquired intangible assets			Total other
	Goodwill	Rights-of-use	Other	
Recognized cost on January 1	2,078	258	665	923
Investments		10	19	29
Divestment and scrappage		-37		-37
Reclassifications		5	1	6
Translation differences during the year	97	8	12	21
Recognized cost on December 31	2,174	244	698	942
Accumulated amortization on January 1	-1	-143	-430	-573
Divestment and scrappage		37		36
Reclassifications		-2		-2
Translation differences during the year	-2	-4	-8	-12
Amortization according to plan during the year		-15	-35	-50
Accumulated amortization on December 31	-4	-127	-474	-601
Accumulated impairment losses on January 1	-225	-15		-15
Translation differences during the year	-3			
Accumulated impairment losses on December 31	-227	-16		-16
Residual value on January 1	1,852	100	235	335
Residual value on December 31	1,943	101	224	326

2021	Group			
	Acquired intangible assets			Total other
	Goodwill	Rights-of-use	Other	
Recognized cost on January 1	2,020	254	639	893
Investments		11	6	16
Divestment and scrappage		-10	-5	-15
Reclassifications		-2	18	16
Translation differences during the year	58	6	7	13
Recognized cost on December 31	2,078	258	665	923
Accumulated amortization on January 1		-137	-395	-532
Divestment and scrappage		9	5	14
Translation differences during the year	-1	-3	-6	-9
Amortization according to plan during the year		-11	-34	-46
Accumulated amortization on December 31	-1	-143	-430	-573
Accumulated impairment losses on January 1	-221	-16	-2	-18
Translation differences during the year	-3	1	2	3
Accumulated impairment losses on December 31	-225	-15	0	-15
Residual value on January 1	1,800	102	241	342
Residual value on December 31	1,852	100	235	335

As of 2021, the Parent Company has no intangible fixed assets; all investments of these are done in the Group's subsidiaries.

### Goodwill per operating segment

Operating segments	2022	2021
NCC Infrastructure	262	256
NCC Building Sweden	233	233
NCC Building Nordics	337	321
NCC Industry	1,111	1,042
<b>Total, NCC Group</b>	<b>1,943</b>	<b>1,852</b>

### Impairment testing of goodwill in cash-generating units

Impairment testing of goodwill in the Group occurs annually or more often if there are indications that the value of goodwill has declined. To test the impairment requirement, goodwill was allocated to cash-generating units in accordance with NCC's commercial organization, meaning NCC's five business areas. Impairment testing is conducted based on the business areas' future cash flow, taking into account the market's yield requirement and the units' risk profile. The calculations of the recoverable amount are all based on assessments by corporate management, which management considers reasonable given the best available information. The most significant assumptions were:

*Long-term growth:* In all cases, a long-term sustainable growth rate of 1.9 (2.0) percent has been assumed when the forecast period is over, which reflects anticipated long-term growth in the market. Management does not believe the terminal value used for growth in any case exceeds the average growth rate for the markets in which NCC operates.

*Operating margin:* Forecast operating margin has been set at a four-year average. The assumption is based on approved forecasts by management, which in their opinion reflects historical experience and other externally available information.

*Working capital and reinvestment requirement:* The requirement has been assumed to match the figure for 2022, with a growth rate equal to the sustainable long-term growth rate. The assumption has been based on previous experience and estimates of future requirements.

*Weighted average cost of capital, WACC:* Is calculated for the various units on the basis of beta value, and local conditions in respect of market rates and tax, as well as a planned, long-term market-based capital structure for the various operations. The latter is based on the operational risk and

## Note 15 Intangible assets, cont'd

the opportunities to leverage the operation. The weighted average cost of capital before tax for the various cash-generating units are as follows: NCC Infrastructure 8.6 (8.8), NCC Building Sweden 8.1 (8.8), NCC Building Nordics 8.7 (8.8) and NCC Industry 6.8 (5.1). For NCC Industry, the weighted average cost of capital was lower than for other business areas due to another capital structure. Of NCC Industry's assets, approximately 40 percent is estimated to be eligible as collateral, which enables a higher degree of indebtedness compared with other business areas and therefore reduces the cost of capital. The calculations are iterative and conditions are tested annually. NCC Infrastructure, NCC Building Sweden and NCC Building Nordics have essentially no assets eligible as collateral, their operational capital employed is negative.

**Impairment and risk analyses:** The year's impairment testing was based on cash flow forecasts for 2023-2026. The average growth rate during the forecast period corresponds to about 2 percent for all business areas. The anticipated operating margin is based on the latest available forecast for each of the business areas. No impairment requirement was identified.

Due to the increased market volatility, driven by higher inflation and rising market rates, combined with lower operating profit in NCC Industry, NCC performed further impairment testing in the fourth quarter. NCC also adjusted the weighted average cost of capital for Industry: the proportion of interest-bearing liabilities increased in the long-term market-based capital structure, which was offset by an increase in shareholders' equity relative to the capital structure in the preceding year. As shown in the following table, no impairment requirement was identified in the subsequent testing.

**Impact of value in use in sensitivity analysis**

The table shows the impact in SEK M on the cash-generating units' recoverable amount if the weighted average cost of capital, future operating margin or the long-term growth were to be adjusted in accordance with the percentage points stated.

	2022 NCC Industry
Value in use less carrying amount is surplus / deficit	1,337
Weighted average cost of capital after tax (WACC)	6.8%
<b>Impact of value in use (negative values):</b>	
Operating margin during forecast period, -0.5%	-795
Long-term growth, -1%	-927
Weighted average cost of capital after tax (WACC), +0.5%	-537

## Note 16

### Tangible fixed assets

2022	Group		Total
	Owner-occupied properties	Machinery and equipment	
<b>Recognized cost on January 1</b>	1,482	7,067	8,548
Investments	74	834	908
Increase through acquisition of operations		1	1
Divestment and scrappage	-69	-653	-722
Reclassifications	90	-15	76
Translation differences during the year	54	182	235
<b>Recognized cost on December 31</b>	1,631	7,415	9,046
<b>Accumulated impairment losses and depreciation on January 1</b>	-692	-4,792	-5,484
Divestment and scrappage	60	533	592
Reclassifications	-8	20	12
Translation differences during the year	-21	-121	-142
Depreciation during the year	-60	-552	-613
<b>Accumulated impairment losses and depreciation on December 31<sup>1)</sup></b>	-723	-4,912	-5,634
<b>Accumulated write-ups on January 1</b>		21	21
Reclassifications		-21	-21
<b>Accumulated write-ups on December 31</b>		0	0
<b>Residual value on January 1</b>	790	2,296	3,086
<b>Residual value on December 31</b>	909	2,504	3,413
1) Accumulated impairment losses on December 31	-78	-69	-146

**Other intangible assets**

Rights-of-use include the right to use gravel and rock pits for a determined period. The periods may vary but the rights normally pertain to longer periods. Amortization of quarries occurs in pace with confirmed depletion of net asset value, based on the volume of extracted rock and gravel. The other intangible assets consist mainly of software and licenses. The periods of use range from three to five years and amortization is applied on a straight-line basis.

**Accounting policies**

Intangible fixed assets are recognized at cost less accumulated impairment losses and amortization.

Goodwill arises from acquisitions of companies and operations. Goodwill is not amortized but is impairment tested annually. Goodwill in foreign operations is valued in the particular functional currency and is converted from this functional currency to the Group's reporting currency at the exchange rates prevailing on the balance sheet date.

Rights of use consist primarily of the right to utilize rock pits and gravel quarries, which are depreciated in parallel with confirmed depletion of net asset value based on volumes of extracted stone and gravel. This type of right of use is not covered by IFRS 16, Leases. For amortization periods for intangible assets, refer to Note 5.

**Impairment losses**

When necessary, although at least once a year, NCC conducts impairment testing of the assets' carrying amounts. An impairment requirement arises when the recoverable amount is less than the carrying amount.

**Important estimates and assessments****Measurement of goodwill**

Goodwill is measured at the lower of cost and recoverable amount.

Several assumptions and estimates are made concerning future conditions, which are taken into account when calculating the discounted cash flow upon which the estimated recoverable amount has been based. Important assumptions include expected growth, margins and the discount rate. If these assumptions change, the value of the remaining goodwill could be affected.

Note 16 Tangible fixed assets, cont'd

As of 2021, the Parent Company has essentially no tangible fixed assets, since all investments of these occur in the Group's subsidiaries.

2021	Group		Total
	Owner-occupied properties	Machinery and equipment	
<b>Recognized cost on January 1</b>	<b>1,506</b>	<b>7,341</b>	<b>8,847</b>
Investments	45	720	766
Divestment and scrappage	-89	-1,059	-1,148
Reclassifications	-9	-114	-124
Translation differences during the year	29	178	207
<b>Recognized cost on December 31</b>	<b>1,482</b>	<b>7,067</b>	<b>8,548</b>
<b>Accumulated impairment losses and depreciation on January 1</b>	<b>-631</b>	<b>-5,056</b>	<b>-5,687</b>
Divestment and scrappage	33	821	854
Discontinued operations		1	1
Reclassifications		108	108
Translation differences during the year	-13	-116	-129
Impairment losses for the year <sup>1)</sup>	-19		-19
Reversed impairment losses		4	4
Depreciation during the year	-61	-554	-615
<b>Accumulated impairment losses and depreciation on December 31</b>	<b>-692</b>	<b>-4,792</b>	<b>-5,484</b>
<b>Accumulated write-ups on January 1</b>		<b>21</b>	<b>21</b>
<b>Accumulated write-ups on December 31</b>		<b>21</b>	<b>21</b>
<b>Residual value on January 1</b>	<b>875</b>	<b>2,306</b>	<b>3,181</b>
<b>Residual value on December 31</b>	<b>790</b>	<b>2,296</b>	<b>3,086</b>
1) Accumulated impairment losses on December 31	-64	-65	-129

**Accounting policies****Owner-occupied properties**

Owner-occupied properties are held for use in the company's own operations for the purpose of production, the provision of services or administration and are recognized in accordance with IAS 16 Tangible fixed assets. They are recognized at cost, based on an external valuation conducted in connection with the acquisition, less accumulated depreciation and any impairment losses. Land is not depreciated.

**Machinery and equipment**

Machinery and equipment are recognized, according to IAS 16 Tangible fixed assets, at cost less accumulated depreciation and any impairment losses.

Cost includes the purchase price and expenses directly attributable to the asset for bringing it to the place and condition for use according to the purpose of the acquisition. For all depreciation periods, refer to Note 5.

**Important estimates and assumptions**

Additional expenses are added to carrying amount of the asset only when it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured. All other types of maintenance of tangible fixed assets is expensed in the income statement.

## Note 17

### Participations in Group companies

Parent Company Name of company, Corp. Reg. No., Reg. office	Owner-ship share, % <sup>1)</sup>	No. of participations <sup>2)</sup>	Carrying amount	
			2022	2021
<b>Property companies:</b>				
NCC Property Development Nordic AB, 556743-6232, Solna	100	1	964	963
<b>Total participations in property companies</b>			<b>964</b>	<b>963</b>
<b>Other companies:</b>				
NCC Danmark A/S, 69 89 40 11, Denmark	100	400	136	134
NCC Norge AS, 911 274 426, Norway	100	17,500	1,121	1,120
NCC Sverige AB, 556613-4929, Solna	100	500	421	418
NCC Försäkringsaktiebolag, 516401-8151, Solna	100	500	78	78
NCC International AB, 556033-5100, Solna	100	1,000	4	4
NCC Purchasing Group AB, 556104-9932, Solna	100	2	7	7
NCC Suomi Oy, 1765514-2, Finland	100	4	96	95
NCC Industry Nordic AB, 556144-6732, Solna	100	275	1,644	1,642
NCC Treasury AB, 556030-7091, Solna	100	120	16	16
Nordic Road Services Holding AB 559172-2227, Stockholm	100	50		
<b>Total shares in other companies</b>			<b>3,523</b>	<b>3,514</b>
<b>Total participations in Group companies</b>			<b>4,487</b>	<b>4,477</b>

<sup>1)</sup> Ownership share corresponds to the shareholding.

<sup>2)</sup> Number of shares in thousands.

NCC essentially owns 100 percent of all subsidiaries, whereby these are consolidated in their entirety according to the purchase method. NCC's assessment is that it has no controlling interest in any holdings in which the ownership share amounts to 50 percent or less.

Only directly owned subsidiaries have been specified. The number of indirectly owned subsidiaries is 125 (130). Companies for which ownership shares and number of shares have not been specified were divested, merged or liquidated during the year, or alternatively became indirectly owned subsidiaries in NCC's current structure.

**Accounting policies**

Companies in which the Parent Company has a controlling interest, normally through a direct or indirect holding carrying more than 50 percent of the voting rights, are consolidated in their entirety. Controlling interest is defined as power over the investee, exposure or the right to variable returns from its involvement with the investee and the ability to exercise its power over the investee to affect the returns. Participations in subsidiaries are recognized in the Parent Company at cost. Should the recoverable amount of shares in subsidiaries fall below the fair value, an impairment loss is recognized. Dividends received are recognized as revenue.

## Note 18 Investments in associated companies and joint ventures

Group Name of company, Corp. Reg. No., Reg. office	Own- ership share, % <sup>1)</sup>	No. of parti- cipations <sup>2)</sup>	Carrying amount	
			2022	2021
Hercules-Trevi Foundations AB, 556185-3788, Solna	50	1	1	1
Oraser AB, 556293-2722, Stockholm	50	1	5	5
Sjællands Emulsionsfabrik I/S, 18004968, Denmark	50		8	7
Other NCC-owned associated compa- nies 9 (10)				1
<b>Total</b>			<b>15</b>	<b>14</b>

<sup>1)</sup> The ownership share corresponds to the proportion of votes for the total number of shares.

<sup>2)</sup> Number of shares in thousands.

### Accounting policies

Associated companies are defined as companies in which the Group controls 20–50 percent of the voting rights. Companies in which the Group owns less than 20 percent of voting rights but exercises a significant influence are also classified as associated companies. In accordance IFRS 11 Joint Arrangements, joint ventures recognized are those joint arrangements in which the parties involved have a joint influence and the parties have the right to the net assets.

Participations in associated companies and joint ventures are consolidated in accordance with the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.

NCC's share in associated companies relates to their operations and its share in the results of associated companies is recognized in profit or loss as "Result from participations in associated companies," which is part of operating profit. Amounts are recognized net after taxes.

## Note 19 Joint operations

The consolidated financial statements include the items below that constitute the Group's interests in the joint operations' net sales, costs, assets and liabilities.

Group	2022	2021
Revenue	1,377	1,447
Expenses	-1,339	-1,410
<b>Profit</b>	<b>38</b>	<b>38</b>
Fixed assets	31	36
Current assets	5,680	4,282
<b>Total assets</b>	<b>5,711</b>	<b>4,318</b>
Long-term liabilities	43	34
Current liabilities	5,410	4,057
<b>Total liabilities</b>	<b>5,453</b>	<b>4,091</b>
<b>Net assets</b>	<b>258</b>	<b>227</b>

The joint operations category also includes partly owned construction contracts, over which NCC has a contractual joint influence together with the other partners.

### Specification of joint operations

Group	Shareholding, %
Arandur OY	33
ARC-Konsortiet I/S	50
Handelsbolag NCC-DPR Data Centre Contractors	50
HNB Fjernvarme I/S	70
Holding Big Apple Housing Oy	50
Kiinteistö Oy Polaristontti 2	50
Kiinteistö Oy Polaristontti 3	50
Konsortium NCC - Brøndum I/S	70
Konsortiet Nyt Assens Renseanlæg I/S	50
Miljöfabriken 2000 AB	50
Milman Miljömuuddring	50
NCC-OHL Lund-Arlöv, fyra spår HB	50
NCC/SMET Konsortiet I/S	50
NCC/SMET Østerbro Tunnel Konsortiet I/S	50
NCC-W&F West Link Contractors HB	60
NCC SMET Kalvebod Konsortiet IS	77
Polaris Business Park Oy	50
Vandlinjen Entreprise Konsortium, VEK I/S	50

### Accounting policies

Joint arrangements are defined by NCC as projects conducted in forms similar to those of a consortium, meaning subject to joint control. This could take the form of, for example, jointly owned companies that are governed jointly. Joint arrangements are divided into joint ventures, which are consolidated according to the equity method, or into joint operations, which are consolidated according to the proportional method. For information on joint ventures, refer to Note 18, Investments in associated companies and joint ventures. A joint arrangement is recognized as a joint operation in accordance IFRS 11 Joint Arrangements when NCC has a right to the assets and also has obligations related to the liabilities that the arrangement entails.

## Note 20

### Financial investments

Group	2022	2021
<b>Financial investments classified as fixed assets</b>		
<i>Fair value through other comprehensive income, equity instruments</i>		
Unlisted securities	68	68
<b>Total</b>	<b>68</b>	<b>68</b>
<b>Short-term investments classified as current assets</b>		
<i>Financial assets measured at amortized cost</i>		
Interest-bearing securities	374	401
<i>Investments measured at amortized cost</i>		
Interest-bearing securities	20	86
<b>Total</b>	<b>394</b>	<b>487</b>

Investments measured at amortized cost have an established interest rate ranging from 0.1 percent (–0.4) to 3.3 percent (0.7), and have due dates ranging from ten months to four years and six months.

During the year, financial fixed assets were impaired by SEK 0 M (0).

## Note 21

### Financial fixed assets

Parent Company, 2022	Participations in Group companies	Other long-term securities	Other long-term receivables <sup>1)</sup>	Total
Recognized cost on January 1	6,690	45	30	6,766
Assets added	10		–1	9
Recognized cost on December 31	6,700	45	29	6,775
Accumulated impairment losses on January 1	–2,213			–2,213
Accumulated impairment losses on December 31	–2,213			–2,213
Residual value on December 31	4,487	45	29	4,562

Parent Company, 2021	Participations in Group companies	Other long-term securities	Other long-term receivables <sup>1)</sup>	Total
Recognized cost on January 1	6,664	45	25	6,734
Assets added	27		5	31
Recognized cost on December 31	6,690	45	30	6,766
Accumulated impairment losses on January 1	–2,134			–2,134
Impairment losses for the year	–79			–79
Accumulated impairment losses on December 31	–2,213			–2,213
Residual value on December 31	4,477	45	30	4,552

<sup>1)</sup> The item also includes deferred tax assets.

#### Accounting policies

The Parent Company recognizes participations in subsidiaries at cost and, where applicable, taking into account write-ups or impairment losses.

## Note 22

### Long-term interest-bearing receivables and other receivables

Group	2022	2021
<b>Long-term interest-bearing receivables classified as fixed assets</b>		
Receivables from associated companies and joint ventures	7	11
Interest-bearing securities <sup>1)</sup>	165	107
Other long-term interest-bearing receivables	12	11
<b>Long-term interest-bearing receivables classified as fixed assets</b>	<b>184</b>	<b>128</b>
<b>Other receivables classified as current assets</b>		
Receivables from associated companies and joint ventures	2	9
Receivables from divested property and residential projects	23	26
Advance payments to suppliers	2	2
Derivative instruments held for hedging	135	62
Other current receivables	224	454
<b>Other receivables classified as current assets</b>	<b>386</b>	<b>552</b>

<sup>1)</sup> Carrying amount is a reasonable estimation of fair value. For due dates, refer to Note 20, Financial investments.

NCC's subsidiary, NCC Försäkringsaktiebolag, as an insurance company, must have investment assets that cover technical liabilities for own account. In 2022 and 2021, these requirements were fulfilled. These investment assets pertain to interest-bearing securities, as specified in the table.

Long-term interest-bearing receivables pertaining to pensions are recognized in the balance sheet under Pension receivable.

## Note 23

### Tax on net profit for the year, deferred tax assets and deferred tax liabilities

	Group		Parent Company	
	2022	2021	2022	2021
<b>Tax on net profit for the year</b>				
Current tax cost	-119	-183	-33	-95
Deferred tax revenue/cost	-111	-74	-1	5
<b>Total recognized tax on net profit for the year</b>	<b>-230</b>	<b>-257</b>	<b>-34</b>	<b>-90</b>

Effective tax	Group				Parent Company			
	2022		2021		2022		2021	
	Tax, %	Profit	Tax, %	Profit	Tax, %	Profit	Tax, %	Profit
Pretax profit		1,299		1,765		1,239		1,505
Tax according to company's current tax rate	-21%	-268	-21%	-364	-21%	-255	-21%	-310
Effect of other tax rates for non-Swedish companies	0%	-3	-1%	-10				
Other non-tax-deductible costs	-3%	-35	-1%	-17	0%	-1	-1%	-20
Non-taxable revenues	10%	134	7%	116	18%	225	16%	236
Tax effects resulting from non-capitalized tax loss carryforwards for the year	-5%	-61	0%	-2				
Tax effects resulting from utilization of previously non-capitalized tax loss carryforwards			0%	1				
Tax effects resulting from changed measurement of tax loss carryforwards	0%	-3						
Tax attributable to prior years	1%	8	1%	14	0%	-1	0%	0
Other	1%	-2	1%	6	0%	-2	0%	4
<b>Average tax rate / recognized tax</b>	<b>-18%</b>	<b>-230</b>	<b>-15%</b>	<b>-257</b>	<b>-3%</b>	<b>-34</b>	<b>-6%</b>	<b>-90</b>

Current tax has been calculated based on the nominal tax prevailing in the country concerned. Insofar as the tax rate for future years has been amended, the changed rate is used for calculating deferred tax.

#### Tax items recognized directly in Other comprehensive income

	Group	
	2022	2021
Deferred tax on cash flow hedges	-12	-15
Deferred tax attributable to the revaluation of defined-benefit pension plans	-420	-194
<b>Total</b>	<b>-432</b>	<b>-209</b>

Note 23 Tax on net profit for the year, deferred tax assets and deferred tax liabilities, cont'd.

### Change in deferred tax in temporary differences and tax loss carryforwards

	Group		Parent Company	
	2022	2021	2022	2021
Opening carrying amount	144	391	30	25
Acquisition of subsidiaries		8		
Recognized tax on net profit for the year	-111	-78	-1	1
Tax item, revaluation of defined-benefit pension plans recognized in other comprehensive income	-432	-209		
Translation differences	-2	32		
Other	22	1		4
<b>Closing carrying amount</b>	<b>-379</b>	<b>144</b>	<b>29</b>	<b>30</b>

Group	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Tangible fixed assets	95	35			95	35
Financial fixed assets	3	3			3	3
Non-completed projects			-1,121	-965	-1,121	-965
Properties held for future development	29	26			29	26
Untaxed reserves			-254	-269	-254	-269
Provisions	267	288			267	288
Personnel benefits/Pension provisions		412	-14		-14	412
Loss carryforwards <sup>1)</sup>	616	598			616	598
Other		16				16
<b>Deferred tax assets / Deferred tax liability</b>	<b>1,011</b>	<b>1,378</b>	<b>-1,390</b>	<b>-1,234</b>	<b>-379</b>	<b>144</b>
Offsetting	-902	-770	902	770		
<b>Deferred tax assets / tax liabilities, net</b>	<b>109</b>	<b>609</b>	<b>-488</b>	<b>-464</b>	<b>-379</b>	<b>144</b>

<sup>1)</sup> Of the Group's deferred tax assets concerning loss carryforwards totaling SEK 616 M (598), SEK 605 M pertains to operations in Norway. The loss carryforwards may be utilized against future profits, with no time limitations, and NCC's assessment is that there are factors that convincingly indicate that this will be the case. The operations have a track record of operating at a profit, market conditions are favorable and the losses incurred are a function of structural and project-specific difficulties. To manage these, NCC initiated and launched a comprehensive action program in the final quarter of 2018, which is proceeding as planned.

Parent Company	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Provisions	29	30			29	30
<b>Deferred tax assets / tax liabilities, net</b>	<b>29</b>	<b>30</b>			<b>29</b>	<b>30</b>

Temporary differences between the carrying amount and the taxable value of directly owned participations do not normally arise for participations held as business assets in Swedish companies. Nor do they arise from other participations owned by NCC companies in other countries.

### Accounting policies

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, whereby the relating tax effects are also recognized in other comprehensive income. Current tax is tax that is to be paid or received during the current fiscal year. This also includes adjustments of current tax attributable to prior periods.

Deferred tax is recognized on the basis of temporary differences between recognized and taxable values of assets and liabilities and for carry-forward of unused tax losses.

Deferred tax assets and liabilities are calculated based on the tax rate determined for the following year in each particular country. When changes occur in tax rates, the change is recognized in profit or loss in the consolidated financial statements or in other comprehensive income for the tax items included there.

In the Parent Company, untaxed reserves are recognized that consist of the taxable temporary difference arising because of the relationship between reporting and taxation in the legal entity. Untaxed reserves are recognized gross in the balance sheet and the change is recognized gross in profit or loss, as an appropriation. Group contributions received and granted are recognized in the Parent Company's profit or loss as appropriations.

## Note 24

### Properties classified as current assets

Group, 2022	Properties held for future development	Ongoing property projects	Completed property projects	Total property projects <sup>1)</sup>	Completed residential units	Participations in associated companies	Total
Recognized cost on January 1	1,147	5,325	95	6,567	0	431	6,998
Investments	344	2,463		2,807		117	2,924
Divestment and scrappage	8	-347	-591	-930		-476	-1,406
Reclassifications	-227	-378	591	-14			-14
Translation differences during the year	54	121	8	183		3	185
Recognized cost on December 31	1,326	7,184	103	8,613	0	74	8,687
Accumulated impairment losses on January 1	-142	45	-95	-192	0		-192
Divestment and scrappage	-8			-8			-8
Reclassifications	8	-54		-46			-46
Impairment losses for the year							
Translation differences during the year	-5	-1	-8	-14			-14
Accumulated impairment losses on December 31	-147	-12	-103	-262			-262
Residual value on January 1	1,005	5,370	0	6,374	0	431	6,805
Residual value on December 31	1,179	7,171	0	8,350	0	74	8,424

<sup>1)</sup> Pertains primarily to properties classified as current assets recognized in NCC Property Development.

Group, 2021	Properties held for future development	Ongoing property projects	Completed property projects	Total property projects <sup>1)</sup>	Completed residential units	Participations in associated companies	Total
Recognized cost on January 1	1,550	4,619	590	6,759	63	295	7,117
Investments	21	3,067	243	3,331		136	3,467
Divestment and scrappage	-69	-1,171	-2,426	-3,666			-3,666
Reclassifications	-372	-1,253	1,687	62	-63		-1
Translation differences during the year	16	63	2	81			81
Recognized cost on December 31	1,147	5,325	95	6,567	0	431	6,998
Accumulated impairment losses on January 1	-58	-9	-94	-161	-63		-223
Divestment and scrappage	7		-26	-19			-19
Reclassifications	-80	54	26	0	63		63
Impairment losses for the year	-10			-10			-10
Translation differences during the year	-1		-2	-3			-3
Accumulated impairment losses on December 31	-142	45	-95	-192			-192
Residual value on January 1	1,492	4,610	496	6,599	0	295	6,894
Residual value on December 31	1,005	5,370	0	6,374	0	431	6,805

<sup>1)</sup> Pertains primarily to properties classified as current assets recognized in NCC Property Development.

For further information concerning ongoing property projects, refer to the property table in the Report of the Board of Directors.

#### Accounting policies

Properties classified as current assets are held for development and sale as part of operations.

The Group's property holdings classified as property projects are recognized continuously in the balance sheet according to IAS 2 Inventories when the intention is to sell the properties on completion. The property holdings are measured at the lower of cost and net realizable value, which is the selling value (market value) less estimated costs for completion and direct selling costs. Cost includes a reasonable share of indirect costs. Property projects are defined as properties held for development and sale in NCC Property Development.

#### Property projects

Property projects within NCC Property Development are recognized divided as follows:

- Properties held for future development
- Ongoing property projects
- Completed property projects

#### Properties held for future development

Properties held for future development consist of NCC's holding of land and development rights intended for future property development and sale. Properties comprising leased buildings are classified as properties held for future development in cases where the intention is to demolish or refurbish the buildings. Any rental revenues that may accrue from these properties are recognized continuously in profit or loss until letting ceases.

#### Ongoing property projects

Properties held for future development are classified as ongoing property projects when a definitive decision is taken about a building start and when the activities required in order to complete the property project have been initiated. An actual building start is not necessary.

Ongoing property projects include properties under construction, extension or refurbishment.

Ongoing property projects are classified as completed property projects when the property is ready for occupancy, excluding tenant adaptations in those properties whose premises are not fully let. The reclassification is effective not later than the date of approved final inspection. If a project is divided into phases, each phase must be reclassified separately. The smallest unit that can be classified is an entire building that can be sold separately.

It is estimated that one ongoing property project will be recognized in profit in 2023; also refer to the property table in the Report of the Board of Directors.

Borrowing costs attributable to qualifying assets are capitalized as a portion of the capitalized asset's cost when the borrowing costs total a significant amount. A qualifying asset is an asset that takes a significant period of time to get ready for its intended use or sale, which in NCC's case is more than a year. For NCC, the capitalization of borrowing costs is most relevant in the construction of property projects. Other borrowing costs are expensed on a continuous basis in the period in which they are incurred. Capitalized interest for ongoing property projects totaled SEK 107,000 (76,000) during the year. The interest rate for capitalization was 1.5–3.8 percent in 2022.

#### Completed property projects

Completed property projects can only be derecognized from the balance sheet due to a sale.



Note 24, Properties classified as current assets, cont'd.

### Valuation of commercial property projects

The cost of commercial property projects includes expenditure for the acquisition of land and for building design/property development, as well as expenditure for construction, extension or refurbishment. Expenditure for borrowing costs related to ongoing projects is capitalized. Other borrowing costs are expensed continuously. Property development means that the input of the developer – NCC Property Development – is concentrated to the activities that do not pertain to actual construction. These activities are evaluation of project concepts, acquisition of land, work on the detailed development plan, project development, letting and sale. These activities are conducted by the company's own employees and by external architects and other technical consultants. Development expenditure is capitalized when it pertains to land or properties owned by NCC or over which it has control.

The market value of completed property projects is calculated in accordance with the yield method, which means that the continuous yield (operating net) on the property at full letting is divided by the project's estimated yield requirement. Unlet space in excess of normal vacancy is taken into account in the form of a deduction from the value based on the assumed letting rate.

The market value of ongoing property projects is calculated as the value in completed condition, as described above, less the estimated remaining cost of completing the project.

Properties held for future development that are included in the project portfolio, meaning ones that are held for development and sale, are normally valued in the same manner as ongoing projects, as described above. Other properties held for future development are valued on the basis of a value per square meter of development right or a value per square meter of land.

### Important estimates and assessments

#### Valuation of properties classified as current assets

The assessment of net realizable value is based on a series of assumptions such as sales prices, production costs, the price of land, rent levels and yield requirements plus the possible timing of production start and/or sale. NCC continuously monitors developments in the market and tests the assumptions made on an ongoing basis. A change in the assumptions made could give rise to an additional impairment requirement.

## Note 25 Materials and inventory

Group	2022	2021
Stone materials	739	665
Building materials	95	136
Other	245	259
<b>Total</b>	<b>1,079</b>	<b>1,059</b>

### Accounting policies

Inventory is measured at the lower of cost and net realizable value according to IAS 2 Inventories. Cost is established using the first-in-first-out method (FIFO).

## Note 26 Share capital

Changes in share capital		Number of shares	Share capital, SEK M
2021	End of year	108,435,822	867
2022	End of year	108,435,822	867

Series B treasury shares		Number of shares
2020	End of year	764,267
2021	Repurchases	88,000
2021	Sales	-6,570
2021	Allotment	-4,625
2021	End of year	841,072
2022	Repurchases	10,077,740
2022	Allotment	-75,230
2022	End of year	10,843,582

The share capital is divided into 108,435,822 shares with a quotient value of SEK 8 each. During the year, 0 Series A shares (81,193) were converted into Series B shares.

The shares are distributed into the following classes:

	Series A shares	Series B shares	Total
Number of	12,914,123	95,521,699	108,435,822

Series A shares carry ten voting rights each and Series B shares one voting right.

A specification of changes in shareholders' equity is presented in Note 14.

### Series A and B shares, excluding shares held in treasury

	Series A shares	Series B shares	Total Series A and Series B
<b>No. of shares on Dec. 31, 2020</b>	<b>12,995,316</b>	<b>94,676,239</b>	<b>107,671,555</b>
Conversion of Series A shares to Series B shares	-81,193	81,193	
Repurchase of shares		-88,000	-88,000
Divestment of treasury shares		6,570	6,570
Distribution of shares to participants in incentive programs		4,625	4,625
<b>No. of shares on Dec. 31, 2021</b>	<b>12,914,123</b>	<b>94,680,627</b>	<b>107,594,750</b>
Repurchase of shares		-10,077,740	-10,077,740
Distribution of shares to participants in incentive programs		75,230	75,230
<b>No. of shares on Dec. 31, 2022</b>	<b>12,914,123</b>	<b>84,678,117</b>	<b>97,592,240</b>
<b>Number of voting rights</b>	<b>129,141,230</b>	<b>84,678,117</b>	<b>213,819,347</b>
Percentage of voting rights	60	40	100
Percentage of share capital	13	87	100
Closing price, Dec. 31, 2022	108.50	97.25	
Market capitalization, SEK M	1,401	8,235	9,636

### Earnings per share before and after dilution

	2022	2021
Net profit for the year attributable to Parent Company shareholders, SEK M	1,069	1,508
Weighted average number of outstanding common shares during the year, millions	103.9	107.6
<b>Earnings per share before dilution, SEK</b>	<b>10.29</b>	<b>14.02</b>
Dilutive shares from Performance-based Share Program		
Weighted average number of outstanding common shares after dilution, millions	103.9	107.6
<b>Earnings per share after dilution, SEK</b>	<b>10.29</b>	<b>14.02</b>

### Accounting policies

#### Repurchase of shares

The repurchase of shares, including repurchase costs, has been charged directly against profit brought forward. Similarly, the sale of such shares results in an increase in profit brought forward.

#### Earnings per share

Earnings per share has been calculated by dividing net profit for the year in the Group attributable to Parent Company shareholders with a weighted number of shares outstanding during the reporting period. When calculating earnings per share after dilution, the average number of shares outstanding during the period is adjusted for all potential dilutive shares. Shares held in treasury are not included in the calculation of earnings per share. NCC takes account on an ongoing basis of the dilutive effect of the Performance-based Share Program in the calculation, though this had no material impact in 2021 or 2022.

## Note 27 Interest-bearing liabilities

Group	2022	2021
<b>Long-term liabilities</b>		
Liabilities to credit institutions and investors <sup>1)</sup>	2,250	850
Lease liabilities	1,036	1,187
<b>Total</b>	<b>3,286</b>	<b>2,038</b>
<b>Current liabilities</b>		
Current portion of liabilities to credit institutions and investors <sup>1)</sup>	539	1,650
Liabilities to associated companies	1	12
Lease liabilities, current portion	472	513
Other current liabilities	1	2
<b>Total</b>	<b>1,012</b>	<b>2,176</b>
<b>Total interest-bearing liabilities</b>	<b>4,297</b>	<b>4,213</b>

<sup>1)</sup> Including loan of SEK 0 M (800) from the NCC Group's Pension Foundation, of which, SEK 0 M (800) is current.

For repayment schedules and terms and conditions, see Note 36 Financial instruments and financial risk management.

Interest-bearing long-term liabilities pertaining to pensions is recognized in the balance sheet under Provisions for pensions and similar obligations.

Parent Company	2022	2021
<b>Current liabilities</b>		
Liabilities to Group companies	697	141
Loan from the NCC Group's Pension Foundation		800
<b>Total</b>	<b>697</b>	<b>941</b>
<b>Total interest-bearing liabilities</b>	<b>697</b>	<b>941</b>

For repayment schedules and terms and conditions, see Note 36 Financial instruments and financial risk management.

## Note 28 Other provisions

Group, 2022	Guarantees	Other	Total
On January 1	1,332	1,288	2,621
Provisions during the year	283	325	608
Amount utilized during the year	-264	-261	-525
Reversed, unutilized provisions	-119	-168	-287
Reclassifications		1	1
Translation differences	44	27	71
<b>On December 31</b>	<b>1,276</b>	<b>1,212</b>	<b>2,488</b>

Group, 2021	Guarantees	Other	Total
On January 1	1,303	1,302	2,605
Provisions during the year	381	97	477
Amount utilized during the year	-293		-293
Reversed, unutilized provisions	-79	-130	-209
Translation differences	20	20	40
<b>On December 31</b>	<b>1,332</b>	<b>1288</b>	<b>2,621</b>

Parent Company, 2022	Guarantees	Other	Total
On January 1		6	6
On December 31		6	6

Parent Company, 2021	Guarantees	Other	Total
On January 1		6	6
On December 31		6	6

### Specification of other provisions and guarantees

	Group		Parent Company	
	2022	2021	2022	2021
Restoration reserve	248	221		
Restructuring costs	7	13		
Other	958	1,055	6	6
<b>Other provisions</b>	<b>1,212</b>	<b>1,288</b>	<b>6</b>	<b>6</b>
Guarantee commitments	1,276	1,332		
<b>Total</b>	<b>2,488</b>	<b>2,621</b>	<b>6</b>	<b>6</b>

### Accounting policies

The provisions comprise additional costs plus uncertainty in projects as well as outstanding claims and legal matters. Some provisions are intended to cover project losses arising in operations and is utilized gradually as the project is worked up. Provisions differ from other liabilities in that there is a degree of uncertainty concerning when payment will occur or concerning the size of the amount required to settle the provision. Provisions are recognized in the balance sheet when a legal or informal commitment exists due to an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and the amount can be estimated reliably.

### Guarantee commitments

Guarantee provisions pertain to anticipated future expenses. To estimate a future guarantee cost, individual assessments are made from project to project. Standard percentage rates are used for the calculation of the size of the future cost, whereby the standard percentage is varied depending on the nature of the project. In order to eliminate various risks, a provision for guarantee claims is posted at the rate at which the risks are expected to arise after having been identified. Initially, the guarantee cost is posted for each project. This means that the cost can be recognized and booked gradually for each project. The longest maturity for a guarantee provision is ten years, while most of them have maturities of approximately two to three years.

### Restoration reserve

Provisions for restoration costs are made when such commitments arise and are designed to cover future costs. Provisions are made for that portion of restoration that arises for start-up of a quarry and construction of plants at pits and quarries, and on a continuous basis when activities are related to additional extractions at pits and quarries. The provisions are posted continuously, once the future costs have been identified. Accordingly, the reserves are utilized at the same rate as restoration occurs.

### Other provisions

A restructuring provision is recognized when a detailed or formal restructuring plan has been established and the restructuring has either started or been announced publicly. No provisions are posted for future operating expenses.

### Important estimates and assessments

#### Guarantee commitments

Provisions for future costs arising due to guarantee commitments are recognized at the estimated amounts required to settle the commitment on the balance sheet date. This estimate is based on calculations, assessments and experience from previous transactions.

## Note 29 Pensions

Pensions are recognized in accordance with IAS 19 Employee Benefits. The NCC Group has defined-benefit pension plans in Sweden, as well as two very minor pension arrangements in Norway.

In Sweden, NCC's pension obligations largely comprise the ITP2 plan that covers employees born prior to 1979. The plan provides retirement pension based on the final salary and is funded in NCC Group's Pension Foundation. The number of paid-up holders and pensioners is about 80 percent of the total portfolio. In addition, there are four small defined-benefit plans, all of which are blocked from new vesting. All of these plans are funded in the NCC Group's Pension Foundation.

