Annual and Sustainability Report 2023

Our core is construction

NCC

About the report

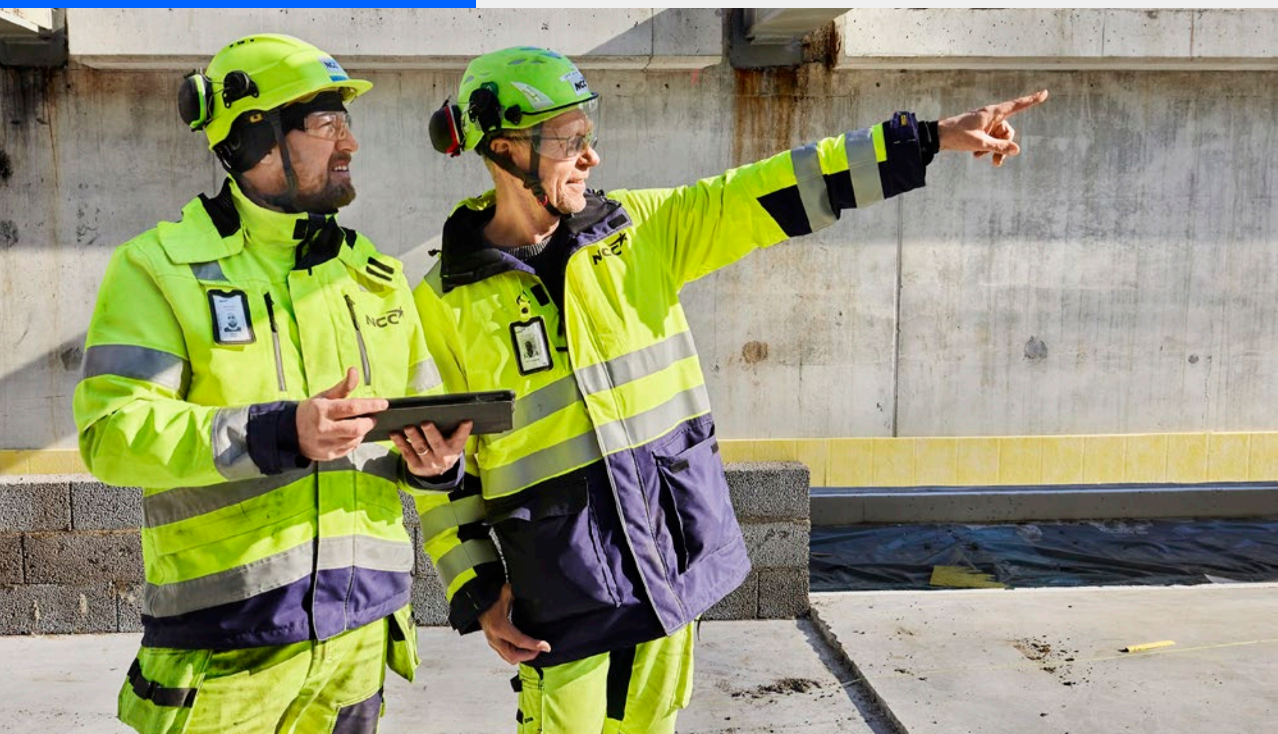
NCC's Annual Report for 2023 is submitted by the Board and the President and CEO of NCC AB (publ). The statutory annual accounts are presented on pp. 14–31, 44–87 and have been audited by NCC's external auditor. The reviewed Corporate Governance Report covers pages 33–43. The Sustainability Report is presented on pp. 3, 8–13, 32, 92–123 and the pages found in the GRI index on pages 130–132 and has been prepared in accordance with Chapter 6 of the Swedish Annual Accounts Act. NCC reports according to GRI Standards 2021.

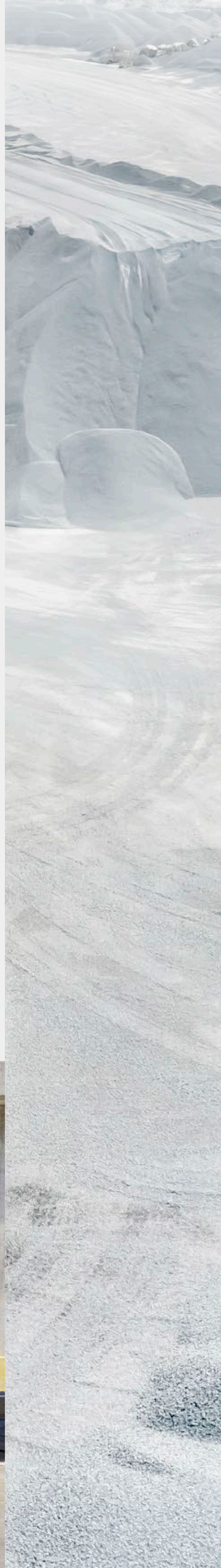
ESEF report

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)

Europe's most modern treatment plant

The central treatment plant in Kristianstad, Sweden, is one of several water and environmental technology projects undertaken by NCC in 2023. The new treatment plant in Kristianstad is being built beside the old facility and will essentially be a completely new treatment plant featuring the very latest technology, including a membrane bioreactor (MBR). This project is complex, not least because it is located at the lowest point in Sweden – 1.2 meters below sea level. The new treatment plant will be commissioned in 2024.





Building for the future

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.

Orders received, SEK M → 56,819
(53,285)

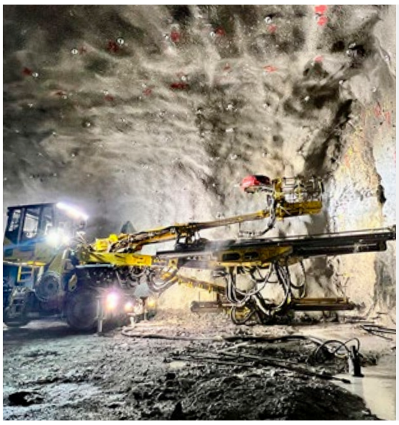
Net sales, SEK M → 56,932
(54,198)

Operating profit, SEK M → 1,802
(1,358)

Business areas

NCC is an expert in managing complex construction processes
NCC is one of the leading construction companies in the Nordics, with operations in Sweden, Denmark, Norway and Finland. In 2023, the operations were divided into five business areas. As of January 1, 2024, NCC has an additional business area, NCC Green Industry Transformation. The business area focuses on major and complex industrial projects that are driven by the green transition.

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.

Read more on p. 19

NCC Building Nordics

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

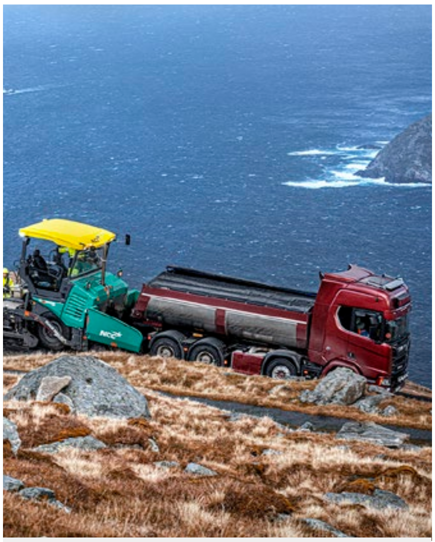
Read more on p. 21

NCC Building Sweden

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

Read more on p. 20

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.

Read more on p. 22

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.

Read more on p. 23

This is NCC

Targets and outcome

Financial targets and outcome

	Outcome 2023	Target 2023
Earnings per share, SEK	16.11	≥16

	Outcome 2023	Target
Corporate net debt[1] /EBITDA, times	0.98	<2.5

Dividend policy

	Outcome 2023	Policy
Dividend policy, %[2] The Board of Directors has proposed a dividend of SEK 8 per share for 2023.	50	≈60

Sustainability targets and outcome

	Outcome 2023	Target 2026
Health and Safety **LTIF4** Work-related accidents resulting in more than four calendar days of absence per million working hours.	4.0	≤2.0

Climate and Energy, %

	Outcome 2023	Target 2030
Scope 1 & 2 **Target:** 60-percent reduction in CO_2e[1] (Scope 1 & 2) by 2030 (base year 2015), measured as tons of CO_2e/SEK M. **Outcome 2023:** Emission intensity amounted to 2.3 tons CO_2e/SEK M, corresponding to a reduction of 56 percent compared with 2015.	−56	−60

Scope 3	Outcome 2023	Target 2030
Concrete[2]	−22	−50
Asphalt[2]	−25	
Steel reinforcement[2]	−45	
Transportation[3]	–	

Notes for financial targets

1) Corporate net debt excludes pension debt and lease liability.
2) Percent of earnings to be distributed to shareholders according to dividend proposal.

Notes for sustainability

1) Carbon dioxide equivalents, i.e. GHG emissions expressed as the equivalent amount of carbon dioxide.
2) Relates to sub-set of ready-mix concrete, steel reinforcement and internally purchased asphalt.
3) Emissions from transportation are reported for the first time in 2023 and thus no comparative figures are available.

Review by the CEO

Well positioned for increased value creation

Healthy orders received in a divided construction market Higher operating profit. Substantial earnings improvement in asphalt operations. A new business area for the green industrial transformation. Stagnant property market with few transactions. Continued focus on digitization and skills development. Important internal strategic development steps. This is how we can summarize our 2023.

The prospects for 2023 were uncertain but with hindsight we can state that NCC skillfully navigated this uncertainty and a divided market. Orders received increased and net sales were stable. Operating profit rose to just over SEK 1.8 billion. We achieved the target we set in 2020 – that earnings per share in 2023 would be at least SEK 16.