The Board of Directors of NCC Group's Pension Foundation consists of an equal number of representatives for the NCC Group and the employees covered by the ITP2 plan. The Board holds meetings four times per year and addresses the Foundation's quarterly accounts, investment strategy, reference portfolio and sensitivity analyses. Under certain conditions, the NCC Group can request compensation from the Foundation for pension payments. There are no minimum funding requirements for the ITP2 plan.

The risks associated with the Swedish pension plans are:

- Interest rate risk: with lower interest rates and the resulting lower discount rate, the debt will increase.
- Salary increase risk: the debt will increase with higher pay rises.
- Volatility of assets: the portfolio contains mostly share funds, whose prices can rise and fall sharply in the short term, but the long-term aim of the portfolio is to generate the best possible return.
- Life expectancy assumption: the longer the individuals covered by the plan live, the higher the obligation.

### Pension cost

Group	2022	2021
<i>Defined-benefit plans:</i>		
Current service cost	248	269
Interest expense	166	99
Estimated return on plan assets	-134	-71
<b>Total cost of defined-benefit plans</b>	<b>280</b>	<b>297</b>
Total cost of defined-contribution plans	653	638
Payroll taxes and yield tax	395	159
<b>Total cost of post-employment remuneration</b>	<b>1,329</b>	<b>1,094</b>

Current service cost is recognized in operating profit and in net financial items. The estimated return on plan assets is recognized in net financial items

NCC secures obligations for disability pensions and family pensions for white-collar employees in Sweden through insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, Recognition of ITP2 Pension Plan financed through insurance in Alecta, this constitutes a multi-employer defined-benefit plan. For the 2022 fiscal year, NCC did not have access to the type of information required for recognizing its proportional share of the plan's obligation, plan assets and costs, which makes it impossible to recognize these plans as defined-benefit plans. Accordingly, the ITP (individual supplementary pension) plans that are secured through insurance in Alecta are recognized as a defined-contribution plan. The NCC Group's share of the total savings premium for ITP2 in Alecta is 0.011 percent (0.13).

The collective solvency rate consists of the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial accounting methods and assumptions, which do not comply with IAS 19. The collective solvency rate is normally allowed to vary between 125 and 175 percent. If Alecta's collective solvency rate falls below 125 percent or exceeds 175 percent, measures must be taken to create conditions for returning the solvency rate to the normal interval. In the event of low solvency, one measure could be to raise the agreed price for new subscriptions and increase existing benefits. In the event of high solvency, one measure can be to introduce premium reductions. At the end of 2022, Alecta's surplus in the form of its collective solvency rate was 172 percent (172).

### Defined-benefit obligations and the value of plan assets

Group	2022	2021
<b>Obligations secured in full or in part in funds:</b>		
Present value of defined-benefit obligations	6,616	8,831
Fair value of plan assets	6,669	7,223
<b>Net value of obligations funded in full or in part</b>	<b>-53</b>	<b>1,608</b>
Special payroll tax/employer contributions	-15	390
<b>Net amount in balance sheet (obligation +, asset -)</b>	<b>-68</b>	<b>1,997</b>
<b>Net amount is recognized in the following balance sheet items:</b>		
Provisions for pensions and similar obligations	-68	1,997
<b>Net amount in balance sheet (obligation +, asset -)</b>	<b>-68</b>	<b>1,997</b>
<b>Net amount is distributed among plans in the following countries:</b>		
Sweden	-78	1,987
Norway	10	10
<b>Net amount in balance sheet (obligation +, asset -)</b>	<b>-68</b>	<b>1,997</b>

### Change in obligation for defined-benefit plans

Group	2022	2021
<b>Obligation for defined-benefit plans on January 1</b>	<b>8,840</b>	<b>8,598</b>
Remuneration paid	-223	-212
Current service cost plus interest expense	414	368
Actuarial gains and losses on changed experience-based assumptions	-2,416	84
Actuarial gains and losses on changed financial assumptions		1
<b>Obligation for defined-benefit plans on December 31</b>	<b>6,615</b>	<b>8,840</b>

The weighted average maturity for the plans is 20 years (21).

### Change in plan assets

Group	2022	2021
<b>Fair value of plan assets on January 1</b>	<b>7,223</b>	<b>6,317</b>
Compensation	-7	-7
Estimated return	134	71
Funds contributed	93	
Actuarial gains and losses	-775	842
<b>Fair value of plan assets on December 31</b>	<b>6,669</b>	<b>7,223</b>
<b>The plan assets comprise:</b>		
Swedish stock market, listed	763	1,268
International stock market, listed	1,796	2,332
Hedge funds, listed	571	1,051
Interest-bearing securities, listed	3,063	1,756
Interest-bearing securities, unlisted	475	816
<b>Fair value of plan assets on December 31</b>	<b>6,669</b>	<b>7,223</b>

There is no effect of the lowest funding requirements or asset ceiling.

### Actuarial assumptions, weighted average value, %

Group	2022	2021
Discount rate, %	3.85	1.85
Future salary increases, %	3.00	3.25
Anticipated inflation, %	2.00	2.25
Life expectancy assumption at 65 years, years	22.4	22.4

Note 29 Pensions, cont'd.

### Sensitivity analysis; percentage impact on the size of the assumption, at December 31, 2022

Group	Increase, %	Decrease, %
Discount rate, 0.5 percentage points change	-7.1	7.9
Future salary increases, 0.5 percentage points change	2.3	-2.0
Anticipated inflation, 0.5 percentage points change	6.4	-5.8
Life expectancy assumption at 65 years, 1 year change	3.5	-3.5

The above sensitivity analysis does not constitute a forecast from the company but only a mathematical calculation. The sensitivity analysis is based on a change in an assumption, while all other assumptions remain constant. In practice, it is not probable that this will occur and any changes in the assumptions could be correlated. When calculating the sensitivity analysis, the same method is used as in the calculation of the pension debt in the balance sheet.

The Group estimates that about SEK 50 M will be paid in 2023 to funded and unfunded defined-benefit plans. The indexation decided by Alecta of 10.84 percent for 2023 was taken into account in the year's measurement in accordance with IAS 19 and led to an increase of approximately 5 percent in the obligation.

### Pension costs

Parent Company	2022	2021
<i>Proprietary pension payments</i>		
Proprietary costs, excluding interest expense	37	7
Interest expense	4	4
<b>Cost of proprietary pension payments</b>	<b>41</b>	<b>11</b>
<i>Pension payments through insurance</i>		
Insurance premiums	14	15
<b>Subtotal</b>	<b>55</b>	<b>26</b>
Special payroll tax on pension costs	5	5
<b>Pension costs during the year</b>	<b>60</b>	<b>31</b>

### Capital value of pension obligations

Parent Company	2022	2021
Capital value of pension obligations pertaining to proprietary pension payments on January 1	196	193
Cost, excluding interest expense, charged against profit	37	7
Interest expense	4	4
Pension payments	-8	-9
<b>Capital value of pension obligations pertaining to proprietary pension payments on December 31</b>	<b>230</b>	<b>195</b>

### Fair value of especially detached assets

Parent Company	2022	2021
Fair value of especially detached assets on January 1	247	226
Return on especially detached assets	21	21
<b>Fair value of especially detached assets on December 31</b>	<b>268</b>	<b>247</b>
<i>Fair value of especially detached assets distributed as:</i>		
Shares	103	124
Funds	23	37
Interest-bearing receivables	142	86
<b>Fair value of especially detached assets on December 31</b>	<b>268</b>	<b>247</b>

The NCC Group's Pension Foundation had an interest-bearing receivable of SEK 0 M (800) from NCC AB. The loan was repaid in full on January 8, 2022.

Otherwise, the pension foundations have no financial instruments issued by the company or assets used by the company.

### Net pension obligations

Parent Company	2022	2021
Capital value of pension obligations pertaining to proprietary pension payments on December 31	230	195
Fair value of especially detached assets on December 31	268	247
Surplus on especially detached assets	39	52
<b>Net recognized pension obligations</b>	<b>0</b>	<b>0</b>

### Assumptions for defined-benefit obligations

Parent Company	2022	2021
Discount rate on December 31	3.85	1.85

The pension calculations are based on the salary and pension level on the balance sheet date.

### Accounting policies

NCC differentiates between defined-contribution pension plans and defined-benefit pension plans. Defined-contribution plans are pension plans for which the company pays fixed fees to a separate legal entity and does not assume any obligations for payments of additional fees, even if the legal entity lacks sufficient assets to pay benefits accrued for employment up to and including the balance sheet date. Other pension plans are defined-benefit plans.

Country	Defined-benefit pension obligations	Defined-contribution pension obligations
Sweden	X	X
Denmark		X
Finland		X
Norway	X	X
Other countries		X

There are several defined-contribution and defined-benefit pension plans in the Group, some of which are secured through assets in dedicated foundations or similar funds. The pension plans are financed through payments made by the various Group companies. Calculations of defined-benefit pension plans are based on the Projected Unit Credit Method, whereby each term of employment is considered to create a future unit of the total final obligation. Each unit is calculated separately and they jointly constitute the total obligation on the balance sheet date. The intention of the principle is to expense pension payments straight-line over the term of employment. The calculation is made annually by independent actuaries. When the way pension costs are established in the legal entity and in the Group differs, a provision or receivable for Swedish pension plans is recognized for the payroll tax based on this difference. Accordingly, the value of the defined-benefit liability is the present value of anticipated future disbursements using a discount rate that corresponds to the interest stated above. The interest rate on first-class housing bonds is used as the basis for calculating the discount rate for Swedish pension plans. Swedish defined-benefit pension obligations are funded in the NCC Group's Pension Foundation. For funded plans, the fair value of plan assets reduces the computed obligation. Changes in plan assets and obligations stemming from experience-based adjustments and/or changes in actuarial assumptions, known as actuarial gains and losses, are recognized directly in other comprehensive income in the period in which they arise.

This reporting method is applied for all identified defined-benefit pension plans in the Group. The Group's disbursements related to defined-contribution pension plans are recognized as an expense during the period in which the employees perform the services covered by the fee.

The Parent Company is covered by the ITP plan, which does not require any payments by the employees. The difference, compared with the principles applied by the Group for recognizing pension debt, pertains mainly to how the discount rate is determined, the fact that the calculation of defined-benefit obligations is based on the current salary level without assuming future salary increases and the fact that all actuarial gains and losses are recognized in profit or loss when they arise.

### Important estimates and assessments

#### Pension obligations

Carrying amounts are affected by changes in the actuarial assumptions that form the basis for calculations of the plan assets and pension obligations. These actuarial assumptions, and a sensitivity analysis, are described above.

## Note 30 Other liabilities

Group	2022	2021
<b>Other long-term liabilities</b>		
Other long-term liabilities	60	47
<b>Total</b>	<b>60</b>	<b>47</b>
<b>Other current liabilities</b>		
Advances from customers	91	183
Derivative instruments held for hedging	9	44
Other current liabilities	1,048	1,000
<b>Total</b>	<b>1,148</b>	<b>1,227</b>

## Note 31 Accrued expenses and deferred income

	Group		Parent Company	
	2022	2021	2022	2021
Payroll-related costs	1,798	1,988	21	28
Financial expenses	13			
Prepaid rental revenues	23	19		
Prepaid revenues from rental guarantees	35	150		
Project-related costs	1,047	1,016		
Administrative costs	46	46	10	12
Operating and selling costs	451	294		
Other expenses	99	74		
<b>Total</b>	<b>3,512</b>	<b>3,588</b>	<b>30</b>	<b>40</b>

## Note 32 Related party transactions

The companies classified as being closely related to the NCC Group are primarily NCC's subsidiaries, associated companies and joint arrangements.

The Parent Company has a related party relationship with its subsidiaries; see Note 17, Participations in Group companies. For information on NCC's senior executives, see Note 4, Number of employees, personnel expenses and remuneration of senior executives. For transactions with the NCC Group's Pension Foundation, see Notes 29 and 36.

Transactions involving NCC's associated companies and joint operations were of a production nature. The transactions were conducted on normal market terms.

Group	2022	2021
<b>Transactions with associated companies and joint arrangements</b>		
Sales to associated companies and joint arrangements	42	41
Purchases from associated companies and joint arrangements	-14	-13
Long-term receivables from associated companies and joint arrangements	7	11
Current receivables from associated companies and joint arrangements	6	20
Interest-bearing liabilities to associated companies and joint arrangements	1	12
Operating liabilities to associated companies and joint arrangements	1	1

Parent Company	2022	2021
<b>Transactions with Group companies</b>		
Sales to Group companies	115	87
Purchases from Group companies	-9	-11
Interest income from Group companies	1	1
Interest expense to Group companies	-6	-2
Dividend from Group companies	1,081	1,127
Current receivables from Group companies	675	1,410
Interest-bearing liabilities to Group companies	697	141
Operating liabilities to Group companies	13	6
Sureties and guarantee obligations to Group companies	30,167	22,561

## Note 33 Leasing

The NCC Group recognizes leases in accordance to IFRS 16 Leases. The Group's leases primarily pertain to the framework leases held by the Group concerning cars, trucks, heavy production machinery, owner-occupied properties, such as leased commercial premises, and site leaseholds/land leases.

Group	2022	2021
<b>Income statement</b>		
Depreciation of right-of-use assets	-568	-647
Interest expense for lease liabilities	-41	-42
<b>Total costs, capitalized leases</b>	<b>-609</b>	<b>-689</b>
Low-value and short-term leases	-1,664	-1,565
<b>Total costs, non-capitalized leases</b>	<b>-1,664</b>	<b>-1,565</b>
<b>Total costs, leases</b>	<b>-2,273</b>	<b>-2,253</b>
<b>Total cash flow concerning leases</b>	<b>-623</b>	<b>-688</b>

Group – Lease liabilities	2022	2021
Current lease liabilities	472	513
Long-term lease liabilities	1,036	1,187
<b>Total lease liabilities</b>	<b>1,507</b>	<b>1,700</b>

For an analysis of the lease liability's maturities, refer to Note 36.

Group	2022	2021
<b>Lessor</b>		
<b>Future lease payments</b>		
<i>Distributed by maturity period:</i>		
Lease payments during the year	86	52
<i>Non-discounted future lease payments that expire:</i>		
Within one year	147	68
Later than one year but earlier than five years	22	10
Later than five years	0	0
<b>Total future non-discounted lease payments</b>	<b>254</b>	<b>130</b>

Parent Company	2022	2021
<b>Lessee</b>		
<b>Future lease payments</b>		
<i>Non-discounted leases that expire:</i>		
Within one year	2	2
Later than one year but earlier than five years	3	2
Later than five years	0	0
<b>Total future non-discounted lease payments</b>	<b>5</b>	<b>4</b>

The Parent Company's expensed lease payments amounted to SEK 10 M (14).

Note 33 Leasing, cont'd.

**Right-of-use assets**

2022	Owner-occupied properties	Machinery & equipment	Land leases	Total
Recognized cost on January 1	1,484	1,815	2	3,300
Increase in leases during the year	215	164	1	380
Divestment and scrappage	-255	-276		-531
Reclassifications	-11	-342	1	-352
Translation differences during the year	39	37		76
<b>Recognized cost on December 31</b>	<b>1,472</b>	<b>1,398</b>	<b>4</b>	<b>2,874</b>
Accumulated depreciation on January 1	-583	-1,116	0	-1,699
Divestment and scrappage	230	274		504
Reclassifications	11	342	-1	353
Depreciation during the year	-246	-322	-1	-567
Translation differences during the year	-19	-21		-40
<b>Accumulated depreciation on December 31</b>	<b>-608</b>	<b>-842</b>	<b>-2</b>	<b>-1,450</b>
<b>Residual value on January 1</b>	<b>901</b>	<b>699</b>	<b>2</b>	<b>1,602</b>
<b>Residual value on December 31</b>	<b>864</b>	<b>555</b>	<b>2</b>	<b>1,422</b>

2021	Owner-occupied properties	Machinery & equipment	Land leases	Total
Recognized cost on January 1	1,452	1,973	10	3,435
Increase in leases during the year	109	199	-8	300
Divestment and scrappage	-103	-296	-1	-400
Reclassifications		-93		-93
Translation differences during the year	27	32		58
<b>Recognized cost on December 31</b>	<b>1,484</b>	<b>1,815</b>	<b>2</b>	<b>3,300</b>
Accumulated depreciation on January 1	-409	-1,064	1	-1,472
Divestment and scrappage	98	256		353
Reclassifications		93		93
Depreciation during the year	-261	-385		-646
Translation differences during the year	-11	-16		-27
<b>Accumulated depreciation on December 31</b>	<b>-583</b>	<b>-1,116</b>	<b>0</b>	<b>-1,699</b>
<b>Residual value on January 1</b>	<b>1,043</b>	<b>909</b>	<b>11</b>	<b>1,963</b>
<b>Residual value on December 31</b>	<b>901</b>	<b>699</b>	<b>2</b>	<b>1,602</b>

**Accounting policies****NCC as a lessee**

IFRS 16 Leases is solely applied in the consolidated financial statements and NCC, in accordance with RFR 2, has elected not to apply IFRS 16 for NCC AB. All lease payments in NCC AB are expensed continuously.

The Group's leases are recognized as right-of-use assets and the corresponding lease liability as of the date the leased asset becomes available for use by the Group. Assets and liabilities arising from leases are initially recognized at present value. Lease liabilities include the present value of lease payments in the form of fixed charges, and variable charges linked to indexes. Lease payments that will be defrayed for reasonably certain extension options are also included in the liability measurement. Right-of-use assets are measured at cost and include the amount at which the lease liability was originally measured as well as lease payments paid on or before the commencement date. Where appropriate, any initial direct fees are included, as well as an estimation of costs for dismantling and disposal of the asset. Exceptions are leases with a term of less than 12 months and low-value leases, less than SEK 250,000, which are thus expensed continuously.

The right-of-use asset represents a right to use the underlying asset and the lease liability represents a commitment to pay lease payments. NCC has right-of-use assets with associated lease liability for vehicles, heavy production machinery, leased premises and site leaseholds/land leases. Right-of-use assets are recognized under tangible fixed assets and current assets, respectively. The associated lease liability is included in current and long-term interest-bearing liabilities. Rights-of-use are depreciated over the term of the lease. The costs for these capitalized leases are recognized as depreciation and interest expense, respectively. The lease payment is divided into an interest component and an amortization component.

When discounting future lease payments for most of the vehicles and

heavy machinery leased by the Group, NCC uses the interest rate implicit in each lease as the discount rate. In respect of other lease payments, such as leased commercial premises and site leaseholds/land leases, the respective subsidiary's incremental borrowing rate is used as the discount rate.

The incremental borrowing rate of the individual subsidiary is based on the legal entity's financial strength, the country and the term of the lease in question.

**NCC as a lessor**

A lessor must classify its leases as either operating or finance leases. A finance lease is a lease under which the financial risks and advantages associated with ownership of an asset are transferred in all significant respects from the lessor to the lessee. An operating lease is a lease that is not a finance lease. NCC as a lessor only has operating leases and income from these are recognized as revenue continuously.

**Sale-and-leaseback**

A sale-and-leaseback transaction means that NCC as the seller transfers an asset to a buyer at the same time as NCC as a lessee enters into a lease with the buyer. This occurs, for example, when NCC sells an office project and simultaneously signs a lease covering all or parts of the property.

When NCC's sale fulfills the requirements for profit recognition according to IFRS 15, NCC as the seller and lessee must assess the value of the right-of-use asset attributable to the lease at the share of the carrying amount on the date of sale that accrues to the right of use retained by NCC. This also means that NCC can only recognize a capital gain on that part of the right of use that is not retained by NCC.

Note 33 Leasing, cont'd.

**Important estimates and assessments****Measurement of leases**

When measuring leases according to IFRS 16, NCC uses a discount rate, either for the measurement of vehicles and heavy machinery or the interest rate implicit in the respective lease, or for leased premises and site leaseholds/land leases, the incremental borrowing rate of the respective subsidiary. In the event of a change in these discount rates, future lease payments in the form of the lease liability will be remeasured, which will result in accounting effects for the Group as a whole.

## Note 34

### Pledged assets, sureties, guarantees and contingent liabilities

	Group		Parent Company	
	2022	2021	2022	2021
<b>Pledged assets</b>				
<i>For own liabilities:</i>				
Assets subject to liens, etc.	415	444		
<b>Total</b>	<b>415</b>	<b>444</b>		
Other pledged assets	9	10		
<b>Total assets pledged</b>	<b>424</b>	<b>453</b>		
<b>Sureties and guarantee obligations</b>				
<i>Own contingent liabilities:</i>				
Sureties on behalf of Group companies			30,145	22,540
Other sureties and contingent liabilities	135	117	22	21
<i>Held jointly with other companies:</i>				
Liabilities in consortiums, partnerships and limited partnerships	114	136		
<b>Total sureties and guarantee obligations<sup>1)</sup></b>	<b>249</b>	<b>253</b>	<b>30,167</b>	<b>22,561</b>

<sup>1)</sup> Since sureties for former wholly owned subsidiaries of NCC AB in the Bonava Group have not been eliminated, sureties still remaining as outstanding in NCC AB on behalf of Bonava companies have been included in this item (for the Group 19 (19) and for the Parent Company 19 (19)). The remaining volume, which includes collateral for agreements concerning future development and has beneficiaries in the form of municipalities and private-sector companies, will continue to be managed during 2023. As a result of agreements between NCC AB and Bonava AB, however, NCC AB has been indemnified by Bonava AB for all commitments. In addition, NCC AB has received guarantees from credit insurance companies for the remaining outstanding commitments on behalf of now wholly owned Bonava companies.

**Assets subject to liens**

Pertains to leased equipment in the form of cars and trucks.

**Sureties on behalf of Group companies**

Sureties on behalf of Group companies have mainly been issued as collateral for:

- utilized guarantee limits with banks and insurance companies
- NCC Treasury AB's borrowing
- fulfillment of construction contracts

**Contingent liabilities, etc.****Claims and legal procedures**

In its continuous business operations, NCC occasionally becomes a party to claims or legal procedures. Within the framework of particularly its contracting operations, NCC makes what it considers to be justifiable claims against clients but the clients may partially or fully contest such claims. In many cases, the client may make counterclaims. In other cases, clients may direct claims against NCC for, inter alia, alleged shortcomings in NCC's execution of the ordered work. The aggregated amounts are significant. NCC's financial statements reflect NCC's best assessment of the outcome but it cannot be excluded that the final outcome could in certain cases differ significantly from the currently made assessments.

**Operations subject to permit obligations**

NCC conducts operations subject to permit obligations in the form of, for example, asphalt and gravel pit operations, plants and landfills. NCC occasionally engages in a dialogue with the authorities concerned compliance with the terms and conditions for conducting the operations. Such matters are handled within the framework of the operating activities. In the unlikely event that NCC is found to have breached the applicable permits without being able to take necessary actions, this could result in significant costs.

**Accounting policies****Pledged assets**

NCC recognizes collateral pledged for company or Group liabilities and/or commitments as pledged assets. These may be liabilities, provisions included in the balance sheet or commitments not recognized in the balance sheet. The collateral may be related to assets entered in the balance sheet or mortgages. Assets are recognized at the carrying amount and mortgages at nominal value. Shares in Group companies are recognized at their value in the Group.

**Important estimates and assessments****Sureties and guarantee obligations, legal disputes, etc.**

Within the framework of its regular business operations, NCC occasionally becomes a party to claims or legal procedures. In such cases, an assessment is made of NCC's obligations and the probability of a negative outcome for NCC. NCC's assessment is based on information and knowledge currently possessed by the company. In several cases, these are difficult assessments and the final outcome could differ from the current estimation.

## Note 35

### Cash flow statement

**Cash and cash equivalents**

Group	2022	2021
Cash and bank balances	534	2,561
<b>Total cash and cash equivalents</b>	<b>534</b>	<b>2,561</b>
Short-term investments with a maturity exceeding three months	394	487

Parent Company	2022	2021
Balance in NCC Treasury AB	213	721
<b>Total according to cash flow statement</b>	<b>213</b>	<b>721</b>

Short-term investments have been classified as cash and cash equivalents/cash and bank balances based on the following considerations:

- They are subject to an insignificant risk of value fluctuation.
- They can easily be converted into cash funds.
- They have a maturity of not more than three months from the date of acquisition.

**Acquisition of fixed assets****Group**

Acquisitions of intangible and tangible fixed assets, excluding right-of-use lease assets, amounted to SEK 936 M (782) during the year, of which SEK 0 M (0) was financed through loans.

Acquisitions of non-controlling interests totaled SEK 0 M (0), of which SEK 0 M (0) had no effect on cash flow. Sales of subsidiaries and non-controlling interests amounted to SEK 190 M (193), of which SEK 0 M (4) had no effect on cash flow.

**Parent Company**

Acquisitions of intangible and tangible fixed assets during the year amounted to SEK 0 M (0), of which SEK 0 M (0) was financed through loans.

Since the Parent Company has only insignificant amounts of cash and cash equivalents in foreign currency, only minor exchange rate differences in cash and cash equivalents can arise.

**Disclosures about interest received and paid****Group**

Interest received during the year amounted to SEK 5 M (2). Interest paid during the year amounted to SEK 29 M (10).

**Parent Company**

Interest received during the year amounted to SEK 1 M (1). Interest paid during the year amounted to SEK 6 M (14).

Note 35 Cash flow statement, cont'd.

**Cash flow derived from participations in joint operations**

Group	2022	2021
Operating activities	61	59
Change in working capital	60	-5
Investing activities	-8	-78
Financing activities	-3	26
<b>Total cash flow</b>	<b>110</b>	<b>3</b>

**Cash and cash equivalents unavailable for use**

Group	2022	2021
Cash and cash equivalents in joint operations	342	232
<b>Total cash and cash equivalents unavailable for use</b>	<b>342</b>	<b>232</b>

**Transactions that had no effect on payments**

Group	2022	2021
Increase in right-of-use assets, leases	380	300

**Non-cash changes in financing activities**

Group	CB 2021	Cash flow	Non-cash items			CB 2022
			Change in leases	Interest indexing	Exchange rate differences	
Interest-bearing liabilities	2,561	244			44	2,849
Interest-bearing receivables	-718	110			-87	-695
Lease liabilities	1,700	-623	437	-41	37	1,507
<b>Total financing activities</b>	<b>3,543</b>	<b>-269</b>	<b>437</b>	<b>-41</b>	<b>-9</b>	<b>3,661</b>
Dividend		-618				
Acquisition of company shares		-1,009				
<b>Cash flow from financing activities</b>		<b>-1,896</b>				

Parent Company	CB 2021	Cash flow	Non-cash items		CB 2022
			Group contributions 2022	Exchange rate differences/other	
Interest-bearing liabilities	947	-244		-3	700
Interest-bearing receivables	-596	486	-233		-343
<b>Total financing activities</b>	<b>351</b>	<b>242</b>	<b>-233</b>	<b>-3</b>	<b>357</b>

**Other changes in working capital**

SEK M	Group	
	2022	2021
Increase (-) / Decrease (+) in inventory	-62	-128
Increase (-) / Decrease (+) in receivables	-78	-204
Increase (+) / Decrease (-) in liabilities	-73	-436
<b>Other changes in working capital</b>	<b>-213</b>	<b>-768</b>

**Trend in net debt**

Group, SEK M	2022 Jan-Dec	2021 Jan-Dec
Net debt, January 1	-2,932	-4,823
Cash flow before financing	-136	1,896
Change in lease liability	-376	-290
Acquisition/sale of company shares	-1,009	-13
Change in pension debt	2,066	835
Exchange rate difference in cash and cash equivalents	4	2
Dividend paid	-618	-538
<b>Net debt, closing balance</b>	<b>-3,000</b>	<b>-2,932</b>
<i>Of which, pension debt</i>	68	-1,997
<i>Of which, lease liability according to IFRS 16</i>	-1,507	-1,700
<i>Of which, other net cash/net debt</i>	-1,561	766

**Accounting policies**

The cash flow statement is prepared using the indirect method, pursuant to IAS 7 Statement of Cash Flows. The recognized cash flow includes only transactions that involve cash payments and disbursements.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash, bank balances and short-term investments with a maturity of less than three months at the date of acquisition.



## Note 36

### Financial instruments and financial risk management

#### Group Treasury Policy (Principles for risk management)

Through its business operations, the Group is exposed to financial risks. These financial risks are defined as refinancing, liquidity, interest rate, exchange rate, credit, counterparty and guarantee capacity risks. NCC's Group Treasury Policy for managing financial risks is adopted by NCC AB's Board of Directors and constitutes a framework of guidelines and rules in the form of risk mandates and limits for Group Treasury's activities. Within the NCC Group's decentralized organization, financial activities are centralized to NCC Group Treasury, partly in order to monitor the Group's overall financial risk positions, and partly to achieve cost-effectiveness and economies of scale and to accumulate expertise, while protecting Group-wide interests. Within NCC, risks associated with the Group's interest and exchange rate, credit, refinancing, counterparty, liquidity and price risks associated with oil-based products are managed by NCC's internal bank, NCC Treasury AB. Price risks associated with electrical products and customer credit risks are handled within each business area.

#### 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 covenants.

#### 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 will not be able to obtain financing at a given time or that creditors will have difficulty in meeting their commitments. NCC strives to spread its risk among various sources of financing (market financing programs, bank loans and other loan structures) in order to secure the Group's long-term access to borrowed capital.

NCC'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 perspective of the refinancing risk. The maturities of the debt portfolio must be well-diversified over time. The distribution norm is that the capital maturity period must be at least 18 months. At December 31, the capital maturity period for NCC's interest-bearing corporate debt of SEK 2,790 M (2,513) was 28 months (14).

#### Maturity structure, loans<sup>1)2)</sup>

Matures	2022		2021	
	Interest-bearing liabilities			
	Amount	Proportion, %	Amount	Proportion, %
2022			1,663	66
2023	540	19%	100	4
2024	750	27%	750	30
2025	1,000	36%		
2026				
2027	500	18%		
<b>Total</b>	<b>2,790</b>	<b>100%</b>	<b>2,513</b>	<b>100</b>

<sup>1)</sup> Loan of SEK 0 M (800) from the NCC Group's Pension Foundation.

<sup>2)</sup> Excluding pension debt and lease liability.

#### Analysis of maturities (amounts including interest)<sup>1)</sup>

	2022						2021					
	Total	<3 months	3 months–1 year	1–3 years	3–5 years	>5 years	Total	<3 months	3 months–1 year	1–3 years	3–5 years	>5 years
Loan from the NCC Group's Pension Foundation							800	800				
Interest-bearing liabilities	3,044	402	189	1,918	535		1,729	4	860	865		
Lease liabilities	1,586		500	643	285	158	1,797		545	714	297	241
Interest rate swaps							1			1		
Oil forward contracts	3	1	2				2		2			
Accounts payable	5,165	5,165					4,567	4,567				
<b>Total</b>	<b>9,798</b>	<b>5,568</b>	<b>691</b>	<b>2,561</b>	<b>820</b>	<b>158</b>	<b>8,896</b>	<b>5,371</b>	<b>1,407</b>	<b>1,580</b>	<b>297</b>	<b>241</b>

<sup>1)</sup> Excluding pension debt.

NCC 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 <sup>1)</sup>	SEK 5,000 M	2,350
<b>Total</b>		<b>2,480</b>

<sup>1)</sup> Green bonds of SEK 2,350 M (1,700), of which SEK 1,750 M (1,600) is listed on Nasdaq Stockholm.

Market financing programs accounted for 89 percent (68) of NCC's interest-bearing corporate debt.

#### 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 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 lines of credit. Payment capacity is defined as the Group's cash and cwwash equivalents, short-term investments and unutilized committed lines of credit, less market financing programs with a remaining maturity of less than three months. At the end of the year, the volume of unutilized committed lines of credit was 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. At December 31, the Group's cash and cash equivalents, including short-term investments, amounted to SEK 928 M (3,048). Payment capacity on December 31 corresponded to 11 percent (12) of sales.

#### Maturity structure unutilized committed lines of credit

Matures	2022		2021	
	Amount	Proportion, %	Amount	Proportion, %
2022			253	8%
2023	202	4%		
2024	1,750	35%	2,874	92%
2025 <sup>1)</sup>	3,119	62%		
<b>Total</b>	<b>5,071</b>	<b>100%</b>	<b>3,127</b>	<b>100%</b>

<sup>1)</sup> RCF EUR 280 M maturing in December 2025 has a one-year extension option.

The table below shows the Group'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. The amounts in the tables are the contractual undiscounted cash flows.

Note 36 Financial instruments and financial risk management, cont'd.

The table below shows the Group's gross settled derivatives. The amounts in the table are the contractual undiscounted cash flows.

### Analysis of maturities (amounts including interest)

	2022				2021			
	Total	<3 months	3 months–1 year	>1 year	Total	<3 months	3 months–1 year	>1 year
Currency forward contracts								
– outflow	-3,929	-3,262	-586	-81	-4,781	-3,505	-1,166	-110
– inflow	3,987	3,303	601	83	4,754	3,478	1,164	112
<b>Net flow from gross settled derivatives</b>	<b>58</b>	<b>41</b>	<b>15</b>	<b>2</b>	<b>-27</b>	<b>-27</b>	<b>-2</b>	<b>2</b>

### Interest rate risks

The interest rate risk is the risk that changes in market rates will adversely affect NCC's cash flow or the fair value of financial assets and liabilities. NCC's main financing sources are shareholders' equity, cash flow from operating activities and borrowing. NCC's policy for the interest rate risk is 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,<sup>1)</sup> 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 corporate debt, interest rate swaps are the main instruments used to adapt the structure. In the financial statements, hedge accounting is applied when there is an effective connection between the hedged loan and the interest rate swap. When assessing effectiveness, NCC 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 ratio 1-for-1). NCC 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.

The fixed interest maturity period for NCC's interest-bearing corporate debt reduced by the interest exposure in cash and cash equivalents<sup>1)</sup> was 13 months (nine), including interest rate swaps. Cash and cash equivalents<sup>1)</sup> amounted to SEK 928 M (3,048) and the average interest rate maturity period was four months (two).

At the end of the year, NCC's interest-bearing corporate debt amounted to SEK 2,790 M (2,513) and the fixed interest maturity period was 12 months (six).

On December 31, 2022, NCC had interest rate swaps with a nominal value of SEK 475 M (590) that were linked to interest-bearing corporate debt. At the same date, 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 9 M (10) in net profit for the year, based on the interest-bearing assets and liabilities, including interest rate swaps, existing on the balance sheet

date. 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 Group's interest rate swaps.

<sup>1)</sup> Cash and cash equivalents and short-term investments.

### Maturity structure, fixed interest<sup>1)</sup>

Matures	2022		2021	
	Interest-bearing liabilities, incl. interest rate swaps			
	Amount	Proportion, %	Amount	Proportion, %
2022			2,213	88
2023	1,764	63	100	4
2024	375	14	200	8
2025	650	23		
<b>Total</b>	<b>2,790</b>	<b>100</b>	<b>2,513</b>	<b>100</b>

<sup>1)</sup> Excluding pension debt and lease liability.

### Exchange rate risks

The exchange rate risk is the risk that changes in exchange rates will adversely affect the consolidated income statement, balance sheet or cash flow statement.

### Transaction exposure

In accordance with the Group Treasury Policy, all currency exposure must be hedged. Hedges relate to contractual and probable forecast flows, mainly through currency forward contracts. In the financial statements, hedge accounting is applied when the requirements for hedge accounting are fulfilled. Currency forward contracts that hedge the cash flow are denominated in the same currency, are in the same amount (hedge ratio 1-for-1) and have the same due date as the hedged cash flow. Ineffectiveness may arise if a change occurs at the point of time when the future cash flow will arise or if there is a change in the contractual or forecast cash flow.

### Currency outflows

The following table shows the Group's gross outflows of various currencies during the year, the portion hedged and the exchange rate risk for each currency in the unhedged currency flows. The exchange rate risk shows the change in profit for the year should the SEK exchange rate change by 5 percent in relation to every single currency due to losses from the translation of unhedged accounts payable.

Counter-value in SEK M	2022				2021			
	Gross outflow	Hedged share SEK M	Hedged share, %	Exchange rate risk, 5%, after tax on unhedged share	Gross outflow	Hedged share SEK M	Hedged share, %	Exchange rate risk, 5%, after tax on unhedged share
EUR	2,530	2,136	84	16	1,951	1,638	84	12
DKK	71	28	39	2	104	30	29	3
NOK	222	173	78	2	157	144	91	1
Other	151	110	73	2	218	185	85	1
<b>Total</b>	<b>2,973</b>	<b>2,448</b>	<b>82</b>	<b>21</b>	<b>2,431</b>	<b>1,997</b>	<b>82</b>	<b>17</b>

Note 36 Financial instruments and financial risk management, cont'd.

### Currency inflows

The following table shows the Group's gross inflows of various currencies during the year, the portion hedged and the exchange rate risk for each currency in the unhedged currency flows. The exchange rate risk shows the change in profit for the year should the SEK exchange rate change by 5 percent in relation to every single currency due to losses from the translation of unhedged accounts receivable.

Counter-value in SEK M	2022				2021			
	Gross inflow	Hedged share SEK M	Hedged share, %	Exchange rate risk, 5%, after tax on unhedged share	Gross inflow	Hedged share SEK M	Hedged share, %	Exchange rate risk, 5%, after tax on unhedged share
EUR	18			1	74	37	50	1
DKK	86	55	63	1	69	23	33	2
NOK					7			
Other	2							
<b>Total</b>	<b>105</b>	<b>55</b>	<b>52</b>	<b>2</b>	<b>150</b>	<b>60</b>	<b>40</b>	<b>4</b>

The forward contracts used to hedge contracts, and forecast transactions, are classified as cash flow hedges. During 2022, no cash flow hedges were closed, because it was no longer probable that the expected cash flow would be achieved.

### Contracted and forecast currency outflows, outstanding hedge position

The table below shows the outstanding total hedge positions per currency at year-end pertaining to forecast and contractual currency outflows, the hedged portion and average forward rates per currency in SEK.

Counter-value in SEK M	2022				2021			
	Total	<3 months	3 months–1 year	>1 year	Total	<3 months	3 months–1 year	>1 year
EUR	956	307	566	83	953	270	600	83
NOK	40	32	8		105	38	39	28
PLN	22	15	7		52	26	24	2
CZK					6		6	
Other					0			
<b>Total hedge position</b>	<b>1,018</b>	<b>354</b>	<b>581</b>	<b>83</b>	<b>1,116</b>	<b>334</b>	<b>669</b>	<b>113</b>
Total contracted and forecast currency outflows.	1,407	378	795	234	1,566	349	990	227
Hedged share, %	72	94	73	35	71	96	68	50
Average forward rate in SEK regarding total hedge position for currency outflows:								
EUR currency forward contracts	10.87	10.67	10.98	10.87	10.22	10.21	10.23	10.18
NOK currency forward contracts	1.08	1.07	1.08		0.99	0.98	0.99	0.98
PLN currency forward contracts	2.24	2.24	2.22		2.22	2.24	2.19	2.19
CZK currency forward contracts					0.40		0.40	

The hedges pertaining to forecast and contractual currency outflows fulfill effectiveness requirements, meaning that all changes resulting from changed exchange rates are recognized in other comprehensive income. The net fair value of currency forward contracts used for hedging transaction exposure amounted to SEK 29 M (9). Of this amount, other long-term receivables of SEK 2 M (2), other receivables of SEK 30 M (9), other long-term liabilities of SEK 0 M (0) and other current liabilities of SEK 3 M (2) have been recognized in the balance sheet.

### Currency distribution of financing

According to the Group Treasury Policy, Group assets are to be financed in local currency. External and internal borrowing in the NCC Group occurs mainly through Group Treasury and is then transferred to the business areas and subsidiaries in the form of internal loans. Lending is denominated in local currency, while external financing largely occurs in SEK. Parts of the Group's loans and liquidity are converted through currency derivatives into the currencies of the Group's assets.

The following tables illustrate NCC's financing and the currency swap agreements for financing. The stated values include underlying principals.

### Interest-bearing liabilities<sup>1)</sup>

Counter-value in SEK M	2022		2021	
	Amount	Proportion, %	Amount	Proportion, %
DKK	59	2		
SEK	2,731	98	2,513	100
<b>Total</b>	<b>2,790</b>	<b>100</b>	<b>2,513</b>	<b>100</b>

<sup>1)</sup> Excluding pension debt and lease liability.

### Financing via currency derivatives<sup>1)</sup>

Counter-value in SEK M	2022	2021
Buy +/- Sell – DKK	1,580	2,042
Buy +/- Sell – EUR	518	332
Buy +/- Sell – NOK	108	-363
Buy +/- Sell – PLN	55	
<b>Net</b>	<b>2,261</b>	<b>2,011</b>

<sup>1)</sup> Currency swaps.

Note 36 Financial instruments and financial risk management, cont'd.

### Translation exposure

According to the Group Treasury Policy, the Group's translation exposure is not to be hedged.

### Group's net investments in foreign subsidiaries

The table below shows the Group's net investments in foreign subsidiaries and the exchange rate risk associated with translation exposure. At December 31, 2022, a 5-percent depreciation of the SEK in relation to other currencies would result in a change of SEK 186 M (160) in other comprehensive income; see the table below.

Counter-value in SEK M	2022		2021	
	Net investment	Exchange rate risk, 5%	Net investment	Exchange rate risk, 5%
DKK	2,262	113	1,968	98
EUR	569	28	468	23
NOK	897	45	767	38
<b>Total</b>	<b>3,729</b>	<b>186</b>	<b>3,203</b>	<b>160</b>

### Price risks

#### Price risks associated with bitumen

A part of NCC Industry's sales of paving contracts in NCC Industry are subject to indexed prices, whereby the index in relation to the customer matches the index used by the supplier for pricing bitumen, which means that NCC Industry is not exposed to any risk arising from a change in the price of bitumen.

There are also cases of fixed price contracts that are not indexed, whereby NCC Industry is exposed to a risk should the price of bitumen change. The price risk is managed by Group Treasury via oil forward contracts. The

policy is to hedge customer contracts when the work is to be performed later than two months from the ordering date. NCC ensures that oil derivatives are priced using the same underlying index as that applying to suppliers and that the number of purchased tons of bitumen per month exceeds the number of hedged tons of bitumen per month. The hedged quantity of purchased bitumen matches the quantity stated in the derivative (hedge ratio 1-for-1). Ineffectiveness may arise if the point in time of the purchases of bitumen deviates from the derivatives' due date.

The net fair value of oil forward contracts used for hedging purchases and sales of bitumen was SEK -2 M (4). Of this amount, other receivables of SEK 0 M (6), other long-term liabilities of SEK 0 M (0) and other current liabilities of SEK 2 M (2) have been recognized in the balance sheet.

Given outstanding oil forward contracts on the balance sheet date, a 10-percent increase in the price of bitumen at December 31, 2022 would give rise to a change of SEK 1 M (2) in other comprehensive income and of SEK 0 M (0) in net profit for the year. The sensitivity analysis assumes that all other factors remain unchanged.

#### Purchases of bitumen

The table below shows the Group's total purchases of bitumen and the portion hedged via oil forward contracts during the year.

	2022			2021		
	Purchases bitumen tons	Hedged share tons	Hedged share via oil forward contracts, %	Purchases bitumen tons	Hedged share tons	Hedged share via oil forward contracts, %
<b>Total</b>	<b>234,890</b>	<b>54,582</b>	<b>23</b>	<b>298,215</b>	<b>33,417</b>	<b>11</b>

The following table shows the Group's forecast volume of total purchases of bitumen, the outstanding hedge position at year-end and the portion hedged via oil forward contracts. The hedges fulfill effectiveness requirements. The forward contracts used to hedge forecast purchases of bitumen are classified as cash flow hedges.

	2022				2021			
	Total	<3 months	3 months-1 year	>1 year	Total	<3 months	3 months-1 year	>1 year
Forecast volume of purchases of bitumen (tons)	454,277	5,495	221,644	227,138	482,581	5,838	235,453	241,290
Hedge position through oil forward contracts (tons)	3,161	152	2,859	150	11,620	1,092	10,311	217
Hedged share, %	1	3	1		2	19	4	
Hedge position counter-value, SEK M	15	1	13	1	34	3	30	1
<b>Hedged price per ton (average price in SEK)</b>	<b>4,649</b>	<b>5,060</b>	<b>4,565</b>	<b>5,835</b>	<b>2,930</b>	<b>2,843</b>	<b>2,940</b>	<b>2,902</b>

### Sales of bitumen

During 2022, no hedges of sales were effected. At the end of the year, the outstanding hedge position of the Group's hedged contractual volume sales of bitumen amounted to 0 tons (873), counter-value SEK 0 M (2).

#### Price risks associated with electricity

As part of efforts to ensure calculable costs for electricity, NCC has elected to use electricity derivatives to smooth out price fluctuations occurring in the electricity market. NCC progressively hedges the price for up to three years and builds up the volume of electricity contracts until the particular delivery date.

The hedges fulfill effectiveness requirements, meaning that all changes due to price adjustments are recognized in other comprehensive income. The forward contracts used to hedge contracted purchases of electricity are classified as cash flow hedges.

At year-end, the outstanding volume of electricity derivatives amounted to 136,747 MWh (139,332), of which 25,054 MWh (24,669) fall due within three months, 49,405 MWh (50,958) fall due in 3-12 months and 62,287 MWh (63,706) fall due after one year.

The net fair value of electricity derivatives used for hedging the price risk related to electricity was SEK 68 M (39). Of this amount, other receivables of SEK 68 M (39) have been recognized in the balance sheet.

Given outstanding electricity forward contracts on the balance sheet date, a 10-percent increase in electricity prices at December 31, 2022 would give rise to a change of SEK 13 M (7) in other comprehensive income and of SEK 0 M (0) in profit or loss. The sensitivity analysis assumes that all other factors remain unchanged.

### Credit risks

#### Credit and counterparty risks in financial operations

NCC's investment regulations for financial credit risks are revised continuously and are 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. ISDA's (International Swaps and Derivatives Association) framework agreement on netting is used with all counterparties with respect to derivative trading. The investment regulations specify maximum credit exposure and maturity for various counterparties.

Total counterparty exposure with respect to derivative trading, calculated as the net receivable per counterparty, amounted to SEK 193 M (100) 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% of the nominal amount). Calculated gross exposure to counterparty risks pertaining to cash and cash equivalents and short-term investments amounted to SEK 928 M (3,048).

#### Credit risks in accounts receivable

The risk that the Group's customers will not fulfill their commitments, meaning that payment is not received from the customers, is a credit risk. The credit rating of the Group's customers is checked, whereby information on the customers' financial position is obtained from various credit rating agencies. For major accounts receivable, the risk of credit losses is limited through various types of collateral, such as bank guarantees, blocks on building loans, parent company guarantees and other payment guarantees. The proportion of accounts receivable subject to some type of collateral was 17.6 percent (16.8) during the year.

Note 36 Financial instruments and financial risk management, cont'd.

### Age analysis of accounts receivable

Group	2022		2021	
	Gross	Reserves for doubtful receivables	Gross	Reserves for doubtful receivables
Not past-due accounts receivable	6,176		5,921	
Past-due accounts receivable 1–30 days	533	-24	463	-1
Past-due accounts receivable 31–60 days	101	-1	41	-5
Past-due accounts receivable 61–180 days	131	-10	150	-25
Past-due accounts receivable >180 days	1,987	-689	1,900	-698
<b>Total</b>	<b>8,928</b>	<b>-723</b>	<b>8,476</b>	<b>-728</b>

Within NCC, there are, firstly, estimated/potential customer losses that mainly relate to ongoing discussions or claims with the client and, secondly, confirmed/potential credit losses that mainly relate to shortcomings in the client's payment capacity.

Receivables expired >180 days are essentially caused by ongoing discussions/claims with the client and do not involve an issue about the client's creditworthiness.

Thus the reserve for doubtful receivables expired >180 days essentially relates to former claims and not to anticipated payment capacity. Apart from these, customer bad debts are low, whereby the reserve for doubtful receivables expired <180 days is low.

Provisions for doubtful accounts receivable and reversals of these, which essentially relate to ongoing discussions/claims with the client, known as performance obligations, are recognized as reduced revenues in the company's construction projects and are thus included as net sales in profit or loss. The confirmed/potential credit losses that arise due to shortcomings in the client's payment capacity are instead recognized as production costs or as selling and administrative costs in profit or loss.

Refer also to under Accounting policies.

### Reserve for doubtful receivables

Group	2022	2021
On January 1	-728	-842
Provision for the year	-249	-252
Reversal of previously posted impairment losses	268	401
Translation differences	-14	-36
<b>On December 31</b>	<b>-723</b>	<b>-728</b>

### Carrying amount and fair value of financial instruments

The carrying amount and fair value of financial instruments are presented in the tables below. In NCC's balance sheet, mainly short-term investments in housing bonds and fixed-income funds and derivatives are measured at fair value. Short-term investments are measured according to prices quoted on a well-functioning secondary market for the same instruments.

The measurement at fair value of currency forward contracts, oil forward contracts and electricity forward contracts is based on customary models with observable input data such as interest rates, exchange rates and commodity prices. The measurement 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 – accounts receivables, current interest-bearing receivables, other receivables, cash and cash equivalents, accounts payable and other interest-free liabilities – the fair value does not materially deviate from the carrying amount. For long-term holdings of bonds (long-term interest-bearing receivables) and short-term investments recognized at amortized cost, the fair value is based on prices listed in a well-functioning secondary market. For short and long-term bond loans listed on Nasdaq Stockholm, the fair value was calculated according to prices listed in a well-functioning secondary market. The fair value for unlisted long-term bonds was calculated by discounting future cash flows with current market rates for similar financial instruments. The assessment is that the fair value of other long-term and current 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.

### Classification of financial instruments

Group, 2022	Financial assets measured at fair value through profit or loss <sup>1)</sup>	Derivatives used in hedge accounting	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income, equity instruments	Financial liabilities measured at fair value through profit or loss <sup>1)</sup>	Other liabilities	Total carrying amount	Total fair value
Long-term holdings of securities				68			68	68
Long-term interest-bearing receivables			184				184	175
Pension receivable			68				68	68
Other long-term receivables		16					16	16
Accounts receivable			8,205				8,205	8,205
Current interest-bearing receivables			118				118	118
Other receivables	34	101	25				160	160
Short-term investments	374		20				394	394
Cash and cash equivalents			534				534	534
<b>Total assets</b>	<b>408</b>	<b>117</b>	<b>9,155</b>	<b>68</b>			<b>9,748</b>	<b>9,739</b>
Long-term interest-bearing liabilities						3,286	3,286	3,240
Other long-term liabilities						59	60	60
Provisions for pensions and similar obligations								
Current interest-bearing liabilities <sup>2)</sup>						1,012	1,012	1,012
Accounts payable						5,165	5,165	5,165
Accrued expenses and deferred income						13	13	13
Other current liabilities		6			3		9	9
<b>Total liabilities</b>		<b>6</b>			<b>3</b>	<b>9,534</b>	<b>9,544</b>	<b>9,498</b>

<sup>1)</sup> Statutorily measured at fair value.

Note 36 Financial instruments and financial risk management, cont'd.

Group, 2021	Financial assets measured at fair value through profit or loss <sup>1)</sup>	Derivatives used in hedge accounting	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income, equity instruments	Financial liabilities measured at fair value through profit or loss <sup>1)</sup>	Other liabilities	Total carrying amount	Total fair value
Long-term holdings of securities				68			68	68
Long-term interest-bearing receivables			128				128	128
Other long-term receivables		5					5	5
Accounts receivable			7,748				7,748	7,748
Current interest-bearing receivables			103				103	103
Other receivables	8	54	35				97	97
Short-term investments	401		86				487	487
Cash and cash equivalents			2,561				2,561	2,561
<b>Total assets</b>	<b>409</b>	<b>59</b>	<b>10,661</b>	<b>68</b>			<b>11,196</b>	<b>11,196</b>
Long-term interest-bearing liabilities						2,038	2,038	2,038
Other long-term liabilities						47	47	47
Provisions for pensions and similar obligations						1,997	1,997	1,997
Current interest-bearing liabilities <sup>2)</sup>						2,176	2,176	2,176
Accounts payable						4,567	4,567	4,567
Other current liabilities		5			39		44	44
<b>Total liabilities</b>		<b>5</b>			<b>39</b>	<b>10,825</b>	<b>10,869</b>	<b>10,869</b>

<sup>1)</sup> Statutorily measured at fair value.<sup>2)</sup> Loan of SEK 800 M from the NCC Group's Pension Foundation is included.

Parent Company, 2022	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income, equity instruments	Other liabilities	Total carrying amount	Total fair value
Other long-term holdings of securities		45		45	45
Accounts receivable	1			1	1
Current receivables from Group companies	463			463	463
Balance in NCC Treasury AB	213			213	213
<b>Total assets</b>	<b>677</b>	<b>45</b>		<b>722</b>	<b>722</b>
Other long-term liabilities			3	3	3
Accounts payable			13	13	13
Current interest-bearing liabilities				0	0
Current liabilities to Group companies			711	711	711
<b>Total liabilities</b>			<b>727</b>	<b>727</b>	<b>727</b>

Parent Company, 2021	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income, equity instruments	Other liabilities	Total carrying amount	Total fair value
Other long-term holdings of securities		45		45	45
Current receivables from Group companies	689			689	689
Balance in NCC Treasury AB	721			721	721
<b>Total assets</b>	<b>1,410</b>	<b>45</b>		<b>1,455</b>	<b>1,455</b>
Other long-term liabilities			6	6	6
Accounts payable			10	10	10
Current interest-bearing liabilities <sup>1)</sup>			800	800	800
Current liabilities to Group companies			147	147	147
<b>Total liabilities</b>			<b>963</b>	<b>963</b>	<b>963</b>

<sup>1)</sup> Loan of SEK 800 M from the NCC Group's Pension Foundation is included.

The classification categories Financial assets measured at fair value through profit or loss and Financial liabilities measured at fair value through profit or loss are not applicable for the Parent Company. No reclassifications of financial assets and liabilities among the above categories were effected during the year. It has been determined that the fair value of the Parent Company's financial instruments did not materially deviate from the carrying amount. In the forthcoming tables, disclosures are made concerning how fair value

was determined for the financial instruments that are continuously measured at fair value and the financial instruments not measured at fair value in NCC's balance sheet. When determining fair value, assets have been divided into 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.

Note 36 Financial instruments and financial risk management, cont'd.

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

This category does not apply for the Parent Company.

**Level 2:** on the basis of directly or indirectly observable market data that is not included in Level 1. This category does not apply for the Parent Company.

**Level 3:** on the basis of input data that is not observable in the market.

Group	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Financial assets measured at fair value through profit or loss								
Short-term investments	374			374	401			401
Derivative instruments		34		34		8		8
Derivative instruments used in hedge accounting		117		117		59		59
<b>Financial assets measured at fair value through other comprehensive income</b>								
Equity instruments			68	68			68	68
Financial assets not measured at fair value								
Long-term interest-bearing receivables	175			175	128			128
Short-term investments	20			20	86			86
<b>Total assets</b>	<b>569</b>	<b>151</b>	<b>68</b>	<b>788</b>	<b>615</b>	<b>67</b>	<b>68</b>	<b>750</b>
<b>Financial liabilities measured at fair value</b>								
Financial liabilities measured at fair value through profit or loss								
Derivative instruments		3		3		39		39
Derivative instruments used in hedge accounting		6		6		5		5
<b>Financial liabilities not measured at fair value</b>								
Other interest-bearing liabilities	1,724	2,528		4,252	1,600	2,614		4,214
<b>Total liabilities</b>	<b>1,724</b>	<b>2,537</b>		<b>4,261</b>	<b>1,600</b>	<b>2,658</b>		<b>4,258</b>

### Offsetting of financial instruments

NCC has binding framework agreements on netting (ISDA agreements) with all 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. NCC has not offset any amounts in the balance sheet.

Group	2022		2021	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Recognized gross amount <sup>1)</sup>	151	9	67	43
Amount included in netting agreements	-7	-7	-24	-24
<b>Net amount after netting agreement</b>	<b>144</b>	<b>2</b>	<b>43</b>	<b>19</b>

<sup>1)</sup> The gross carrying amount of financial assets includes SEK 0 M (0) for derivatives measured at fair value through profit or loss in other long-term receivables, SEK 34 M (8) in other receivables, SEK 16 M (5) for derivatives used in hedge accounting for other long-term receivables and SEK 101 M (54) in other receivables. The gross carrying amount of financial liabilities includes derivatives measured at fair value through profit or loss in other current liabilities of SEK 3 M (39) and derivatives used in hedge accounting of other current liabilities of SEK 6 M (5).

The Parent Company has no derivatives outstanding.

### Accounting policies

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 cash equivalents, loan receivables, accounts receivable, financial investments and derivatives. Accounts payable, loan payables and derivatives are recognized under liabilities. Financial guarantees such as sureties are also included in financial instruments.

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. Accounts receivable are recognized in the balance sheet when invoices have been sent. Accounts payable are recognized when invoices have been received.

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 the financial liability.

Financial instruments are classified in the following categories for measurement:

- Financial assets measured at fair value through profit or loss,
- Financial assets measured at fair value through other comprehensive income (equity instruments),
- Financial assets measured at amortized cost,
- Financial liabilities measured at fair value through profit or loss,
- Derivatives used in hedge accounting, and
- Other liabilities.

When entered for the first time, a financial asset is classified on the basis of NCC'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 measured at fair value.

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

This category includes the Group's derivatives with a positive fair value and interest-bearing securities for which NCC's business model is to maximize the return on the asset within given risk limits. Fair value changes 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 an account 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 investments in interest-bearing securities 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. Investments in interest-bearing securities with a remaining maturity exceeding 12 months after the balance sheet date are recognized as long-term interest-bearing receivables. Other investments are recognized as short-term investments.

#### Financial assets measured at fair value through other comprehensive income (equity instruments)

Holdings of shares and participations that are not recognized as subsidiaries, associated companies or joint arrangements are recognized here. These assets are measured at fair value.

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

This category includes the Group's derivatives with a negative fair value, with the exception of derivatives that function as an identified and effective hedging instrument; see Derivatives used in hedge accounting below. Fair value changes are recognized in net financial items.

Note 36 Financial instruments and financial risk management, cont'd.

#### Derivatives used in hedge accounting

Derivatives used in hedge accounting are measured 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.

#### Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. Liabilities are recognized at amortized cost.

#### Impairment

NCC applies impairment requirements for expected credit losses on financial assets and a loss allowance for them is recognized as a deduction from the asset. This applies to financial assets recognized at amortized cost and fair value through other comprehensive income. A loss allowance 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 full lifetime of the asset.

A loss risk reserve for the full lifetime 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.

For accounts receivable, contract assets and lease receivables, loss risk reserves are always posted for the full lifetime of the asset according to the simplified model in IFRS 9. The measurement of expected credit losses must reflect an unbiased and probability-weighted amount, the time value of money, reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Although each invoice is measured individually, provisions are made for invoices that are more than 180 days overdue unless special circumstances apply. Accounts receivable, contract assets and lease receivables are then written off when there is no reasonable expectation of repayment.

#### Hedge accounting

NCC applies hedge accounting in the following categories: hedging of exchange rate risk in transaction flows, hedging of the Group's interest maturities and hedging of the price risk associated with bitumen and electricity. If the hedge no longer fulfills the criteria for hedge accounting or the hedging instrument is sold, matures, is settled or redeemed, hedge accounting ceases prospectively. When the hedge accounting of cash flow hedges has ceased, the amount that has been accumulated in the hedging reserve is kept in shareholders' equity until:

- it is included in the cost of the non-financial item at initial recognition (applies for hedging of a transaction that results in recognition of a non-financial item) or
- it is reclassified to profit or loss in the same period or periods that the hedged expected cash flow impacts profit/loss (applies for other cash flow hedges.)

If the hedged cash flow is no longer expected to arise, the amount that has been accumulated in the hedging reserve is reclassified immediately to profit or loss.

#### Hedging of exchange rate risk in transaction flows

Currency exposure associated with future flows is hedged by using currency forward contracts.

The currency forward contract that hedges this cash flow is measured at fair value in the balance sheet. When hedge accounting is applied, the change in fair value attributable to changes in the forward rate of currency forward contracts is recognized in other comprehensive income, after taking tax effects into account and being accumulated in the hedging reserve. Any ineffectiveness is recognized in profit or loss. Transfers of amounts from the hedging reserve to reflect the carrying amount of the purchase are effected so that this is recognized at the forward rate. The hedged flows can be both contracted and forecast transactions.

#### Hedging of the Group's interest maturities

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 considering income tax effects, are recognized in other comprehensive income and accumulated in the hedging reserve. Any ineffectiveness is recognized in net financial items. By hedging interest rates, variable interest rate on parts of NCC's financing becomes fixed.

#### Hedging of price risks associated with bitumen and electricity

By entering into oil forward contracts, NCC Industry hedges its price risk for bitumen when major contracts are to be performed later than two months following receipt of the order. These oil forward contracts are classified as cash flow hedges. Changes in effective hedges due to changed prices are

recognized in other comprehensive income and accumulated in the hedging reserve, and any ineffectiveness is recognized in operating profit or loss.

To smooth out fluctuations in the Swedish electricity market, NCC has elected, using electricity derivatives entered into gradually over a period of three years, to accumulate the volume of electricity until the particular date of delivery. Changes in effective hedges are recognized in other comprehensive income and accumulated in the hedging reserve, and any ineffectiveness is recognized in operating profit or loss.

#### 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 operating receivables and liabilities are recognized in operating profit or loss, while exchange rate differences arising from the translation of financial assets and liabilities are recognized in net financial items.

#### Financial instruments in the Parent Company

Financial instruments in the Parent Company are recognized at cost less any impairment losses and taking into account the impact on earnings accrued up to fiscal year-end. In respect of the qualitative and quantitative risk information, reference is made to the disclosures made for the Group above, since Group-wide risk management is applied.

#### Important estimates and assessments

##### Measurement of receivables

NCC's accounts receivable, including receivables for sold property projects, are measured at amortized cost, meaning the amount expected to be received less an amount for doubtful receivables.

## Note 37 Information about the Parent Company

NCC AB, Corporate Registration Number 556034-5174, is a limited liability company registered in Sweden, with its Head Office in Solna, Sweden. NCC AB's shares are listed on the Nasdaq Exchange Stockholm/Large Cap List.

The address of the Head Office is NCC AB, Herjärva Torg 4, SE-170 80 Solna, Sweden.

The consolidated financial statements for 2022 relate to the Parent Company and its subsidiaries, jointly designated the Group. The Group also includes investments in associated companies, joint ventures and joint operations.

## Note 38 Events after the balance sheet date

The board proposes that the Annual General Shareholder Meeting decide on the withdrawal of 8,674,866 B shares (corresponding to 80 percent of NCC's holdings as of December 31, 2022) and in connection with the withdrawal of own shares carry out a bonus issue to restore the share capital. The remaining 2,168,716 B shares are proposed to be kept by NCC in order to cover commitments according to the long-term performance-based incentive programs.

## Note 39 Appropriation of the company's profit

The Board of Directors proposes that the available funds	3,491,299,466
Be appropriated as follows:	
Ordinary dividends to the shareholders of SEK 6.00 per share <sup>1)</sup>	585,533,440
To be carried forward	2,905,766,026
<b>Total, SEK</b>	<b>3,491,299,466</b>

<sup>1)</sup> The total amount of the proposed dividend is calculated based on the number of shares outstanding on March 7, 2023.



# Adoption

The Board of Directors and the CEO hereby give their assurance that the consolidated financial statements and the Annual Report have been compiled in compliance with 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 Group and the Parent Company. The Report of the Board of Directors for both the Group and the Parent Company accurately review the Group's and the Parent Company's operations, financial positions and earnings and describe the material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on March 7, 2023. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting for adoption on March 31, 2023.

Solna, March 7, 2023

Alf Göransson  
*Chairman of the Board*

Geir Magne Aarstad  
*Board member*

Simon de Château  
*Board member*

Mats Jönsson  
*Board member*

Angela Langemar Olsson  
*Board member*

Birgit Nørgaard  
*Board member*

Karl-Johan Andersson  
*Board member  
employee representative*

Karl G Sivertsson  
*Board member  
employee representative*

Harald Stjernström  
*Board member  
employee representative*

Tomas Carlsson  
*President and CEO*

Our audit report was submitted on March 8, 2023

PricewaterhouseCoopers AB

Ann-Christine Hägglund  
*Authorized Public  
Accountant  
Auditor in Charge*

Erik Bergh  
*Authorized Public  
Accountant*

# Auditor's report

Unofficial translation

To the general meeting of the shareholders of NCC AB (publ), corporate identity number 556034-5174

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of NCC AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 12-71 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited

services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Our audit approach

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

In a business such as NCC's, our risk assessment is particularly influenced by the impact of the Board of Directors' and management's estimates and judgements on the financial statements. We have assessed the individually highest risk for misstatements in the financial statements to be the percentage-of-completion revenue recognition in some of the ongoing projects in NCC Building Sweden, NCC Building Nordics and NCC Infrastructure. In addition, we have identified a number of other risks that also reflect components of estimates and judgements, e.g., warranty provisions and disputes. Based on the risk assessment the central audit team developed an audit strategy according to which the group audit mirrors NCC's organisation, and which

starts in an audit of the five business areas.

As a part of this strategy the audit has focused on the largest units within each business area, which are subject to a so-called full audit. The central audit team performs the audit of the parent company and the consolidated accounts and issues, based on the audit strategy, instructions to the audit teams for each business area. We also perform a centralised audit of, e.g., selected controls in the financial processes handled by NCC's group common shared service centre as well as of relevant controls over NCC's group common information systems. The results of these examinations are shared with component audit teams.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

## Key audit matters

### Revenue and results recognition in construction projects

Revenue and results recognition in construction projects 2021 revenue in NCC's construction and civil engineering operations amount to approximately SEK 43 (43) billion. In all material respects revenue is related to construction projects and is recognised over time, i.e., applying percentage-of-completion. This means that recognised revenue and costs in construction projects are based on assumptions and estimates on future outcome as documented in the project forecasts. These forecasts include estimates of costs for, e.g., labour, material, subcontractors and warranty obligations. From time to time, the latter may require updated estimates also for completed projects. As applicable, forecasts also include assessments of claims on customers relating to, e.g. change or additional orders and deficiencies in tender conditions. The elements of assumptions and estimates means that final results may deviate from those now reported. Given the elements of assumptions and estimates makes this a key audit matter.

Refer to the sections "Revenue from construction and similar projects", "Essential estimates and assessments" (subsections "Percentage-of-completion profit recognition of projects", "Guarantee commitments" and "Guarantee obligations, legal disputes, etc") in note 1 Accounting Policies as well as note 2 Order stock and distribution of external net sales, note 28 Other provisions and note 34 Pledged assets, sureties, guarantees and contingent liabilities (subsection "Contingent liabilities etc").

## How our audit addressed the Key audit matter

We have evaluated and on a sample basis tested selected key controls in so-called tollgates in NCC's project process, from calculation to current project reporting. We have also evaluated processes, routines and methodology for project completion. We have performed analytical reviews of revenue and margins reported and evaluated management's routines for follow-up of the projects financial results and also discussed the latter with management. On a sample basis, we have examined revenue and the recognised project costs on which the determination of completion ratio is based. We have also tested the mathematical accuracy of the percentage-of-completion profit calculation.

We have discussed with NCC the principles, methods and assumptions on which estimates are based, including those forming the basis for warranty provisions for projects already completed. For selected projects, we have performed more in-depth procedures including, e.g., reading contract excerpts, review of project forecasts and discussions with project leaders and controllers on judgements, assumptions and estimates. We have also obtained opinions from NCC's legal advisers on selected disputes.

We have kept a dialogue also with group management and the audit committee on NCC's estimates and the principles, methods and assumptions on which these are based. Our overall view is that NCC's assumptions and estimates lie within an acceptable range. However, we have communicated that many times these are difficult judgemental matters and that final outcome may deviate from the current assumptions, estimates and judgements.

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-11, 76-81 and 131. The Board of Directors and the Managing Director are responsible for this other information.

The other information also consists of the compensation report for 2022 that we obtained prior to the date of this auditor's report. It is the Board of Directors and the Managing Director who is responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, 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.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. 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 annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## Report on other legal and regulatory requirements

### The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of NCC AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

#### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

#### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the

proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board

of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description is part of the auditor's report.

## The auditor's examination of the ESEF report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, We have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528) for NCC AB (publ) for the financial year 2022 .

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of NCC AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors (and the Managing Director) are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities

Market Act (2007:528), and for such internal control that the Board of Directors (and the Managing Director) determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden 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 Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of NCC AB (publ) by the general meeting of the shareholders on 5 April 2022, and has been the company's auditor since the 5 April 2017.

Stockholm March 8 2023  
PricewaterhouseCoopers AB

Ann-Christine Hägglund  
Authorised Public Accountant  
Partner in charge

Erik Bergh  
Authorised Public Accountant

# Multi-year review

INCOME STATEMENT, SEK M	2018	2019	2020	2021	2022
Net sales	57,346	58,234	53,922	53,414	54,198
Production costs	-55,205	-54,134	-49,589	-48,894	-50,202
<b>Gross profit</b>	<b>2,140</b>	<b>4,101</b>	<b>4,333</b>	<b>4,520</b>	<b>3,996</b>
Selling and administrative costs	-2,875	-2,811	-2,967	-2,808	-2,981
Result from sales of owner-occupied properties	12	-11	-3	165	22
Impairment losses on fixed assets	-82	-22	-24	-16	0
Result from sales of Group companies		18	9	-46	59
Result from participations in associated companies	42	21	12	10	262
<b>Operating profit/loss</b>	<b>-764</b>	<b>1,296</b>	<b>1,360</b>	<b>1,825</b>	<b>1,358</b>
Financial income	36	34	30	20	29
Financial expenses	-121	-146	-110	-80	-87
<b>Net financial items</b>	<b>-85</b>	<b>-112</b>	<b>-80</b>	<b>-60</b>	<b>-59</b>
<b>Profit/loss after financial items</b>	<b>-849</b>	<b>1,184</b>	<b>1,281</b>	<b>1,765</b>	<b>1,299</b>
Tax	99	-309	-22	-257	-230
<b>Profit/loss for the period</b>	<b>-750</b>	<b>875</b>	<b>1,259</b>	<b>1,508</b>	<b>1,069</b>
<b>Attributable to:</b>					
NCC's shareholders	-756	873	1,259	1,508	1,069
Non-controlling interests	6	2			
<b>Profit/loss for the period</b>	<b>-750</b>	<b>875</b>	<b>1,259</b>	<b>1,508</b>	<b>1,069</b>

BALANCE SHEET, SEK M	2018	2019	2020	2021	2022
<b>ASSETS</b>					
<b>Fixed assets</b>					
Goodwill	1,861	1,893	1,800	1,852	1,943
Other intangible assets	339	368	342	335	326
Right-of-use assets	493	1,716	1,952	1,600	1,420
Owner-occupied properties	915	899	875	790	909
Machinery and equipment	2,559	2,611	2,306	2,296	2,504
Long-term holdings of securities	119	114	93	82	83
Long-term interest-bearing receivables	195	144	125	128	184
Pension receivable					68
Other long-term receivables	119	34	19	23	36
Deferred tax assets	531	524	587	609	564
<b>Total fixed assets</b>	<b>7,133</b>	<b>8,302</b>	<b>8,099</b>	<b>7,714</b>	<b>8,037</b>
<b>Current assets</b>					
Right-of-use assets		51	11	2	2
Properties held for future development	1,633	1,391	1,492	1,005	1,179
Ongoing property projects	2,292	3,042	4,610	5,370	7,171
Completed property projects	308	936	496		
Participations in associated companies	226	263	295	431	74
Materials and inventory	902	1,008	953	1,059	1,079
Tax receivables	146	50	58	70	118
Accounts receivable	9,629	8,674	7,084	7,748	8,205
Worked-up, non-invoiced revenues	1,276	1,360	1,349	1,367	1,410
Prepaid expenses and accrued income	1,418	1,556	907	952	857
Current interest-bearing receivables	163	226	126	103	117
Other receivables	608	555	740	552	386
Short-term investments	72	63	174	487	394
Cash and cash equivalents	1,197	2,416	2,155	2,561	534
<b>Total current assets</b>	<b>19,868</b>	<b>21,589</b>	<b>20,450</b>	<b>21,707</b>	<b>21,528</b>
<b>TOTAL ASSETS</b>	<b>27,001</b>	<b>29,890</b>	<b>28,549</b>	<b>29,421</b>	<b>29,565</b>
<b>SHAREHOLDERS' EQUITY</b>					
Shareholders' equity	2,931	3,044	3,972	5,844	7,183
Non-controlling interests	17				
<b>Total shareholders' equity</b>	<b>2,948</b>	<b>3,044</b>	<b>3,972</b>	<b>5,844</b>	<b>7,183</b>
<b>LIABILITIES</b>					
<b>Long-term liabilities</b>					
Long-term interest-bearing liabilities	1,342	3,649	3,965	2,038	3,286
Other long-term liabilities	8	52	60	47	60
Provisions for pensions and similar obligations	2,279	2,840	2,832	1,997	
Deferred tax liabilities	297	170	196	464	943
Other provisions	2,563	2,777	2,586	2,608	2,481
<b>Total long-term liabilities</b>	<b>6,488</b>	<b>9,488</b>	<b>9,639</b>	<b>7,154</b>	<b>6,770</b>
<b>Current liabilities</b>					
Current interest-bearing liabilities	1,051	848	606	2,176	1,012
Accounts payable	5,164	4,275	4,487	4,567	5,165
Tax liabilities		100	66	22	14
Invoiced revenues not worked up	6,311	6,354	4,104	4,830	4,754
Accrued expenses and deferred income	3,452	3,878	3,727	3,588	3,512
Provisions	68	24	19	13	7
Other current liabilities	1,520	1,878	1,930	1,227	1,148
<b>Total current liabilities</b>	<b>17,566</b>	<b>17,358</b>	<b>14,938</b>	<b>16,422</b>	<b>15,612</b>
<b>Total liabilities</b>	<b>24,054</b>	<b>26,846</b>	<b>24,577</b>	<b>23,577</b>	<b>22,382</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>27,001</b>	<b>29,890</b>	<b>28,549</b>	<b>29,421</b>	<b>29,565</b>

KEY FIGURES	2018	2019	2020	2021	2022
<b>Financial statements, SEK M</b>					
Net sales	57,346	58,234	53,922	53,414	54,198
Operating profit/loss	-764	1,296	1,360	1,825	1,358
Profit/loss after financial items	-849	1,184	1,281	1,765	1,299
Profit/loss for the period	-750	875	1,259	1,508	1,069
Investments in fixed assets	1,669	2,992	1,921	1,099	1,320
Investments in property projects	2,602	3,281	3,353	3,467	2,924
<b>Cash flow, SEK M</b>					
Cash flow from operating activities	-375	2,214	1,569	2,260	265
Cash flow from investing activities	-782	-701	-463	-363	-401
Cash flow before financing	-1,157	1,512	1,106	1,896	-136
Cash flow from financing activities	-717	-308	-1,322	-1,492	-1,896
Change in cash and cash equivalents	-1,866	1,219	-260	406	-2,027
<b>Profitability ratios</b>					
Return on shareholders' equity, %	-18	32	37	32	17
Return on capital employed, %	-9	13	12	16	12
<b>Financial ratios at year-end, SEK M</b>					
EBITDA %	0.8	4.7	5.2	5.9	4.8
Interest coverage ratio, multiple	-6.0	9.1	12.7	23.0	15.9
Equity/assets ratio, %	11	10	14	20	24
Interest-bearing liabilities/total assets, %	17	25	26	21	15
Net cash +/Net debt -	-3,045	-4,489	-4,823	-2,932	-3,000
Debt/equity ratio, multiple	1.0	1.5	1.2	0.5	0.4
Capital employed at year-end	7,619	10,382	11,375	12,055	11,480
Capital employed, average	8,780	9,936	10,983	11,430	11,766
Capital turnover rate, multiple	6.5	5.9	4.9	4.7	4.6
Closing date interest rate, % <sup>1)</sup>	1.3	1.1	1.1	1.1	4.1
Average interest rate maturity, years <sup>1)</sup>	0.5	1.2	1.0	0.5	1.0
<b>Order status, SEK M</b>					
Orders received	61,842	58,048	51,199	55,786	53,285
Order backlog	56,837	57,800	50,945	55,763	54,995
<b>Per share data, SEK</b>					
Profit/loss after tax, before and after dilution	-7.00	8.09	11.68	14.02	10.29
Cash flow from operating activities, after dilution	-3.47	20.50	14.56	21.00	2.55
Cash flow before financing, after dilution	-10.71	14.01	10.26	17.62	-1.30
P/E ratio, before dilution	-20	19	13	12	9
Dividend, ordinary	4.00	2.50	5.00	6.00	6.00 <sup>2)</sup>
Dividend yield, %	2.9	3.3	3.3	3.6	6.2
Shareholders' equity, before and after dilution	27.13	28.21	36.89	54.32	73.60
Share price/shareholders' equity, %	508	543	407	309	132
Share price at year-end, NCC B	137.80	153.20	150.00	167.70	97.25
<b>Number of shares, millions</b>					
Total number of issued shares <sup>3)</sup>	108.4	108.4	108.4	108.4	108.4
Treasury shares at year-end	0.4	0.5	0.8	0.8	10.8
Total number of shares outstanding before dilution at year-end	108.0	107.9	107.7	107.6	97.6
Average number of shares outstanding before dilution for the period	108.1	108.0	107.8	107.6	103.9
Market capitalization before dilution, SEK M	14,896	16,548	16,144	18,035	9,636
<b>Personnel</b>					
Average no. of employees	16,523	15,273	14,388	13,002	12,485

<sup>1)</sup> Excluding lease liability and excluding pension debt.

<sup>2)</sup> Dividend for 2022 pertains to the Board of Directors' motion to the AGM.

<sup>3)</sup> All shares issued by NCC are common shares.