The Industry business area accounted for the largest improvement in operating profit, primarily as a result of asphalt operations again returning to a reasonable earnings level. The sale of the subsidiary Bergnäset, within the Infrastructure business area, also contributed positively. The Infrastructure business area has strengthened its margins and steadily increased its operating profit since 2019. Parts of Building Nordics and Building Sweden are performing very well, while others have faced problems such as increased costs in ongoing projects. At the same time, the operating result in both of these business areas is well on par with or above Nordic peers. Property Development focused on letting in a stagnant property market.

Over the past five years, we have established a new strategic direction, improved operating profit and navigated our way through a number of external crises. Viewed in this perspective, I am proud of our performance both in 2023 and over a longer term. NCC is a stable company that is evolving. We are correctly positioned geographically and in our segments. In my opinion, our strategic focus has secured deeper acceptance in the past year, and we are taking important steps not just toward short-term profitability but also toward creating conditions for a sustainable, higher level of value generation.

A new business area

We are currently witnessing the greatest industrial transformation we have seen in many decades. Mining, steel, energy and industrial operations are transitioning in order to reduce their climate impact and fossil dependence. Completely new technologies are being introduced in many places.

This is having two effects. Firstly, widespread construction will be required in order to realize these major projects. Secondly, the right conditions must be in place in society at large – transport and social infrastructure. Residential. Healthcare, schools and preschools. Water and wastewater treatment. Energy distribution, roads and railways.

In November, we presented a new business area – NCC Green Industry Transformation – in which we are gathering our expertise and major projects emanating from the industrial developments taking place. Other opportunities relating to social and transportation infrastructure will be leveraged within our current business areas, which already have strong organizations in place.

The climate issue and the green transition are strong drivers for today's societal transformation. These factors are also driving NCC's development. Many of our customers are placing high demands on low-carbon projects; however, we believe that these demands could go even further. If all the parts of the value chain work in unison, good results can be achieved even with today's technology. In the asphalt operations, for example, public sector clients could place significantly higher demands and thus contribute to a more rapid transition. Our own emissions-reduction targets stand firm and we are working hard to achieve our transition.

The construction industry is complex and there will never be a few, simple solutions or major technology leaps that solve the climate challenge. Meanwhile, business opportunities are being created in connection with urban climate adaptation, the green transition, changes in energy and transportation systems, and upgrades to water infrastructure.

Focus on shareholder value

NCC's primary financial target is earnings per share. The target has been set to achieve a clear focus on creating value for shareholders and because steering toward delivering profit on the bottom line is relevant for all business areas. Our target for 2023 was SEK 16 per share and we achieved that. We achieved it despite not being able to recognize any major property sale in profit since the first quarter. However, the sale of a subsidiary made a positive contribution.

In November, we decided that we would retain the target of SEK 16 per share in the medium term until we see if we can achieve this level consistently over time. In turn, this will depend on a number of factors: Firstly, that the business areas active in construction operations and Industry perform favorably so that they can steadily increase their share of profit. Secondly, that there is activity in the property market to enable us to realize the value we already have and the value we are creating in our property development portfolio.

During 2023, we did not sell a single property. In the Property Development business area, we recognized one project in profit, which had been sold earlier, as well as parts of a land sale. At year-end, NCC had four completed projects. We are working actively to sell these and have the financial strength to wait for an improvement in the market. We have ample headroom in terms of our debt target.

Review by the CEO

"Leading the industry when it comes to expertise in managing the complexity of a construction process"

The value of being the large company

NCC's strategic focus is based on increasing our ability to leverage the strength of being the large company. It's about expertise, resources and experience – and increasingly about access to data. By making the data we generate in our construction projects more available and useful, we will be able to make better decisions.

This is a long-term effort stretching over many years. It can sometimes be difficult to see the wood for the trees, or the results of many parallel development initiatives and investments. However, the contours of a new data-informed and more digitized NCC are beginning to emerge. During the year, we launched more than ten new initiatives, many focusing on simplifying and improving existing processes and being able to deliver the data that our customers expect.

In the health and safety area, it was a difficult year in some respects. There were serious injuries in the industry and, just before the new year, a serious accident occurred in Skellefteå, where an NCC employee died and another person was severely injured. When it comes to accidents resulting in more than four days of absence, we remain at the same level as in 2022. This means that we did not achieve our targets for the year. We are continuing our work to completely eliminate serious accidents and incidents at an undiminished pace. Despite the somber outcome for 2023, we note that there were fewer serious incidents. We fully support greater demands and further measures to increase safety at our worksites.

Taking a fresh look at knowledge in the company

Construction, in a broad sense, accounts for a large part of the economy and corresponds to about 10 percent of GDP. If we choose to include all planning and peripheral services, this figure increases. More than one million people in the Nordic region have some professional involvement in construction.

If we are to understand developments in the industry and be able to make well-informed decisions concerning both regulation and development initiatives, it is important not to tar all construction – the entire "construction industry" – with the same brush. There is a huge difference between being a small-scale operator and a large group such as NCC. As a large company, we have the knowledge, experience, systems and processes for resolving complex challenges and we face completely different expectations.

We also operate in an environment with professional customers, whose job is to build and develop. They know what they are buying. The wide-ranging legal aspects that surround our major projects are part of the complexity we are experts in managing. Within a regulatory and contractual framework, we can retain our innovative capacity, development drive and business acumen.

This perspective, that we as a large company can and must drive development, is the reason why we have set the target of being a leader in the industry when it comes to expertise in managing the complexity of a construction process. Through collaboration with academic institutions in the Nordic region and Europe, and through clear-cut internal priorities in terms of the professional roles that have the greatest impact on the development of the projects and thus the company, we are seeing the results.

No crystal ball

In recent years, we have learned that making macroeconomic forecasts is next to impossible. We need to be realistic about the effects that the absence of residential construction, a stagnant property market and the worsening economic situation of municipalities and regions could have. Meanwhile, we know that construction is needed and that the assignments are awarded to reliable contractors. We also know that it is probably easier for us than for many others to manage the increased complexity, not least in terms of providing various types of data. So we look positively but realistically to the future, but refrain from making any detailed predictions. NCC is fundamentally a stable company in a fundamentally attractive market. We can create value.

NCC has many long-term customer relationships. Our aim is that every customer, in every project, will perceive that we make the best expertise and resources available in order to realize their projects in the best possible way. I would like to thank our customers for their confidence in us.

And finally, I would like to thank all NCC employees, our business partners and suppliers, and our shareholders.

Solna, March 2024

Tomas Carlsson,
President and CEO

Strategy

NCC creates value throughout the construction process

NCC is a leading player in the Nordic construction market with a strong and well-established position combined with local presence. The foundation for NCC's strategic direction is being an expert in managing the entire construction process. The starting point is to leverage being a large company by utilizing the expertise and experience of the entire company.

NCC is a knowledge-based company whose core 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. NCC functions as an expert, in close cooperation with customers, to satisfy customer requirements and to ensure that the physical environment is developed with the greatest possible positive effect on society for both current and future generations.

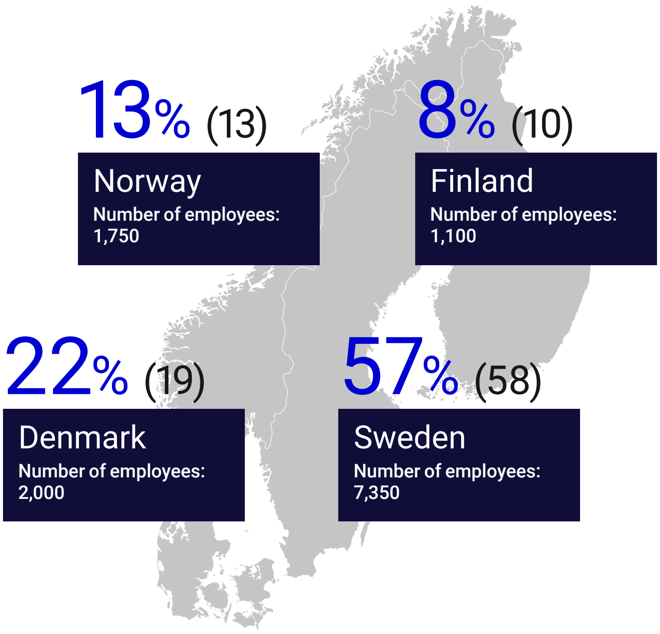
The construction process is characterized by many stakeholders, the need for broad competency and expert knowledge, as well as coordination of multiple operators. NCC's strengths include working proactively with customers prior to and during projects and using our data and knowledge to secure a positive end result for all stakeholders. We are proud of the end-result of a project and the contribution it makes to society, but our main focus is on being experts in the process that leads there. Our role is to realize the customers' projects.

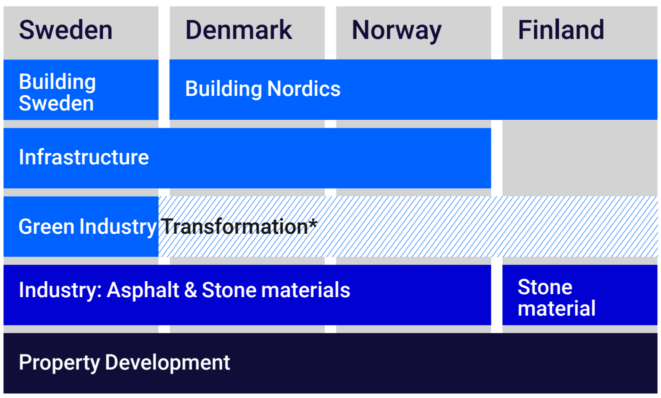
NCC aims to be the most skilled and trusted company in the market when it comes to implementing projects. As a proactive construction expert, NCC assigns priority to early involvement with customers, proposing solutions, contributing ideas and new knowledge.

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. A prerequisite for this is the ability to develop and share knowledge.

NCC's market

NCC conducts operations in Denmark, Finland, Norway and Sweden. The market is fragmented with a large number of participants. Share of net sales and average number of employees. Comparative figures relate to 2022.