# Quarterly data

SEK M	Quarterly amounts, 2022					Full year 2022	Quarterly amounts, 2021				Full year 2021
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4		
<b>Group</b>											
Orders received	16,635	12,763	11,607	12,280	53,285	14,255	16,568	8,905	16,059	55,786	
Order backlog	62,510	60,960	59,047	54,995	54,995	56,096	58,816	54,525	55,763	55,763	
Net sales	10,111	14,001	14,068	16,018	54,198	10,140	12,745	14,531	15,998	53,414	
Operating profit/loss	-170	474	510	544	1,358	-144	487	877	605	1,825	
Profit/loss after financial items	-175	464	490	520	1,299	-152	476	864	577	1,765	
Profit/loss after tax	-147	383	425	407	1,069	-124	388	706	538	1,508	
Earnings per share after dilution, SEK	-1.37	3.59	4.13	4.13	10.29	-1.15	3.61	6.56	5.00	14.02	
Cash flow before financing	-360	-1,505	692	1,037	-136	586	-772	1,389	687	1,896	
Equity/assets ratio, %	20	20	22	24	24	14	14	17	20	20	
Net cash +/Net debt -	-3,529	-4,383	-3,619	-3,000	-3,000	-4,120	-4,878	-3,247	-2,932	-2,932	
<b>NCC Infrastructure</b>											
Orders received	4,404	3,056	4,466	3,465	15,391	5,432	6,769	2,933	3,242	18,377	
Order backlog	20,170	18,434	18,967	17,291	17,291	18,296	20,865	20,047	18,923	18,923	
Net sales	3,501	4,359	4,135	5,262	17,256	3,486	4,118	3,789	4,946	16,339	
Operating profit/loss	42	124	139	124	429	40	115	123	115	391	
Operating margin, %	1.2	2.8	3.4	2.4	2.5	1.1	2.8	3.2	2.3	2.4	
<b>NCC Building Sweden</b>											
Orders received	4,792	3,726	2,367	3,825	14,711	3,665	4,203	2,290	4,210	14,369	
Order backlog	19,679	19,685	19,035	18,587	18,587	18,256	18,700	17,846	18,046	18,046	
Net sales	3,099	3,778	3,028	4,273	14,178	3,079	3,697	2,990	4,102	13,868	
Operating profit/loss	92	117	-56	98	252	90	129	100	137	457	
Operating margin, %	3.0	3.1	-1.8	2.3	1.8	2.9	3.5	3.4	3.3	3.3	
<b>NCC Building Nordics</b>											
Orders received	4,852	2,680	2,321	2,469	12,321	2,093	2,906	1,780	6,518	13,297	
Order backlog	19,464	19,282	18,485	17,127	17,127	14,852	14,919	14,003	17,271	17,271	
Net sales	2,855	3,346	3,226	4,140	13,568	2,420	2,680	2,788	3,437	11,324	
Operating profit/loss	56	92	104	95	347	39	88	111	172	410	
Operating margin, %	2.0	2.8	3.2	2.3	2.6	1.6	3.3	4.0	5.0	3.6	
<b>NCC Industry<sup>2)</sup></b>											
Orders received	2,755	3,776	2,333	2,774	11,638	2,626	2,713	2,236	2,134	9,708	
Net sales	977	3,280	3,637	3,374	11,268	821	2,908	3,383	2,953	10,065	
Operating profit/loss	-305	240	50	23	8	-252	280	306	154	488	
Operating margin, %	-31.2	7.3	1.4	0.7	0.1	-30.6	9.6	9.0	5.2	4.9	
Operating capital employed <sup>1)</sup>	4,991	5,361	5,101	4,411	4,411	4,742	5,150	5,189	4,711	4,711	
<b>NCC Property Development</b>											
Net sales	329	58	836	77	1,301	1,136	40	2,072	1,528	4,775	
Operating profit/loss	29	1	183	268	482	47	-25	277	179	478	
Operating margin, %	8.9	2.0	21.9	348.8	37.0	4.1	-62.6	13.4	11.7	10.0	
Operating capital employed <sup>1)</sup>	6,905	7,495	7,627	7,996	7,996	5,914	6,279	5,403	6,330	6,567	

NCC Industry's operations and certain operations in NCC Building Sweden, NCC Building Nordics and NCC Infrastructure are impacted by seasonal variations due to weather conditions. Earnings in the first quarter are normally weaker than the rest of the year.

<sup>1)</sup> See new definition in the Definitions section.

<sup>2)</sup> For the comparative period 2021, Asphalt Finland (which was divested in December 2021) has been excluded.

# Definitions

## Financial key figures

### Average interest rate maturity

The remaining interest rate maturity weighted by interest-bearing liabilities outstanding.

### Average shareholders' equity

Average of recognized shareholders' equity at January 1, March 31, June 30, September 30 and December 31.

### Capital employed

Total assets less interest-free liabilities including deferred tax liabilities. Average capital employed is calculated as the average of the balances at January 1, March 31, June 30, September 30 and December 31.

### Capital turnover rate

Net sales divided by average capital employed.

### Closing date interest rate

Nominal interest weighted by interest-bearing liabilities outstanding on the balance sheet date.

### Corporate net debt

Total net debt excluding lease liability and excluding pension debt.

### Debt/equity ratio

Net debt divided by shareholders' equity.

### Dividend yield

Dividend as a percentage of the market price at year-end.

### Earnings per share, after taxes

Net profit for the year attributable to NCC shareholders divided by the weighted number of shares during the year in question.

### EBITDA

Operating profit in accordance with the income statement with depreciation and impairment losses reversed (not construction-related projects) including impairment losses on properties classified as current assets and excluding depreciation of leases.

### Equity/assets ratio

Shareholders' equity as a percentage of total assets.

### Exchange rate difference

Exchange rate changes attributable to movements in various exchange rates when receivables and liabilities in foreign currency are translated into SEK.

### Exchange rate effect

Impact of changes in various exchange rates on current reporting in NCC's consolidated accounts on translation into SEK.

### Interest-bearing corporate debt

Interest-bearing liabilities excluding lease liability and excluding pension debt.

### Interest coverage ratio

Profit after financial items following the reversal of financial expenses divided by financial expenses.

### Net debt/EBITDA

Corporate net debt divided by EBITDA.

### Net investments

Closing balance less opening balance plus depreciation and impairment losses less write-ups of fixed assets and properties classified as current assets.

### Net sales

The net sales of construction operations are recognized in accordance with the percentage-of-completion profit recognition principle. These revenues are recognized in pace with the gradual completion of construction projects within the company. Property sales are recognized on the date when material risks and benefits are transferred to the buyer, which normally coincides with the transfer of ownership. In the Parent Company, net sales correspond to recognized sales from completed projects.

### Order backlog

Year-end value of the remaining project revenues not worked up for projects received, including proprietary projects for sale that have not been completed.

### Operating capital employed

Total assets less financial fixed assets, current tax assets, interest-bearing current receivables and cash and bank balances, reduced by interest-free liabilities excluding current and deferred tax liabilities.

### Operating margin

Operating profit as a percentage of net sales.

### Operating net

Profit from property management before depreciation.

### Orders received

Value of received projects and changes in existing projects during the period concerned. Proprietary projects for sale are also included among assignments received, assuming that a decision to initiate the assignment has been taken, as well as sold completed residential units from inventory.

### P/E ratio

Year-end market price of the shares, divided by earnings per share after taxes.

### Repurchase of company shares (treasury shares) in share data

Treasury shares have been excluded from calculations of key figures based on the number of shares outstanding.

### Return on capital employed

Profit after financial items including results from participations in associated companies following the reversal of interest expense as a percentage of average capital employed. Return on capital employed is used to optimize the Group's capital allocation and value generation.

### Return on operating capital employed

Profit after net financial items including results from participations in associated companies following the reversal of interest expense as a percentage of average operating capital employed.

### Return on shareholders' equity

Net profit for the year according to the income statement excluding non-controlling interests, as a percentage of average shareholders' equity.

### Shareholders' equity per share before and after dilution

Closing shareholders' equity, before and after dilution, in relation to the number of shares outstanding at the end of the period.

### Total net debt

Interest-bearing liabilities and provisions for pensions and similar obligations less cash and cash equivalents, short-term investments and interest-bearing receivables.

### Total return

Share-price performance during the year plus dividend paid divided by share price at the beginning of the year.



NiCCi, NCC's robotdog

# Sustainability Report

**NCC is one** of the leading construction companies in the Nordic region. The Group engages in construction and civil engineering projects, production of asphalt and stone materials, and commercial property development in Sweden, Denmark, Norway and Finland.

This Sustainability Report encompasses NCC's work to pursue and develop operations to ensure that they generate long-term value – financially and in respect of the environment and climate, human health and wellbeing, and on the basis of sound ethical and governance principles.

In addition to this Sustainability Report, NCC also issues a separate investor report for the company's Green Bonds and reports its climate emissions to CDP. During 2022, NCC updated its green financing framework. NCC issued green corporate bonds, which are listed on Nasdaq Stockholm, as early as 2019. The green framework has been verified by the Center for International Climate and Environmental Research (CICERO) according to the Shades of Green method. It is classified as Medium Green. During 2022, NCC also

linked its sustainability targets to an existing loan facility.

In September, NCC issued green bonds to a value of SEK 1 billion.

## Sustainability framework

NCC has a sustainability framework as a foundation for the Group's work. This rests on a basis consisting of NCC's core in the form of its purpose, values and Star behaviors. Aside from long-term value generation, there are an further seven impact areas. Data and expertise is a special impact area that is based on NCC's purpose: being a knowledge-based company whose mission is to take the customer through the complex construction process to ensure a positive end-result for all stakeholders. Assigning resources and priority to collecting, using and developing expertise is therefore an impact area that has a value in itself for a knowledge-based company; meanwhile, it provides a basis for decision making and activities in the other six areas. Three areas relate to environmental issues: Climate and energy, Materials and circularity, Natural resources and biodiversity. Two areas relate

to important social dimensions concerning human health and human resources: Health and safety, People and team. One area focuses on how the company conducts its operations: Ethics and compliance.

## Targets

NCC has Group-wide targets in two areas: Climate and energy and Health and safety. We also report and follow up work in other areas at Group level. Each business area then has relevant goals and governing parameters for its own operations

## Sustainable Development Goals

NCC supports Agenda 2030 and the Sustainable Development Goals (SDGs). NCC's potential to contribute is integrated in the sustainability framework and the Group's overall work to develop the business. NCC intends to continue to implement the SDGs in the business, primarily in the business areas' operations.

### Positive impact through core business

NCC's core business – building and developing the physical environment – has the potential to contribute to achieving the SDG 7 (Affordable and clean energy), 9 (Industry, innovation and infrastructure), 11 (Sustainable cities and communities) and 12 (Responsible consumption and production).

### Resource management

NCC has the potential, through its offerings, to contribute to developing products and work methods that improve the situation for both people and the environment. In this context, NCC has the potential to contribute to SDG 3 (Good health and well-being), 6 (Clean water and sanitation), 13 (Climate action), 14 (Life below water) and 15 (Life on land). These are fundamental parts of the operations.

### Value-guided points of departure: Honesty, respect and trust

NCC also works with distinct and valued-driven principles to promote SDG 4 (Quality education), 5 (Gender equality) and 8 (Decent work and economic growth). Cooperation and partnerships with various stakeholders are prerequisites for making the transition to a sustainable world by 2030, as reflected in SDG 16 (Peace and justice strong institutions) and SDG 17 (Partnerships to achieve the goal).

Read more at [www.ncc.com/globalgoals](http://www.ncc.com/globalgoals)

## Sustainability targets and outcome

### Health and safety

#### LTIF4

Work-related accidents resulting in more than four calendar days of absence per million working hours.

Target 2022 Outcome 2022

3.0 4.1

### Climate and energy

NCC will be climate neutral by 2045

#### Scope 1 & 2

Target 60-percent reduction in CO<sub>2</sub>e<sup>1)</sup> (Scope 1 and 2) by 2030 (base year 2015), measured as tons of CO<sub>2</sub>e/SEK M.

Target 2030 Outcome 2022

-60% -52%

Outcome 2022: Emission intensity amounted to 2.5 CO<sub>2</sub>e tons/SEK M, corresponding to a reduction of 52 percent compared with 2015.

#### Scope 3

50-percent reduction in CO<sub>2</sub>e (Scope 3) by 2030 (base year 2015), from concrete, steel, asphalt and transportation, measured as kilograms of CO<sub>2</sub>e/purchased volume

Target 2030	Ready-mix concrete <sup>2)</sup> Outcome 2022	Asphalt <sup>2)</sup> Outcome 2022	Steel reinforcement <sup>2)</sup> Outcome 2022	Transportation <sup>3)</sup>
-50%	-16%	-31%	-38%	-

1) Carbon dioxide equivalents, i.e. GHG emissions expressed as the equivalent amount of carbon dioxide.

2) To date, this metric refers only to ready-mix concrete, steel reinforcement and internally purchased asphalt.

3) Emissions from transportation are not reported for 2022.

# NCC’s sustainability framework

NCC’s sustainability framework is the starting point for the Group’s sustainability work. In addition to the Group-wide sustainability targets, the business areas set operations-specific sustainability targets.

## NCC’s sustainability framework

NCC’s Sustainability Framework is the starting point for the Group’s sustainability work. During 2021, NCC updated its sustainability framework with the aim of better illuminating which areas and issues are most important for NCC to work with and where the impact is the greatest. The framework is divided into eight impact areas: Data and expertise, Natural resources and biodiversity, Materials and circularity, Climate and energy, Health and safety, People and team, Ethics and compliance and Economic performance. Healthy and sustainable profitability is a precondition for long-term sustainability work. The foundation for the sustainability work comprises the Group’s values and Star behaviors.

## The value chain

NCC’s work to contribute to a sustainable society does not only concern its own operations, but the entire value chain. The value chain identified by the NCC consists upstream of two types of materials: recycled or reused materials and extraction of raw materials. Processing takes place from recycled and extracted raw material.

Material goes both directly to NCC through its own extraction, recycling or reuse, as well as via suppliers. This upstream material flow includes contractors, consultants and transport. Upstream there are also financial suppliers.

Downstream, there are primarily customers, then users of buildings and facilities. In the last stage there is destruction of

buildings and facilities, which in turn is connected with recycled and reused material upstream.

### Impact in the value chain

In the value chain, NCC is and is affected in all identified focus areas.

Upstream within Natural resources and biological diversity, Materials and Circularity, Climate and energy in the selection of materials as well as processing of materials and in transportation processes.

Within the organization through Materials and Circularity, Climate and energy, Health and safety, People and Teams and Ethics and compliance.

## Impact areas

Data & Expertise	Natural resources & Biodiversity	Materials & Circularity	Climate & Energy	Health & Safety	People & Team	Ethics & Compliance
<ul style="list-style-type: none"> <li>♦ Certified constructions and buildings</li> <li>♦ Products and concepts with sustainability profiles</li> <li>♦ Environmental product declarations and climate calculations</li> </ul>	<ul style="list-style-type: none"> <li>♦ Biodiversity</li> <li>♦ Raw materials</li> <li>♦ Water</li> </ul>	<ul style="list-style-type: none"> <li>♦ Design and material selection</li> <li>♦ Recycling and reuse</li> <li>♦ Waste</li> </ul>	<ul style="list-style-type: none"> <li>♦ Greenhouse gas emissions</li> <li>♦ Energy</li> <li>♦ Climate adaptation</li> </ul>	<ul style="list-style-type: none"> <li>♦ Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>♦ Diversity and inclusion</li> <li>♦ Employee engagement</li> <li>♦ Non-discrimination</li> <li>♦ Learning and development</li> </ul>	<ul style="list-style-type: none"> <li>♦ Anti-corruption</li> <li>♦ Fair competition</li> <li>♦ Human rights</li> <li>♦ Supplier assessment</li> </ul>

## Economic performance

Stable, sustainable financial performance

## Our core

<p><b>Our core</b> Our ability to manage the complexity of a construction process</p> <p><b>Our purpose</b> To take the customer through the construction process to ensure a positive end-result for all stakeholders</p>	<p><b>Our values</b> Honesty / Trust / Respect</p> <p><b>Our Star behaviors</b> Act with passion to perform / Build together / Follow through and follow up / Act with care</p>
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# Sustainability governance

NCC pursues a fundamental principle that its sustainability work shall be governed and followed up in the same way as all operations in the Group. This means that the CEO is ultimately responsible for the activities.

The NCC Board is continuously informed about the work of various parts of the Group, including the aspects encompassed by the sustainability framework. Various elements of this work are presented at the Board's meetings with Group functions or business areas. The Board reviews and follows up to ensure that NCC is working in line with the Group's targets. In 2022, NCC did not have any specific committee within the Board of Directors with responsibility for sustainability activities. As of 2023, the Board's Audit Committee will specifically manage issues related to sustainability reporting.

NCC's Senior Management Team (SMT) regularly addresses the Group-wide work and every meeting includes some form of reporting of issues covered by the sustainability framework. In 2022, this work focused, inter alia, on developing road-maps for reducing the climate impact of concrete and transportation, and following up the strategic focus concerning health and safety as well as skills development. The SMT also arranged joint exercises relating to anti-corruption and compliance. Risk reviews and reviews of climate-related

risks are also reported to and discussed in the SMT.

Each business area has responsibility for its respective sustainability work. Operations-wide targets are set in each business area and are followed up during regular business reviews.

In 2022, NCC had a Group-wide Sustainability Board with representatives from all business areas and the relevant Group functions. It is responsible for coordinating work within the sustainability framework concerning the environment and climate.

There are specialist functions with responsibility for coordinating activities in other areas. The overall occupational health and safety work (OHS) is coordinated by the Group's Head of Health and Safety. Each business area has a health and safety manager, as well as specialists focusing on health and safety. The responsibility for systematic OHS work at the worksite is delegated to managers with HR responsibility. Work on compliance-related issues is conducted via the NCC Group Head of Compliance together with selected representatives from Group functions and all business areas. NCC's purchasing organization and HR function are responsible for the process for monitoring human rights compliance.

## Policies and governing documents

NCC has a series of policies and govern-

ing documents of relevance to its work on matters encompassed by the sustainability framework. All policies, directives and governing documents are collected in the Group Management System (GMS), where they are available to all employees. Each business area can have its own governing documents, in which case these are collected in the relevant system.

NCC'S Code of Conduct describes the type of conduct that NCC expects from its employees, management, Board of Directors and business partners. It is based on NCC's values, Star behaviors and on voluntary initiatives adopted by the Group. All employees receive regular training in the Code of Conduct's fundamentals and are expected to comply with these principles in their daily work. NCC's SMT is responsible for ensuring compliance with the Code of Conduct, which is continuously followed up within the framework of operating activities.

NCC also applies a Code of Conduct for Suppliers. This applies to all entities that supply NCC with products, personnel or services, including direct and indirect suppliers, service suppliers, subcontractors, intermediaries and agents, as well as, where relevant, employees of suppliers and their subcontractors and agents.

Read more in the section Ethics and compliance on pp 104 and under Minimum Safeguards pp 115.

## Important policies and governing documents

Policy	Area
Code of Conduct	Environment, social issues, governance and regulatory compliance
Code of Conduct for Suppliers	Environment, social issues, governance and regulatory compliance
Sustainability and Environmental Policy	Environment, social issues, governance and regulatory compliance
Health and Safety Policy	Social issues
Health and Safety Directive	Social issues
Compliance Directive	Governance and regulatory compliance
Directive on Alcohol and Drug Use	Social issues
Tax Policy	Governance and regulatory compliance

# Stakeholder engagements

NCC engages in ongoing dialogue with its stakeholders to gain insight into the type of issues that are most important to them and to find out what activities they expect and need from NCC. The principal stakeholder groups are customers, employees, suppliers and subcontractors, shareholders, investors and the financial market, as well as the surrounding society in the form of experts and representatives of various groups in society. These groups have been known to NCC for many years, with the point of departure being the extent by which they influence or are influenced by the Group's work.

NCC has ongoing contact with the stakeholder groups within the framework of operating activities and also implements structured surveys, including customer surveys and employee surveys. Based on a set plan, NCC has also implemented targeted and in-depth dialogues with various stakeholder groups, focused specifically on expectations regarding the Group's sustainability work. In 2021, the focus was on shareholders/investors, and Group-wide suppliers. During 2022, NCC engaged in dialogues with customers, in which questions concerning NCC's sustainability work were

addressed specifically. During the year, these were implemented in the Infrastructure, Building Sweden, Building Nordics and Industry business areas in the form of interviews and roundtable discussions.

The customer dialogues arranged in 2022 emphasized the importance of collaboration and cooperation in the value chain. Important matters that were highlighted included the climate issue and the need to reduce emissions, materials and circularity, also with a focus on reuse. The issue of biodiversity also increased in importance. Other important matters included sound working conditions, efficient anti-corruption work and good control over the value chain.

NCC also participates in industry-wide collaborations and initiatives promoting sustainable business in all markets, and actively participates in the work of, for example, industry associations, business organizations and chambers of commerce, where we are active. Furthermore, NCC has become a signatory to, or committed to, among others:

- UN Global Compact
- Task Force on Climate-Related Financial Disclosure

- CDP (formerly Carbon Disclosure Project)
- Fossil-free Sweden
- Strakstiltak for the climate and environment for the Norwegian construction and civil engineering industry.
- Agreement on counteracting bribery and corruption (ÖMK)

Here follows a selection of the organizations in which NCC is an active member or has a position on the board:

- Industry associations – Byggföretagen (Sweden), EBA (Norway), Di Byggeri (Denmark) and the Confederation of Finnish Construction Industries RT (Rakennusteollisuus RY)
- Sweden Green Building Council, Green Building Council Denmark, Green Building Council Finland, Norwegian Green Building Council
- Entreprenørforeningen Bygg og Anlegg (Norway), Foreningen for Byggeriets Samfundsansvar (Denmark), Sveriges Bergmaterialindustri (The Swedish Aggregates Producers Association)
- The Anti-Corruption Institute (IMM), Transparency International
- The Stockholm Chamber of Commerce, The Chamber of Commerce and Industry of Southern Sweden, The West Sweden Chamber of Commerce

Here follows a summary of NCC's ongoing dialogues with various stakeholder groups.

Stakeholder group	Issues in focus	Type of dialogue
Shareholders, investors, banks and other representatives of the financial market	Long-term economic value growth. Responsible ethical enterprise with a focus on sound working conditions, anti-corruption efforts and human rights. Health and safety of employees Ongoing risk assessment and risk management. Work to reduce climate impact, increased circularity and better use of materials.	Annual General Meeting, analyst meetings in conjunction with quarterly reporting, replying to various questions and questionnaires from investors and analysts, and individual meetings with shareholders and investors. Participation in seminars arranged by players in the financial market; in 2022, including ones on biodiversity and on climate-mitigating measures. During the second half of 2021, targeted interviews were conducted with representatives of shareholders and analysts
Employees	Safe and secure workplaces. Skills and career development. Responsible ethical enterprise. Long-term economic value growth. Good leadership. Equal treatment, diversity and inclusion.	Daily workplace dialogues, employee surveys, work environment measurements, work environment dialogues, safety rounds at workplaces, workplace meetings, in-house training, incident follow-ups, performance reviews and student relations. Program for younger talents, in which they are provided with an opportunity to contribute to the company's development and to give their perspectives.  In 2022, NCC developed a new employee survey to increase participation and transparency and facilitate more frequent and faster surveys. A new platform and a new way of working was launched in autumn 2022 and will be evaluated further.
Customers	Sound working conditions. Health and safety. Control over the supply chain. Active work to reduce climate footprint, including energy efficiency, circularity, reuse and biodiversity.	Personal meetings, partnership projects, customer surveys. During 2022, interviews and roundtable discussions have been carried out, see above.
Suppliers and subcontractors	Sound working conditions with respect to human rights. Climate impact. Circularity and inclusion. Long-term economic value growth that generates development opportunities.	Procurement processes, supplier assessments, personal meetings, meetings with suppliers, supplier audits and partnership projects. In 2021, dialogues with Group-wide suppliers were conducted in a team format
Society	Good dialogues with the surrounding community prior to, during and after the construction and work process, to achieve a favorable end result for all stakeholders. Participating in the development of new know-how through relationships with experts.	Dialogues with local inhabitants, which frequently occur in collaboration with NCC customers. Cooperation with colleges and universities.

# Materiality analysis

NCC uses insights from stakeholder dialogues, regular dialogues with the company's stakeholders, analyses of NCC's strategic issues, risks, challenges and goals, as well as macro-trends and driving forces in society to define the most significant sustainability issues. The method for defining these material topics follows the principle of identification, prioritization and validation. In a dialogue with the

stakeholders, the sustainability framework has formed the basis for validating material topics. A change in the customer dialogues arranged in 2022 is that the area of biodiversity has been defined as being of material importance also for the stakeholder group of customers. NCC's sustainability framework and related material topics have been validated by the SMT.

In 2022, this work started with an in-depth look at the materiality analysis along the entire value chain as a preparation for forthcoming requirements.

NCC's impact areas	NCC's material topics	Corresponding topics according to GRI Standards	Significant impact		
			among suppliers	in NCC's operations	among customers
Data and expertise	Certified constructions and buildings	Own topic	x	x	x
	Products and concepts with sustainability profiles	-		x	x
	Environmental product declarations and climate calculations	-		x	x
Natural resources and biodiversity	Biodiversity	Biodiversity		x	x
	Raw materials	Material	x	x	
	Water	Water and emissions		x	
Materials and circularity	Design and material selection	Material	x	x	x
	Recycling and reuse	Material	x	x	x
	Waste	Waste	x	x	x
Climate and energy	Greenhouse gas emissions	Emissions	x	x	
	Energy	Energy		x	x
	Climate adaptation	Economic performance		x	x
Health and safety	Occupational health and safety	Occupational health and safety	x	x	
People and team	Diversity and inclusion	Diversity and equal opportunity		x	
	Employee engagement	Occupational health and safety	x	x	
	Non-discrimination	Non-discrimination		x	
	Learning and development	Training and education		x	
Ethics and compliance	Anti-corruption	Anti-corruption	x	x	x
	Fair competition	Anti-competitive behavior	x	x	x
	Human rights	Supplier social assessment	x		
	Supplier assessment	Supplier social and environmental assessment	x		
Economic performance	Economic performance		x		



# NCC’s impact areas

## Data and expertise

### NCC-1 Company-specific disclosure: Certified constructions and buildings

**NCC provides data** and expertise to its stakeholders to support data-informed and sustainable decision-making, thereby contributing to positive change.

Reliable data and expertise are keys to handling the complexity of a construction process and to contributing to its development. Data and expertise is a separate impact area as it helps both NCC and its stakeholders to make well-founded and sustainable decisions. Accordingly, developing and presenting data in such forms as environmental product declarations and climate calculations is a prioritized method that enables NCC to contribute to its customers’ processes.

#### A data-informed work method

NCC’s stated purpose is to take the customer through the construction process in order to create a positive result for all stakeholders. Over the course of the process, there are multiple occasions when access to data and expertise contribute to informed choices. NCC strives to be involved in the process at an early stage.

A group of NCC’s size creates enormous amounts of data. For the knowledge to be shared as efficiently as possible, it is essential that the information is structured, easily available and simple to share. By working in a data-informed manner, NCC improves its own sustainability performance and that of its customers, and thus contributes to productivity improvements and increased competitiveness, while facilitating sustainable solutions. By accumulating and sharing expertise, NCC also

contributes to knowledge development in the areas of sustainable solutions and work methods for the entire industry.

With expertise in materials selection and construction processes, NCC helps its customers and other stakeholders to make sustainable choices and informed decisions ahead of and during the construction process. Access to reliable and qualitative sustainability data is a competitive advantage, which enables NCC to make a difference and achieve change, and to be an even better guide for customers throughout the construction process.

With the help of reliable, relevant and transparent data, NCC is able to use climate calculations and environmental product declarations to formulate the actual climate impact of projects and products, simplify work to obtain sustainability certifications, improve the development of products and concepts involving sustainable profiles and to measure, examine and follow up sustainability activities at the worksites.

#### Digitization and standardization

Digitization is a prerequisite for NCC’s ability to leverage the collective information, data, knowledge and expertise and to increase the efficiency of and develop its sustainability work. A higher degree of digitization and standardization is also required for knowledge sharing with other players in the industry, to drive change and succeed in the climate transition, to use resources efficiently and to achieve traceability and control in the value chain.

#### Ongoing development

NCC’s strategic focus is based on using the strength of the large company and developing expertise. This is formulated in the following priorities:

- Build a knowledge-based company and a culture based on shared values and behaviors.
- Work in a data-informed manner, which requires that NCC invests in IT and digitization.
- Be proactive in relation to the customers in order to manage the complexity of the construction process and utilize and develop NCC’s expertise and experience.
- Leverage the Group’s collective expertise in order to develop the construction process. NCC is pursuing this as part of a number of strategic initiatives, including NCC Academy, the Group’s training and education initiative.

#### Climate calculations

NCC is involved in focused efforts to implement climate calculations in construction projects, whereby the calculation process is becoming increasingly digitalized in order to ensure high quality. Examples of this are BIM models, One Click and ByggLCA.

The purpose of climate calculations is to gain an overview of and control the total climate impact of a project. This includes data and related carbon emissions associated with the use of materials, energy consumption and waste. This is also an important step on the way to formulating the climate declaration that is statutory in Sweden, whereby a building’s climate

#### Sustainability-certified constructions and buildings

Certification systems	Nordic Swan Ecolabel		BREEAM		LEED		DGNB		MILJÖBYGGNAD			BREEAM Infrastructure (CEEQUAL)			RTS						
		Number	Grade	Number	Grade	Number	Grade	Number	Grade	Number	Grade	Number	Grade	Number	Grade	Number					
		3	Pass	–	Bronze	–	Bronze	–	Bronze	–	Pass	–				1					
			Good	–	Silver	–	Silver	–	Silver	8	Good	–				–					
			Very good	–	Gold	1	Gold	1	Gold	1	Very good	–				–					
			Excellent	5	Platinum	2	Platinum	–			Excellent	–				–					
			Outstanding	–							Outstanding	–				–					
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022			
<b>Total</b>	2	4	3	3	5	5	2	0	3	3	4	1	17	9	9	1	1	0	0	0	1

Constructing buildings to satisfy ambitious certification requirements has become a matter of course in many construction projects; however, it is not equally self-evident that the building will be actually certified. Preliminary certifications are not included in the table; only certifications completed during the year in question.

impact is identified and quantified using actual supplier data. The same type of statutory climate declarations are also about to be introduced in the other countries where NCC is active.

Customer interest in and demand for climate calculations is increasing. In 2022, efforts aimed at involving customers, which were initiated in 2021, continued in the form of customer meetings. NCC also has an in-house center of excellence with climate calculation experts. The in-house expertise in both lifecycle assessments (LCAs) and climate calculations continues to grow and deepen in several business areas.

In 2021, NCC initiated work to produce benchmarks for various types of buildings to increase knowledge of the impact made by the various choices. In 2022, the results of this work included NCC developing a climate guide intended, for example, to show how materials selection affects both the climate and finances. Using this, NCC can guide its customers to achieving a cost-effective reduction in climate-impacting emissions.

The Industry business area has also initiated a preliminary study – Green dimension – in order to map the information requirements that customers have in respect of climate issues related to asphalt.

### Environmental product declarations

Customers are increasingly requesting and demanding that products should have environmental product declarations (EPDs) and these are being formulated for an ever-increasing share of products produced by NCC.

EPDs are third-party verified and include transparent and comparable environmental impact information throughout a product's lifecycle, from the extraction of stone and other raw materials to delivery to customers and, ultimately, recycling.

As a result, customers obtain a transparent and comparable lifecycle assessment of the product. Customers gain access to objective and reliable data, and can thus assess the products' environmental per-

formance. This makes it easier for the customers to make environmentally conscious choices and reduce their climate footprint.

NCC's EPDs are location and product-specific, which also enables NCC to use the EPDs internally to make fact-based climate and environmental improvements in its production processes.

To date, NCC has published 31 EPDs for stone materials, of which 26 have been published and apply to EPDs for stone materials at EPD International and five to EPD Norway, as well as 23 that have been published and apply to EPDs for asphalt at EPD International.

In late 2022, 23 of NCC's 27 asphalt plants in Sweden, about 85 percent of them, had an EPD. In Norway and Denmark, there are EPDs covering asphalt from several asphalt plants; however, these are not published by the EPD operator but are used solely in direct communication with customers.

### Sustainability certifications

NCC offers its customers all the types of environmental certifications that are available for buildings and civil-engineering structures, both nationally and internationally.

Nordic Swan Ecolabel, Miljöbyggnad, CEQUAL, BREEAM, LEED, DGNB, WELL, RTS, Citylab and NollCO<sub>2</sub> are used for housing and infrastructure projects, as well as whole city districts. BREEAM, DGNB, Citylab and NollCO<sub>2</sub> are used for the projects that NCC develops itself. Having verified data for the projects makes it easier to get buildings and structures certified.

During the past year, NCC projects received three Sweden Green Building Awards. These projects were an e-shopping warehouse in Gothenburg for ICA, which was named BREEAM Building of the Year, the Stenängsskolan school in Huddinge, which was named Green Building of the Year (årets Miljöbyggnad) and the Fyrspår project in Lund-Arlöv, which received the year's award for sustainable infrastructure from the Sweden Green Building Council.

### Products and concepts with an environmental profile

NCC has a number of products and concepts with sustainability profiles, such as "Smart choices for a better world" within the stone materials and asphalt operations.

These are products and solutions for reducing the environmental impact from a lifecycle perspective, such as NCC Green Asphalt, NCC Machine Sand and environmentally optimized parking buildings, as well as products and solutions for managing the negative impact of climate change, such as drainage products and NCC Armour Stone.

NCC also has a method for increasing biodiversity in NCC's quarries; refer to Natural resources and biodiversity on pp 89-90.

### Sustainable / Responsible sites

NCC has its own work method, known as Sustainable Site and Responsible Site in Denmark. This method entails that all of NCC's workplaces have a shared foundation upon which to base their sustainability activities, regardless of country or operation, from planning and throughout the course of a project. This work method is subject to checklists for ensuring that a number of sustainability requirements are fulfilled in relation to both environmental and social sustainability.

The use of Sustainable/Responsible Site is mandatory for all projects in the business areas Building Sweden (with a project value exceeding SEK 20 M), Infrastructure (projects exceeding SEK 100 M), Building Norway (projects exceeding NOK 40 M) and Building Denmark (projects exceeding DKK 50 M); they are also used to some extent in Building Finland. NCC Industry's quarries, division Stone Materials, also use Sustainable Site (it is voluntary, but 44 quarries currently apply Sustainable Site). Sustainable Site continued to be developed during the year, to further support the projects' focus on climate and other sustainability issues. Work has also been under way to address more stringent requirements from sustainability certifications, which impact various parts of NCC. The application of Sustainable/Responsible Site is monitored during environmental rounds and internal audits.

### Environmental product declarations

Number EPDs	Total YTD			Country
	2022	2021	2020	
Asphalt	23	5	16	2 SE
Stone materials	31	11	9	DK, FI, NO, SE
Concrete piles			1	SE

NCC Industry formulates plant and quarry-specific EPDs for asphalt and stone materials. NCC has now published EPDs for 23 of our 27 permanent asphalt plants in Sweden. NCC has also published EPDs for stone materials from a total of 31 of the rock pits and gravel quarries: 17 in Sweden, six in Denmark, six in Norway and two in Finland. NCC plans to continue to producing EPDs for more plants and quarries. One EPD was produced in 2020 for concrete piles that NCC manufactures in two of the Group's factories.

## Environmental sustainability

NCC regards environmental considerations as a key aspect of operations. NCC generally works in an environment where meticulous demands for environmental considerations and reporting are placed by regulating authorities and by customers. The impact areas in NCC's sustainability framework that can be re-

lated to environmental sustainability are Climate and energy, Natural resources and biodiversity and Materials and circularity. Environmental sustainability work will be described through these impact areas.

It is also reflected in the overall impact area of Data and expertise, which

describes NCC's approach to this work. NCC's point of departure is to use this data and expertise to ensure that the right choices and informed decisions are made and to direct focus on developing ways to compile, utilize and share data and expertise.

# Natural resources and biodiversity

## GRI 303 Water and effluents, GRI 304 Biodiversity

**NCC strives for** resource stewardship of natural resources, to help secure well-managed ecosystems and responsible use of natural resources. Proactive efforts are also under way to reduce adverse effects on biodiversity and to increase the positive effects.

### Governance

To support effective governance, all NCC business areas are certified or work in accordance with ISO 14001 and ISO 9001, and base their actions on NCC's Sustainability and Environmental Policy and its sustainability framework.

### Natural resources

Since NCC's business is resource-intensive, it is important that these resources are used as effectively as possible, and that the greatest possible share is included in a circular flow without having a detrimental effect on the quality of the resources. To achieve this, product and process development is constantly ongoing to facilitate higher efficiency and circular material flows. Ongoing work with raw materials, the mass balance and water is presented in this section.

#### Raw materials

Although NCC strives to increase its circular resource flows, the majority of the materials used in operations are so-called raw materials. To minimize this type of use of resources, NCC endeavors to use its raw materials as effectively as possible and to develop products and solutions so that, with retained quality, resource stewardship is achieved while work is performed efficiently. NCC prioritizes the use of raw materials over which the Group has control of the extraction process.

#### Stone materials

NCC strives to extract stone materials responsibly, which is done at quarries in Sweden, Denmark, Norway and Finland. NCC primarily uses crushed gravel (stone materials) rather than natural gravel.

One of Sweden's environmental objectives is that the use of natural gravel should be avoided to preserve eskers for future water supply. NCC develops substitute products from crushed rock material in order to reduce the use of natural gravel, for example, in the production of concrete.

Sand is a natural resource that is important in construction and production. NCC has developed something called machine sand products as substitutes for natural sand and natural gravel in construction. NCC's machine-made sand is based on rock material that is crushed, screened and processed to satisfy customer requirements for various applications. Machine sand replaces natural sand and gravel in the production of concrete and asphalt, and in building and infrastructure projects. It can also be used in, for example, the sanding of winter roads. The production of machine sand is also a way for NCC to achieve a mass balance in its quarries.

#### Mass balance

The objective of achieving a mass balance in quarries is to utilize all stone materials that are extracted from a quarry. By aiming to achieve mass balance, NCC gains a market for its fine-grained material, as a substitute for natural gravel and sand. What was previously considered a residual product is washed, processed into a more customized form and used primarily in concrete products. Close cooperation with customers to satisfy their requirements

is a prerequisite for successful work to achieve mass balance.

In infrastructure projects too, NCC is conducting a comprehensive initiative to handle excavation mass in a circular manner and in relation to mass balance with the aim of reducing its climate and environmental impact. Read more on p. 91-93.

#### Water

Meticulous water management is key, primarily for infrastructure projects. Ahead of every project start, NCC performs thorough analyses and risk assessments concerning the impact on water; how groundwater and natural receptacles are affected and how runoff occurs.

NCC devises measures for how the projects will be conducted in a manner that manages surface water, minimizes the removal of particles and substances and in other ways reduces the impact on water. The solutions are designed on the basis of project-specific requirements.

In 2022, NCC worked to map its use of water in order to manage, report and reduce usage. This work is continuing in 2023.

#### Biodiversity

Biodiversity is one of NCC's impact areas and is an aspect where its operations have both a positive and negative impact. NCC has expertise in the area of biodiversity, and is something that is integrated into all of NCC's construction projects. Through primarily four types of initiatives, NCC works to reduce the negative – and increase the positive – impact on biodiversity. 1) NCC Kielo, 2) property development, 3) Building Denmark and Building Norway, which aim to implement at least one bio-

diversity measure in all new projects and 4) that all construction and infrastructure projects are to be certified according to BREEAM and BREEAM Infrastructure (formerly CEEQUAL).