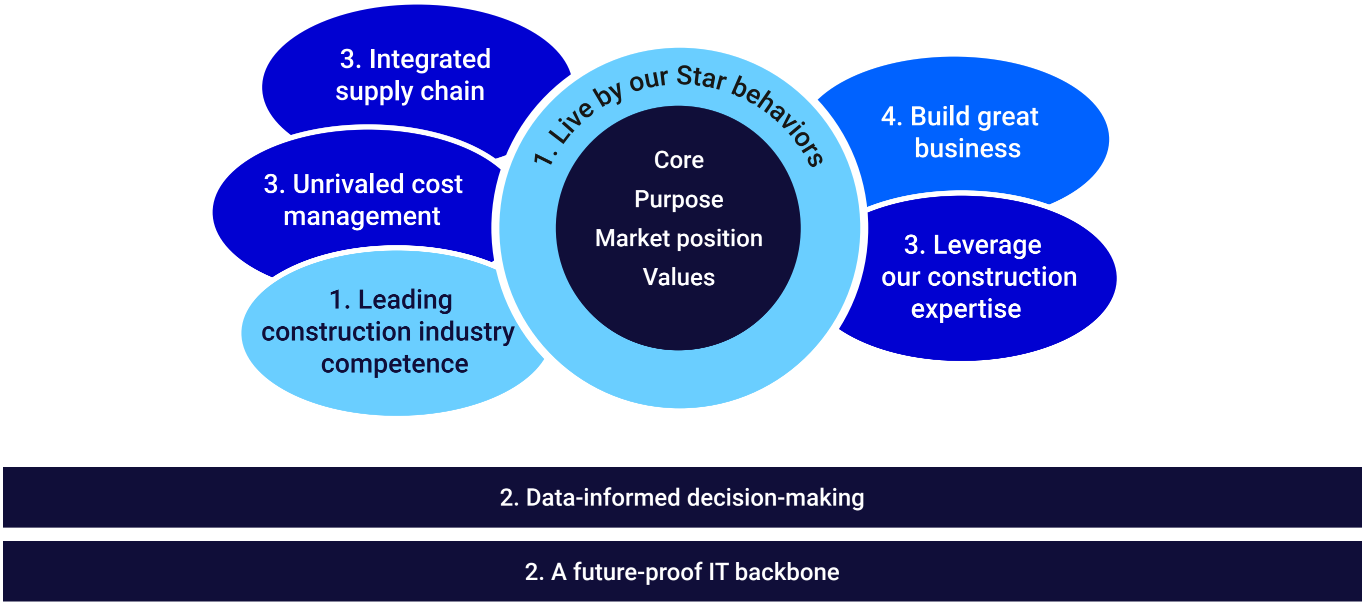




* In 2023, NCC decided to start a new business area as of January 1, 2024, NCC Green Industry Transformation, which will initially have its main focus in Sweden but can work across the Nordic region.

Strategy

NCC's strategic initiatives



NCC's strategic initiatives for developing the company are collected in four focus areas:

1.	Build a knowledge-based company and a culture based on shared values and behaviors.
2.	Work in a data-informed manner, which requires that we invest in IT and digitization.
3.	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.
4.	Leverage our collective expertise in order to develop the construction process.

1. A knowledge-based company

A decisive way of utilizing the value of being a large construction company is to identify and share the knowledge that exists in the company. In 2023, NCC's approximately 12,200 employees, together with our customers, developed and pushed forward the progress of construction projects throughout the Nordic region. NCC is a long-term and stable employer in the Nordic market. 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.

NCC has the ambition to be a leader in terms of expertise in the construction process. This requires that NCC is able to attract, retain and develop employees 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 therefore key components.

NCC employees show a high level of commitment. This level was 8.0/10 in the latest surveys, which exceeds our external benchmark.

2. Digitization and data-informed work methods

A group of NCC's size creates enormous amounts 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.

3. Proactive toward customers

A shared feature in the Group is the drive to be proactive in relation to customers, and early involvement to be able 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 point of departure and faces different challenges. Strategic initiatives – working closer to customers and gathering experts and their know-how – will therefore be based in our business areas. During 2023, NCC had five business areas with three different business models: Contracting operations in NCC Infrastructure, NCC Building Sweden and NCC Building Nordics. Industrial operations in NCC Industry. Property development in NCC Property Development

In 2023, NCC decided to start a new business area for contracting operations targeted at major and complex industrial projects that are driven by the green transition: NCC Green Industry Transformation.

4. Highly developed construction expertise

An important feature of the strategic focus is to use our expertise in the construction process in a well-defined manner. Accordingly, sector-specific segment strategies play a key role in all business areas. A key strategic choice is that NCC will focus on segments in which the company has the capability to use specific expertise and to build a strong position. Examples of areas where NCC could utilize its expertise to a greater extent are hospitals, swim centers and water treatment and sewage plants. To leverage the strength of being a large company, NCC is also focusing on being able to share this expertise throughout the company.

A knowledge-based company with a strong culture

NCC, a knowledge-based company with competence in many areas, aims to be an industry leader in terms of expertise in construction processes. We therefore invest heavily in skills development, leadership and creating a good and safe work environment. This requires a strong and healthy corporate culture.

Our values

Honesty
Respect
Trust

Leader in skills development

In 2023, NCC continued to offer advanced development programs in leadership and project management. On the basis of the fundamental insight that the roles of our employees are complex and demanding, NCC is committed to raising the level of knowledge of everyone, from new recruits to experienced staff. NCC cooperates closely with academic institutions in the Nordic region and Europe in order to develop the programs. The institutions with which NCC cooperates include Stockholm School of Economics, Copenhagen Business School, IMD and Oxford Global Projects, which is linked to Oxford University.

NCC Academy

- Mega Project Management Program. The participants receive intensive education in cooperation with, among others, Copenhagen Business School, and conduct study visits at some of the largest projects in Europe Continuation courses in Oxford with Oxford Global Projects
- Training for Risk Managers in Oxford
- Strategic Leadership Program in collaboration with Stockholm School of Economics
- Fundamental leadership training, about 200 individuals per year
- Talent development programs in all business areas



Operations

Star behaviors

Achieving NCC's strategic objectives requires a culture of consistent and clear-cut behaviors that create the right conditions in the company and facilitate attainment of our business aims. Work to realize NCC's Star behaviors is an important and engaging effort throughout the company. Together with our values, the Star behaviors constitute our corporate culture and shape how we act internally and externally in relation to customers and other stakeholders. The Star behaviors have been firmly embedded in NCC, as evidenced in our employee survey. They contribute to high employee commitment. They are included in all individual development (performance reviews), team building and recruitment initiatives. In 2023, initiatives to further strengthen the Star behaviors were implemented in all business areas.

An increasingly complex construction process requires specialists and experts in many different areas. To satisfy the growing demand for expertise, NCC needs to reach the largest and most relevant skills base possible. Diversity and inclusion are a prerequisite for success. NCC has zero tolerance for discrimination, no employees should be impeded in their development and careers due to discrimination and we strive for and monitor that we have a balance between women and men in NCC's management teams. The employee survey shows that the employees' perception of the company's zero tolerance of discrimination improved in the past year and is at a high level compared with the benchmark group, at 8.8/10.

Eliminate serious accidents

A safe and healthy work environment has the highest priority at NCC. We aim to completely eliminate serious incidents and fatal accidents, and to reduce all types of accidents. Following a thorough analysis of the root causes of accidents, work has been focused on three high-risk areas: working from height, working around heavy machinery and crane operations. To achieve change, we are working to improve the planning and organization of work, to ensure that technical barriers are in place and to strengthen the safety culture. A strong safety culture that encompasses everyone at the work site – the customer, our own employees and subcontractors – is essential. The NCC Awareness Day was held in September. This is an annual activity whereby all worksites stop work to discuss safety issues. The theme in 2023 was safety culture.

Star behaviors

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.

Proactive climate efforts with a focus on expertise

NCC constructs, maintains and develops the built environment. This work is based on data, expertise and cooperation concerning how materials, methods and processes impact the environment and climate, and society in general. During 2023, this work was intensified with a continued focus on reducing greenhouse gases throughout the value chain.

The construction industry is playing an important role in the climate transition. The built environment accounts for a considerable part of the energy-related carbon emissions and the use of building materials utilizes the earth's resources. At the same time, climate change and the transition of society are generating new opportunities for the industry. NCC contributes through an innovative approach to infrastructure, energy solutions, renovation and adaptation of existing buildings and infrastructure, as well as new construction.

NCC aims to assume a leading role in the transition of the industry toward climate neutrality. New conditions result in greater demands for technological solutions and cooperation throughout the value chain. In line with our customers' requirements and capabilities, we contribute well-conceived solutions based on comprehensive expertise and experience. During the year, we successfully managed to reduce the climate footprint of a variety of construction and civil engineering projects – and thus helped our customers to achieve their sustainability targets.

In addition to specialist expertise, access to relevant and reliable data is decisive in order to make informed and well-conceived decisions, which is the reason why NCC includes the Data and expertise impact area in its sustainability framework. In 2023, NCC continued its work to provide our stakeholders with data and digital information about processes and products in order to promote sustainability and to push for a positive change.

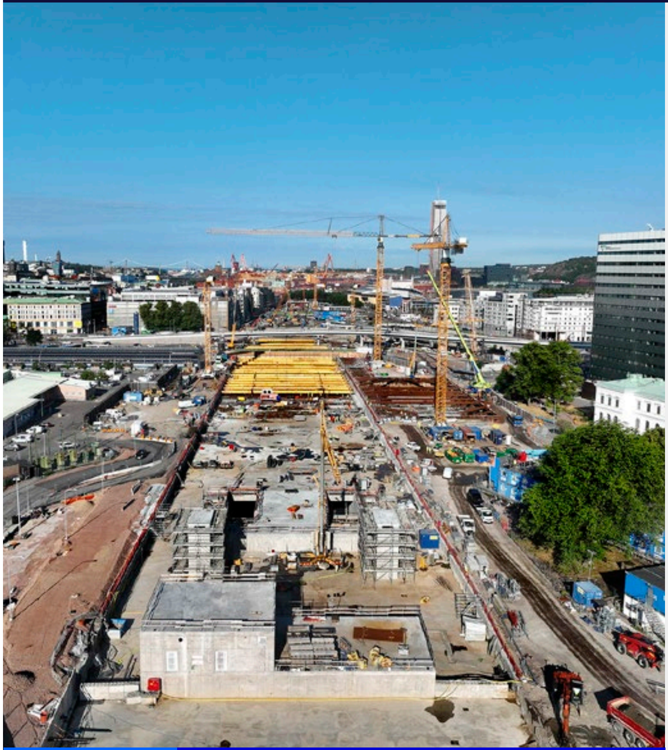
To actively support the climate transition, it is essential that we collaborate and interact with our customers, suppliers and other industry stakeholders. Through exchanges of knowledge and insights, we can reduce our climate impact by developing improved methods, ways of working, materials and products.

NCC has set a target of becoming climate neutral by 2045 and of reducing its own emissions (Scope 1 and 2) by 60 percent by 2030. At the end of 2023, a reduction of 56 percent had been achieved compared with the base year of 2015. However, the major challenge is to reduce the emissions emanating from the value chain (Scope 3), which constitutes the bulk. NCC has set a target of halving these by 2030 compared with 2015.

To date, our work to reduce emissions in the value chain has focused on the four prioritized areas in which the largest emissions are found. These are concrete, steel, asphalt and transportation.

Operations

Centralen – award-winning project drives development



Eco-friendly concrete

95%

The West Link project and a phase of the Centralen project in Gothenburg constitute one of Sweden's largest and most complex civil engineering contracts with extremely high environmental standards set by the client's environmental and climate targets. This project comprises a nearly two-kilometer long commuter-train tunnel, including an underground central station in the middle of Gothenburg. It is a partnering project between NCC and the Swedish Transport Administration and this phase is scheduled for completion in 2026.

In 2023, this project received the "Årets hållbara infrastruktur" (Sustainable Infrastructure Project of the Year) award at the Sweden Green Building Awards ceremony. Right from the start, the project was hallmarked by considerable environmental ambitions and has been involved in several development projects.

A project of this magnitude requires enormous amounts of concrete. NCC will cast a total of 350,000 cubic meters. To reduce the climate footprint, essentially only eco-friendly concrete (about 95 percent) is used, which has saved 40,000 tons of CO_2e to date. By using eco-friendly concrete, carbon emissions are reduced by 30 percent compared with the use of standard concrete, while also the need for cement as a raw material is also reduced. In parts of the structure, such as diaphragm walls, the amount of slag in the concrete is higher, yielding a climate reduction of 50 percent compared with the use of standard concrete. Any unused concrete is also taken care of.

From the start, the project has been at the cutting edge of technological development and of what is possible on the basis of rules and regulations. One success factor has been the considerable commitment of all the parties concerned and early cooperation, which has resulted in industry-wide development.

Concrete – specialist expertise early in the process yields results

NCC works according to a roadmap toward climate-neutral concrete-based construction, aimed at achieving the target of becoming climate neutral by 2045. This initiative has three main perspectives: the right concrete in the right place, minimize the amount of cement in concrete, and minimize the volume of concrete.

In 2023, a series of activities were arranged in NCC's business areas to reduce the climate footprint of concrete in the value chain. One tangible example in the NCC Infrastructure business area is where climate optimization of concrete has been introduced as a compulsory measure in projects of a substantial volume.

At an early stage of a project, during the tendering phase or start-up, this means that the concrete structure must be optimized in terms of climate impact and price. Parameters considered include design, strength and exposure category. Specialists and designers are involved early in the process to optimize results. These measures are followed up every six months and are showing increased compliance. The outcome in terms of CO_2e/m^3 of ready-mix concrete in the projects in question is tracking a downward trend and is in line with the target of reducing the climate footprint by 50 percent by 2030. However, the types of project may impact the business area as a whole based on their technical requirements and the environment in which they are built.

In the NCC Building Sweden business area, work to comply with the internal cement directive, implemented in 2022, continued. The aim of the directive is to implement on a broad front measures to achieve a reduced climate impact, including requirements to use eco-friendly concrete in all projects, to use the right concrete in the right place, to minimize the volume of concrete and to optimize the concrete's drying properties. Follow-up surveys conducted during the year show that the activities are yielding effects in terms of reduced climate impact.

Asphalt – significant knowledge and developed methods in climate-focused efforts

In recent years, demand has increased for asphalt products with a lower carbon footprint. NCC was quick to note the opportunities presented by reducing the environmental impact of asphalt and has been active in product development and devising methods for reducing carbon emissions during the asphalt's production phase. The main approaches are the use of biofuel and energy optimization and the inclusion of reclaimed asphalt pavement (RAP) in the mix, as well as replacing the fossil resin bitumen with bio-resins. NCC's considerable knowledge and expertise in reducing climate footprint, combined with strategic knowledge sharing and learning over national borders, has resulted in highly competitive products and solutions. NCC has also developed asphalt products that cope with the impact of climate change, such as an asphalt mix with better drainage properties in the event of heavy rain and flooding.

All asphalt plants in Sweden have now been converted from fossil fuel to the use of biofuel. The next step is to convert the asphalt plants in Norway, where three plants were converted during the year. Work is in progress to continue to increase the proportion of biofuel in converted asphalt plants in Sweden and Norway, to reduce the moisture content and to aim for long production series. NCC is also continuously improving technology and capacity for reusing asphalt in the asphalt plants. In 2023, RAP accounted for 29 percent of total production of asphalt.

During the year, NCC also engaged in close dialogue with several customers concerning the importance of climate criteria in tenders. It is important that major players take the fore and reward companies prepared to invest in technology and innovation to achieve established climate targets. For example, NCC met with government infrastructure agencies in Sweden, Norway and Denmark in 2023.

Choice of concrete reduces carbon emissions at Granåsen Sports Park in Trondheim

CO_2e –50%

In 2023, NCC started work on constructing an indoor soccer center in Trondheim Municipality in central Norway. The 10,000 square meter center is located close to the new skiing and ski-jumping center at the Granåsen Sports Park, which NCC also constructed for the Municipality. The project is using "low-carbon extreme" concrete, the most eco-friendly concrete in the Norwegian market, for the building's foundations, which has reduced the climate footprint by about 50 percent compared with the equivalent standard concrete. Trondheim Municipality has received financial support from the Norwegian Environment Agency (Klimasats) for using the eco-friendly concrete. By reviewing the design, it has been possible to save 100 tons of CO_2e. The plan is that unused concrete will be reused in outdoor benches; the remainder will be sold. Casting concrete when temperatures are below zero is a challenge, which has provided the project with useful knowledge. The soccer center will be constructed according to the BREEAM environmental certification system and the changing room facility according to the passive building standard, which combined makes it a highly energy-efficient building. The center will be heated using energy from its own geothermal heating system, and solar panels will satisfy part of the area's electricity requirements.

Operations

At the Drammen railway project in Norway, NCC and the client Bane NOR have – among many other environmental measures – cooperated efficiently around the optimization of concrete. This has resulted in a reduction compared with calculated quantities, such as a reduced volume of concrete but also a lower proportion of cement in the concrete, which is fully aligned with the Group-wide roadmap for concrete. In this highly complex project, equipment and competencies for piling were transferred from similar projects in Denmark, which contributed to a faster and smoother process on site.

Reuse at new campus in Borlänge

CO_2e –1,900 tons

On behalf of the property owner Diös, NCC is converting the former Mimer property in Borlänge into a new campus for Dalarna University. The property was formerly a Domus department store and the total floor space of the building, including an extension, is 18,500 square meters. Instead of demolishing it and building a new property, the existing foundation and concrete frame have been retained. This will save about 1,900 tons of CO_2e compared with a corresponding new construction. The building will have a wooden facade with integrated solar panels, as well as optimized energy and resource usage. The building will feature several terraces and, on the top floor, students will be able to conduct laboratory solar panel studies as part of their education. The building will be environmentally certified according to BREEAM In-Use. The project is a turnkey contract in partnering form and is scheduled for completion in 2024.

Report of the Board of Directors

Developments during the year

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 2023 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 as a whole. 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, rising interest rates and uncertainty about future economic development have a dampening effect on the market. Over the long term, higher prices could lead to lower demand, especially in certain segments. Rising interest rates also affect interest in investing in new properties. The market for residential units and offices is impacted most tangibly by the economic situation. There is significant uncertainty concerning future economic developments despite signals indicating a stabilization.

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 public buildings, such as schools, prisons, hospitals and retirement homes. However, the economic situation in municipalities and regions could reduce or delay demand in some cases.

Urban expansion and the emergence of new growth regions are 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. There is also underlying need for residential units, although that market is greatly impacted by the economic situation.

The countries in which NCC has infrastructure operations have 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, as well as general construction and, to some extent, the economic situation of public customers.

External factors

In February 2022, Russia began a full-scale invasion of Ukraine, which has had a number of consequences for the world economy. NCC had no operations in Ukraine, Belarus or Russia, nor any major suppliers in these countries. Since 2023, there is increased unrest in the Middle East and increased tensions in Asia. The geopolitical situation affects the world economy and high inflation, a declining economy and falling GDP constitute a risk for NCC. Higher interest rates also affect, among other things, the conditions for the sale of properties and the general construction market. See the description in the risk section on page 27.