*NCC Kielo – for promoting biodiversity in quarries*

NCC works to promote biodiversity at places where gravel pit operations are conducted, both during the production phase and during post-processing in conjunction with pit closures.

The extraction of stone materials results in changes in nature. To counter the negative impact, NCC has developed a method that promotes biodiversity in quarries, known as NCC Kielo. Using the NCC Kielo method as the starting point ensures that NCC approaches biodiversity in a structured manner on the basis of relevant criteria.

This work benefits both animal and plant species in the unique micro-climate that quarries can create. It could involve favorable conditions for endangered bird species, insects, amphibians or plants that require infertile soil or other special habitats to thrive and reproduce. The NCC Kielo method is also a way to develop NCC’s expertise in nature conservation, and to provide in-house guidance underlying com-

mercial decisions that also take biodiversity into account.

To be classified as an NCC Kielo quarry, a systematic inventory, objectives, a plan, an examination and follow-up of the work, as well as a summary of the biological results for the quarry, are required.

*Kielo-approved quarries*

NCC has a total of about 200 quarries in the Nordic region, of which 11 have been approved as Kielo quarries. Of these, four

Kielo-approved quarries	Number
Sweden	2
Denmark	4
Norway	2
Finland	3

are in Denmark, three in Finland, two in Norway and two in Sweden. No new Kielo quarries were added during the year. NCC has instead focused on further developing the tools and work processes, and on simplifying the method within the organization. NCC has a workgroup that will continue to focus on these issues.

*Property development*

The Property Development business area

takes biodiversity into account on the basis of each project’s specific conditions. Suitable initiatives are created with this as the starting point.

These initiatives are usually included as a feature of BREEAM certification. An example is the installation of green roofs in the form of sedum roofs or biotope roofs.

*Certification according to BREEAM*

All construction and infrastructure projects are sustainability-certified according to BREEAM and BREEAM Infrastructure (formerly CEEQUAL), and biodiversity is an indicator in these certifications. In NCC’s projects, biodiversity is addressed on the basis of the requirements and conditions of the specific project. This could take the form of fauna measures under and over roads, ranging from enabling moose to safely cross over roads to frog tunnels and dormouse passages under road structures. It could also involve moving the over-wintering habitats of frogs or auditing of tree stocks when areas are being developed.

NCC offers in-house training for project managers that addresses the topic of species protection and the measures required when protected species are found. During the year, training in the handling of invasive species was also implemented.



# Materials and circularity

## GRI 301 Materials, GRI 306 Waste

### Targets

Circular materials shall be a feature of all projects

The plastic delivered to all of NCC's worksites in Building Sweden must consist of at least 30 percent recycled materials and be 100 percent recyclable.

**NCC strives to** close the loop and prioritizes the use of sustainable material and product selection, minimizing and responsibly managing the waste that is created in the construction process, and building to enable recycling and reuse.

### Governance

To support effective governance, all NCC business areas are certified or work in accordance with ISO 14001 or ISO 9001, and base their actions on NCC's Sustainability and Environmental Policy, and its sustainability framework.

NCC works to maximize recycling and reuse, and facilitates this through active collection and analysis of data. For waste, NCC compiles statistics via waste-management suppliers and summarizes this information per unit (division or business area). The statistics are subsequently aggregated and summarized at Group level.

NCC follows up and governs the waste activities conducted at the construction sites through regular checks of waste statistics, at production meetings and during environmental rounds. NCC has established partnerships in all countries for handling the waste that arises at construction sites.

In addition, NCC has developed specific control tools for increasing the proportion of recycling and reuse in its projects. In construction projects, for example, specific materials choices are made based on the projects or the customer's requirements, needs and wishes. Certain certification systems can also set requirements for material choices.

Various code systems are used to increase traceability. In Sweden, NCC works with, for example, Global Trade Item Numbers (GTINs), which includes registration in logbooks. In Denmark and Norway, NCC uses supplier systems that are based on European waste codes. These are included in the report basis for designs.

### Design and material selection

Work on issues involving materials, circularity and waste is performed on the basis of each business area's specific conditions and operations, and is designed to reduce the use of materials with a negative impact on the climate, environment, and human health.

Efficient resource utilization, purchases of materials with the lowest possible environmental impact and increased recycling are essential in this work.

The materials that have the greatest climate impact are concrete, steel and asphalt, although circular material flows are also of great importance in the use of other materials, such as rock and soil material.

NCC applies the precautionary principle to the selection of materials and several development projects are under way.

#### Concrete

Concrete is the most widely used construction material in the world today. The climate impact of concrete structures (concrete and steel) is related to the amount and quality of the concrete that is used. More than 90 percent of the climate impact of concrete derives from the manufacture of cement, a component in concrete, from which large amounts of carbon are emitted.

NCC conducts thorough and sustained work aimed at implementing continuous improvements in operations to enable efficient resource utilization.

NCC has formulated a roadmap, including structures and processes, with the aim of achieving climate-neutral concrete-based construction. On the basis of this roadmap, NCC works at Group level, where coordination is conducted, and in each business area.

The roadmap is designed to minimize climate impact and transform concrete-based construction, to achieve climate neutrality.

Efforts to minimize climate impact are conducted from three perspectives: using the right concrete in the right place, minimizing the amount of cement in concrete and minimizing the volume of concrete. Based on these perspectives, NCC is reviewing the design of its structures to ensure an efficient use of resources, to minimize the amount of concrete and to reduce waste in production.

For NCC, transforming to achieve cli-

mate neutrality includes working to identify initiatives and techniques that generate long-term effects. Implementing these, which includes new methods and materials, is the second aspect of NCC's roadmap: transforming concrete-based construction.

### Internal cement directive

During the year, the Building Sweden business area implemented an internal cement directive with associated activities, connected to the Group-wide roadmap for concrete.

The directive includes requirements to use eco-friendly concrete in all projects, using the right concrete in the right place, minimizing the volume of concrete and optimizing the quality of concrete in respect of drying.

In addition, NCC is cooperating with suppliers, customers and other players in the industry in the areas of product development and innovation. Collaborations with concrete suppliers include initiatives for reducing the proportion of cement in concrete, and using machine sand to replace natural sand or gravel in the production of concrete. Read more on p. 89.

#### Steel

NCC strives to source steel reinforcement with a low climate impact. To maintain control over the climate impact of the material, NCC mainly purchases steel reinforcement covered by EPDs and, in large-scale infrastructure projects, NCC is subject to the requirement of only purchasing steel reinforcement covered by EPDs. Most of the steel reinforcement purchased in Sweden, Denmark and Norway is covered by EPDs. The recycling and reuse of heavy building components, in order to reduce climate impact, includes steel elements, such as sheet piling. Read more under the section Climate and energy on pp.94-96.

#### Asphalt

NCC and its customers aim to use recycled asphalt (reclaimed asphalt pavement, RAP) to the greatest extent possible. Asphalt essentially consists of two components: crushed stone materials and the oil-based resin bitumen, and is 100 percent recyclable. The use of recycled asphalt reduces the consumption of bitumen and virgin stone materials.

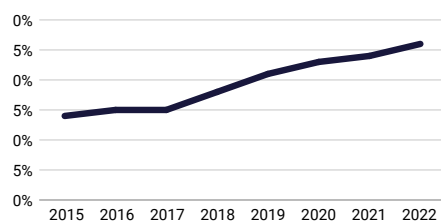
Recycling occurs by mixing used as-

phalt into the new asphalt manufactured in asphalt plants. The asphalt can also be recycled on site during the paving of roads, using what is known as the repaving or remixing method. The degree of recycling is mainly determined by rules and regulations, and by the method chosen and the capacity of the asphalt plants.

All of the paving that is removed in connection with repaving or maintenance, where NCC can determine the degree of recycling, is recycled. NCC uses as much of the recycled asphalt as is permissible by rules and regulations and authorities, and continuously improves the methods and the recycling capacity of its asphalt plants.

In 2022, recycled asphalt accounted for 26 percent (24<sup>1)</sup> of the total production of asphalt. The inclusion of recycled asphalt means that GHG emissions are approximately 16,800 tons of CO<sub>2</sub>e lower per year, compared with if the asphalt had been produced using conventional technology without having the recycled asphalt mixed in.

#### Reclaimed asphalt pavement (RAP), %



As a result of the increased amount of recycled asphalt, the climate impact of NCC's total asphalt production in 2022 was about 7,300 tons of CO<sub>2</sub>e lower than in 2015.

#### Rock and soil material

The circularity of rock and soil material is a complex yet important area where the intention is to reduce the climate impact related to extraction, excavation and transportation of rock and soil masses, and preventing the depletion of natural resources.

The Industry business area is working to promote the reuse and recycling of stone materials, soil masses, gravel, concrete, asphalt and garden waste, and both purchases and receives materials from NCC's other business areas, and from external customers. The business area aims to increase the volume of materials received for reuse and recycling and to increase the volume of sold recycled materials.

#### Recycling and reuse

The construction waste generated at construction sites represents great potential because it can be used in other projects. NCC engages in internal cooperation between various functions and business

areas, and also with suppliers, to develop new ways of reducing construction waste and reintroducing it into production, and re-using and recycling materials.

Cooperation concerning circularity also occurs between property development and contracting operations, on the basis of the projects' specific conditions.

#### Traceability

NCC aims to only use materials and products that are sound from an environmental and health perspective. Ultimately, the aim is to be able to recycle all input materials in buildings when the service life of the building expires.

A crucial link in the transition to the use of more recyclable products and materials is to impose requirements on suppliers and to work with traceability throughout the value chain.

NCC's digitization work supports the Group's sustainability ambitions. Digital models and tools are a prerequisite for this work, for example, to minimize production waste, make the right selection of materials while considering their lifecycle impact, manage chemical contents and increase recycling of building materials in connection with renovation and demolition.

#### Circular handling of excavation mass

In connection with infrastructure projects, NCC aims to not excavate more rock and soil material than is necessary, and the company strives to increase the reuse of excavation masses that were previously sent to landfill.

This reuse shall occur either within the specific project or in a closely located project that needs filler materials, and where the excavation mass has the technical and environmental qualities that are required. Measures include a systematic sampling and chemical analysis of the rock to identify suitable projects for receiving the material. This method has been used, for example, in the handling of excavated rock from the expansion of the Stockholm subway.

#### Waste

NCC is working actively to adapt to circular flows and to minimize the waste that arises throughout the construction process. NCC collaborates with various players in the value chain in order to adapt to a circular and sustainable construction process, and to minimize the negative impact on people and the environment, such as the waste that construction gives rise to.

#### Impact of waste on people and their surroundings

Following mining, construction and civil engineering is the sector in the Nordic region that generates the most waste. Construc-

tion and demolition waste causes large amounts of GHG emissions throughout the value chain, from the extraction of natural resources and production of materials to waste management during construction and demolition.

Construction and civil engineering products contain hazardous substances that can result in damage and inconvenience for people's health and the surrounding environment. For example, there is a risk of leakage to soil and water caused by poor waste management practices.

To offset this and other waste-related risks, NCC works to promote the efficient use of materials and chemical products from a lifecycle perspective and bases its work on the EU's waste ladder. This entails that the order of priority is primarily to prevent the generation of waste followed, in a falling scale, by reuse, materials recycling, energy recovery and the final recourse disposal; i.e. depositing waste in landfills.

Preventive work at early stages of the process is important to achieve favorable results. This involves legal and customer requirements, as well as ensuring well-functioning design, planning and project engineering in which targets and actions for circularity and waste are integrated.

All of the business areas are conducting active work in the area of waste. This includes using more recovered materials, ensuring the use of non-hazardous materials, standardized construction with made-to-measure and prefabricated products to reduce waste, and designing the buildings so that it is possible to reuse and recycle.

#### At construction sites

At the construction sites, NCC works to reduce the use of materials and prevent the occurrence of waste.

NCC has stringent demands for the sorting of waste in its operations and has solutions for re-introducing construction waste and materials within the operations. Significant activities include ensuring that surplus purchased materials can be reused, protecting weather-sensitive materials, minimizing packaging through intelligent transport solutions and having a well-developed sorting system.

In respect of chemicals, a list of chemicals is formulated to ensure they are managed correctly from a waste perspective. Organizational aspects include having a designated person in charge of waste management for projects, having a waste management plan and holding regular meetings.

In addition, NCC employees receive regular training and information. NCC's requirements pertain to both its employees and all subcontractors who work at NCC's construction sites.

<sup>1)</sup> A recalculation has been made for 2021 as a result of the sale of the asphalt operations in Finland.

The principal categories of materials that give rise to large amounts of waste are gypsum, plastic, concrete, bricks, wood and metals. The most common types of residual products that are returned through circular flows are pallets, flooring waste, gypsum, brick and plastic. By expanding cooperation with suppliers, there is great potential to increase the circular use of the various residual products that arise, such as packaging material.

*Business models and partnerships in the value chain*

NCC collaborates with such players as suppliers, hauliers and waste contractors in order to increase circular flows and minimize waste, and to work for resource-efficient management of the waste that arises. This includes development work and initiating various pilot projects. NCC also participates in research projects in this area.

**Targets and plans moving forward**

Working for increased circularity, such as sustainable materials and design choices, is of great significance to the Group's success in achieving its target of climate neutrality.

For example, Building Nordics has set a target that circular material flows will be integrated in all projects by 2045. By 2030, the aim is that the plastic delivered

**Amounts of waste by type and disposal method**

Residual product and waste category	2022		2021		2020	
	Total weight, tons	%	Total weight, tons	%	Total weight, tons	%
<b>Non-hazardous waste</b>						
Sorting	6,204	12	5,961	11	8,189	17
Energy recycling	5,592	11	7,617	14	9,023	19
Reuse/materials recycling	38,690	73	37,036	69	27,563	58
Plastic	1,325		1,069			
Wood	13,736		14,149			
Gypsum	3,453		3,825			
Metal	9,644		11,664			
Concrete, bricks, tiles	9,096		1,546			
Other reuse/recycling	1,435		4,783			
Landfill	1,896	4	2,445	5	2,194	5
<b>Hazardous waste</b>						
Special treatment	702	1	608	1	611	1
<b>Total amount</b>	<b>53,085</b>		<b>53,667</b>		<b>47,580</b>	

In 2022, the proportion of recycled/reused materials increased by 4 percentage points compared with 2021. Continuous efforts are made to increase this share even further. The figures include typical construction waste above ground. Soil, stone and fill materials that depend on the projects' geography are usually handled separately and are not included in the statistics. Concrete, bricks and tiles/clinkers are recycled to some extent and are reported for parts of the operations. This fraction fluctuates depending on the number of refurbishment/demolition projects. The increase in the amount of hazardous waste was due in part to several projects where old impregnated wood (creosote and heavy metals) had to be removed from construction sites.

to NCC's worksites in Building Sweden will consist of at least 30 percent recycled materials and be 100 percent recyclable.

NCC reports its waste from the pro-

duction of buildings and constructions (Building Sweden, Building Nordics and Infrastructure) according to the categories in the table above.



Asphalt paving work

# Climate and energy

## GRI 302 Energy, GRI 305 Emissions

### Targets

#### Climate neutrality 2045

60-percent decrease in CO<sub>2</sub>e emissions (Scope 1 and 2, base year 2015), measured in tons of CO<sub>2</sub>e per SEK M of sales

50-percent decrease in CO<sub>2</sub>e emissions (Scope 3, base year 2015) from concrete, asphalt, steel and transportation, measured in tons of CO<sub>2</sub>e per purchased volume.

**NCC strives to** eliminate GHG emissions from the entire value chain, increase energy efficiency and enable adaptation to climate change. NCC's target is to become climate neutral by 2045.

The construction industry accounts for considerable GHG emissions and the climate is a high-priority issue for NCC. To lower its climate impact, NCC focuses on materials and transportation used by the Group and works to increase the use of renewable fuels and electricity, improve energy efficiency and implement process improvements.

### Governance

To support effective governance, all NCC business areas are certified or work in accordance with ISO 14001 and ISO 9001, and base their actions on NCC's Sustainability and Environmental Policy and its sustainability framework.

### Reporting principles – climate

For calculating emissions, conversion from consumption to emissions has been conducted in accordance with the Greenhouse Gas Protocol.

The market-based calculation method is used to measure GHG emissions from electricity and heating. The location-based calculation method is also reported, but this does not form the foundation for measurements concerning the climate targets. NCC does not use climate compensation.

Information on purchases of fuels, electricity, heating energy, ready-mix concrete, steel reinforcement and asphalt is collected from NCC's suppliers. An internally developed digital tool has been used to compile the statistics that form the basis for the reported climate data. In those cases where NCC does not use supplier-specific emission factors,

emission factors from DEFRA (2022) or the Swedish Environmental Protection Agency (2021) are used, depending on applicability.

During 2022, work to request specific data from suppliers in the Nordic region continued to be intensified in order to obtain a comprehensive impression of NCC's climate footprint. The potential for what is possible to request concerning historical figures varies among countries and suppliers.

Figures concerning concrete include data on ready-mix concrete. Underlying data on volumes, including connected EPD-based emission factors for specific products, was obtained from the various suppliers for the Swedish market.

In other markets, volumes derive from suppliers; however, in those cases where product-specific emission factors are lacking, industry-specific, or official generic, emission factors for the various resilience category have been used.

Emission levels are directly related to technical requirements for various types of building structures, and the project portfolio varies over time.

2015 has been chosen as a base year to correspond to the base year for energy, asphalt and steel. Work is in progress to develop a base level that reflects our product mix and variations among countries, as well as to comply with a forthcoming industry base level.

Using materials more efficiently and reducing the use of materials through, for example, design optimization and reduced waste is a key feature of the work to reduce the climate impact of the construction sector. Accordingly, the base level for concrete will be supplemented with a performance indicator, so that the impact of reduced volumes is included.

For asphalt, the climate impact is calculated according to the standard for environmental product declarations (EPDs). For 2022, data is reported for internally purchased asphalt, which accounted for about 76 percent of the total volume of purchased asphalt. Work is in progress to be able to report quality-assured data about the total volume of purchased asphalt.

For steel, NCC's base level for reinforcement is based on a summary of the figures obtained from clients, industry organizations and steel reinforcement producers in Europe and their EPDs.

The levels of CO<sub>2</sub>e for steel vary considerably depending on the amount of waste metal used in production, and the energy efficiency of the producer. The base level for steel reinforcement has been set at 1,000 kg of CO<sub>2</sub>e/ton and the base year is 2015. The climate impact is shown as of 2017, because no previous data is available. Data from Finland has been excluded from the report, because no quality-assured EPD figures have been reported for Finland.

Data with figures recalculated from purchasing volumes is not included, due to inadequate reliability. NCC also purchases other types of steel, such as structural steel used in frameworks. Work is in progress to be able to also report the climate impact of these types of steel.

### Reduced climate footprint

NCC works in a focused and determined manner to eliminate carbon emissions from the entire value chain, which is essential to achieve climate neutrality. Analysis, cooperation and dialogue with customers, suppliers and other stakeholders for the implementation of measures and changed work methods is of the utmost importance.

NCC's target is to reduce emissions from its own operations (Scope 1 and 2) by 60 percent measured in tons of CO<sub>2</sub>e/SEK M of sales by 2030 (base year 2015). Emission intensity in 2022 amounted to 2.5 CO<sub>2</sub>e tons/SEK M, corresponding to a reduction of 52 percent compared with 2015.

Carbon dioxide emissions related to purchased electricity, district heating and district cooling are unchanged during the year compared to 2021. This was largely due to energy efficiency improvements, and an increased use of electricity from renewable sources.

Carbon dioxide emissions related to fuels have decreased as a result of an increase in the share of renewable fuels.

### Scope 3

A mapping and analysis of Scope 3 emissions, which was initiated in 2021, continued in 2022. This work will continue in 2023.

The four areas where the climate impact is the greatest involve emissions related to concrete, steel, asphalt and transportation. In Industry, the transportation of stone materials and asphalt mass to customers accounts for the largest share in Scope 3.



In 2021, NCC mapped its climate emissions in these categories, which resulted in roadmaps for concrete and transportation with the aim of reducing emissions in accordance with set targets. Read more about the roadmap for concrete on p. 8 and about transportation on p. 96.

Work still remains to collect further quality-assured data for concrete, asphalt, steel and transportation. The target for concrete, asphalt and steel is to reduce CO<sub>2</sub>e emissions by 50 percent by 2030, measured as kilograms of CO<sub>2</sub>e per purchased volume, compared with 2015. Initially, volumes for ready-mix concrete, steel reinforcement and internally purchased asphalt are reported.

NCC’s ambition is to include more products in the above-mentioned categories, as well as additional categories, in order to steadily cover an even larger share of the Group’s Scope 3 emissions.

The target for transportation is to reduce

CO<sub>2</sub>e emissions by 50 percent by 2030, compared to 2015. Work is under way to analyze and measure emissions from transportation.

**Concrete**

In order to achieve the target of halving emissions from concrete and becoming climate neutral by 2045, NCC has formulated a Group-wide roadmap for concrete-based construction.

The roadmap with associated measures is designed to minimize climate impact and also to transform concrete-based construction, to thereby achieve climate neutrality. Read more about concrete under Materials and circularity on pp 91–93.

**Asphalt**

NCC’s asphalt production accounts for 31 percent (31<sup>1)</sup>) of the Group’s carbon emissions (Scope 1 and 2). The asphalt division’s total carbon emissions from both

asphalt production and paving accounts for 47 percent (50<sup>1)</sup>) of the Group’s total emissions (Scope 1 and 2).

The primary measure to reduce the climate emissions is a continued conversion of asphalt plants to the use of biofuels. All asphalt plants in Sweden have been converted for the use of biofuel. In Sweden, the target is that at least 95 percent of the energy used in the asphalt plants will come from biofuel (primarily wood pellets), as of 2024. This can be compared with 2015, when the proportion of biofuels was 53 percent.

In Norway, NCC intends to convert all asphalt plants from being heated only by fossil LPG and heating oil to being heated with biofuel. Two of the asphalt plants in Norway are now fueled by wood pellets. The target is that all asphalt plants in Norway will be converted by 2030.

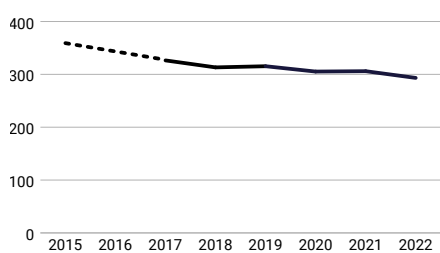
NCC is also working to replace fossil bitumen with bio-resins in asphalt.

**GHG emissions from NCC’s operations**

Market-based calculation method	2022	Change compared with base year 2015, %	2021	2020	2019	2018	2017	2016	2015
GHG emissions, <sup>1)</sup> CO <sub>2</sub> e (thousand tons)	135	-50%	151	161	189	202	217	232	271
– of which, Scope 1 <sup>2)</sup>	131	-40%	148	155	182	192	190	188	217
– of which, Scope 2 <sup>3)</sup>	4	-93%	4	6	7	10	26	44	54
Net sales, SEK M	54,198	4%	53,414	52,994	57,294	56,376	53,452	51,984	52,155
Emission intensity, CO <sub>2</sub> e (ton)/SEK M	2.5	-52%	2.8	3.0	3.3	3.6	4.1	4.5	5.2
CO <sub>2</sub> e (ton)/MWh	0.147	-32%	0.151	0.160	0.173	0.185	0.200	0.209	0.215
Location-based calculation method, CO <sub>2</sub> e (tons)	8,190	-66%	9,619	11,217	12,184	11,360	11,078	8,929	24,280
GHG emissions Scope 3 <sup>5,6)</sup> CO <sub>2</sub> e (thousand tons)	149	–	144	174	106	135	143	–	–

- 1) Greenhouse gases N<sub>2</sub>O, CH<sub>4</sub> and CO<sub>2</sub> are included in the calculations. The greenhouse gases for 2015-2021 have been recalculated as a result of the sale of the asphalt operations in Finland, according to the Greenhouse Gas Protocol Corporate Standard.
- 2) Refers to direct emissions from NCC’s operations, of which 1.1 (tons 000) derived from the combustion of biofuel (2022).
- 3) Refers to indirect emissions from electricity and heat.
- 4) The net sales for 2015-2021 have been recalculated as a result of the sale of the asphalt operations in Finland, in accordance with GHG Protocol Corporate Standard.
- 5) Includes >80% of purchased amount of ready-mix concrete, steel reinforcement and asphalt as of 2017. Baseline for KPIs has been set based on industry average figures for 2015.
- 6) All GHG are included in the calculations.

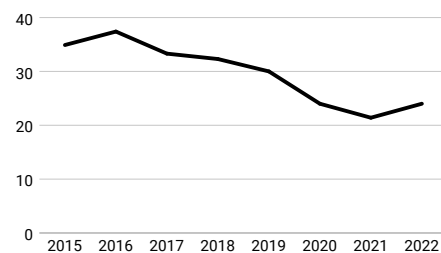
**Ready-mix concrete (kg CO<sub>2</sub>e/m<sup>3</sup>)**



Outcome 2022: -16 percent from 2015

The above graph shows the mean value for emissions from ready-mix concrete in CO<sub>2</sub>e/m<sup>3</sup>. Work on collecting data is under way. The report is based on data from Sweden for 2017–2021, Denmark for 2020–2022, Norway for 2017–2021 and Finland for 2020–2022. The base level for concrete is based on a compilation of values from customers, trade associations, manufacturers and various others.

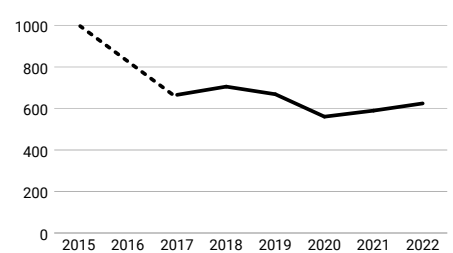
**Asphalt (kg CO<sub>2</sub>e/ton)**



Outcome 2022: -31 percent from 2015

The above graph shows the volume of internally purchased asphalt, which corresponds to about 76 percent of the total volume. The internally purchased asphalt has a lower climate impact per ton than the industry average.

**Steel reinforcement (kg CO<sub>2</sub>e/ton)**



Outcome 2022: -38 percent from 2015

The above graph shows data on steel reinforcement in 2017–2019 for Sweden and Norway. Data on Denmark is also included for 2020, 2021 and 2022. The base level for steel reinforcement derives from a summary of the figures obtained from clients, industry organizations and steel reinforcement producers in Europe and their EPDs; for more information, refer to Reporting principles above.

1) A recalculation has been made for 2021 as a result of the sale of the asphalt operations in Finland.

### Green Asphalt

NCC aims to develop asphalt products with a lower climate impact and increase the portion of recycled asphalt in production. NCC Green Asphalt is the collective name for NCC's method of producing asphalt that results in lower carbon emissions than conventionally produced asphalt.

The method involves the mixing in of reclaimed asphalt pavement (RAP), a lower manufacturing temperature and the use of biofuel. All of NCC's asphalt plants produce NCC Green Asphalt.

### Steel

In order to halve the climate impact of steel reinforcement, well-informed purchasing from producers who provide products with a lower climate impact is crucial. Environmental product declaration (EPDs) for materials are used in the supplier assessment to ascertain whether the suppliers fulfill the requirements of NCC and its customers.

To achieve this target for steel, NCC cooperates closely from an early stage with both steel suppliers and customers. NCC depends on its customer to provide specific emissions requirements and information on product performance.

Reinforcement made from recycled steel is also an integral part of NCC's journey toward climate neutrality. By using recycled steel, energy consumption can be reduced by up to 75 percent compared with production of ore-based steel. In order for steel reinforcement to be made fossil-free, new technologies are needed for the production of steel.

### Transport

NCC is working to reduce carbon emissions by optimizing its logistics chains and increasing the efficiency of transportation. Major efforts are required to meet the target of a 50-percent cut in carbon emissions.

NCC engages a large number of sub-suppliers for transportation, and it is essential that work on data collection and emissions reduction includes these and thus also promotes the climate work of all players.

During the year, NCC continued its efforts to analyze transport emissions, both its own and those from purchased transportation.

NCC has also undertaken to, inter alia, introduce new types of transportation in Denmark and emissions-free construction sites in Norway. However, in order to reduce emissions from transportation, work remains in the form of formulating relevant targets and KPIs. A key part of work to reduce the climate impact of machinery and transportation is the continued optimization and reduction in the number of transport journeys. Civil engineering projects in which NCC, using digital tools, optimizes truck loads – thereby resulting in fewer transport journeys, reduced emissions and lower costs – are an example of this.

Digital tools are an important element of efforts to collect this type of data in a structured manner and provide insights that can lead to better planning of transport work and simplified administration.

Work to map and collect quality-assured data on transportation will continue in 2023.

### Climate risks and opportunities

A TCFD (Task Force on Climate-related Financial Disclosures) analysis has been conducted for the second consecutive year. The purpose of the analysis is to both highlight the opportunities and risks associated with the climate, and to develop better guidelines for reporting climate-related risks and opportunities. The Sustainability Report complies with the TCFD guidelines and contains information on how the company manages climate-related risks and opportunities in its strategy, management, risk management and assessment and reporting. Read more on p. 29.

### Energy

Central to efforts to reduce the carbon footprint include the energy efficiency of processes and production, and replacing fossil energy sources with renewable ones. Carbon emissions related to purchased fuels, and electricity, district heating and district cooling, have been reduced continuously since 2015.

To continue to reduce carbon emissions, NCC is working with a series of initiatives such as continued energy-efficiency improvements in the operations and in property development, an increased mix of renewable fuel in machinery, a continued transition to green-labeled electricity and electrification of machinery and worksites. Read more about electrification on p. 97.

### Asphalt plants

An important measure to reduce emissions was the continued phase-out of fossil fuels and continued conversion of asphalt plants to enable the use of biofuel, whereby fossil fuels have primarily been replaced by wood pellets.

NCC is also working to cut back on the number of starts and stops of asphalt plants in order to reduce energy consumption. Additional actions include reducing moisture in the stone materials mixed into the asphalt and to keep them dry, in order to reduce energy consumption in connection with asphalt production.

### Energy audit

NCC continued the energy audit of its own operations in Sweden in order to identify possible energy-saving potential in production. The audit includes worksite visits, measurements and calculations at asphalt plants and quarries, as well as at construction sites. On the basis of the audit, actions to reduce energy consumption can be identified and taken.

### Fuel use<sup>1)</sup> in the organization

MWh	2022	Change compared with base year 2015, %	2021	2020	2019	2018	2017	2016
Renewable fuels	178,893	104%	192,683	164,725	137,273	111,879	114,206	87,893
Fossil fuels	557,266	-39%	751,719	746,055	854,982	889,356	951,544	906,966
<b>Fuels, total</b>	<b>736,159</b>	<b>-26%</b>	<b>944,402</b>	<b>910,780</b>	<b>992,255</b>	<b>1,001,234</b>	<b>1,065,750</b>	<b>994,854</b>

<sup>1)</sup> Fuels include purchased fuels for vehicles, heating, industrial processes and, for example, drying processes at construction sites. NCC continues to reduce its use of fossil fuels. Since 2015, use has been reduced by 39 percent, due largely to the conversion to biofuels in Swedish and Norwegian asphalt plants.

### Total energy consumption<sup>1)</sup> in the organization

MWh	2022	Change compared with base year 2015, %	2021	2020	2019	2018	2017	2016
<b>Energy consumption, total</b>	<b>915,780</b>	<b>-27%</b>	<b>1,143,487</b>	<b>1,112,013</b>	<b>1,206,097</b>	<b>1,201,831</b>	<b>1,268,992</b>	<b>1,256,865</b>

<sup>1)</sup> Total energy consumption is a sum of reported energy usage for electricity, district heating and cooling, and fuels.

### Renewable electricity

NCC has set a target of only purchasing renewable electricity. In 2022, the portion of renewable electricity was 95 percent (95) of the total consumption of electricity. The Property Development business area's ambition is that every building should produce local energy on site.

### Increased electrification

Efforts are continuing across the Group to electrify machinery and tools as well as entire production worksites in order to reduce the climate footprint. Actions taken during the year include the installation of electricity at gravel and rock pits to enable mobile rock crushers to be run on electricity instead of diesel. The continued electrification of mobile crushers results in significant energy savings and has generated major climate effects in the form of reduced emissions. The permanent crushers used in rock pits in Sweden and Norway are already run on electricity.

In Norway, NCC has a number of fossil-free construction sites, and also works with fossil-free machinery and transporta-

tion. An example of this is Fredensborgveien in Oslo, where two electric diggers and two electric dumpsters are used. Projects involving emissions-free machinery in Sweden include the Bergsbyn business park in Skellefteå, where various energy storage solutions are also being evaluated.

The testing and implementation of electric machinery for paving works is also continuing, and the subsidiary Hercules, which engages in foundation engineering, installed the world's first battery-powered pile driver during the year. An additional pile driver will be purchased during 2023.

NCC has also started work to establish a Group-wide center of excellence for electrification, to facilitate knowledge sharing, innovation and development.

### Targets and plans moving forward

NCC's target is to become climate neutral by 2045. The interim targets are:

- 60 percent reduction in CO<sub>2</sub>e emissions (Scope 1 and 2) by 2030 (base year 2015), measured as tons of CO<sub>2</sub>e emissions per SEK M of sales.
- 50 percent reduction in CO<sub>2</sub>e emissions

(Scope 3) by 2030 (base year 2015), from concrete, asphalt, steel, and transportation measured as kilograms of CO<sub>2</sub>e per purchased volume.

- Initially, volumes for ready-mix concrete, steel reinforcement and internally purchased asphalt are reported.

### Outcome and comments

Emission intensity amounted to 2.5 CO<sub>2</sub>e tons/SEK M in 2022, which means that emissions related to Scope 1 and 2 have been reduced by 52 percent since 2015.

For the outcome for Scope 3, see p. 95. Carbon emissions related to purchases of electricity, district heating and district cooling declined during the year. The share of renewable electricity remains high and accounted for 95 percent (95) of purchased electricity during 2022. The share of renewable fuels also increased during the year.

In total, a reduction in scope 1 is seen due to a reduction in the total amount of purchased fuels, as well as an increase in the proportion of purchased renewable fuels.

### District heating/district cooling use within the organization

MWh	2022	Change compared with base year 2015, %	2021	2020	2019	2018	2017	2016
District cooling	–	-100%	–	75	598	624	22	1,286
District heating	24,162	-51%	23,931	29,560	42,508	29,156	29,207	48,933
<b>District cooling/district heating, total</b>	<b>24,162</b>	<b>-52%</b>	<b>23,931</b>	<b>29,635</b>	<b>43,106</b>	<b>29,780</b>	<b>29,229</b>	<b>50,219</b>

The need for district heating and district cooling varies from year to year. The amount of district heating and district cooling that is purchased depends to a large extent on the projects that were under way during the year, their placement and the phase of the project. Comparable data for 2021 has been adjusted from previous year's report due to new information from a supplier, which has led to a lower value.

### Electricity use in the organization

MWh	2022	Change compared with base year 2015, %	2021	2020	2019	2018	2017	2016
Electricity from renewable sources <sup>1)</sup>	147,347	35%	156,888	159,561	157,204	152,259	118,754	108,927
Other electricity	8,112	-92%	9,001	12,037	13,535	18,559	55,259	102,861
<b>Electricity, total</b>	<b>155,459</b>	<b>-27%</b>	<b>165,890</b>	<b>171,598</b>	<b>170,736</b>	<b>170,817</b>	<b>174,013</b>	<b>211,787</b>

<sup>1)</sup> Hydroelectric and wind power. Comparable data for 2021 has been adjusted from previous year's report due to new information from a supplier, which has led to a lower value.

# Health and safety

## GRI 403 Occupational health and safety

### Targets

NCC shall have a safe, secure and healthy work environment. NCC's long-term objective is to completely eliminate accidents with a serious or fatal outcome, and to reduce the total number of accidents. The target for 2022 was to achieve an accident frequency rate for LTIF4 (work-related accidents resulting in more than four calendar days of absence per million working hours) of 3.0, measured based on NCC's own employees.

NCC's operations are conducted in an environment exposed to risks. Accordingly, health and safety work is a crucial factor for the company.

### Strategic direction

In 2021, NCC formulated a new strategic direction for OHS work in order to reduce accidents in general and eliminate serious accidents and incidents.

The aim is to prevent serious accidents by focusing on activities primarily related to the three high-risk areas: heavy lifting by cranes, working at heights and working close to and around heavy machinery. The activities are based on fundamental causes related to planning, safe behavior and technical safety barriers.

In 2022, the business areas analyzed and formulated fact-based activities for

the operations of each business area. Action plans for these areas have been prepared and are now being implemented in all business areas.

### Risk work

Analyzing and identifying risks according to fact-based data, and thus being able to eliminate work elements or situations that create accident risks, is of fundamental importance to occupational health and safety (OHS) work.

NCC is working to ensure that all employees and those employed by subcontractors demonstrate good risk awareness. Every work aspect starts with a daily safety briefing to make employees aware of potential risks connected to the day's work, and to ensure that the risks are addressed before work commences.

### Sickness absence<sup>1)</sup> NCC employees

	Sickness absence % All types of illness and poor health		
	2022	2021	2020
Sweden	4.3	3.3	3.5
Norway	5.2	5.3	5.8
Denmark	4.7	4	3.7
Finland	3.6	2.7	4.2
<b>Total</b>	<b>4.7</b>	<b>3.6</b>	<b>3.6</b>

<sup>1)</sup> From NCC's payroll system.

### Close calls and observations<sup>1)</sup>

		2022	2021	2020
Sweden	NCC employees	2,913	11,648	10,520
	Subcontractors	9,400		
Norway	NCC employees	1,165	4,658	6,023
	Subcontractors	4,439		
Denmark	NCC employees	2,620	9,935	8,723
	Subcontractors	5,813		
Finland	NCC employees	722	11,342	11,641
	Subcontractors	11,305		
<b>Total</b>	<b>NCC employees</b>	<b>7,420</b>	<b>37,583<sup>2)</sup></b>	<b>36,907<sup>2)</sup></b>
	<b>Subcontractors</b>	<b>30,957</b>		

<sup>1)</sup> From NCC's OHS system.

<sup>2)</sup> Refers to both NCC employees and subcontractors.

### Work-related injuries, injury frequency and fatalities

		Work-related fatalities			Accident frequency rate for work-related fatalities			Very serious work-related injuries <sup>1)</sup>			Accident frequency rate for very serious work-related injuries		
		2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Sweden	NCC's employees	1	0	0	0.08	0	0	12	7	4	1.3	0.55	0.29
	Subcontractors	0	1	1	0	0.05	0.11	15	8	0	1.6	1.06	0
Norway	NCC's employees	0	0	0	0	0	0	1	1	0	0.8	0.33	0
	Subcontractors	1	0	0	0.22	0	0	1	0	0	0.4	0	0
Denmark	NCC's employees	0	0	0	0	0	0	7	1	4	2.1	0.30	1.13
	Subcontractors	0	0	0	0	0	0	5	0	0	1.3	0	0
Finland	NCC's employees	0	0	0	0	0	0	3	1	2	1.7	0.47	0.80
	Subcontractors	0	0	0	0	0	0	5	5	0	1.7	1.74	0
<b>Total</b>	<b>NCC's employees</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0.05</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>10</b>	<b>10</b>	<b>1.1</b>	<b>0.46</b>	<b>0.42</b>
	<b>Subcontractors</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0.05</b>	<b>0.05</b>	<b>0.04</b>	<b>26</b>	<b>13</b>	<b>0</b>	<b>0.6</b>	<b>0.69</b>	<b>0</b>

Subcontractors also include hired staff. Data for NCC's employees is collected from NCC's system for OHS and payroll system. The total number of hours worked for NCC's employees and subcontractors is 45,500,000 hours. For NCC employees, worked hours are based on actual hours; hours worked by external personnel are based on rough estimates

<sup>1)</sup> Injury with permanent impact or over 30 days of absence.