Net sales

Net sales totaled SEK 56,932 M (54,198). All business areas contributed to higher net sales compared with the preceding year. Exchange rate effects had an impact of SEK 309 M (1,082) on net sales.

Operating profit

Operating profit amounted to SEK 1,802 M (1,358). The higher operating profit was driven primarily by the turnaround in NCC Industry and strong earnings in NCC Infrastructure.

The higher operating profit in NCC Infrastructure was attributable to higher net sales and higher project margins in the order backlog. Adjusted for the positive contribution from the divestment of the Bergnäset Ställningsmontage AB subsidiary in the third quarter of 2023, operating profit amounted to SEK 548 M (429).

In NCC Building Sweden, operating profit amounted to SEK 272 M (252). Operating profit was affected by a lower margin in the order backlog due to the impairments made in 2022 and the price pressure resulting from the economic situation.

In NCC Building Nordics, operating profit amounted to SEK 343 M (347). Denmark reported strong operating profit while operating profit in Finland and Norway was lower.

Lower energy costs and price increases in both the asphalt and stone materials operations in Denmark and Norway contributed to the higher operating profit in NCC Industry, which amounted to SEK 400 M (8).

Operating profit in NCC Property Development amounted to SEK 243 M (482). One project was recognized in profit and one sale of land with development rights was carried out in Sweden compared with three projects recognized in profit (including one joint venture project) in the preceding year. Higher rental revenues in Sweden from several projects made a positive contribution to profit during the year.

Other and eliminations amounted to SEK –179 M (–161), where the result from NCC AB and minor subsidiaries and associated companies is included in the amount of SEK –310 M (–131). Profit was affected by increased investments in IT, among other factors. Inter-company gains/losses of SEK –18 M (–44) and other Group adjustments, mainly for pensions and leases, of SEK 149 M (15) are included.

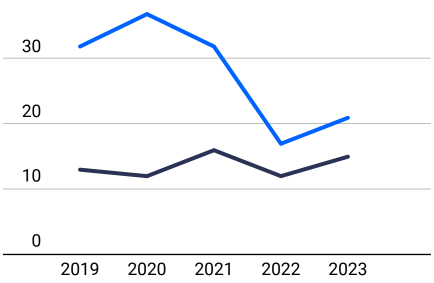
Net financial items, profit after financial items and net profit for the year

Net financial items amounted to SEK 1 M (–59). Higher capitalization of interest in ongoing property projects for Property Development and lower pension debt during the period had a positive impact.

Profit after financial items totaled SEK 1,803 M (1,299). Tax expenses for the year totaled SEK –230 M (–230) and the effective tax rate was 13 (18) percent. The low tax rate is mainly due to the tax-free divestments that NCC Property Development carried out during the year; one project and one land sale. Furthermore, NCC Infrastructure carried out a tax-free company divestment, Bergnäset. Profit after tax for the period amounted to SEK 1,573 M (1,069).

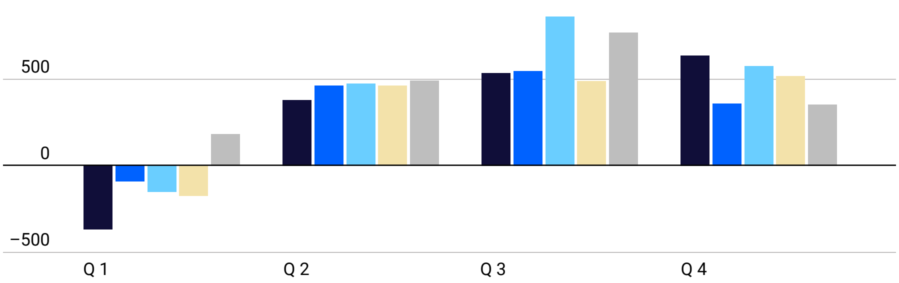
Developments during the year

Return, %



Return on capital employed
Return on shareholders' equity

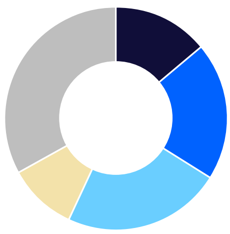
Profit/loss after financial items per quarter, SEK M



2019 2020 2021 2022 2023

NCC is impacted by seasonally low activity in the first quarter.

Project size of orders received



<SEK 25 M, **14** (18)%
SEK 25–100 M, **20** (22)%
SEK 100–300 M, **23** (26)%
SEK 300–500 M, **10** (16)%
>SEK 500 M, **33** (18)%

The diagram reflects orders received in contracting operations, which is equivalent to SEK 46 billion of the total orders received of SEK 57 billion.

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

	Orders received		Order backlog		Net sales		Operating profit/ loss	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
NCC Infrastructure	16,707	15,391	16,074	17,291	17,667	17,256	723	429
NCC Building Sweden	12,661	14,711	16,753	18,587	14,475	14,178	272	252
NCC Building Nordics	16,654	12,321	18,684	17,127	14,615	13,568	343	347
NCC Industry	11,459	11,638	2,015	1,958	11,485	11,268	400	8
NCC Property Development	–	–	–	–	1,376	1,301	243	482
Total	**57,481**	**54,060**	**53,525**	**54,963**	**59,619**	**57,571**	**1,982**	**1,518**
Other and eliminations	−662	−775	−104	32	−2,686	−3,373	−179	−161
Group	**56,819**	**53,285**	**53,422**	**54,995**	**56,932**	**54,198**	**1,802**	**1,358**

Orders received per country, SEK M

	Orders received	
	2023	**2022**
Sweden	30,673	33,170
Denmark	15,934	10,541
Norway	7,317	5,239
Finland	2,895	4,336
Group	**56,819**	**53,285**

Net sales per country, SEK M

	Net sales	
	2023	**2022**
Sweden	32,435	31,360
Denmark	12,655	10,073
Norway	7,082	7,285
Finland	4,760	5,480
Group	**56,932**	**54,198**

Developments during the year

Comprehensive income for the year
Comprehensive income for the year totaled SEK 728 M (2,963). The lower comprehensive income was mainly attributable to remeasurement of defined-benefit pension plans, SEK –818 M (2,039). Tax relating to items that cannot be recycled to net profit for the year amounted to SEK 168 M (–420). For more information, refer to Note 23.

Financial position

At December 31, the Group's total assets amounted to SEK 31,950 M (29,565). The increase was mainly attributable to investments in ongoing property projects.

At December 31, capital employed amounted to SEK 13,175 M (11,480). The return on capital employed was 15 percent (12).

The return on equity was 21 percent (17).

Net debt
The Group's net debt at December 31 amounted to SEK –4,310 M (–3,000). Corporate net debt, meaning net debt excluding pension debt and lease liabilities, amounted to SEK –2,374 M (–1,561) at the end of the year. The increase in corporate net debt was due to such factors as continued investments in ongoing property projects and the fact that only one property project was recognized in profit during the year. The average maturity of interest-bearing liabilities, excluding the pension debt and lease liability, was 18 months (28) at the end of the year. At December 31, NCC's unutilized committed lines of credit totaled SEK 5.4 billion (5.1), with an average remaining maturity of 24 (29) months.

Equity/assets and debt/equity ratio
On December 31, 2023, the equity/assets ratio was 23 percent (24). The debt/equity ratio was a multiple of 0.6 (0.4).

Cash flow

Cash flow before financing was SEK 361 M (–136). The improvement during the year was due to higher operating profit, the divestment of Bergnäset and a positive change in working capital. Cash flow from contracting operations was significantly higher than in the corresponding period of the preceding year. Fewer property development projects recognized in profit resulted in a lower cash flow compared with the preceding year.

Cash flow from investing activities amounted to SEK –446 M (–401); the slightly lower cash flow was due to increased IT investments. At the end of the period, cash and cash equivalents amounted to SEK 707 M (534).

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 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. Quarries and harbors are subject to permit obligations, while asphalt 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. For more information, refer to the Sustainability Report on p. 92–123 and 130–132.

Order status

Orders received
Orders received amounted to SEK 56,819 M (53,285). Orders received increased in NCC Building Nordics and NCC Infrastructure, but decreased in NCC Building Sweden. The higher orders received in NCC Infrastructure was the result of several major projects in Energy & Water Treatment. The higher orders received in NCC Building Nordics was driven by the Danish and Norwegian operations. In NCC Industry, orders received were in line with the preceding year. Changes in exchange rates impacted orders received by SEK 326 M (947).

Order backlog
The Group's order backlog amounted to SEK 53,422 M (54,995) at the end of the year. The order backlog declined in NCC Infrastructure and NCC Building Sweden, which was partly offset by a higher order backlog in NCC Building Nordics.

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, all amounts are stated in millions of Swedish kronor (SEK M). The period referred to is January 1–December 31 for profit/loss items and December 31 for balance sheet items. Rounding-off differences may arise.

Developments during the year

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, 2023, SEK M**	**Completion rate Dec. 31, 2023, %**	**Estimated year of completion**
New projects in 2023				
Hotel and office, Aarhus	DK	1,874	14	2026
Water and wastewater treatment facility, Åkersberga	SE	1,106	1	2028
New quay structure, Gothenburg	SE	1,060	0	2028
Psychiatric hospital, Bærum	NO	1,042	6	2029
Extension of office and parking facility, Fredericia	DK	886	0	2026
Swim center, Oslo	NO	815	15	2029
Industrial building, Kalundborg	DK	780	3	2025
Refurbishment event arena, Stockholm	SE	688	11	2025
Training and storage area, Halmstad	SE	662	4	2026
Offices, Ballerup	DK	576	4	2025
Offices, Middelfart	DK	563	10	2026
Residential renovation, Herning	DK	539	7	2027
Residential renovation, Albertslund	DK	527	11	2025
School, Varberg	SE	519	29	2025
Ongoing projects				
Railway tunnel, West Link/Central Station, Gothenburg	SE	7,748	83	2026
Hospital, Hillerød	DK	6,915	54	2025
Railway tunnel, West Link/Korsvägen, Gothenburg	SE	5,662	80	–
Hospital building, Eskilstuna	SE	2,579	75	2025
Residential units, hotel and restaurants, Copenhagen	DK	2,252	92	2024
Subway station, Hagastaden, Stockholm	SE	2,140	33	2026
Railway section, Lund Arlöv	SE	2,130	93	2025
Railway station, Drammen	NO	1,842	56	2025
Hospital, Västerås	SE	1,611	29	2029
Correctional facility, Tidaholm	SE	1,601	60	2029
Hospital project, phase 2, Oulu	FI	1,485	55	2025
Offices, Gothenburg	SE	1,425	41	2026
Offices, Odense	DK	1,138	47	2024
Renovation of water treatment plant, Lidingö	SE	1,134	21	2026
Residential units, Herlev	DK	1,046	49	2025
Correctional institution, Mariestad	SE	1,046	76	2026
Offices, Trondheim	NO	1,039	61	2025
Subway depot, Stockholm	SE	1,017	72	2025
Swimming complex/water park, Gothenburg [1]	SE	955	92	–
Offices, Helsinki	FI	851	81	2024
Prison, Kristianstad	SE	739	85	2024
Residential units, Stockholm	SE	733	47	2025
Wastewater treatment plant, Kristianstad	SE	710	83	2025
Residential renovation, Malmö	SE	696	91	2024
Residential units, Copenhagen	DK	695	56	2024
Quay structure, harbor, Norrköping	SE	677	91	2026
Offices/residential units, Umeå	SE	615	65	2024
Offices, Oslo	NO	588	93	2024
University buildings, Espoo	FI	573	88	2024
Distribution station, Stockholm	SE	557	37	2026
University, Borlänge	SE	537	81	2024
Completed projects 2023				
New island with residential units and parking facility, Copenhagen	DK	2,095	100	2023
Tunnel construction, Faroe Islands	NO	1,532	100	2023
Light Rail, Bybanen, Bergen	NO	1,370	100	2023
Residential renovation, row houses, Albertslund	DK	1,303	100	2023
Hospital project, Oulu	FI	1,279	100	2023
Hotel at Liseberg, Gothenburg	SE	1,056	100	2023
Interchange, Häggvik	SE	1,042	100	2023
Residential renovation, Roskilde	DK	768	100	2023
Railway section, Oslo	NO	758	100	2023
Sporting facilities, Trondheim	NO	611	100	2023
Arterial road/bridges, Umeå	SE	561	100	2023
Residential units, Bålsta	SE	506	100	2023

1) Refer to Note 38 Events after the balance sheet date for more information.

Developments during the year


Hagastaden, Stockholm

NCC Infrastructure

NCC Infrastructure's orders received amounted to SEK 16,707 M (15,391). Orders received during the year increased primarily within Energy & Water Treatment whose share increased to 40 (28) percent. The contract from Roslagsvatten to build a new treatment plant in Österåker, Sweden, 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 22 percent (28).

The order backlog totaled SEK 16,074 M (17,291), a decrease compared with the preceding year though it remains at a high level.

Net sales increased to SEK 17,667 M (17,256). Energy & Water Treatment and Groundworks accounted for half of total net sales. Net sales attributable to Energy & Water Treatment amounted to 25 percent (17), which was lower than the share for orders received, due to the fact that – similar to last year – more 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 (74) of sales, while Norway and Denmark account for 13 percent (15) and 13 percent (11) of net sales, respectively.

Operating profit improved to SEK 723 M (429). The Bergnäset Ställningsmontage AB subsidiary was divested to the German company REMONDIS Maintenance & Services Sweden AB. The divestment was completed in the third quarter and generated a positive impact of SEK 175 M on earnings. Adjusted for the positive contribution from the divestment of Bergnäset, operating profit amounted to SEK 548 M; the increase was attributable to higher net sales and higher project margins in the order backlog.

Orders received (SEK M)

16,707

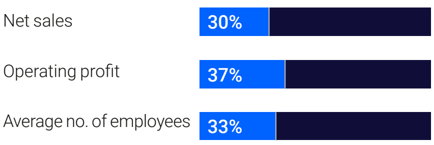
Net sales (SEK M)

17,667

Operating profit (SEK M)

723

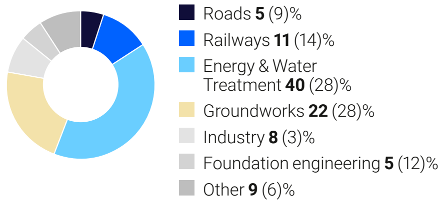
Share of NCC total



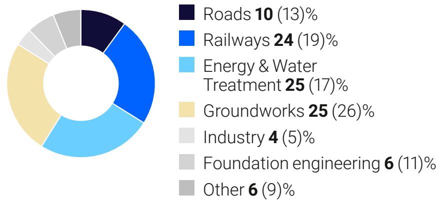
Key figures

SEK M	2023	2022
Orders received	16,707	15,391
Net sales	17,667	17,256
Operating profit	723	429
Operating profit, excl. Bergnäset	548	–
Operating margin, %	4.1	2.5
Operating margin, excl. Bergnäset %	3.1	–
Average no. of employees	3,910	4,118

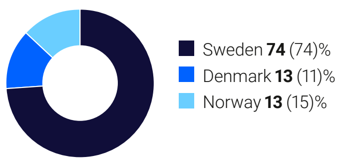
Orders received per product segment



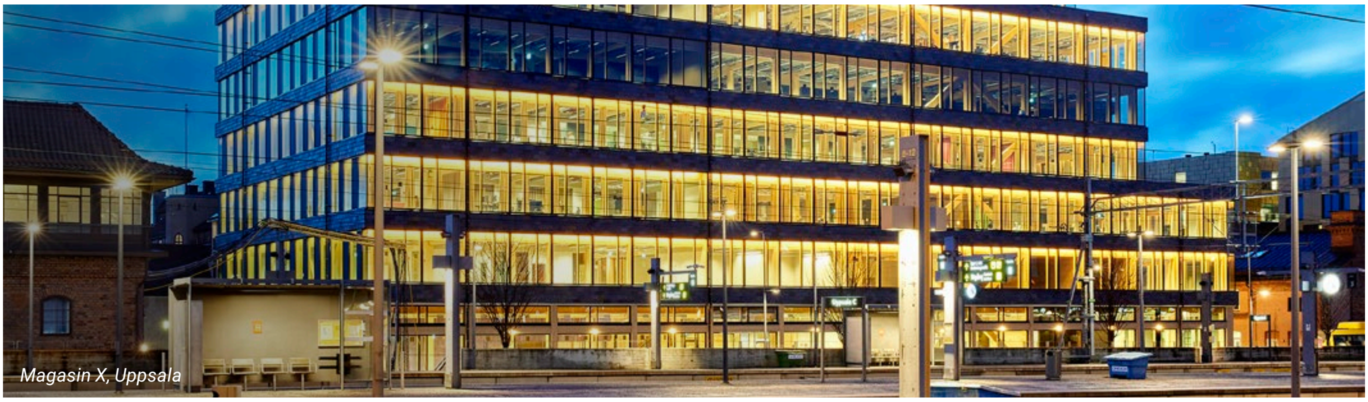
Net sales per product segment



Net sales per country



Developments during the year


Magasin X, Uppsala

NCC Building Sweden

NCC Building Sweden's orders received amounted to SEK 12,661 M (14,711). Public buildings accounted for the largest share of orders received and increased most, from 28 to 46 percent. Residential units and offices declined due to the prevailing market situation and amounted to 19 percent (22) and 6 percent (18), respectively. Just over 70 percent of orders received for residential units comprised rental apartments.

Major projects that were registered among orders during the year were several large hospital projects. A new emergency hospital is being built in Västerås, the hospital in Gävle will be extended and Ryhov County Hospital in Jönköping will be modernized. In Bjurholm, NCC Building Sweden will construct Diamanten, a building that will combine operations for elderly care and a preschool.

The order backlog was lower than in the year-earlier period, but remained at a high level compared with net sales for one year, and amounted to SEK 16,753 M (18,587) at the end of the year.

Net sales totaled SEK 14,475 M (14,178). Public buildings now account for the largest proportion of net sales, 31 percent (23). Residential units continued to represent a large share despite a slight decrease to 27 percent (30). Other segments were largely in line with the preceding year.

Operating profit amounted to SEK 272 M (252) and the operating margin was marginally higher. Operating profit continued to be negatively affected mainly due to impairment losses on a small number of residential projects in 2022 that were still ongoing in 2023.

Orders received (SEK M)

12,661

Net sales (SEK M)

14,475

Operating profit (SEK M)

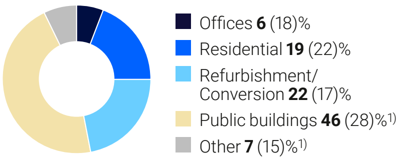
272

Share of NCC total

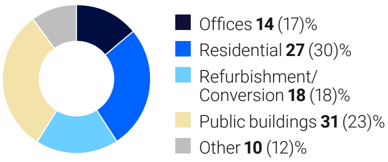
Key figures

SEK M	2023	2022
Orders received	12,661	14,711
Net sales	14,475	14,178
Operating profit	272	252
Operating margin, %	1.9	1.8
Average no. of employees	2,700	2,677

Orders received per product segment



Net sales per product segment



Net sales per country

1) During the year, some projects were reclassified from Public buildings to Other.