There is also NCC’s Time Out concept, which empowers all employees to have work suspended if a new, unexpected risk or unhealthy situation arises, and to have the matter addressed and thus enable work to be resumed in a safe manner. Management of risks and preventive work is built into NCC’s procedures; for example, a risk assessment must be performed for the entire project before any project commences. The risk assessment must also include a safety analysis of every hazardous work element. A daily safety briefing is also conducted, which means that all employees are aware of the risks associated with various work elements and how these can be performed safely.

The greatest illness risks for employees working in production are connected to work involving asbestos and quartzite dust, as well as strain injuries.

**Psychosocial work environment**

Viewed over the entire organization, organizational and psychosocial health is a risk that has to be considered. Work is continuously under way to map and prevent mental illness in all of NCC’s operations. Focused work is also conducted with such aims as managing and preventing alcohol and drug abuse.

**Data and expertise contribute to increased safety**

Data-based facts, with thorough measurements and follow-ups, are essential features of the work of implementing the right measures to prevent accidents and to have a safe place of work, and reporting is a key aspect in making the worksites safer.

All accidents, close calls, observations and incidents are to be reported in NCC’s Group-wide OHS reporting tool. This can be done online or via a mobile app. The system can be used by anyone who is present in any of NCC’s worksites.

In this system, a report of an accident is sent to the manager in charge, who has

been assigned to follow up and formulate safety improvements. The system also includes a feature for reporting both positive and negative safety observations.

This reporting promotes the employees’ commitment to safety work and provides the organization with potential to identify any risks at an early stage and to highlight role models. Data in the incident reporting system is also used at a general level to assess risks and formulate joint solutions.

**Work environment partnerships**

NCC engages in well-established cooperation with trade unions, including safety officers. NCC’s joint forum comprises representatives of all trade unions and encompasses all employees.

NCC participates in a number of external forums and industry-wide initiatives that work to promote increased safety and a positive impact on OHS in the construction industry. The experience exchanges include the ENCORD European network, Håll Nollan in Sweden and the Danish collaboration Business Panel at the National Research Centre for the Working Environment (advisory board for research institution).

**Occupational healthcare**

NCC provides occupational healthcare through external care providers in accordance with each country’s social insurance system. All personal data is processed according to GDPR. Occupational healthcare is provided to employees during working hours.

In Sweden, there is, for example, the Frisklinjen (Health Line) service, which is included in occupational healthcare. This service provides employees with access to professional healthcare advice. This also provides NCC with support for addressing the employees’ health, for example, when the healthcare provider, through information from Frisklinjen, can draw attention to repeated short-term absence and work-related illness.

NCC’s subcontractors manage their employees’ health and medical care issues according to their respective trade union agreements.

**Training and commitment**

A crucial factor for systematic occupational health and safety activities is collecting data and sharing knowledge, and ensuring that the people who are to perform the work have the right training. For this reason, it is mandatory for all NCC employees and those of subcontractors to undergo safety training before work is started at a production worksite.

In addition to basic training, worksite-specific and assignment-specific training programs must also be implemented.

High-level expertise in the OHS organization is ensured through formal training/education and long experience.

During 2022, implementation of the digital support developed by NCC was initiated, in order to conduct training programs and register completed ones, and to facilitate the introduction to production worksites. This digital support, in turn, will be synchronized with access cards at construction sites to ensure that those who work there have the right skills.

In 2022, a pilot project involving this digital support was successfully implemented in Sweden. In 2023, pilot projects and implementation of NCC’s digital support will be conducted in all of the countries where NCC has operations.

To encourage additional commitment and raise safety awareness, while strengthening the joint safety culture, NCC arranges an Awareness Day each year. This is a day when the entire organization downs tools in order to jointly reflect and focus on OHS issues. NCC also arranges a Health & Safety Week, when all employees, including those employed by subcontractors, carry out various awareness-raising health and safety activities.

**Work-related accidents/injuries, accident frequency rate and fatalities, cont’d.**

		Accidents/injuries resulting in one day or more of sickness absence			Accident frequency rate for accidents resulting in one day or more of absence from work per million worked hours			Injuries not leading to lost time		
		2022	2021	2020	2022	2021	2020	2022	2021	2020
Sweden	NCC’s employees	94	95	103	7.4	7.5	7.4	305	288	399
	Subcontractors	104	76	86	11.3	25.3	9.3	186	179	197
Norway	NCC’s employees	5	11	6	3.9	3.7	2	62	53	49
	Subcontractors	3	5	5	0.9	1	0.9	25	10	11
Denmark	NCC’s employees	48	28	33	14.4	8.6	9.3	135	120	133
	Subcontractors	49	29	19	13.2	7.7	5.1	57	34	32
Finland	NCC’s employees	12	14	13	6.6	6.6	5.2	26	22	28
	Subcontractors	65	43	57	22.3	15	13.7	31	47	28
Total	NCC’s employees	159	148	155	7.6	6.9	6.7	528	483	609
	Subcontractors	221	153	167	10.8	8.2	7.4	299	270	268

### Target

NCC has a corporate OHS target for the number of accidents in relation to hours worked, LTIF (Lost Time Injury Frequency). LTIF4 is defined as work-related accidents resulting in more than four calendar days of absence per million working hours.

NCC's target for 2022 was an accident frequency rate of 3.0 for accidents resulting in more than four calendar days of absence per million working hours. During 2022, this accident frequency rate was 4.1, which means that the target was not achieved. Work is continuously conducted in the business areas to identify causes and prevent accidents, with a specific focus on and support to units that have experienced an increased in the accident frequency rate. The target for

2023 is to achieve an LTIF4 rate of 2.75.

An overall objective is to eliminate serious incidents with the potential for serious injuries or a fatal outcome. The follow-up of actions designed to prevent and manage serious incidents includes all employees and everyone who works at NCC's worksites.

### Governance

To support effective management, NCC works in accordance with ISO 45001. The following units are currently certified for ISO 45001: Infrastructure in Denmark and Norway, Building in Denmark and Special Projects in Building in Finland.

NCC's OHS policy and directive is Group-wide and applies to everyone who works at NCC's worksites. NCC's OHS policy and di-

rective are integrated into the management systems used by the Group and business areas.

The management system for health and safety encompasses everyone who works at NCC's worksites; i.e. NCC employees, in-sourced personnel, suppliers and subcontractors. NCC's internal OHS organization maintains the management system. Internal audits occur continuously, while those units that are ISO 45001 certified are also audited externally.

The management approach to occupational health and safety work is based on the EU directive 89/391/EEC (including Norway), which has been included in national laws and ordinances, and other national regulations.



# People and team

**GRI 404** Training and education, **GRI 405** Diversity and equal opportunity, **GRI 406** Non-discrimination

## Targets

- Recruit, develop and retain the most competent people in the industry
- Support the progress of high-performing teams
- Work actively to ensure that no one is excluded unfairly or due to unconscious biases

NCC strives to recruit, develop and retain the most competent employees in the industry, support the progress of high-performance teams and work actively so that no one is excluded unfairly or due to unconscious biases. NCC's values connected to honesty, respect and trust guide the employees' in their behaviors and choices.

NCC's Star behaviors are the foundation of our culture. They explicitly express which behaviors NCC want to encourage and at the same time clarify which behaviors we do not accept. They aim to create added value for customers, generate synergies between the businesses, raise competencies and create knowledge. They are:

- Act with passion to perform: We challenge ourselves and each other to constantly improve and outperform our targets and results.
- Build together: We work actively to ensure effective collaboration internally, in and between units, and with our customers
- Follow through and follow up We take data-informed decisions, communicate

them clearly and always act on what's decided

- Act with care: We take responsibility for our actions and use of resources. We mitigate risk and act with integrity to ensure safe, high-quality sustainable operations

## Diversity and inclusion

NCC needs the most competent, knowledgeable and experienced employees in the industry in order to continue to grow and achieve success. Accordingly, it is important to be an attractive choice for all target groups that have the expertise that NCC requires.

NCC pursues a number of initiatives for increasing diversity in the Group. In Sweden, there is, inter alia, a Diversity Council that focuses on various initiatives to promote inclusion and diversity, such as during the managers' OHS follow-ups and the onboarding of new employees.

Examples of initiatives in Sweden in 2022 are a knowledge-raising theme day in discrimination and harassment, participation in the external mentoring network Pepp, and NCC's long-established women's network Stella, which celebrates its 25th anniversary in 2023.

In Norway, NCC is an active partner in the Diversitas network – the leading network in the industry with the goal of increasing diversity and equality. In 2022, mandatory diversity training will be introduced for all employees in Norway.

NCC also highlights role models and people with different backgrounds and experiences in connection with recruitment.

## Non-discrimination

NCC does not accept any form of discrimination and acts forcefully when incidents are reported. No employee should be discriminated on the grounds of gender, transgender identity or expression, sexual orientation, ethnicity, religious beliefs, functional disability, age or anything else. Should any form of harassment, discrimination or bullying be discovered, NCC has a well-established process and actions plans so that suitable measures can be taken.

NCC's Ask Me function and the Tell Me whistleblower function are available for all types of issues, both external and internal, where events that are perceived as in breach of NCC's Code of Conduct can be reported anonymously.

Three matters involving discrimination, harassment or bullying were reported through the Tell Me function during the year. NCC always takes actions, such as disciplinary measures, whenever appropriate.

In 2022, the NCC launched a new employee survey that also covers issues related to discrimination. On the question of employees' perceived security of not being exposed to discrimination, harassment or bullying, NCC has an average value in 2022 of 8.7 out of 10, which is above the external benchmark.

## Collective agreements and employees

NCC has collective agreements that regulate minimum wages, working hours and employees' rights in relation to the employer in all markets. In total, 91 percent of NCC's employees are covered by collective

### Age breakdown<sup>1)</sup> at NCC

Proportion, %	2021			2022		
	<30	30–50	>50	<30	30–50	>50
Board of Directors			100%			100%
Senior Management Team		45%	55%		27%	73%
Management teams <sup>1)</sup>	1%	58%	41%		55%	45%
Managers	2%	59%	39%	3%	57%	40%
Employees	14%	50%	36%	14%	50%	36%
White-collar employees	9%	56%	35%	9%	57%	34%
Blue-collar employees	20%	42%	38%	20%	43%	37%

<sup>1)</sup> The management teams include all management teams from the Senior Management Team to department management or the equivalent

### Gender breakdown<sup>1)</sup> at NCC

Proportion, %	2021		2022	
	Women	Men	Women	Men
Board of Directors	43%	57%	33%	67%
Senior Management Team	55%	45%	55%	45%
Management teams	34%	66%	34%	66%
Managers	18%	82%	19%	81%
Employees	16%	84%	17%	83%
White-collar employees	28%	72%	29%	71%
Blue-collar employees	3%	97%	3%	97%

<sup>1)</sup> The management teams include all management teams from the Senior Management Team to department management or the equivalent

agreements. In Sweden and Norway, all employees are covered. In Denmark and Finland, collective agreements are applied, but also local agreements to some extent.

NCC has 12,408 employees (at the end of 2022). Like other companies in the industry, NCC uses subcontractors and consultants when required. Subcontractors are mainly found in Infrastructure, Building Sweden and Building Nordics.

NCC buys assignments and contracts from subcontractors. This means that for personnel who work at NCC's workplaces and are employed by our subcontractors, the employer's responsibility lies with the hired companies. NCC work to have a responsible supply chain where operations are conducted according to healthy working conditions and in an environmentally and socially sustainable way. The work is based on the group's code of conduct for suppliers, which all suppliers must undertake to follow. NCC requires that all employees and employees of subcontractors undergo NCC's induction and safety training before starting work at a production workplace.

NCC mainly has full-time employees, with a small percentage of part-time employees. Otherwise, NCC has summer

employees or interns with pre-agreed working hours.

### Employee engagement

NCC implements regular employee surveys to capture opinions about such matters as leadership, development and job satisfaction. The surveys also include questions concerning NCC's Code of Conduct.

In 2022, two employee surveys were conducted. A number of questions and results can be connected to, inter alia, the individual's perception of diversity and inclusion. Certain formulations have been amended since 2020 when the latest employee survey was conducted, which makes it difficult to compare responses. NCC continues to monitor employee engagement. For 2022, the average is 7.9 out of 10, which is above the external benchmark.

During 2022, employee engagement included in-house training, workplace meetings and performance reviews, which were offered to all employees.

### Individual development opportunities

Employees who start at NCC receive a onboarding plan in order to get into their professional role in the best way. Thereafter, the planning of the employee's skills development is switched to an individual development plan, which is evaluated and updated at the annual performance review.

The employee performance review is the tool that NCC prioritizes to support the employee's individual development. It is a mandatory managerial responsibility to offer all employees an annual employee review and to have a follow-up interview during the year. The performance review covers several parts, where both the individual's work situation and the conditions to perform as well as an individual develop-

ment plan are included. Planned activities are followed up, updated and supplemented if necessary.

NCC offers skills development in such areas as technical knowledge, leadership, work environment, project management and accounting. Some of the training is mandatory for certain positions. The training programs are intended to meet NCC's need for excellence, satisfy the individual's need to develop in his/her current role in terms of personal development, and ensuring that NCC retains its attractiveness in the labor market.

A large and important part of learning at NCC takes place through training, but the majority of learning takes place when the theory is put into practice. NCC therefore focuses on providing various structured ways for what is called "learning in everyday life", it can be everything from study visits, rotation service, participation in projects outside its business area, networking and in various exchanges of experience together with colleagues.

### Leadership development initiatives

Access to the right competencies is crucial for NCC's continued success and growth. The ability to attract, develop and retain employees with the right competencies is therefore vital. NCC offers its employees continuous skills development adapted to the individual's and the company's needs. NCC's leadership programs encompass all stages of a manager's development with the aim of ensuring successful succession planning. The various training initiatives consist of conventional teaching and e-learning, as well as composing training programs and longer courses.

The internal training programs include:

- NCC Mega Project Management Pro-

### Employment contracts 2022

Number of employees, %	Full-time		Part-time	
	Men	Women	Men	Women
Sweden	6,351	1,310	47	54
Norway	1,250	171	4	10
Denmark	1,832	249	18	42
Finland	825	225	10	10

<sup>1)</sup> Employee data in the table pertains to the number of employees at the end of 2022 and was collected from the Group's HR and payroll systems.

### Employment contracts 2022

Number of employees <sup>1)</sup>	Number of employees			Permanent employment				Temporary employment			
	2022	2021	2020	2021		2022		2021		2022	
				Men	Women	Men	Women	Men	Women	Men	Women
Sweden	7,762	7,784	8,539	6,077	1,227	6,194	1,338	408	72	204	26
Norway	1,435	1,438	1,440	1,186	155	1,222	171	78	19	32	10
Denmark	2,141	2,001	2,269	1,704	256	1,830	288	34	7	20	3
Finland	1,070	1,178	1,393	922	234	817	231	15	7	18	4
<b>Total, NCC</b>	<b>12,408</b>	<b>12,401</b>	<b>13,641</b>	<b>9,889</b>	<b>1,872</b>	<b>10,063</b>	<b>2,028</b>	<b>535</b>	<b>105</b>	<b>274</b>	<b>43</b>

<sup>1)</sup> Employee data in the table pertains to the number of employees at the end of 2022 and was collected from the Group's HR and payroll systems. Some seasonal variations exist.



gram for highly experienced project managers who are capable of and want to take the step to heading extremely large-scale and complex construction projects

- NCC Senior Executive Program together with IMD Business School in Lausanne, which is aimed at department and division managers.
- NCC Strategic Leadership Program for future management talents in various parts of the business
- NCC Site Manager Program, where supervisors or the equivalent can take the next step in their career and train to become site managers.
- NCC Supervisor Academy, where skilled workers are able to train to become supervisors

**Activities 2022**

A skills audit of all project planning managers was conducted, which resulted in individual development plans. In 2022, the fourth round of the Mega Project Management Program was implemented. Academic elements with Copenhagen Business

School, Oxford Global Projects together with study visits within NCC and external mega-projects in Berlin were important elements in the total 24-days long educational program. Former participants in the program met during the year in Copenhagen, with the aim of strengthening the network within NCC and to take part in research from Global Oxford Projects.

All of the business areas have talent programs, and there is a nordic network in which the employees participating in these programs get to meet each other.

**Target**

The aims for this impact area are to recruit, develop and retain the most competent people in the industry, support the progress of high-performing teams and to work actively so that no one is excluded unfairly or due to unconscious biases.

Work to formulate new measurable targets is under way and is expected to be complete in 2023.

Follow-up of the goals takes place partly through NCC's employee survey, where employee commitment and perceived security

among employees in not being exposed to discrimination, harassment or bullying are followed up. In addition, NCC follows gender distribution in all management groups from group management up to and including department management or equivalent. The goal is that no management group should have a distribution where one gender exceeds 70% of the group's members. Of the 84 management groups covered by the measurement, 50% live up to the distribution target regarding gender.

**Governance**

Work is guided by NCC's Code of Conduct and Compliance Directive. NCC's Star behaviors guide the employees in their daily work. Training programs are continuously evaluated and monitored through, for example, surveys and interviews, tests and reports.

**Reporting policies**

Employee data pertains to the number of employees at the end of the fiscal year and was collected from the Group's HR and payroll system.

**Collective bargaining agreements 2021**

Number of employees <sup>1)</sup>	2022		2021		2020	
	Number covered by collective agreements	Percentage covered by collective agreements	Number covered by collective agreements	Percentage covered by collective agreements	Number covered by collective agreements	Percentage covered by collective agreements
Sweden	7,762	100	7,784	100	8,539	100
Norway	1,435	100	1,438	100	1,440	100
Denmark	1,196	56	1,097	55	1,325	58
Finland	888	78	934	79	1,200	82
<b>Total, NCC</b>	<b>11,281</b>	<b>91</b>	<b>11,253</b>	<b>91</b>	<b>12,504</b>	<b>92</b>

<sup>1)</sup> Employee data in the table pertains to the number of employees at the end of 2022 and was collected from the Group's HR and payroll systems.

# Ethics and compliance

**GRI 205** Anti-corruption, **GRI 206** Anti-competitive behavior,  
**GRI 308** Supplier environmental assessment, **GRI 414** Supplier social assessment

## Target

To act according to the highest ethical standards and transparency, while serving as a trustworthy partner across the value chain.

**NCC shall act** according to the highest ethical standards and transparency, while serving as a trustworthy partner across the value chain.

## Governance

The Group's Code of Conduct is an important feature of the compliance agenda, both as an internal compass for describing how NCC's employees should act and as external communication to clarify NCC's expectations of its suppliers and business partners.

The Code of Conduct also constitutes the foundation for the Code of Conduct for suppliers, which is part of NCC's agreements with suppliers. Other stakeholders are informed about the Group's Code of Conduct through NCC's website, contracts and agreements.

NCC works continuously to ensure compliance with its Code of Conduct in all of the Group's partnerships, and to ensure that no violations occur, for example, in connection with business ethics. In 2022, work was initiated to clarify the consequences when someone does not comply with the Code of Conduct. This work is scheduled to be finalized in 2023.

NCC evaluates management systems for compliance by analyzing statistics from the Ask Me/Tell Me functions, employee questionnaires and the results of internal audits.

### Ask me and Tell me functions

NCC evaluates management systems for compliance by analyzing statistics from the Ask Me/Tell Me functions, employee questionnaires and the results of internal audits. Through the Tell Me whistleblower function and through other reporting lines, 74 (88) suspected violations of the Code of Conduct were reported in 2022, somewhat lower than in 2020.

The incidents involved such matters as fraud and theft, conflicts of interests and other transgressions from NCC's Code of

Conduct. Of the matters closed during the year, five led to dismissal and 38 to other actions, such as discussions, changes in procedures and processes or targeted communication measures.

## Minimum Safeguard Principles (MSP)

These are principles designed to safeguard fundamental human rights, as well as labor law, bribery, taxation and fair competition. They can encompass the principle of the pre-eminence of human beings, the principle of independence and independent review, the principle of transparency and accountability and the principle of equal treatment and non-discrimination.

Using these principles as a basis, NCC conducted an evaluation of its operations in 2022, during which risks associated with human rights were identified. The evaluation also highlighted suitable processes and policies for taxation, corruption and competition law. Among other measures, NCC needs to implement a thorough due-diligence process covering human rights and to further develop processes, policies, roles and responsibilities related to human rights. The evaluation forms the foundation for continued work to ensure that human rights are respected at NCC.

Read more under the section Taxonomy p. 115.

## Bribery and corruption, competition law and conflicts of interest

Three areas have been identified as being particularly important for ensuring compliance with NCC's Code of Conduct: bribery and corruption, competition law and conflicts of interest.

NCC is active in an industry where complex projects and supply chains as well as both private and public-sector customers lead to an increased risk of corruption. Risks of corruption may arise in relation to NCC's business partners, who include suppliers, and are also connected to the employees' conduct in relation to public-sector officials and other customer representatives.

NCC has adopted an anti-corruption policy and arranges anti-corruption training that covers all operations and countries. NCC implements annual Group-wide risk assessments in which both Group staff units and NCC's business areas evaluate and report on risks in the operations.

In certain parts of the business, corruption has been identified as a risk; although not a high risk considering that NCC's operations are conducted in countries with a low risk of corruption according to the Transparency International Corruption Perception Index. However, a portion of NCC's suppliers operate in countries with a higher risk of corruption.

NCC also conducts operations in an industry where, historically speaking, anti-competitive activities have existed. For this reason, fair competition is an impact area at NCC.

NCC continuously evaluates and improves its governance of compliance. In 2022, NCC updated a number of guidelines as a feature of its work to counter corruption and infringements of competitive laws, including the Group's Compliance Directive, which contains NCC's Anti-corruption and Fair Competition policies.

NCC's objective is to provide training in ethical behavior, anti-competitive behavior, anti-corruption and GDPR to all white-collar employees. During 2022, follow-up work was conducted to ensure that all white-collar employees receive training in compliance and anti-corruption, GDPR and competition law. In 2022, the rate of implementation was 94 percent for compliance and anti-corruption, 90 percent for GDPR and 85 percent for competition law. It is mandatory for new employees to complete these three courses during their first month of employment.

In 2021, NCC's Star behaviors were implemented among employees, with values and ethics as a key feature of the desired employee behavior, which continued to guide work at NCC during 2022.

NCC is a member of Transparency International Sweden and the Swedish Anti-corruption Institute (IMM), complies with the Code of Business Conduct issued by the Swedish Anti-Corruption Institute and has a policy and guidelines for our anti-corruption activities. In cooperation with most other industry players in Sweden, a joint policy has been formulated: "Agreement on counteracting bribery and corruption." NCC has also participated in the formation of a Swedish Ethical Trading Initiative (ETI), a joint initiative to promote good labor conditions in producing countries. NCC works continuously to counter corruption in the supply chain.

During the year, NCC investigated two cases of suspected corruption. NCC was able to confirm corruption in one of the inquiries and, in the other inquiry, the employed person had already left NCC. During 2022, no supplier agreement was terminated due to corruption, and no public legal cases of corruption occurred.

Five cases of conflicts of interest involving transactions with own companies, organizations and related parties that contravened NCC's rules were also dealt with during the year. No transgressions of the Competition Act led to legal action in 2022.

### Responsible purchasing

NCC is working to ensure a responsible supply chain, whereby the operations are conducted under sound working conditions and in an environmentally and socially sustainable manner. This work is based on the Group's Code of Conduct for suppliers, which all suppliers must undertake to comply with.

The Code of Conduct for suppliers includes guidelines for regulatory compliance and ethical behavior, as well as guidelines to counter bribery and corruption, avoid conflicts of interest, respect competition law, protect human rights, promote diversity and inclusion, and for having safe and healthy worksites and reducing the environmental impact. Most of the major framework agreement suppliers are also required to be certified under the ISO 9001, ISO 14001 management systems or the equivalent.

### Broad supplier base

NCC has business relationships with several thousands of suppliers through its purchases of everything from building materials to travel and office supplies. Most of the suppliers are based in the Nordic region but are also found in such coun-

tries as Poland, Estonia, Latvia, Lithuania and China. The supplier base consists of framework agreement suppliers, international suppliers, Nordic project sourcing suppliers and internal suppliers.

Work on reducing the total number of suppliers is under way. This effort includes increasing the proportion of purchases made under framework agreements. The aims are to improve controls, increase the efficiency of purchasing work, promote a sustainability focus in the value chain and reduce NCC's purchasing costs. NCC has just over 1.400 framework agreements corresponding to 35.4 percent of the total purchasing volume in 2022. The total purchasing volume is divided into different categories, whereby the ten largest production-related categories are: Earthwork & Transportation/Civil-engineering contracts, Technical installations, Building materials/Water and sewage materials and Wholesalers, Park/Road/Railroads, Rental, Interiors, Load bearing construction, Industry production materials, Concrete/Forms/Steel reinforcement and Exteriors.

### Increased cooperation

NCC collaborates with the major framework agreement suppliers with a view to develop sustainable data-driven solutions, increase productivity and conduct continuous quality development. In addition, NCC works together with the suppliers to reduce carbon emissions, promote responsible use of natural resources and increase circularity. For information about how NCC works with health and safety matters with its suppliers, refer to Health and Safety on pp. 98-100.

During the year, NCC also continued work to evaluate, develop and improve collaboration with suppliers in a more structured and uniform manner.

### Audits

All of the major framework agreement suppliers are initially evaluated before any collaboration commences. To ensure compliance with NCC's Code of Conduct and that the suppliers work in accordance with ISO 9001 and ISO 14001, NCC performs audits of its framework agreement suppliers. NCC has a specific, thorough process for evaluating suppliers in geographical risk areas in order to prevent human rights crimes.

Four framework agreement suppliers were third-party audited during the year. None of these were new in 2022. All of the non-Nordic material suppliers, with active agreements in 2022, were evaluated initially before any collaboration commenced. In order to evaluate and develop non-Nordic suppliers, NCC also works with supplementary audits of how these work with social responsibility, quality, environment and health and safety. During the year, NCC conducted about 145 audits of non-Nordic suppliers.

NCC is a member of Amfori BSCI (Business Social Compliance Initiative), through which it has access to additional tools for training its suppliers. NCC's own audits of suppliers in high-risk countries (according to Amfori BSCI's definition) are supplemented by the fact that these suppliers are integrated into Amfori BSCI's processes, for training and collaboration.

NCC regularly follows up the audits of both framework agreement suppliers and non-Nordic suppliers. If any deviations or non-compliance are noted during the supplier audit, this must be corrected by the supplier according to an action plan. If the actions are not implemented, collaboration with the supplier may be terminated.

# Economic performance

## GRI 201 Economic performance

NCC strives to achieve a stable and sustainable improvement in financial performance and to create value for its stakeholders.

NCC creates sustainable value through building and infrastructure project contracting, commercial property development and asphalt and stone materials production. NCC is a knowledge-based company whose core competency is the ability to manage the complexity of a construction process, including its impact on the planet, the people and the surrounding community. By serving as a partner who contributes knowledge, NCC helps its customers to transition to sustainable solutions.

### Economic value generated and distributed

SEK M	2022	2021	2020
<b>Economic value generated</b>			
Customers	54,569	53,561	53,940
<b>Economic value distributed</b>			
Suppliers	-41,791	-40,497	-41,092
Employees	-8,618	-8,299	-8,671
Lenders	-59	-60	-80
State (expensed tax and social security fees)	-3,005	-3,197	-2,839
Shareholders <sup>1)</sup>	-586	-646	-538
<b>Economic value retained</b>	<b>510</b>	<b>862</b>	<b>720</b>

<sup>1)</sup> Proposed dividend.

## About the report

The company reports its sustainability work annually as part of the NCC Annual Report. We have applied the guidelines of the Global Reporting Initiatives (GRI) for the reporting of sustainability information since 2010. The Sustainability Report, which pertains to the 2022 fiscal year, has been prepared according to GRI Standards. It has been prepared according to the GRI reporting principles for defining report content (Stakeholder inclusiveness, Sustainability context, Materiality and Completeness), and also constitutes NCC's Communication on Progress in accordance with the UN Global Compact. More detailed sustainability information and performance indicators are presented on pp. 82–106. For the GRI content index,

refer to the following pages. Unless otherwise stated, all the information pertains to the entire NCC Group. If information or calculation methods have changed compared to previous year, it is stated in the respective table. No significant changes have occurred in the organization, the share capital structure or the supply chain during the year. Asphalt operations in Finland was divested at year-end 2021. Some comparative figures for business area Industry and climate data have been recalculated taking this into account in accordance with accounting principles and the Greenhouse Gas Protocol. This is indicated by the table.

Contact: CFO and Head of Finance & IT  
Susanne Lithander, +46 8 585 510 00,  
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### Statutory sustainability report

This statutory Sustainability Report has been issued by the Board of Directors of NCC AB but is not part of the formal Annual Report documentation. The Sustainability Report in accordance with the Annual Accounts Act is included in the Annual Report on the following pages: 2–3, 8–11, 24–29 and 82–120.

Unless otherwise stated, all the information pertains to the entire NCC Group, including subsidiaries.

### Auditor's statement on the statutory sustainability report

To the general meeting of the shareholders in NCC AB, corporate identity number 556034-5174

### Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2022 on the pages set out in the left hand box and for that it has been prepared in accordance with the Annual Accounts Act.

### Scope of examination

Our examination has been conducted in accordance with FAR's recommendation RevR 12 The auditor's statement on the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinion.

### Opinions

A sustainability report has been prepared

Stockholm, March 8, 2023  
PricewaterhouseCoopers AB

Ann-Christine Häggglund  
Authorized Public Accountant  
Auditor in Charge

Erik Bergh  
Authorized Public Accountant

# Reporting according to the EU taxonomy 2022

## Introducing the regulatory framework

The EU Taxonomy is a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes. It recognizes green, or 'environmentally sustainable', economic activities that make a substantial contribution to at least one of the EU's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.

The first delegated act under the EU Taxonomy on climate objectives sets criteria for economic activities in the sectors that are most relevant for achieving climate neutrality and delivering on climate change adaptation. This includes sectors such as energy, infrastructure, and buildings. All these sectors are relevant to NCC Group's daily activities.

### Eligible activities

An economic activity that is described and has technical screening criteria set out in the taxonomy is called an eligible activity. Such activity is eligible under the taxonomy and all turnover, CapEx and OpEx for this economic activity is therefore taxonomy-eligible.

### Aligned activities

An eligible economic activity that is also making a substantial contribution to at least one of the environmental objectives, while also doing no significant harm to the remaining objectives and meeting minimum safeguards is called an aligned activity. The turnover, CapEx and OpEx for such an activity is therefore aligned.

## Accounting policies EU Taxonomy

### Total turnover

Turnover include revenue (net sales), which has been recognized in accordance with IAS 1 p.82a, and the reporting is only based on external revenue. To NCC, turnover and net sales both represent the same key performance indicator. For more information, refer to Financial report, Note 1 Accounting policies and Note 2 Revenue recognition.

### Taxonomy-eligible turnover

NCC's operations encompass many of the categories in the taxonomy. The contracting operations, NCC Infrastructure, NCC Building Sweden and NCC Building Nordics

include several economic activities. In certain cases, individual projects also include several economic activities. The identification of relevant economic activities is based on projects, which in turn have been divided into sub-projects, each of which may correspond to a Taxonomy-eligible economic activity.

For NCC Property Development business area, all sales of projects are eligible, and are recognized as Taxonomy-eligible economic activity. Rental revenues for these properties are included during the period in which ongoing or completed property projects have not yet been recognized in profit. Sales of land that take place when the land is no longer subject to project development are not classified as Taxonomy-eligible since they do not refer to new production of buildings.

The NCC Industry business area includes the production of stone materials and asphalt products, paving assignments, and small-scale earthworks, etc. The economic activities that involve the recycling and reuse of materials, such as recycled asphalt, reused excavated rock and recycled stone materials, as well as small-scale earthworks, painting and signage are Taxonomy-eligible. Assignments involving the paving of pedestrian and bicycle paths and roads for public transport in cities are also recognized as Taxonomy-eligible economic activities.

### Taxonomy-aligned turnover

As a result of applying percentage of completion in line with the completion rate, the assessment of Taxonomy-aligned turnover takes place based on certain predetermined assumptions. In its assessment of projects, NCC assumes that they are carried out in accordance with the order placed. If on completion of a project NCC identifies a change in the assessment of whether the project's turnover is Taxonomy-aligned, this changed assessment is recognized on the next reporting date. For the parts of NCC's operations that recognize revenue at a point in time, an assessment of whether or not the turnover is Taxonomy-aligned is made after the project has been completed.

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### Total CapEx

Taxonomy-eligible investments (capital expenditure or CapEx) includes both intangible and tangible fixed assets acquired during the year, in accordance with IAS 16 p.73 e, i and iii, IAS 38 p.118 e and i and IFRS 16 p.53 h. For more information, refer to Financial report, Note 16 Tangible fixed assets.

### Taxonomy-eligible CapEx

NCC has established that CapEx attributable to owner-occupied properties, right-of-use assets – buildings, machinery and equipment and right-of-use assets – machinery and equipment are eligible activities. All CapEx are critical components for NCC's operations and a condition for compliance with the criteria for relevant economic activities, both for the operations to significantly contribute to mitigating climate change and to comply with the criteria to do no significant harm to the other environmental objectives in the taxonomy.

Since individual CapEx are used in many economic activities over their lifetimes, NCC believes that it is misleading to allocate the full CapEx amount to the economic activity conducted in connection with the investment. Accordingly, NCC has applied the same allocation of economic activities and business areas as for the key performance indicator of turnover.

### Taxonomy-aligned CapEx

NCC has applied the same reasoning as for relevant CapEx, meaning that for the recognized total CapEx the allocation of economic activities per business area and the proportion of Taxonomy-aligned turnover were used as allocation keys for calculating Taxonomy-aligned CapEx.

### Total OpEx

Since IFRS does not provide a clear guidance on which expenses are considered to be operating expenses, the concept of operating expenditure (OpEx) is not defined in NCC's financial reporting. Total OpEx under

the Taxonomy comprises research and development costs that have been expensed during the period, building renovation measures (owned or leased), maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of tangible fixed assets that are necessary to ensure the continued and effective functioning of such assets and expensed lease payments for short-term leases.

#### *Taxonomy-eligible OpEx*

Expenditures related to ensuring the continued and effective function of the assets used to generate Taxonomy-eligible turnover, meaning OpEx for acquiring the Taxonomy-eligible turnover are recognized as Taxonomy-eligible OpEx. NCC has not identified any OpEx attributable to economic activities other than those to which turnover is attributable.

#### *Taxonomy-aligned OpEx*

NCC has applied the same logic as for aligned OpEx, meaning that for the recognized total OpEx the allocation of economic activities per business area and the proportion of Taxonomy-aligned turnover were used as allocation keys for calculating Taxonomy-aligned CapEx.

### Methodology

When preparing the taxonomy reporting for 2022, NCC has involved many employees, in cross-functional collaboration teams in all four countries in order to generate a qualitative assessment of activities relevant to the business and national practices.

To evaluate the business, NCC has established a reporting process that assesses NCC's different projects and sites. The projects have been evaluated from the most granular level possible, resulting in a classification of every individual project or site according to the economic activities described in the taxonomy. When a project has been identified within an economic activity described in the taxonomy, NCC has classified this as an eligible activity. In the next step, the projects have been evaluated according to determined technical screening criteria in order to determine if the project is classified as aligned. In addition, the evaluation has also been based on agreed upon interpretations on each technical screening criteria within the applicable industry. Eligible projects have been reported as A2 in the published tables and aligned projects have been reported as A1 in the published tables. This process has

also considered intercompany transactions to ensure that double counting does not occur.

Overall, a conservative approach has been applied to the evaluation where NCC recognizes room for interpretation. Main activities and larger projects within each business area has been the starting point in the alignment evaluation process. A number of NCC's projects span over multiple years and were therefore initiated before the taxonomy was introduced. Documentation has not been available, partly due to the legislation being introduced after the start of the project and partly due to the ongoing system and method development process. Complete documentation has been available for a smaller share of NCC's total business. As a result, the remaining share has been classified as non-eligible.

During the process of generating reporting for 2022, extensive effort has been put into establishing a scalable system and long-term structures for the gathering of data, analysis and evaluation as well as the overall process and ways of working. This gives NCC conditions for an extended taxonomy assessment and reporting process going forward, with a high degree of granularity, traceability and transparency.

### Summarizing the taxonomy reporting for 2022

	Total (MSEK)	Share of Taxonomy non-eligible activities	Share of Taxonomy-eligible activities	Share of Taxonomy-aligned activities
Turnover	54,198	22,1%	76,5%	1,4%
CapEx	1,287	60,4%	39,0%	0,6%
OpEx	2,775	63,1%	35,7%	1,2%



## Taxonomy reporting table – CapEx

	Code(s)	Absolute CapEx MSEK	Proportion of CapEx %	Substantial contribution criteria						Do No Significant Harm criteria (DNSH)						Category				
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution prevention %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution prevention Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy Aligned proportion of Turnover 2022 %	Taxonomy Aligned proportion of Turnover 2021 %	Enabling activity E	Transitional activity T
<b>Economic activities</b>																				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES, %</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Infrastructure for rail transports	6.14	5	0.4%	100%	0%														E	–
Construction of new buildings	7.1	3	0.2%	100%	0%														–	–
<b>CapEx for environmentally sustainable activities (Taxonomy-aligned) (A.1.)</b>		<b>8</b>	<b>0.6%</b>														<b>0.6%</b>			
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)</b>																				
Electricity generation from hydropower	4.5	9	0.7%																	
Transmission and distribution of electricity	4.9	13	1.0%																	
District heating/cooling distribution	4.15	5	0.4%																	
Cogeneration of heat/cool from bioenergy	4.20	0	0.0%																	
Construction, extension and operation of water collection, treatment and supply systems	5.1	23	1.8%																	
Renewal of water collection, treatment and supply systems	5.2	6	0.4%																	
Construction, extension and operation of waste water collection and treatment	5.3	23	1.8%																	
Renewal of waste water collection and treatment	5.4	4	0.3%																	
Material recovery from non-hazardous waste	5.9	7	0.5%																	
Infrastructure for personal mobility, cycle logistics	6.13	17	1.3%																	
Infrastructure for rail transport	6.14	101	7.9%																	
Infrastructure enabling low-carbon road transport and public transport	6.15	57	4.5%																	
Infrastructure enabling low carbon water transport	6.16	17	1.3%																	
Construction of new buildings	7.1	187	14.5%																	
Renovation of existing buildings	7.2	32	2.5%																	
<b>CapEx for Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)</b>		<b>502</b>	<b>39.0%</b>																	
<b>Total (A.1. + A.2.)</b>		<b>510</b>	<b>39.6%</b>														<b>0,6%</b>			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
CapEx of Taxonomy-non-eligible activities		776	60,4%																	
<b>Total (A+B)</b>		<b>1,287</b>	<b>100%</b>																	

NCC has market financing programs where SEK 2,350 (1,700) M are green bonds, of which SEK 1,750 (1,600) M are listed on Nasdaq Stockholm. For more information, see Investor Report 2022. During the year, SEK 0 M of the green bonds were reported as economic activities according to the EU Taxonomy. The absolute majority refers to investments in property development projects within NCC Property Development which are classified as current assets in NCC's balance sheet and thus not covered by capex according to EU Taxonomy.