Developments during the year

Kronløbsøen, Copenhagen

NCC Building Nordics

NCC Building Nordics' orders received amounted to SEK 16,654 M (12,321). The increase was attributable to Denmark and Norway, where several large projects were registered among orders. In Finland, orders received declined. Due to the large projects in Norway and Denmark, Public buildings accounted for the largest share of orders received and amounted to 37 percent (35). The increase in the product segment Other (from 5 to 24 percent) was attributable to an order registered for a hotel in Aarhus, Denmark and an increase in industrial buildings. The proportion of residential units declined sharply year-on-year due to the prevailing market situation. The proportion of Offices increased from 10 to 15 percent despite the prevailing market situation due to two orders registered for head offices in Denmark.

Projects in Denmark that were registered among orders during the year included an assignment to construct a production facility and new head offices. In Finland, NCC Building Nordics was contracted to renovate the National Museum in Helsinki and to build a multi-purpose building near the Tuira school in the city of Oulu. In Norway, the contract to build a new district court house in Tönsberg was registered among orders.

The order backlog was higher year-on-year and amounted to SEK 18,684 M (17,127) at the end of the year.

Net sales amounted to SEK 14,615 M (13,568) and increased in all countries, but most in Denmark. Public buildings now account for the largest proportion of net sales, amounting to 31 percent (29). The proportion attributable to residential units declined to 22 percent (31).

Denmark is NCC Building Nordics' largest market, accounting for 49 percent (47) of sales, while Finland and Norway account for 35 percent (37) and 16 percent (16) of net sales, respectively.

Operating profit amounted to SEK 343 M (347). Denmark reported strong operating profit. In the first part of the year, Norway and Finland were affected by lower margins in the project order backlog due to impairment losses in the preceding year. In Finland, changes were implemented in the organization to align the business with the market and to strengthen profitability.

Orders received (SEK M)

16,654

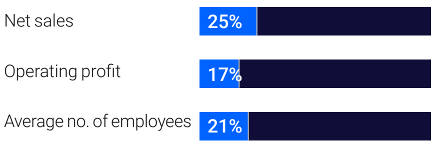
Net sales (SEK M)

14,615

Operating profit (SEK M)

343

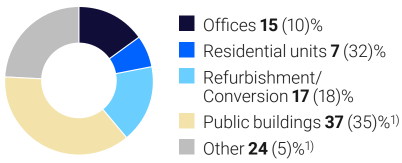
Share of NCC total



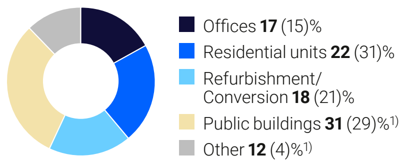
Key figures

SEK M	2023	2022
Orders received	16,654	12,321
Net sales	14,615	13,568
Operating profit	343	347
Operating margin, %	2.3	2.6
Average no. of employees	2,434	2,470

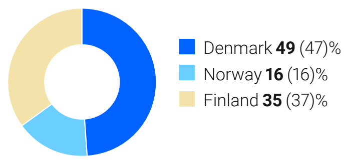
Orders received per product segment



Net sales per product segment



Net sales per country



1) During the year, some projects were reclassified from Public buildings to Other.

Developments during the year


Vestkapp, Norway

NCC Industry

NCC Industry's orders received amounted to SEK 11,459 M (11,638). Orders received in asphalt operations were lower while they were higher in stone materials operations.

Net sales were in line with the preceding year and amounted to SEK 11,485 M (11,268). The early winter throughout the Nordic region had a negative impact on net sales while price increases for customers in both the asphalt and stone materials operations made a positive contribution.

Volumes of sold stone materials amounted to 25,610 thousand tons (28,443) and volumes of sold asphalt to 4,657 thousand tons (4,803). Despite lower volumes, net sales increased as a result of the implemented price increases.

Lower energy costs and price increases in both the asphalt and stone materials operations in Denmark and Norway contributed to the higher operating profit in NCC Industry, which amounted to SEK 400 M (8). Last year's operating profit was burdened by the Norwegian and Danish asphalt operations, which had higher costs that could not be fully offset by price increases.

Operating capital employed

Operating capital employed amounted to SEK 4,090 M (4,411).

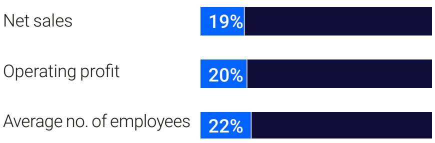
Net sales (SEK M)

11,485

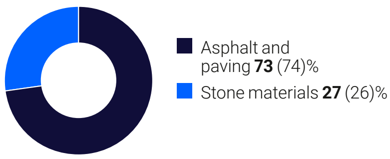
Operating profit (SEK M)

400

Share of NCC total



Orders received per product segment

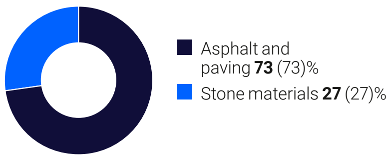


Key figures

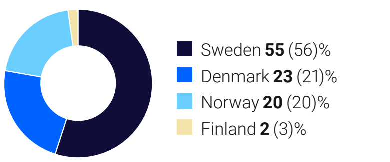
SEK M	2023	2022
Net sales	11,485	11,268
Operating profit	400	8
Operating margin, %	3.5	0.1
Operating capital employed	4,090	4,411
Return on operating capital employed, %	8.9	0.3
Average no. of employees	2,553	2,564
Stone materials, 1,000 tons[1)]	25,610	28,443
Asphalt, 1,000 tons[1)]	4,657	4,803

1) Sold volume.

Net sales per product segment



Net sales per country



Developments during the year


We Land, Helsinki

NCC Property Development

Net sales for NCC Property Development amounted to SEK 1,376 M (1,301).

Operating profit amounted to SEK 243 M (482). During the year, one project in Denmark (Kontorværket 1) was recognized in profit, in addition to one sale of land with development rights in Järva Krog in Sweden to Aros Bostad. Higher rental revenues in Sweden from several projects made a positive contribution to profit during the year. In 2022, three projects were recognized in profit: Fredriksberg D, Kineum Gårda and Bettorp.

Property projects

One joint venture project, Park Central, was started in Sweden during the year. This project is expected to be recognized in profit in the second quarter of 2027. During the year, a total of 31 new leases (32) were signed in Sweden, Finland and Denmark, corresponding to 27,900 square meters (31,800). At the end of the year, 11 projects (11) were ongoing or completed but not yet recognized in profit. Costs incurred in all projects amounted to SEK 9.0 billion (7.2), corresponding to a total completion rate of 75 percent (68). The completion rate for ongoing projects was 60 percent (68). The letting rate was 47 percent (59) for ongoing projects, and 87 percent (–) for completed projects. Operating net for 2023 amounted to SEK 146 M (37).

Operating capital employed

Operating capital employed amounted to SEK 9,592 M (7,996). The increase was attributable to investments in ongoing projects.

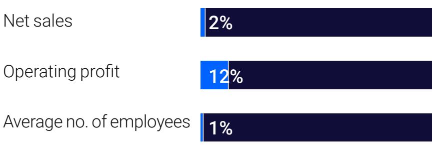
Net sales (SEK M)

1,376

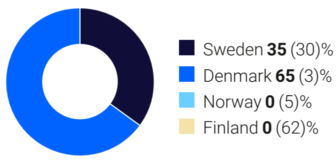
Operating profit (SEK M)

243

Share of NCC total



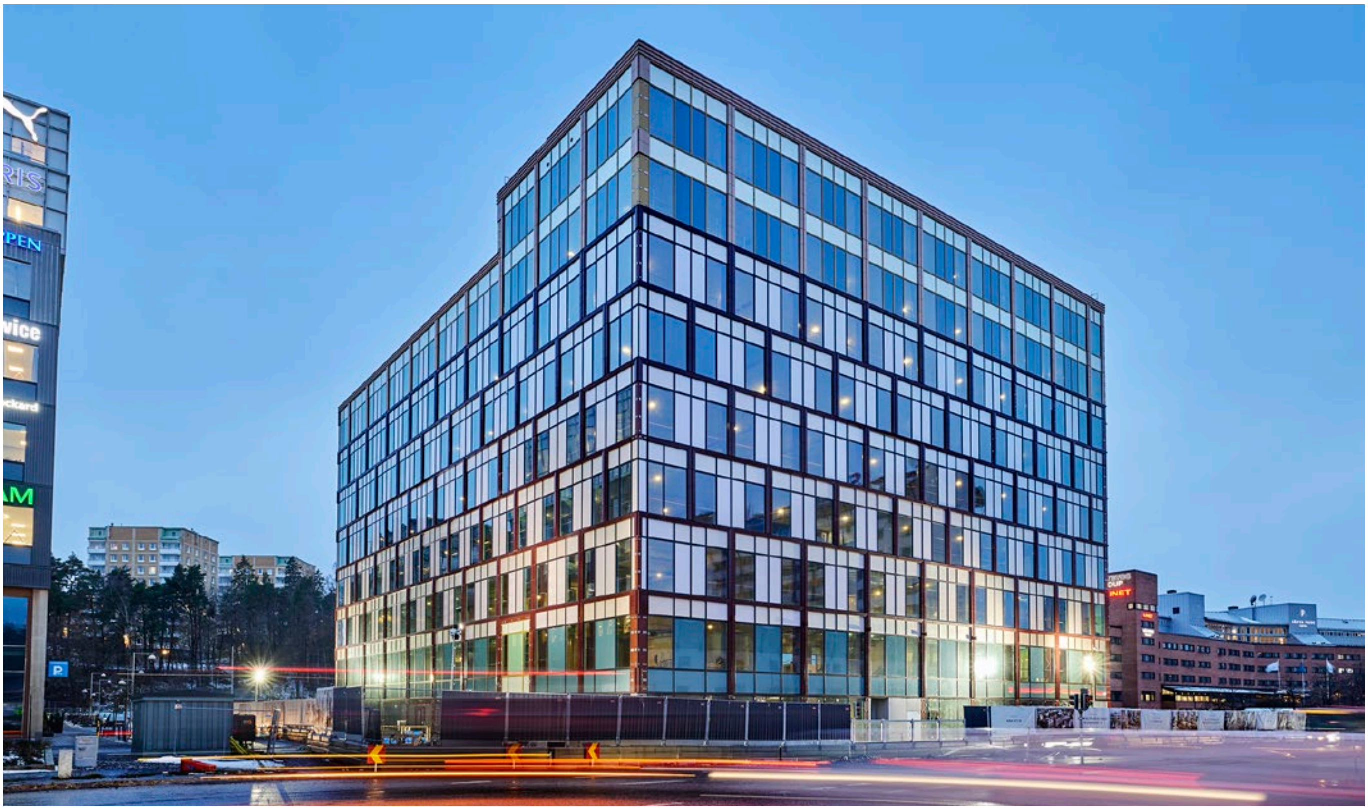
Net sales per country



Key figures

SEK M	2023	2022
Net sales	1,376	1,301
Operating profit	243	482
Operating margin, %	17.7	37.0
Operating capital employed	9,592	7,996
Return on operating capital employed, %	2.8	6.7
Average no. of employees	108	112