## Eligible activities

### 4.5. Electricity generation from hydropower

NCC carries out construction of facilities that produce electricity from hydropower. Projects within this activity increase the possibility of adjustable electricity generation. Within NCC, this activity includes projects mainly connected to electricity generation, but also to safety-enhancing adjustments of dams, construction work for up- and downstream fish passes connected to existing facilities and upgrades of existing facilities.

### 4.9. Transmission and distribution of electricity

NCC carries out construction of transmission systems that transport electricity on the extra high-voltage interconnected systems as well as for distribution systems that transport the electricity on high-voltage distribution systems. Typical projects can aim to upgrade power lines in order to achieve a more efficient transmission of electricity. Other examples are construction of new power lines with the purpose of reaching power increases and preparing for future connection possibilities, construction of new power stations as well as ground cabling work.

### 4.15. District cooling/heating distribution

NCC does construction work and refurbishment of pipelines and associated infrastructure for distribution of heating and cooling. This activity includes for example projects connected to district heating, pipe laying works and expansion and refurbishment of district heating/cooling networks. An example is the project aiming to construct a connecting district heating pipeline between the two networks of Sandviken and Gävle.

### 4.20. Cogeneration of heat/cool from bioenergy

NCC does construction of installations used for cogeneration of heat/cool and power from biomass. Examples of projects are the plan for a new pellet-fired boiler in Knivsta, which includes ground and concrete work for the new building, and foundation work for a new wood chip boiler in Knäred.

### 5.1. Construction, extension and operation of water collection, treatment and supply systems

NCC carries out projects connected to the construction of water treatment systems, for example in form of water treatment plants that are situated on a number of sites. Within NCC, there are over 100 projects within this activity.

### 5.2. Renewal of water collection, treatment and supply systems

NCC performs renewal works of waste water treatment systems. Projects can be in the form of repair, substitution, extension or reconstruction of existing systems or parts of systems.

### 5.3. Construction, extension and operation of waste water collection and treatment

NCC carries out projects connected to the construction of waste water treatment systems. Projects can be in the form of construction work for sewage treatment plants in several locations. Within this activity, NCC has a number of large projects.

### 5.4. Renewal of waste water collection and treatment

NCC performs renewal works of waste water treatment systems. Projects can be in the form of repair, substitution, extension or reconstruction of existing systems or parts of systems.

### 5.9. Material recovery from non-hazardous waste

NCC operates facilities that aim to recover material from non-hazardous waste. This activity includes all types of projects connected to the operation of facilities with equipment that crush and sort non-hazardous waste such as excavated waste, concrete and construction rock on NCC's sites, into recycled materials for resell.

### 6.13. Infrastructure for personal mobility, cycle logistics

NCC constructs, modernises and provides maintenance to infrastructure for personal mobility, for example projects connected to roads, bridges and tunnels dedicated to pedestrians and bicycles. A substantial part of the roadworks in urban areas are linked to pedestrian and bicycle lanes.

### 6.14. Infrastructure for rail transport

NCC has many projects within construction, modernisation as well as maintenance of railways and subways, including bridges and tunnels, stations, terminals and rail service facilities.

### 6.15. Infrastructure enabling (low-carbon) road transport and public transport

Activity 6.15 includes over 100 projects in total for NCC. Within this activity, NCC has included activities as described in both environmental objectives Climate Change Mitigation and Climate Change Adaptation. NCC carries out construction, modernisation and maintenance of infrastructure required for operating urban transport. NCC also does maintenance paving of asphalt roads in cities and suburban areas on which public transport runs. Projects included in this activity are also those connected to bridges, tunnels and roads in urban areas. Projects connected to dirt roads have been excluded.

### 6.16. Infrastructure enabling low carbon water transport

NCC carries out construction, modernisation and maintenance connected to infrastructure that is required for low carbon water transport, for example projects connected to docks, wharfs and canals.

### 7.1. Construction of new buildings

The construction of new buildings is a large part of NCC's business and includes hundreds of projects, both connected to residential as well as non-residential buildings such as schools and hospitals.

### 7.2. Renovation of existing buildings

Alongside construction of new buildings, renovation of existing buildings is another substantial area for NCC. Examples of projects can be renovation of everything from office buildings and residential buildings to schools and hospitals, with the purpose of increasing energy efficiency, modernisation and/or adding space, or change the use of the premises.

### 7.7. Acquisition and ownership of buildings

Rental income that occurs before a property is recognized in profit or loss is classified within this activity.

## Aligned activities

For each economic activity considered, the technical screening criteria specify the environmental performance requirements that ensures that the activity makes a substantial contribution to the environmental objective in question and does no significant harm to the other environmental objectives.

The technical screening criteria for 'substantial contribution' to an environmental

objective ensure that the economic activity either has a substantial positive environmental impact or substantially reduces negative impacts on the environment.

The technical screening criteria for 'do no significant harm' ensure that the economic activity does not impede on the other environmental objectives from being reached, i.e. it has no significant negative impact on them.

## Aligned activities for 2022

Code	Name of economic activity according to the EU taxonomy
6.14	Infrastructure for rail transport
7.1	Construction of new buildings
7.2	Renovation of existing buildings
7.7	Acquisition and ownership of buildings

## Sector 6 – Transport

A large part of NCC's business is connected to infrastructure for transportation, for example in the form of railways and subways. NCC has aligned activities within 6.14 Infrastructure for rail transport.

### *Substantial contribution criteria – Climate Change Mitigation*

Projects connected to railways and subways are considered as making a substantial contribution to climate change mitigation when it matches one of the following descriptions:

1. The railroad is electrified or will be so within ten years from start.
2. The infrastructure and installations concern combi terminals, i.e. infrastructure and terminal buildings for transshipment of goods between modes of transport.
3. The infrastructure and installations concern interchange points for travelers between trains or from other means of transport to train.

In addition, the infrastructure is not dedicated to the transport or storage of fossil fuels.

## Sector 7 – Construction & Real estate

Construction and real estate constitute a large part of NCC's business. NCC has aligned activities within 7.1 Construction of new buildings, 7.2 Renovation of existing buildings and 7.7 Acquisition and ownership of buildings. Buildings referred to in these economic activities can be both residential and non-residential.

### *Substantial contribution criteria – Climate Change Mitigation*

The construction of new buildings is considered making a substantial contribution to the objective climate change mitigation if the project's primary energy demand is at least 10 percent lower than national requirements on energy performance applicable at the time of the building permit (reported through an energy declaration or energy calculation). This also applies to the acquisition and ownership of buildings. For larger buildings (>5000 m<sup>2</sup>) a leak testing (ISO 9972:2015) and thermal integrity (SS-EN 13187) for completed buildings also need to be conducted. As an alternative, thermal integrity testing in a completed building can be substituted with a reliable and traceable process for quality control during construction performed by a certified company. Larger buildings have also performed a Global Warming Potential (GWP) calculation, calculated for each stage in the life cycle and includes all building elements and technical equipment in accordance with Level(s) (or corresponding method accepted in the applicable country).

For renovation of buildings, the renovation needs to comply with the requirements for major renovations, according to applicable national and regional building regulations for "major renovations" (i.e. the cost of renovation is higher than 25 percent of the building's total value or at least 25 percent of the facade undergoes renovation) implementing directive 2010/31/EU. The energy performance of the building or the renovated part meets the cost-optimal minimum requirements for energy performance in accordance with the respective directives. The National Board of Housing (e.g. Boverket in Sweden, or corresponding in the applicable country) defines this as the current legal requirements for new construction. Alternatively, the renovation leads to a reduction in the need for primary energy of at least 30 percent (validated through an energy certificate). The 30 percent improvement is a result from an actual reduction of the need for primary energy (reduction in need for net primary energy from renewables are not taken into account) and can be achieved through a series of measures taken within a maximum of three years.

For acquisition and ownership of buildings, in addition to the energy performance being at least 10 percent lower than national requirements, it should be efficiently operated through energy performance monitoring and assessment. This is applicable when the building is a large non-residential building.

### **Do No Significant Harm criteria (DNSH)**

#### *1. Climate Change Mitigation*

Since all aligned activities for NCC falls within the scope of objective Climate Change Mitigation, the Do No Significant Harm criteria for this objective are not applicable.

#### *2. Climate Change Adaptation*

For an infrastructural (6.14) or building (7.1, 7.2 and 7.7) project to comply with the Do No Significant Harm criterion on Climate Change Adaptation, NCC applies the following requirements for each project or site throughout the group.

For infrastructural projects an advanced risk and vulnerability assessment regarding future climate changes for the business entire estimated lifetime are conducted. Local changes in temperature, wind, water and solid mass and both short term as well as long term changes are considered. The assessment is based on several climate change scenarios according to the latest scientific findings. The analysis should be done at an early stage of the project.

The climate risk and vulnerability assessment should be proportionate to the

scale of the activity and its expected lifespan. It should be based on best practice and the most recent scientific publications.

Adaptation solutions have been integrated into the design in order to reduce physical risks from future climate changes. The measures must not involve moving the issues to other people, nature, cultural heritage or assets. Nor should they conflict with other local or national strategies and plans.

Adaptation solutions are primarily based on blue or green infrastructure. Blue and green infrastructure refers to water and plant solutions such as dams and sedum roofs. Natural solutions for adaptation and risk reduction are to be prioritized.

The adaptation solutions implemented:

- a) do not adversely affect the adaptation efforts of the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities
- b) favour nature-based solutions (rely on blue or green infrastructure to the extent possible)
- c) are consistent with local, sectoral, regional or national adaptation plans and strategies
- d) are monitored and measured against pre-defined indicators and remedial action is considered where those indicators are not met.

#### *3. Sustainable use and protection of water and marine resources*

For an infrastructural (6.14) or building (7.1 and 7.2) project to comply with the Do No Significant Harm criterion on Sustainable use of water and marine resources, NCC applies the following requirements for each project or site throughout the group.

If relevant, an Environmental Impact Assessment (e.g. MKB in Sweden, or corresponding in the applicable country) should be produced within planning of each project.

For each aligned project, routines for self-inspection of the follow up of protective measures are in place.

Where installed as part of the building or renovation works, low water flow fixtures are installed fulfilling the requirements outlined in the taxonomy, Appendix E.

To avoid negative impact from the construction site, when needed an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council and includes an assessment of the impact on water in accordance with Directive 2000/60/EG. No additional assessment of impact on water is required, provided the risks identified have been addressed.

#### 4. Transition to a circular economy

For an infrastructural (6.14) or building (7.1 and 7.2) project to comply with the Do No Significant Harm criterion on Transition to circular economy, NCC applies the following requirements for each project or site throughout the group.

At least 70 percent (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. Operators limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.

Building designs and construction techniques support circularity. The aligned projects have descriptions, based on relevant standards, describing how the building is designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling, during as well as after the building's lifetime.

#### 5. Pollution prevention and control

For an infrastructural (6.14) or building (7.1 and 7.2) project to comply with the Do No Significant Harm criterion on Pollution

prevention and control. NCC applies the following requirements for each project or site throughout the group.

For infrastructure, measures to reduce noise disturbances, in accordance with the conducted Environmental Impact Assessment, EIA, are implemented. If a needs analysis has concluded that the project's impact is so small that an EIA process is not required this is documented. In this case, the general rules of consideration in the Swedish Environmental Code (or corresponding practice in the applicable country) apply instead.

Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works. The Environmental Inspection Agency's guidelines for noise are followed and self-inspections are conducted. Risk management for dust and emissions are handled in the environmental plan.

NCC's internal requirement is to primarily choose recommended and accepted (green and yellow) products in Byggarvedömningen, BVB (or corresponding practice in the applicable country). Red products (avoided) are handled as deviations and separately motivated, approved and documented.

Building components, installation systems and materials used in the construction should have low emissions of harmful substances to the indoor environment from material such as surface layers, insulation, paint, glue etc. Working according to the criteria in BVB and Basta (or corresponding in the applicable country) will support NCC in the process of gathering information on products as well as complying with the do no significant harm criteria for the environmental objectives. The work with assessing the details will continue together with other actors.

Projects being built on former industrial ground have performed a site investigation that identifies potential contaminants.

#### 6. Protection and restoration of biodiversity and ecosystems

For an infrastructural (6.14) or building (7.1) project to comply with the Do No Significant Harm criterion on Restoration of biodiversity and ecosystems, NCC applies the following requirements for each project or site throughout the group.

Before building infrastructure for rail, roads or buildings an Environmental Impact Assessment, EIA, is always conducted. If a needs analysis has concluded that the project's impact is so small that no EIA process is required, documentation of this analysis can be used to verify that the criterion is met. In this case, the general rules of consideration in the national Environmental Code apply instead. Projects in or near protected areas are in compliance with applicable permit measures. The measures taken should ensure that the project does not have a significant impact on the conservation objectives of the protected area.

If an Environmental Impact Assessment or an investigation of the need for an assessment has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.

**Minimum Safeguards**

For NCC, a vital part of conducting business is to ensure highest degree of ethics. As part of the EU taxonomy, the Platform on Sustainable Finance released a report on Minimum safeguards, including four aspects: taxation, fair competition, corruption, and human rights.

The safeguards are aimed to set a minimum standard for how companies are to conduct business for its activities to be considered sustainable. This means committing to no harm and of not violating any laws or regulations within abovementioned four aspects. Based on the Minimum Safeguards outlined for the EU taxonomy, NCC has during 2022 screened policies and processes and checked relevant databases for breaches related to the below four aspects and concluded that NCC is compliant with the safeguards. Details on the assessments and controls made are described in below four sections.

**Taxation**

Tax compliance is essential to NCC, governance and tax compliance are treated as important elements of oversight. NCC strives to comply with tax regulations in every jurisdiction in which we operate and ensures tax compliance through adequate tax risk management processes and strategies. Prudence and transparency guides decisions on tax management. NCC’s tax risk management strategies and processes are described in NCC’s Group Tax Policy. If necessary, for instance due to material complexity or lack of internal

resources, external tax advisers, preferably at a major accounting or law firm, may be engaged for advice.

NCC Group has not been found in violations of tax laws.

**Fair competition**

NCC’s Code of Conduct and core values Honesty, Respect and Trust form the foundation for conducting our business. NCC is committed to acting with care and conducts its business activities lawfully, with high ethical standards and in a manner that is consistent with its compliance obligations such as preventing bribery and antitrust violations. These commitments are found in the Code of Conduct, Supplier Code of Conduct, Group Compliance Directive.

NCC provides an “Ask me” function encouraging employees to ask questions before acting whenever in doubt. NCC also has available a whistleblower channel called the “Tell me” function.

NCC operates in an industry where, historically speaking, anti-competitive activities have existed. For this reason, fair competition is an area NCC actively works with. In order to ensure a sufficient level of compliance knowledge, NCC has in place risk-based compliance trainings for new and existing employees, available in several languages with focus on risk areas such as corruption and antitrust.

**Corruption and anti-bribery**

NCC works to counteract corruption and bribery and to ensure compliance with the

highest ethical standards. These commitments are found in the Code of Conduct, Supplier Code of Conduct, Group Compliance Directive, Group Directive for Business Entertainment/Representation and Gifts.

At NCC we are committed to acting with care and have anti-corruption processes in place. We never accept bribery or anti-trust violations within NCC or by means of any business partners. Bribery is defined as an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust in the conduct of NCC’s business.

NCC is a member of Transparency International Sweden and the Swedish Anti-corruption Institute (IMM), complies with the Code of Business Conduct issued by the Swedish Anti-Corruption Institute and has a policy and guidelines for our anti-corruption activities. In cooperation with most other industry players in Sweden, a joint policy has been formulated: “Agreement on counteracting bribery and corruption.”

NCC operates in an industry where, historically speaking, corruption activities have existed. Therefore, NCC continuously develops its internal controls, ethics and compliance programmes, and measures for preventing and detecting corruption bribery.

**Human rights in NCC Group**

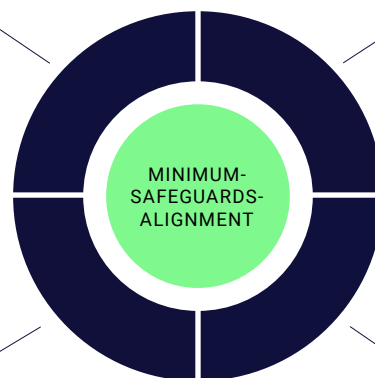
NCC aims to conduct its business with the highest degree of ethics and is committed to respect and support international stan-

**Fair competition**

- Assessing whether the entity promotes employee awareness and training of senior management in relation to competition issues.
- Assessing whether the entity or its senior management (incl. the senior management of subsidiaries), has been found in breach of competition laws.

**Taxation**

- Assessing whether the entity treats tax governance and compliance as important elements of oversight; has implemented adequate tax risk management strategies and processes (as outlined in OECD MNE Guidelines covering tax).
- Assessing whether the entity has been found guilty of tax evasion.



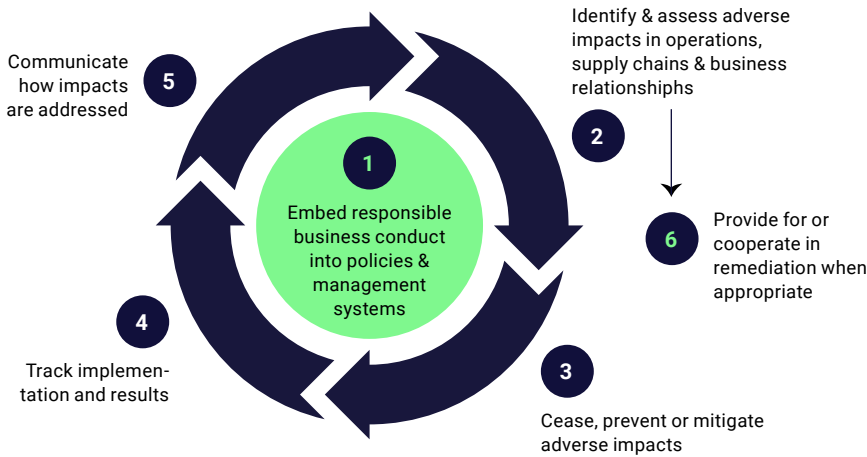
**Human rights**

- Assessing whether the entity respects human rights. i.e. it avoids and addresses negative impacts.
- Assessing whether the entity has the due diligence procedures that span the following steps:
  1. Embed responsible business conduct
  2. Identify & assess adverse impact
  3. Cease, prevent, or mitigate
  4. Track
  5. Communicate
  6. Provide for or cooperate

**Corruption**

- Assessing whether the entity has developed & adopted adequate internal controls, ethics and compliance programmes, or measures for preventing and detecting bribery.
- Assessing whether the entity or senior management (incl. the senior management or subsidiaries) has been convicted on corruption or bribery.

Figure 1. Due diligence process & supporting measures



dards and guidelines on human rights. This includes the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Global Compact.

NCC has committed to the six step Human Rights Due Diligence process as described in the OECD Guidelines for multinational enterprises, with senior level responsibility assigned to the CPU and resources committed to complete a full HRDD-cycle within 2023. NCC will further embed our commitment to respect human rights as stipulated by company Policy’s by further establishing internal guidelines, instructions, and trainings to operationalize the overarching policy commitment.

**Human Rights Due Diligence Process**

In 2023, we will strengthen our HRDD-process by acting on identified potential and actual negative human rights impacts, measuring and following-up on actions, providing remedy where needed, and continuing to communicate on human rights in our annual reports.

To ensure that we continuously identify and manage actual and potential negative impacts on human rights, we will incorporate further human rights consideration into existing company processes and supplement the Human Rights Impact Assessment (HRIA) with additional parts of our business and value chain.

NCC will track the effectiveness of our human rights due diligence process and take necessary steps to drive continuous improvement. To ensure that we track our effectiveness of our due diligence process, we will further engage with stakeholders during 2023, and embed stakeholder

engagement in relevant processes and policies.

**Human Rights Impact Assessment**

In 2022, NCC carried out a human rights impact assessment (HRIA) on group level to identify actual and potential negative impacts on human rights that NCC may be involved in through our activities and business relations. A third party was contracted to ensure the quality and objectivity of the analysis. The impact analysis focused on the industries, countries and business areas within our operations and value chain that are deemed to have a higher risk of human rights impacts.

The HRIA is part of NCC’s human rights due diligence (HRDD) process which continues in 2023 to ensure fulfillment of the EU Taxonomy’s regulations on Minimum Safeguards. The HRIA and HRDD are carried out in accordance with the UN Guiding Principles on Business and Human Rights

(UNGP) and the OECD Guidelines for Multinational Enterprises. The following salient human rights impacts were identified for NCC in 2022:

- Non-discrimination
- Child rights
- Labour rights
- Forced labour
- Freedom of association
- Land rights

The HRIA has given valuable knowledge of prioritisation for the on-going work and continuous assessment of human right impacts in identified focus areas, supply chain, and subsidiaries where human rights impacts may be heightened. The HRIA complements our existing procedures that cover human rights, such as our purchasing process, our inclusion and diversity plan, and whistleblower procedure. NCC will review human rights impact assessments on an annual basis.

NCC operates in a high-risk industry where tragically fatalities do occur. NCC Group has not been found non-compliant with the OECD Guidelines by any of the OECD’s national contact points. The Business and Human Rights Resource Centre has not accused NCC of violating human rights and labour laws.

**Strengthening minimum safeguards and environmental compliance in processes**

*Governance and compliance*

The Chief Executive Officer is responsible for ensuring that an effective compliance program is implemented within the Group. This includes ensuring that a clear tone from the top that promotes a compliance culture and adherence to the NCC Code of Conduct is communicated within NCC.

The Business Area Manager is overall responsible for compliance with applica-

**Overview of NCC’s identified actual and potential adverse impacts in operations and purchasing categories**

Discrimination Women Migrantworkers	Own activities Supply chain
Labour rights Health and safety: fatal & non-fatal Working conditions, fair wages etc.	Own activities Supply chain
Freedom of association Migrantworkers, subcontractors Subsidiary countries outside Nordics	Own activities Supply chain
Forced labour Bonded labour, withheld id’s, visa repayments Torture & violence in supply chain	Own activities Supply chain
Childs rights Child labour	Supply chain
Land rights Indigenous communities	Own activities Supply chain

ble laws and regulations, the NCC Code of Conduct and other compliance rules and procedures in all operating entities and subsidiaries under his/her responsibility. The Business Area Manager is responsible for ensuring that all employees in the Business Area has taken the mandatory compliance trainings. The Business Area Manager is responsible for corrective actions to ensure that the possibility of reoccurring or systemic breaches is reduced.

#### *Embedding Human rights in processes*

As established by our Code of Conduct, NCC is committed to respect and support international standards and guidelines on human rights, including the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Global Compact. To meet our commitment to respect human rights, NCC has adopted the human rights due diligence process (HRDD) in accordance with the UN Guiding Principles of Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The responsibility for the HRDD-process has been assigned to CPU and resources committed to complete a full HRDD-cycle within 2023. The HRDD-process will include acting on negative human rights impacts, measuring and following-up on actions, providing remedy where needed, and continuously involving vulnerable groups. NCC will communicate our progress in next year's annual report after the first full HRDD-cycle has been completed.

In 2022, as part of the HRDD, we carried out a Human Rights Impact Assessment (HRIA) which identified negative human rights impacts through activities and business relations. To establish an understanding of NCC's operations and its different stakeholders, the value chains for the different business areas were mapped through stakeholder dialogues and desktop research.

For each human rights impact, NCC assessed whether the organisation causes, contributes to, or are directly linked to an impact; the severity of the impact; and how the impact should be managed based on company connection. A review of the human rights impact assessment will be carried out annually.

#### **Initial focus on the supply chain**

NCC's value chain has been assessed against a number of parameters to identify areas where the risk of adverse human rights impacts is most significant, such as operating context, products or services involved, and impact on vulnerable groups. One of the areas of heightened risk identified in the Human Rights Impact Assessment (HRIA) is the supply chain. NCC works in an industry with many subcontracting layers and complex and global supply chains. NCC purchases from over 32,000 active suppliers. Traceability in supply chains are low, especially regarding composite products. This makes purchasing a high-risk area from a human rights perspective, as well as other ESG-risks. To mitigate these human rights risks, as well as other sustainability risks of environmental and ethical nature, NCC is further

systematizing and deepening our work with supply chain management. During 2023 we have committed to an ESG-supply chain management process whereby suppliers will be categorised and prioritised according to risks, scope and leverage (spend), and single source. NCC will cross-reference business risks with human rights risks with suppliers that hold large spend or are critical for brand. With an overlay of understanding of high environmental impact. Based on this analysis, key and highly relevant suppliers will be identified and qualify for further revision and follow-up. NCC will conduct supplier site visits and audits to follow up on requirements in ESG-framework as well as a defined escalation procedure for addressing non-compliance by conducting corrective action plans. Furthermore, trainings will be conducted for purchasing teams to further integrate and improve current supplier risk assessment processes and instructions to ensure that the management system is effectively applied.

The supply chain management process complements existing work to mitigate risks in the supply chain such as international supply chain risk assessments, and a new initiative called Efficient Site Onboarding and Supplier Control. The initiative Efficient Site Onboarding aims to strengthen the compliance with NCC's requirements, legislation as well as human rights and labour rights at various sites. The initiative Supplier Control aims to strengthen the compliance with NCC's requirements and legislation for existing suppliers and include human rights and labour rights at an early stage in the purchasing process.

# GRI content index

<b>Statement of use</b>	NCC AB is reporting in accordance with the GRI Standards for the period 1st of January – 31st of December, 2022
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	No sector standards are available yet from GRI

GRI standard	Disclosure	Page reference	Omissions			
			Requirement (s) omitted	Reason	Explanation	
<b>General Disclosures 2021</b>						
GRI 2: General Disclosures 2021	<b>The organization and its reporting practices</b>					
	2-1	Organizational details	7, 41, 70			
	2-2	Entities included in the organization's sustainability reporting	47–49			
	2-3	Reporting period, frequency and contact point	106			
	2-4	Restatements of information	106			
	2-5	External assurance	106, 116, 121–122, 125			
	<b>Activities and workers</b>					
	2-6	Activities, value chain and other business relationships	2, 15–19, 50, 106			
	2-7	Employees	102			
	2-8	Workers who are not employees	102	Information about subcontractors	Incomplete information	Information on number is missing
	<b>Governance</b>					
	2-9	Governance structure and composition	120–121, 126–127			
	2-10	Nomination and selection of the highest governance body	120–121			
	2-11	Chair of the highest governance body	126–127			
	2-12	Role of the highest governance body in overseeing the management of impacts	21, 84, 106, 115, 123			
	2-13	Delegation of responsibility for managing impacts	122–123			
	2-14	Role of the highest governance body in sustainability reporting	86, 106, 123			
	2-15	Conflicts of interest	104			
	2-16	Communication of critical concerns	124–125	Communication to the board of directors	Incomplete information	Review process 2023
	2-17	Collective knowledge of the highest governance body	122	Training board of directors	Incomplete information	Training planned 2023
	2-18	Evaluation of the performance of the highest governance body	121			
	2-19	Remuneration policies	41, 43			
	2-20	Process to determine remuneration	41, 45, 120			
	2-21	Annual total compensation ratio	43			
	<b>Strategy, policies and practices</b>					
	2-22	Statement on sustainable development strategy	5			
	2-23	Policy commitments	85, 115–116			
	2-24	Embedding policy commitments	114–116			
	2-25	Processes to remediate negative impacts	87–106, 115, 116			
	2-26	Mechanisms for seeking advice and raising concerns	101–104, 114–115			
2-27	Compliance with laws and regulations	13, 61, 104				
2-28	Membership associations	85				
<b>Stakeholder engagement</b>						
2-29	Approach to stakeholder engagement	85				
2-30	Collective bargaining agreements	101–102				



GRI standard	Disclosure	Page reference	Omissions		
			Requirement (s) omitted	Reason	Explanation
<b>Material topics</b>					
GRI 3: Material topics, 2021	3-1	Process to determine material topics	85–86		
	3-2	List of material topics	86		
<b>Economic performance</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 106		
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	14, 17–19, 57, 59, 77		
	201-2	Financial implications and other risks and opportunities due to climate change	29	Employees and managers from the local community	Information incomplete Measured at group level. Local business
<b>Market presence</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	104		
GRI 202: Market presence 2016	201-1	Ratios of standard entry level wage by gender compared to local minimum wage	101–103		
	201-2	Proportion of senior management hired from the local community			
<b>Anti-corruption</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	120		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	104		
	205-2	Communication and training about anti-corruption policies and procedures	104–105		
	205-3	Confirmed incidents of corruption and actions taken	104		
<b>Anti-competitive behavior</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 104–105		
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	104–105		
<b>Materials</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 91–93		
GRI 301: Materials 2016	301-2	Recycled input materials used	92–93		
<b>Energy</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 94–97		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	94–97		
<b>Water and effluents</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 89–90		
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	89		
	303-2	Management of water discharge-related impacts	89–90		
	303-5	Water consumption		Information on water use	Information incomplete Work in progress, started in 2022
<b>Biodiversity</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 89–90		
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Information about operating locations adjacent to protected areas	Information incomplete Work with definition, mapping and data collection
<b>Emissions</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	29, 86, 94–97		
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	94–97		
	305-2	Energy indirect (Scope 2) GHG emissions	94–97		
	305-3	Other indirect (Scope 3) GHG emissions	94–97		
	305-4	GHG emissions intensity	95		
	305-5	Reduction of GHG emissions	94–97		

GRI standard	Disclosure	Page reference	Omissions		
			Requirement (s) omitted	Reason	Explanation
<b>Waste</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 91–93		
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	91–93		
	306-2	Management of significant waste-related impacts	91–93		
	306-3	Waste generated	93		
<b>Supplier Environmental Assessment</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 104–105		
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	105		
<b>Occupational Health and Safety</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 98–100		
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	98–100		
	403-2	Hazard identification, risk assessment, and incident investigation	98–100		
	403-3	Occupational health services	98–100		
	403-4	Worker participation, consultation, and communication on occupational health and safety	98–100		
	403-5	Worker training on occupational health and safety	98–100		
	403-6	Promotion of worker health	98–100		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	98–100		
	403-8	Workers covered by an occupational health and safety management system	98–100		
	403-9	Work-related injuries	98–100		
<b>Training and Education</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 101–103		
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	101–103		
	404-3	Percentage of employees receiving regular performance and career development reviews	102	Percentage of employees who have completed a review.	Information incomplete All employees are offered
<b>Diversity and Equal Opportunity</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 101–103		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	101		
<b>Non-discrimination</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 101–103		
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	101–103		
<b>Supplier Social Assessment</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 104–105		
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	105		
<b>Certified constructions and buildings</b>					
GRI 3: Material topics, 2021	3-3	Management of material topics	86–88		
Company-specific disclosure: Certified constructions and buildings	NCC-1	Type and number of sustainability certifications, rating and labeling schemes	87–88		

# Corporate Governance Report

NCC AB is a Swedish public limited liability company whose shares are registered for trading on Nasdaq Stockholm. NCC AB is governed by and conforms with Swedish company law and other rules that apply to listed companies, such as the Swedish Code of Corporate Governance, Nasdaq Stockholm's Rule Book for Issuers and generally accepted practices on the stock market. This report has been issued by the Board of Directors of NCC AB but is not part of the formal Annual Report documentation.

## How NCC is governed

### 1 Shareholders

The number of shareholders in NCC AB at year-end 2022 was approx. 44,000, with Nordstjernan AB as the largest individual holder accounting for 8.93 percent of the share capital and 24.31 percent of the voting rights.

### 2 General Shareholder Meetings

At General Shareholder Meetings, shareholders may be accompanied by not more than two advisors, on condition that the shareholder has given the company prior notice of this. The Articles of Association contain no stipulations concerning the appointment and dismissal of Board Members or concerning amendments of the Articles of Association. Each Series A share carries ten votes and each Series B share carries one vote. All shares provide the same entitlement to participation in the company's assets and profit and to an equally large dividend. The procedures for notifying shareholders of General Shareholder Meetings are stipulated in the Articles of Association.

#### *Annual General Meeting 2022*

The 2022 Annual General Meeting (AGM) was held at Norra Latin in Stockholm on April 5. 175 shareholders were represented at the AGM, accounting for 49 percent of the share capital and 66.8 percent of the total number of votes. The minutes of the AGM are available at [ncc.com](https://ncc.com).

The 2022 AGM passed the following resolutions, among others:

Payment of a dividend for the 2021 fiscal year of SEK 6.00 per share, divided between two payment occasions.

Alf Göransson, Geir Magne Aarstad, Simon de Château, Mats Jönsson, Angela Langemar Olsson and Birgit Nørgaard were re-elected as members of the Board of Directors. Alf Göransson was re-elected Chairman of the Board. Board member Viveca Ax:son Johnson had declined re-election.

It was resolved that fees for the Board of Directors and its committees would total SEK 4,650,000. Guidelines were adopted for determining the salary and other remuneration of the CEO and other members of the company's management, as well as the remuneration report.

In order to offer the Board greater scope to be able to adapt the company's capital structure to the capital requirement from time to time, the AGM authorized the Board, on one or several occasions during the period up to the next AGM, to make decisions on the repurchase of the company's Series B shares up to an amount so that, at the given time following the acquisition, the company holds a maximum of 10 percent of all shares in the company.

The AGM also authorized the Board, on one or several occasions during the period up to the next AGM, to make decisions on the transfer of a maximum of 200,000 of the company's Series B shares to cover costs, mainly for compensation for dividends, social security fees and payments on the basis of the synthetic shares due to outstanding long-term performance-based incentive programs (LTI 2019, LTI 2020 and LTI 2021 Share Programs).

Income statements and balance sheets for 2021 were adopted and discharge from liability was granted to the Board and the CEO.

### 3 Nomination Committee

The AGM elects a Nomination Committee whose task is to nominate candidates to the AGM for election as Chairman of the Meeting, Chairman of the Board and Board Members, and to propose the fees to these officers. Another task of the Nomination Committee is to nominate auditors and propose the fees to be paid to them. The Nomination Committee's work complies with the instructions adopted by the AGM. The Board of Directors is evaluated within the framework of the Nomination

Committee's work. The Audit Committee assists the Nomination Committee in evaluating the work of the auditors.

#### *Nomination Committee 2022*

At the AGM on April 5 2022, the persons elected to the Nomination Committee are Peter Hofvenstam (Nordstjernan AB), Simon Blecher (Carnegie Fonder), Tobias Kaj (Lannebo Fonder) and Sussi Kvart (Handelsbanken Fonder), with Peter Hofvenstam as Chairman of the Nomination Committee.

Alf Göransson, Chairman of the NCC Board, is a co-opted member of the Nomination Committee but has no voting right. No remuneration was paid to members of the Nomination Committee. The Diversity Policy applied by the Nomination Committee complies with Article 4.1 of the Swedish Code of Corporate Governance.

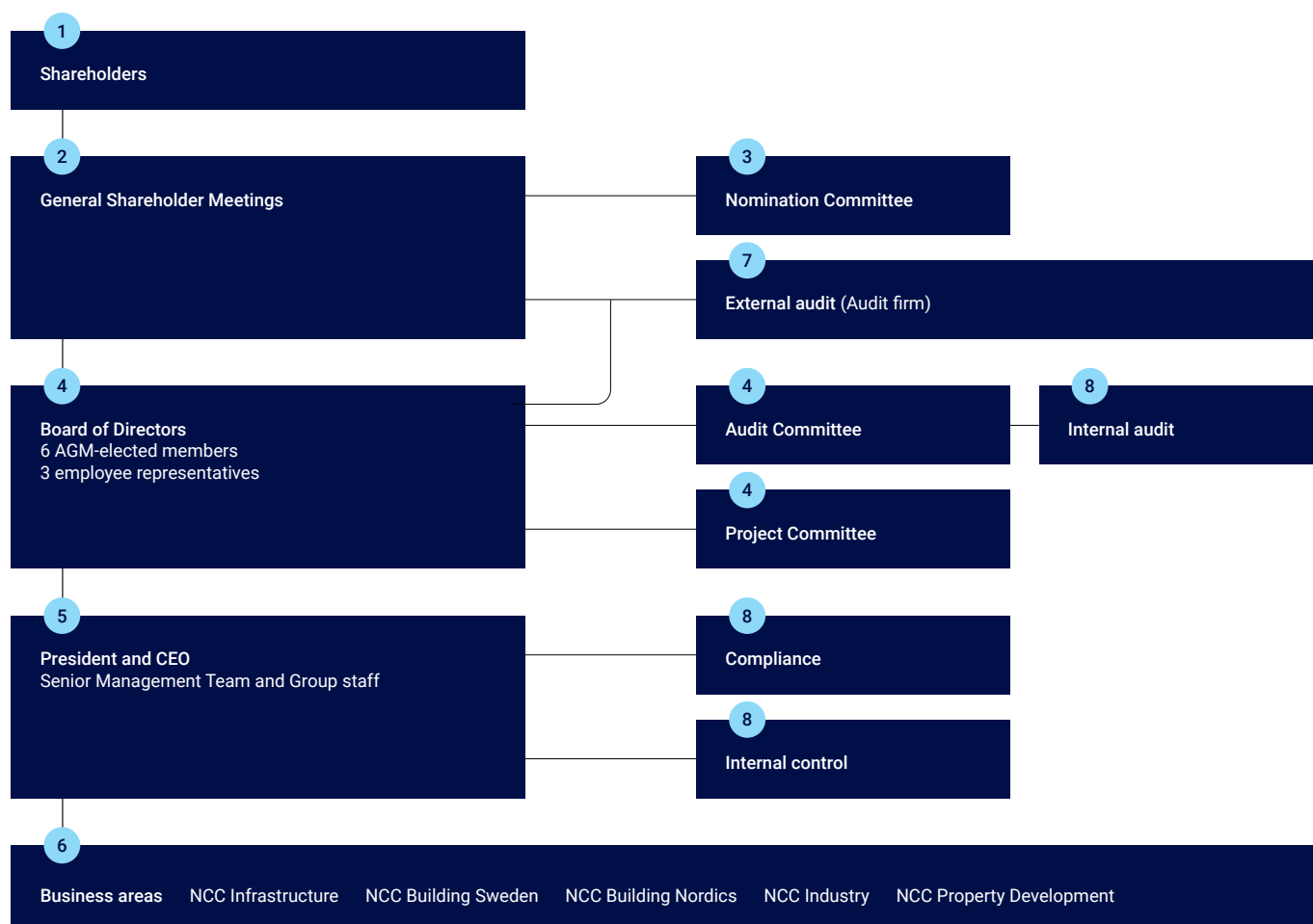
Due to the acquisition of NCC shares by OBOS in December 2022, Trond Stabekk, CFO of OBOS, became a new member of NCC's Nomination Committee. Tobias Kaj and Sussi Kvart left the Nomination Committee at the same time. Accordingly, the composition of the Nomination Committee reflects the ownership structure in the company and since then consists of Peter Hofvenstam (Chairman), Simon Blecher and Trond Stabekk.

The Nomination Committee's proposals to the 2023 AGM are available at [ncc.com](https://ncc.com).

### 4 Board of Directors, Audit Committee and Project Committee

The Board shall consist of not fewer than five and not more than ten members elected by the AGM for a term of one year. The employees are represented on the Board.

During 2022, six Board Members were elected by the AGM. The Board also included three representatives and two deputies for the employees. For information on individual Board Members, see pp. 127–128. The Chairman of the Board is



Alf Göransson (for details concerning the Chairman's age, education, professional experience, assignments outside the company and holdings of shares in the company, refer to p. 127).

The Chairman of the Board directs the work conducted by the Board and maintains regular contact with the President and CEO in order to continuously monitor the Group's operations and development. The Chairman represents the company in ownership matters and is a co-opted member of the Nomination Committee but has no voting right.

The Board's Audit Committee comprises Board Members Angela Langemar Olsson, Mats Jönsson and Birgit Nørgaard. The Chairman of the Audit Committee is Angela Langemar Olsson.

The Board of Directors' Project Committee comprises Board Members Alf Göransson and Geir Magne Aarstad. The Project Committee is chaired by Alf Göransson.

#### Work of the Board of Directors

In 2022, NCC's Board held six scheduled meetings, three unscheduled meetings and the statutory meeting directly after the AGM. The Board's work focuses primarily on strategic issues, the adoption and

follow-up of operational goals, business plans, financial accounts, major investments and divestments, plus other decisions that have to be addressed by the Board. In conjunction with one Board meeting, the Board of Directors performed a worksite visit in Helsinki. In addition to the CEO and the CFO, other senior NCC executives participated in Board meetings in order to present matters, and the Senior Legal Counsel served as secretary.

The tasks of the Audit Committee, within the framework of the work of the Board, include monitoring the company's financial reporting and preparing matters related to the company's financial statements and audit; refer to p. 126, item 5, Follow-up. In 2022, the Committee held seven meetings. All members attended six of these meetings and two of three members attended one of the meetings.

The Board's Project Committee assists in the preparation, analysis and decisions regarding tenders in contracting operations for projects exceeding SEK 1.5 billion. In 2022, the Committee addressed six projects and held four meetings, attended by all members.

The Board's evaluation of its work was conducted by asking all Board Members

to anonymously respond to a questionnaire. The results were then compiled and discussed by the Board. This documentation was also presented to the Nomination Committee.

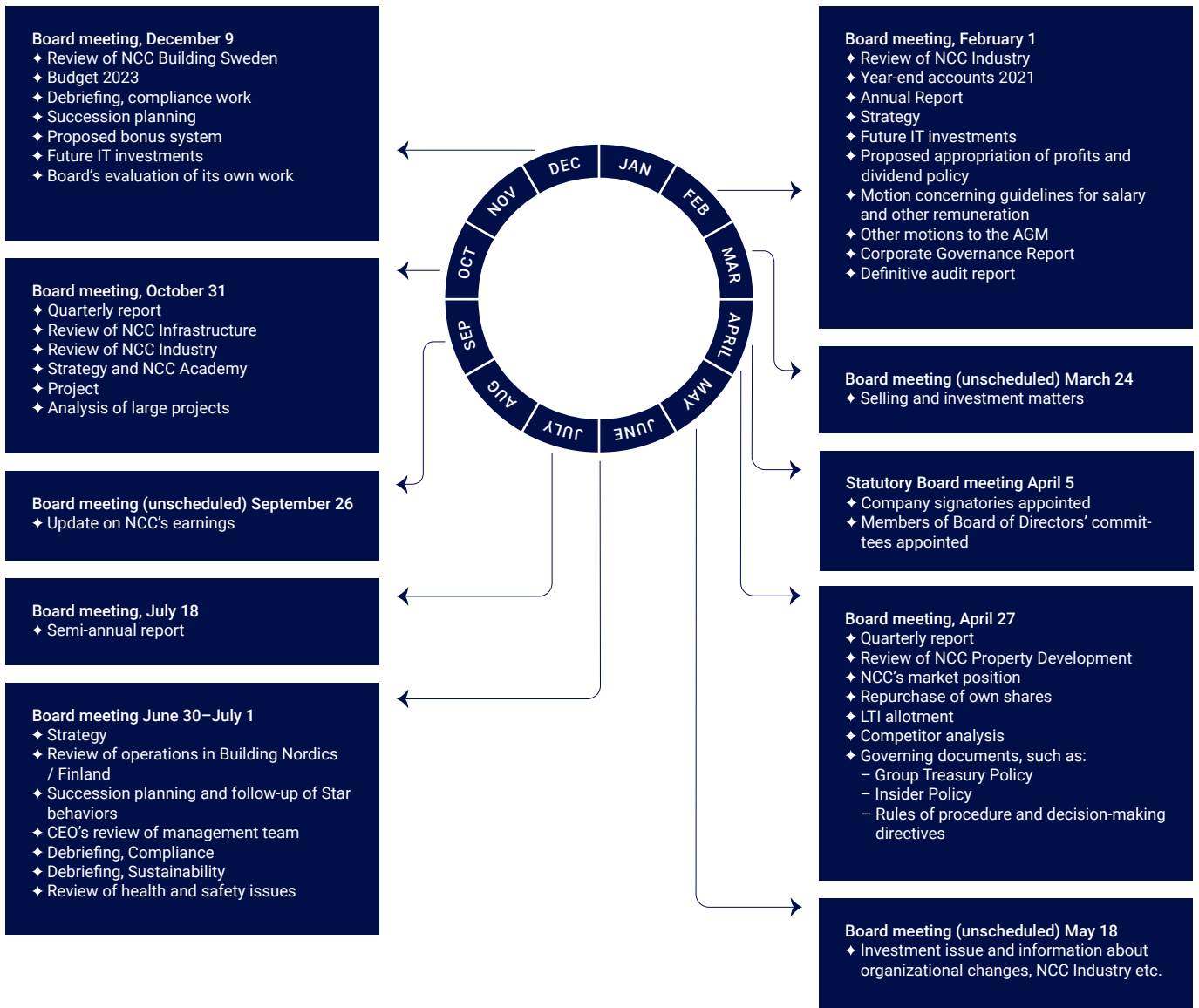
#### 5 CEO and Senior Management Team

The President and CEO of the company is Tomas Carlsson (for details concerning the CEO's age, education, professional experience, assignments outside the company and holdings of shares in the company, refer to p. 129). The Board has established instructions for the division of duties between the Board and the CEO and for financial reporting to the Board (also refer to "Board of Directors' report on internal control," p. 108). The company has not appointed any Deputy Chief Executive Officer.

NCC's Senior Management Team (SMT) consisted during 2022 of the President and CEO, the Heads of NCC Infrastructure, NCC Building Sweden, NCC Building Nordics, NCC Industry and NCC Property Development, Chief Financial Officer, the Senior Legal Counsel, the Head of Human Resources, the Head of Purchasing and the Head of Communication. For information on members of the SMT, see pp. 129–130.

**Board of Directors' working year 2022**

In addition to such standing items as investments and divestments within NCC Property Development, and Finance.



The SMT mainly focuses on strategic and other Group-wide matters and generally meets once per month.

*Remuneration of the Senior Management Team*

According to the Swedish Code of Corporate Governance (the Code), the Board must establish a remuneration committee to prepare matters involving remuneration and other terms of employment for the Senior Management Team (SMT). If, as in the case at NCC, the Board considers it more appropriate, the entire Board may fulfill the duties of a remuneration committee. Guidelines for salary and other remuneration for the SMT are resolved by the AGM. Remuneration paid to the CEO is proposed by the Chairman and adopted by the Board.

Remuneration of other senior executives is proposed by the CEO and approved by

the Chairman of the Board, according to a mandate from the Board of Directors. Remuneration of the CEO and other senior executives consists of a fixed salary, variable remuneration, pension and other benefits.

A specification of salaries and other remuneration paid to Board members, the CEO and senior executives is presented in Note 4, on pp. 41–44.

**6 Governance of business areas**

The Group is composed of business areas. Each business area is headed by a business area manager and has a supervisory council whose members include the President and CEO, CFO and Senior Legal Counsel. The approval of the President and CEO or NCC AB's Board of Directors is required for certain decisions.

The individual Group staff heads are

responsible for Group-wide functional issues that fall under the position and mandate of the individual head of Group staff.

**7 External audit**

The AGM appoints an Authorized Public Accountant to examine the company's Annual Report, consolidated financial statements, accounting records and the company's management by the Board and the CEO. A registered firm of accountants may also be appointed auditor of the company. The Nomination Committee nominates auditors. The current auditor is appointed for a period of one year. PricewaterhouseCoopers AB (PwC) will serve as the company's auditor until the close of the AGM in 2023. Authorized Public Accountant Ann-Christine Hägglund has been appointed PwC's auditor-in-charge. For more information on the auditor, see p. 128.

## 8 Internal Governance and Control

NCC's operations require a considerable amount of delegated responsibility.

A Group-wide directive is in place to clarify exactly who is entitled to make decisions concerning various matters. In addition to strategic and organizational matters, the areas regulated include investments and divestments, rental and leasing agreements, financing, sureties and contracting undertakings. There are also a number of other Group-wide governing documents concerning such matters as communication, finance, Code of Conduct, the environment and work environment.

The number of ongoing projects in production varies from year to year but totals more than a thousand. The organization of each project varies according to the specific project's size and complexity. Each project is headed by a project manager who is responsible for product format, purchases, financial aspects, production, quality, completion and handover to the customer. Major projects are monitored on a monthly basis by the business area manager, the CEO and the CFO. Tenders for projects exceeding SEK 300 M are subject to special assessment and must be approved by the business area manager responsible for the project. Tenders for projects exceeding SEK 500 M are subject to special assessment at Group level and are approved by the CEO. The Board's Project Committee is involved in projects exceeding SEK 1,500 M. Projects exceeding SEK 300 M are also followed up via the NCC Project Trend Report (PTR) process. Proprietary property development projects representing an investment exceeding SEK 50 M must be approved by the CEO and such projects exceeding SEK 150 M must be authorized by NCC AB's Board. Decisions regarding investments of less than SEK 50 M are the responsibility of the particular business area.

Concerning the internal audit, see p. 126, item 5, Follow-up.

### Compliance

The Compliance function's responsibility is to review and evaluate matters concerning regulatory compliance within the organization to ensure that management and employees of the Group comply with laws, regulations and ethical guidelines involving the main risk areas, such as anti-corruption and competition law. The Compliance function also monitors implementation of programs for ensuring proper handling of personal data in the Group. On a semi-annual basis, NCC's Group Head of Compliance summarizes, in a written Compliance Report, potential incidents and the status of ongoing investigations, which are then reported to the NCC Board. The function is

headed by the Group Head of Compliance, who reports to the Senior Legal Counsel. For more information, refer to the separate Sustainability Report.

NCC's compliance-related efforts are conducted via the NCC Group Head of Compliance together with selected representatives in each business area and Group staff.

### Sustainability work

The CEO is ultimately responsible for NCC's sustainability efforts including financial sustainability. The SMT is responsible for establishing and following up the Group's sustainability targets. Operational sustainability work is performed in NCC's business areas.

The business areas are responsible for establishing strategies and activities for achieving the targets. This work is coordinated by the business areas' sustainability managers. This coordination occurs between the business areas and also through other functions in the organization, such as the Health & Safety, finance, purchasing and HR functions.

The Board is continuously informed about various parts of the Group sustainability work. The Board reviews and follows up on sustainability work and sustainability strategy, as well as that NCC works in line with the Group's sustainability targets.

In 2022, NCC had a Group-wide Sustainability Board with representatives from all business areas and the relevant Group functions. It is responsible for coordinating work within the sustainability framework concerning the environment and climate.

There are specialist functions with responsibility for coordinating activities in other areas. The overall occupational health and safety work (OHS) is coordinated by the Group's Head of Health and Safety. Each business area has a head of health and safety, as well as specialists focusing on health and safety. The responsibility for systematic OHS work at the worksite is delegated to managers with HR responsibility. Work on compliance-related issues is conducted via the NCC Group Compliance Officer together with selected representatives from Group staff functions and all business areas. NCC's purchasing organization and HR function are responsible for the process for monitoring of human rights compliance.

### Repurchase of own shares

On April 27, 2022, the Board of Directors took a decision to exercise the authorization from the 2022 AGM to repurchase own shares on a continuous basis up until the 2023 AGM for a maximum amount of SEK 1.5 billion. In 2022, 0 shares were sold to cover costs, 75,230 shares were

transferred to participants in LTI 2019, and 10,077,740 shares were repurchased. NCC holds a total of 10,843,582 shares.

#### Internal rules and regulations

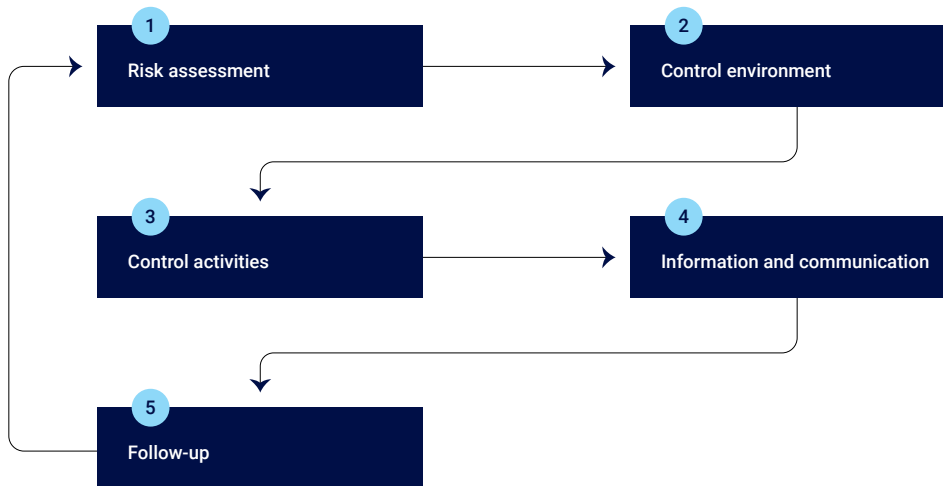
- Articles of Association
- Rules of procedure for Board work and instructions for the CEO
- Audit Committee's rules of procedure
- Project Committee's rules of procedure
- The Group's and business areas' directives on delegation of authorities and internal governance
- NCC's Code of Conduct and Code of Conduct for Suppliers
- Group Compliance Directive
- Group Tax Policy, Group Treasury Policy and Information Policy
- Other governing documents in the form of policies, directives, regulations, guidelines and instructions for the CEO

#### Important external rules and regulations

- Swedish Companies Act
- Listing agreement of Nasdaq Nordic
- Swedish Code of Corporate Governance
- Annual Accounts Act
- Bookkeeping Act
- Market Abuse Regulation

# Board of Directors' report on internal control

The Board's responsibility for internal control is regulated in the Swedish Companies Act and in the Swedish Code of Corporate Governance. The Corporate Governance Report must contain disclosures concerning the principal features of the company's internal-control and risk-management systems in connection with financial reporting and in the preparation of the company's consolidated financial statements. Information on this is provided in this section.



## 1 Risk assessment

As a feature of its internal control efforts, NCC implements methodical risk assessment and risk management for ensuring that the risks to which NCC is exposed, and that can impact the internal control and financial reporting, are addressed within the company's established processes.

The material risks that have to be taken into account include market risks and operating risks as well as the risk of errors in financial reporting. With respect to the latter, systematic and documented updates occur once annually. The material risks that have to be considered mainly comprise the risk of errors in percentage-of-completion profit recognition and items based on estimates and assessments, such as valuations of land held for future development and ongoing development projects, goodwill and provisions.

At NCC, the ways risks are followed up include the following:

- Regular status checks are performed, according to a structured plan, by the CEO and CFO together with the business area manager, business area controller and other relevant functions of the Group, business areas and/or specialist functions. The participants in these meetings vary depending on the areas being addressed. The areas may include, for example, earnings, financial position and cash flow in terms of outcome,

forecast and alternative budget. These meetings and checks also cover orders received, major ongoing and problematic projects, outstanding accounts receivable, tenders and major investments. The meeting structure encompasses both quarterly major meetings and monthly meetings. Forecasts are formulated and are checked in connection with the quarters ending March, June and September, and for the following-year budget in November.

- NCC AB's Board receives monthly financial reports and NCC's current financial status is presented at each Board meeting.
- Quarterly follow-up of material claims and disputes, which are also reported to the Board.
- Annual analysis of business operations and the Group's committee for the follow-up of strategic risks.

Financial risk positions, such as interest-rate, credit, liquidity, exchange rate and refinancing risks, are managed by the specialist function, Group Treasury. NCC's Group Treasury Policy stipulates that Group Treasury must always be consulted and, in cases where Group Treasury sees fit, that it must manage financial matters. Risks that could also influence reporting include breach of NCC's Code of Conduct and discrepancies in insurance coverage. These risks are monitored by the Compliance function or by NCC Försäkring.

## 2 Control environment

The Board has overall responsibility for internal control and financial reporting. A good control environment is characterized by the company having prepared and complied with established policies, directives, guidelines, control framework, manuals and job descriptions. These must be documented and kept available. In NCC, this means that the Board establishes rules of procedure for the Board's work each year, including instructions for the CEO. According to this instruction, the CEO is responsible for ensuring that work on the internal control contributes to an efficient control environment. Important complements to the formal structures include the Group's work with values and behaviors that are supported and activated by the Senior Management Team, through leaders and managers to reach all employees.

The NCC Group is an international organization that governs and conducts its operations in a Nordic operational structure. Operational management of the Group is based on a Group directive on the delegation of authorities and internal governance adopted annually by the Board. The directive stipulates the matters that require the Board's approval. In turn, this is reflected in the corresponding directives and attestation regulations applying to the business areas. The basis for the internal control of financial reporting comprises everything that is documented and communicated in

governing documents, such as internal policies, directives, guidelines, control framework, instructions and other manuals. The NCC Group's legal governance occurs on the basis of a corporate structure with subsidiaries in each country.

### 3 Control activities

At NCC, the management of risks is based on a number of control activities that are conducted at various levels for business areas, Shared Service Centers (SSCs) and staff units.

The purpose of the control activities is to ensure both the efficiency of the Group's processes and efficient internal control of identified risks. Operational control systems form the basis for the established control structure for the business operations and these focus on important stages in the business operations, such as investment decisions, assessment of tenders, project forecasts, authorization to start up projects and project completion. NCC attaches considerable weight to project follow-up.

A strong focus is placed on ensuring the correctness of the business transactions included in the financial reporting.

For a number of years, NCC has had several SSCs, in part NCC Business Services (NBS), which manages most of the financial transactions of the Nordic operations, and in part the Human Resources Services (HRS), which manages NCC's payroll administration for the Nordic countries. IT also has central responsibility for the shared IT systems in NCC.

The functions require that their processes include control activities that manage identified risks in a manner that is efficient for NCC in relation to the cost incurred. The units develop their processes using control matrixes that connect risks and control and ensure that the control is documented and that there is proof that control exists.

### 4 Information and communication

Information and communication regarding the internal policies, directives, guidelines, manuals and codes to which the financial reporting is subject are available on NCC's Intranet (MyNCC).

The information also contains methodology, instructions and supporting documentation in the form of checklists etc., and overall time schedules. It is a living regulatory system that is updated regularly through the addition of, for example, new regulations concerning IFRS and requirements from Nasdaq Stockholm. NCC's CFO has principal responsibility for documents intended for the management of the internal control of financial reporting. MyNCC includes, among other documents, the following:

- Policies and regulations for the valuation and classification of assets, liabilities, revenues and expenses.

- Accounting and reporting instructions.
- Framework for self-evaluation of internal controls.
- Attestation instructions

All financial reporting must comply with the above rules and regulations. Financial reporting occurs in part in the form of figures in the Group-wide reporting system and in part in the form of written comments in accordance with specially formulated templates. Regular training programs and conferences are arranged for management and financial control personnel in respect of joint principles and frameworks concerning the requirements to which the internal control is subject.

A debriefing on internal control occurs annually to the NCC AB Board through the Audit Committee.

Debriefing also occurs at business area level. The CFO of the NCC Group is responsible for ensuring that information and communication regarding the internal control have been established and are effective.

### 5 Follow-up

Follow-ups to safeguard the efficiency and quality of the internal controls are conducted in various ways within NCC. NCC has developed a system (framework) for documented self-evaluation of internal control. Self-assessments are performed regularly for NCC's business areas, staff units and Group offices and comprise a component of the Board's assessment of internal control.

Operational control systems, which are the business areas' management systems, are evaluated through audits of business areas' operations, during which any shortcomings are rectified. The internal controls are followed up via different types of reviews in the various business areas. The financial control and controller organization is utilized when it is considered to be value-generating. In those cases where the necessary skills are not available internally, external consultants are used, for example, linked to external certifications. Feedback from these reviews is directed to the appropriate position in operations to ensure that the right work and controls are done by the right person at the right time.

NCC has an independent internal audit function. The function is led by the head of the internal audit and is responsible for providing independent and objective assurance and evaluation of risk management and internal control processes in the entire Group and also subsidiaries that are wholly owned or with a majority ownership. The function plans its work in consultation with the Audit Committee and it reports directly to the Board of Directors through the Audit Committee.

PwC participated in all of the Audit Committee's meetings in 2022. The duties of

the Audit Committee in terms of financial reporting include monitoring the efficiency of the company's internal controls and internal audit.

The Board meets the external auditor at least once a year. In addition, the Chairman of the Board has direct contact with the external auditor on a number of occasions during the year. Prior to these meetings, views from the audit of the business areas and subsidiaries have been presented to the Board meetings held in the particular business area/subsidiary or to the respective business area management. The views that arise are to be considered and followed up within the particular unit. NCC's external auditor also reviewed the company's nine-month report.

→ For more information on governance and control of NCC, see the Group's website [ncc.com](http://ncc.com). The information also includes such documents as the Articles of Association and the Code of Conduct.

#### Auditor's statement on the Corporate Governance Report

To the general meeting of the shareholders in NCC AB, corporate identity number 556034-5174

#### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2022 on pages 121–130 and for that it has been prepared in accordance with the Annual Accounts Act.

#### Scope of examination

Our examination has been conducted in accordance with FAR's standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

#### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 8 March 2023  
PricewaterhouseCoopers AB

Ann-Christine Hågglund  
Authorized Public Accountant  
Auditor in Charge

Erik Bergh  
Authorized Public Accountant



# Board of Directors



**Alf Göransson**  
Chairman of the Board  
Chairman of Project Committee

Born 1957. International B.Sc. in Economics and Business Administration.

*Elected (year):* 2019 (member),  
Chairman since 2020

*Other assignments:* Chairman of the Board of Loomis, Hexpol and AxFast and Board Member of Sweco, Attendo, Melker Schörling, Sandberg Development Group and Anticimex.

*Previous experience includes:* CEO of Securitas, CEO of NCC and CEO of Svedala Industri.

*Independent in relation to the company and the SMT:* Yes

*Independent in relation to major shareholders:* Yes

*Attendance, Board meetings:* 10 (10)

*Total annual remuneration:* SEK 1,625,000

*Shareholding in NCC AB\*:* 10,000 Series B Shares



**Geir Magne Aarstad**  
Board Member  
Member of Project Committee

Born 1960. M.Sc. in Engineering

*Elected (year):* 2017

*Other assignments:* Chairman and partner of GRAA AS, Chairman of Beerenberg AS and Brekke & Strand Akustikk AS.

*Previous experience includes:* CEO of AL Rajhi Contracting Company Ltd

(Saudi Arabia), CEO of Skanska Norway and regional head of Skanska Norway.

*Independent in relation to the company and the SMT:* Yes

*Independent in relation to major shareholders:* Yes

*Attendance, Board meetings:* 10 (10)

*Total annual remuneration:* SEK 600,000

*Shareholding in NCC AB\*:* 5,200 Series B shares

via private companies



**Simon de Château**  
Board Member

Born 1970. M.Sc. in Business Administration

*Elected (year):* 2020

*Other assignments:* Chairman and founder of Alma Property Partners. Board Member of Atrium Ljungberg and Akka Egendom.

*Previous experience includes:* Partner and CEO of Sveafastigheter, Partner and Head of Corporate Finance and Research at Leimdörfer.

*Independent in relation to the company and the SMT:* Yes

*Independent in relation to major shareholders:* Yes

*Attendance, Board meetings:* 9 (10)

*Total annual remuneration:* SEK 500,000

*Shareholding in NCC AB\*:* 90,000 Series B shares



**Mats Jönsson**  
Board Member  
Member of Audit Committee

Born 1957. M.Sc. in Engineering

*Elected (year):* 2017

*Other assignments:* Chairman of the Board of Bonava, Tengbomgruppen and Lekolar and Board Member of Assemblin.

*Previous experience includes:* President and CEO of Coor Service Management, Business Unit Manager of Skanska Services and Division Manager of Skanska Sweden.

*Independent in relation to the company and the SMT:* Yes

*Independent in relation to major shareholders:* Yes

*Attendance, Board meetings:* 10 (10)

*Total annual remuneration:* SEK 625,000

*Shareholding in NCC AB\*:* 20,000 Series B shares



**Angela Langemar Olsson**  
Board Member  
Chairman of Audit Committee

Born 1970. M.Sc. in Economics

*Elected (year):* 2018

*Other assignments:* CFO of Bonnier Group, Senior Advisor at Nordstjernen, Board Member of Bonava, Adlibris and Voxear Technologies.

*Previous experience includes:* Investment Director and CFO, Nordstjernen, Group Controller, Hufvudstaden and Assistant Controller, Swedish Match.

*Independent in relation to the company and the SMT:* Yes

*Independent in relation to major shareholders:* No

*Attendance, Board meetings:* 10 (10)

*Total annual remuneration:* SEK 675,000

*Shareholding in NCC AB\*:* 5,700 Series B shares



**Birgit Nørgaard**  
Board Member  
Member of Audit Committee

Born 1958. M.Sc. Economics and MBA

*Elected (year):* 2017

*Other assignments:* Chairman of the Board of Norisol A/S (and the Group companies NRSL Holding A/S and NO Invest A/S), Deputy Chairman of the Board of NNE A/S, the Danish Government's IT Council and Dansk Vækstkapital I. Board Member of DSV A/S, WSP Global Inc., RGS Nordic A/S, ABP, Dansk Vækstkapital II and Consolis Group SAS.

*Previous experience includes:* President and CEO of Carl Bro A/S, COO of Grontmij NV and CFO of Danisco Distillers A/S.

*Independent in relation to the company and the SMT:* Yes

*Independent in relation to major shareholders:* Yes

*Attendance, Board meetings:* 10 (10)

*Total annual remuneration:* SEK 625,000

*Shareholding in NCC AB\*:* 6,500 Series B shares.



**Karl G. Sivertsson**  
Board Member  
Employee representative

Born 1961. Carpenter and crane operator.

*Elected (year):* 2009

Employed by NCC since 1981.

Shop steward in NCC.

Employee representative of Swedish Building Workers Union (Byggnads).

*Other assignments:* Board Member of Byggnads' Central Northern Sweden region.

*Shareholding in NCC AB\*:* 200 Series B shares



**Karl-Johan Andersson**  
Board Member  
Employee representative

Born 1964. Paver.

*Elected (year):* 2011

Employed by NCC since 1984.

Shop steward in NCC.

Employee representative of SEKO (Union for Employees in the Service and Communication Sectors).

*Other assignments:* Chairman of SEKO's Road and Rail Department in Skåne. Chairman of SEKO's negotiating organization at NCC.

*Shareholding in NCC AB\*:* 0



**Harald Stjernström**  
Board Member  
Employee representative

Born 1962. Project Manager within NCC Building, Building Stockholm Dept.

*Elected (year):* 2018

Employed by NCC since 1984.

Shop steward in NCC.

Employee representative of Ledarna (Swedish Association of Supervisors).

*Shareholding in NCC AB\*:* 0



**Bengt Göransson**  
Deputy  
Employee representative

Born 1959. Installation Manager

*Elected (year):* 2017

Employed by NCC since 2013.

Shop steward in NCC.

Employee representative of Unionen.

*Shareholding in NCC AB\*:* 0



**Thomas Gustafsson**  
Deputy  
Employee representative

Born 1963. Concrete worker.

*Elected (year):* 2022

Employed by NCC since 1988.

Shop steward at NCC, and occupational health and safety officer.

Employee representative of Swedish Building Workers Union (Byggnads).

*Other assignments:* Deputy Chairman of Byggnads, Region East, Chairman of Kinda-kretsen, Östergötland.

*Shareholding in NCC AB\*:* 6 Series B shares

Auditors – PricewaterhouseCoopers AB

**Ann-Christine Hägglund**

Auditor in Charge. Born 1966.

*Other significant assignments:* Auditor in Charge at JM, Atrium Ljungberg, Scandi Standard and Business Sweden.

**Erik Bergh**

Authorized Public Accountant. Born 1979.

*Other significant assignments:* Auditor-in-Charge at Attendo and Formpipe Software.

Secretary of the board

**Ann-Marie Hedbeck**

Born 1972. Master of Laws

NCC AB's Senior Legal Counsel since 2018.

*Previous experience includes:* Chief Legal Counsel in NCC Infrastructure and General Counsel at Skanska. Employed by NCC since 2017.

*Shareholding in NCC AB\*:* 1,402 Series B shares

\*The details regarding shareholdings in NCC pertain to shares that were directly owned, owned via related parties or owned via companies at December 31, 2022.

# Senior Management Team



**Tomas Carlsson**  
President and CEO

Born 1965. M.Sc. in Engineering and MBA.  
President and CEO since 2018.  
Employed by NCC since 2018 and 1991–2012.

*Previous experience includes:* CEO of Sweco, Head of NCC Construction Sweden and Regional Manager of NCC Construction Western Sweden.

*Other assignments:* Board member of Alimak Group.

*Shareholding in NCC AB\*:* 120,964 Series B shares



**Susanne Lithander**  
CFO and Head of Finance & IT

Born 1961. B.Sc. in Economics  
CFO since 2018 and Head of Finance & IT since 2020.

Employed by NCC since 2018.

*Previous experience includes:* CFO of Billerud Korsnäs, CEO of Mercuri International and several key positions at Ericsson.

*Other assignments:* Board Member of Svedbergs Group.

*Shareholding in NCC AB\*:* 3,900 Series B shares



**Kenneth Nilsson**  
Head of NCC Infrastructure business area

Born 1961. M.Sc. in Engineering  
Head of NCC Infrastructure since 2018.  
Employed by NCC since 2018.

*Previous experience includes:* 20 years of experience from various executive positions at Skanska, such as Deputy CEO of Skanska Sweden and Head of Skanska's Road and Civil Engineering operations, and CEO of Skanska in Finland. An additional ten years of experience as foreman as well as project manager and supervisor.

*Shareholding in NCC AB\*:* 4,115 Series B shares



**Henrik Landelius**  
Head of NCC Building Sweden business area

Born 1975. M.Sc. in Engineering  
Head of NCC Building Sweden since 2018.  
Employed by NCC since 2014 and 2005–2011.

*Previous experience includes:* Division Manager of NCC Building Sweden, Vice President of NCC Construction Sweden, Head of Project Development Fastighets AB L E Lundberg, CEO of Byggnads AB L E Lundberg and Business Manager NCC Construction Sweden.

*Shareholding in NCC AB\*:* 7,500 Series B shares



**Catarina Molén-Runnäs**  
Head of NCC Building Nordics business area

Born 1966. M.Sc. in Engineering  
Head of NCC Building Nordics since 2020.  
Employed by NCC since 2020 and 1988–1999.

*Previous experience includes:* CEO Nordic Property Management and CPO Nordic Choice Hotels. Project and property development in the Nordic region and Germany for a number of years.

*Other assignments:* Board Member of Helvar OY.

*Shareholding in NCC AB\*:* 1,356 Series B shares



**Grete Aspelund**  
Head of NCC Industry business area

Born 1971. M.Sc. in Economics  
Head of NCC Industry business area since October 1, 2022.  
Employed by NCC since 2022.

*Previous experience includes:* President of Sweco Norway, CEO of Nemko AS and Ramböll Management Norway.

*Other assignments:* Board member of Nemko AS and the Confederation of Norwegian Enterprise (NHO).

*Shareholding in NCC AB\*:* 0



**Joachim Holmberg**  
**Head of NCC Property Development business area**

Born 1971. M.Sc. in Engineering  
 Head of NCC Property Development since 2019.  
 Employed by NCC since 2019.  
*Previous experience includes:* Head of Skanska Sweden's Commercial Project Development, Operational Development Head of Skanska Sweden's commercial project development, District Manager Skanska Sweden, Project Manager Skanska Sweden.  
*Shareholding in NCC AB\*:* 3,200 Series B shares



**Maria Grimberg**  
**Head of Communication**

Born 1969. M.Sc. in Economics  
 Head of Communication since 2019.  
 Employed by NCC since 2019.  
*Previous experience includes:* Communication consultant and manager at JKL.  
*Other assignments:* Chairman of the Board, Insamlingsstiftelsen Operation Smile Sverige.  
*Shareholding in NCC AB\*:* 5,066 Series B shares



**Ann-Marie Hedbeck**  
**Senior Legal Counsel**

Born 1972. Master of Laws  
 Senior Legal Counsel since 2018.  
 Employed by NCC since 2017.  
*Previous experience includes:* Chief Legal Counsel in NCC Infrastructure and General Counsel at Skanska.  
*Shareholding in NCC AB\*:* 1,402 Series B shares



**Johan Lindqvist**  
**CPO, Head of Purchasing**

Born 1975. M.Sc Business Administration & Economics  
 Head of Purchasing and Chief Procurement Office since 2021.  
 Employed by NCC since 2021.  
*Previous experience includes:* Vice President & Head of Purchasing Volvo Group Canada Inc, Vice President Global Purchasing Volvo Buses and several other senior purchasing roles at Volvo Trucks.  
*Shareholding in NCC AB\*:* 1,356 Series B shares



**Marie Reifeldt**  
**Head of HR**

Born 1963. B.Sc. in Social Work  
 Head of HR since 2018.  
 Employed by NCC since 2007.  
*Previous experience includes:* HR Manager at NCC Construction Sverige, Corporate HR Manager at Bravida group, Head of HR Teracom, HR Manager at Stokab and HR Manager at Stockholm Energi Elnät.  
*Shareholding in NCC AB\*:* 3,751 Series B shares

Ylva Lagesson was Head of the NCC Industry business area and member of SMT up to an including September 30, 2022.

\*The details regarding shareholdings in NCC pertain to shares that were directly owned, owned via related parties or owned via companies at December 31, 2022.

# Financial information and contact details

NCC will publish financial information regarding the 2023 fiscal year on the following dates:

April 26	Interim report, January–March
July 18	Interim report, January–June
October 31	Interim report, January–September
January 30, 2024	Year-end report 2023

NCC's interim reports are downloadable from the NCC Group's website, [ncc.com](http://ncc.com), where all information regarding the NCC Group is organized in English and Swedish versions. The website also includes an archive of interim reports dating back to 2011 and annual reports dating back to 1996. NCC does not print or distribute its interim reports or Annual Report.

The price performance of NCC's Series A and B shares, updated every 15th minute of each day of trading, is presented under the "Investor Relations" tab, as are relevant key figures. NCC's press releases are available on the website.

NCC's financial information can be ordered either by using the order form available on the [ncc.com](http://ncc.com) website, by e-mailing [ir@ncc.se](mailto:ir@ncc.se), writing to NCC AB, SE-170 80 Solna, Sweden, or calling NCC AB at +46 8 585 510 00. The person at the NCC Group responsible for shareholder-related issues and financial information is Maria Grimberg (Tel: +46 70 896 12 88; e-mail: [ir@ncc.se](mailto:ir@ncc.se)).

## Annual General Meeting

The AGM will be held on March 31, 2023 at 2.30 p.m. Location: SPACE Arena, Sergels torg, Stockholm For more information concerning registration, refer to the official notification of the AGM.

Notice of the AGM is available on the NCC Group's website, [ncc.com](http://ncc.com), and was published in Post- och Inrikes Tidningar on February 24, 2023.

Confirmation that the official notification had been issued was announced in Dagens Nyheter and Svenska Dagbladet.

NCC AB (publ), Corp. Reg. No. 556034-5174, Registered Head Office: Solna. Addresses to the companies in the NCC Group are available at [ncc.com](http://ncc.com).

## NCC's ten largest shareholders\*

Name	NCC A	NCC B	Share capital	Voting rights
Nordstjernan	4,991,641	4,692,735	8.93%	24.31%
OBOS BBL	5,000,000	2,000,000	6.46%	23.15%
NCC AB		10,843,582	10.00%	4.83%
Carnegie Fonder		7,543,277	6.96%	3.36%
Vanguard	201,302	3,276,766	3.21%	2.35%
Livförsäkringsbolaget Skandia	332,862	669,970	0.92%	1.78%
Nordea Fonder		3,264,890	3.01%	1.45%
Unionen		3,153,593	2.91%	1.40%
ODIN Fonder		2,917,681	2.69%	1.30%
Indecap AB		2,867,576	2.64%	1.28%
Total, ten largest shareholders	10,192,943	40,560,100	47.73%	65.21%
Other shareholders	2,721,180	54,961,599	52.27%	34.79%

\* As of Dec 31, 2022.

### Subscription service

Via our subscription service, you can subscribe to receive NCC's financial reports and press releases.

### NCC share and financial key figures

Share-price information with a 15-minute delay is available and you can also see the total return (including reinvested dividends) and compare NCC's share performance with that of Nordic competitors.

Here, you will find a list of the analysts who regularly monitor NCC.

### More information/contact

Maria Grimberg  
Head of Communication & Investor Relations  
Tel: +46 70 896 12 88  
E-mail: [ir@ncc.se](mailto:ir@ncc.se)

Please read our virtual Annual Report: [ncc.com/annualreport2022](http://ncc.com/annualreport2022)

Production: Narva  
Print: Ätta45





# In the previous annual report, we showed how the Granåsen winter sport facility looked back then.



**A great deal has happened since.** The work, which has been underway since April 2021, is being conducted by NCC in Norway with resources from Building Nordics and NCC Infrastructure. We are leveraging our collective expertise in one single project that includes numerous complicated construction elements.

The Granåsen winter sport facility in Trondheim has been transformed into a year-round venue designed for training and competitions, children and young people, parasports and major events.

Granåsen on the cover of the 2021 Annual Report.

SEP 2022

NOV 2022

FEB 2023



Following demolition of the old slopes and buildings, foundation work, excavation, water and sewage, and electrical work was carried out.



The initial concrete casting work that will become the new judge's tower is making good progress.



The first jump is made in the new slope! The facility will be handed over to Trondheim Municipality in summer 2023, in good time before the World Ski Championship in Trondheim in 2025.

**NCC** is one of the leading construction companies in the Nordics. Based on its expertise in managing complex construction processes, NCC contributes to the positive impact of construction for its customers and society. Operations include building and infrastructure project contracting, asphalt and stone materials production and commercial property development.

In 2022, NCC had sales of about SEK 54 bn and 12,500 employees.