Developments during the year



NCC Property Development

Property development projects, Dec. 31, 2023

Ongoing property development projects[1)]

Project	Type	City	Sold, expected to be recognized in profit	Completion rate, %	Lettable space, sqm	Letting rate, %
We Land	Offices	Helsinki		70	21,200	47
Total, Finland				**70**	**21,200**	**47**
MIMO[2)]	Offices	Gothenburg	Q4 2024	73	31,600	58
Nova	Offices	Solna		85	9,900	27
Arendal Albatross[3)]	Logistics	Gothenburg	Q1 2024	95	34,000	100
Habitat 7	Offices	Gothenburg		50	7,800	36
Flow Hyllie	Offices	Malmö		58	10,300	40
Park Central[4)]	Offices	Gothenburg	Q2 2027	12	15,200	15
Total, Sweden				**57**	**108,800**	**46**
Total				**60**	**130,000**	**47**

1) 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 five previously sold and profit-recognized property projects, equal to a maximum of about SEK 15 M.
2) NCC communicated in Q2 2017 that Platzer held an option to acquire the property in Mölndal in connection with its completion. During Q3 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.
3) The project has been sold, and the letting rate is 100 percent since the letting risk has passed to the buyer.
4) The project comprises a total area of approximately 40,000 square meters and lettable space of about 30,400 square meters. The project is being carried out together with Jernhusen, a Swedish state-owned property company, and a contract was entered into in December 2021 to develop Park Central through a joint venture. NCC has acquired 50 percent of the company owning the property from Jernhusen, which will repurchase this shareholding when the property is fully developed and certain criteria are met. Figures in the table refer to NCC's share in the project.

Completed property development projects[1)]

Project	Type	City	Sold, expected to be recognized in profit	Lettable space, sqm	Letting rate, %
Kulma21	Offices	Helsinki		7,700	100
Total, Finland				**7,700**	**100**
Bromma Blocks	Offices	Stockholm		52,400	79
Våghuset	Offices	Gothenburg		10,900	99
Brick Studios	Offices	Gothenburg		16,100	97
Total, Sweden				**79,400**	**86**
Total				**87,100**	**87**

Developments during the year

Personnel

The average number of employees in the NCC Group in 2023 was 12,243 (12,485). 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, remuneration and terms of employment of the President and CEO and other employees in the company is presented in Note 4. The guidelines proposed to the 2024 Annual General Meeting (AGM) are largely consistent with those resolved by the 2023 AGM; see below.

Evaluation of guidelines for remuneration of senior executives in 2023

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 2023 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), totaling 12 people (including the CEO) when the Annual Report was issued. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2024 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 just over 200 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. For LTI 2021, the target is accumulated earnings per share (EPS) during the period 2021–2023. For LTI 2023, the targets are earnings per share (EPS) during the period 2023–2025, that emission intensity at the end of 2025 will not exceed 2.47 ton CO_2e/SEK M in terms of Scope 1 and 2, and that LTIF4 (the number of work-related accidents resulting in more than four days of absence per million hours worked) at the end of 2025 will not exceed 2.25. 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 shall be linked to financial objectives (EBIT, EPS). In addition, a smaller portion may be based on functional targets or operational targets, and 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 for the Group's own employees).

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 members in the SMT will cost the company a maximum of approximately SEK 30 M, including social security fees.

Variable remuneration and other benefits are pensionable to the extent specified by law and collective agreements.

Pensions and other benefits

NCC is endeavoring to move gradually toward defined-contribution pension 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 employees), 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. Variable remuneration and other benefits are pensionable to the extent specified by law and collective agreements. 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 or own business. 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, 2023, NCC's registered share capital comprised 11,548,853 Series A shares and 88,212,103 Series B shares, of which 2,099,221 Series B shares were held in treasury. During the year, 8,674,866 own Series B shares were withdrawn and the share capital was increased through a bonus issue without the issue of new shares, to restore the share capital. The shares have a quotient value of SEK 8.70 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. During the year, 1,365,270 Series A shares were converted into Series B shares.

During the year, NCC distributed 69,495 Series B shares at an average price of SEK 100.39, corresponding to 0.07 percent of the number of shares, to the participants of the long-term performance-based incentive program from 2020. Thereafter, the company holds 2,099,221 Series B treasury shares at an average price of 106.46.

Shareholders

The number of NCC shareholders at year-end was 44,622 (44,279). In terms of voting rights, OBOS was the largest individual holder accounting for 8.38 percent (6.46) of the share capital and 26.19 percent (23.15) of the voting rights. Nordstjernan was the second largest individual holder accounting for 3.65 percent (8.93) of the share capital and 17.85 percent (24.31) of the voting rights. No other shareholder accounts for more than 10 percent of the voting rights.

Following the withdrawal of a large portion of the shares repurchased in previous years, NCC holds 2.10 percent (10.00) of the share capital and 1.03 percent (4.83) of the voting rights. The ten largest shareholders jointly accounted for 37.92 percent (49.28) of the share capital and 58.68 percent (64.62) of the voting rights.

Dividend

On March 31, the AGM adopted the proposal by the Board of Directors for a dividend of SEK 6.00 per share for fiscal year 2022, divided between two payment occasions. The record date for the first payment of SEK 3.00 per share was April 4, 2023, with disbursement on April 11, 2023. The record date for the second payment of SEK 3.00 per share was November 6, 2023, with disbursement on November 9, 2023.

Significant events during the year

On March 31, the AGM decided on a reduction of the share capital by SEK 69,398,928 through the withdrawal of 8,674,866 own Series B shares and an increase in the share capital of SEK 69,398,928 through a bonus issue without the issue of new shares, to restore the share capital.

The AGM resolved that the Board of Directors is to comprise seven AGM-elected members. For more information, refer to the Corporate Governance Report.

On June 26, it was announced that the Bergnäset Ställningsmontage AB subsidiary was to be divested to REMONDIS Maintenance & Services Sweden AB. The divestment was completed in the third quarter and generated a positive impact of SEK 175 M on earnings in NCC Infrastructure.

At NCC's Capital Market Day on November 9, updated financial targets were presented for operations in addition to the news that NCC's resources for certain major projects driven by the green industrial transition will be collected in a separate business area. The NCC Green Industry Transformation business area will be established in 2024.

NCC's Board of Directors resolved that the earnings per share (EPS) target, SEK 16 per share, which was previously set for 2023, will apply until further notice as a short and medium-term target. The company's net-debt target will remain unchanged at <2.5 times EBITDA. The company's dividend policy that was adopted in April 2022 is unchanged.

On December 6, it was announced NCC had appointed two new Heads of business areas: Niklas Sparw for NCC Building Sweden and Helena Hed for the new business area NCC Green Industry Transformation. Both will join NCC's Senior Management Team and assumed their roles in February 2024. Niklas Sparw succeeded Henrik Landelius, who announced in September that he was leaving NCC for a role outside the company.

Events after the balance sheet date

In January, the company Tietoevry was the target of a major ransomware attack. NCC was a customer of Tietoevry and was to some extent affected by the incident. However, the impact was not material.

In February, Niklas Sparw took up the position as new Head of the NCC Building Sweden business area and Helena Hed as the Head of the NCC Green Industry Transformation business area.

On February 1, Nordstjernan sold 3,636,501 Series A shares and no longer holds any shares in NCC. The sale was conducted at a price equivalent to SEK 130 per share.

Due to changes in the ownership structure, Peter Hofvenstam, formerly of Nordstjernan, has resigned from the Nomination Committee. As the work of the Nomination Committee had largely been completed, the Committee did not appoint a replacement for Peter Hofvenstam. The two remaining members, Simon Blecher (Carnegie Fonder) and Trond Stabekk (OBOS), completed the work of the Committee and submitted the Nomination Committee's proposals to the AGM.

On February 12, 2024, a fire broke out at Oceana Water World in Gothenburg, which NCC is building on behalf of Liseberg. One person was tragically killed in the fire and the building was extensively damaged. The cause of the fire is being investigated by a number of agencies and NCC is assisting these investigations and our customer. Construction projects are generally insured.

On March 7, NCC announced that Maria Grimberg, Head of Communication, has decided to leave NCC for a role outside the company.

Parent Company

The Parent Company's net sales pertain to charges to Group companies and amounted to SEK 172 M (153). The average number of employees was 63 (60). Impairment of shares and participations totaled SEK 0 M (0). Profit after financial items totaled SEK 997 M (1,006). Approved dividends, adjusted for repurchased shares, amounted to SEK 586 M, of which SEK 293 M was paid in April and SEK 293 M was paid in November.

Appropriation of profits

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

Profit brought forward	4,038,474,341
Be appropriated as follows:	
To be distributed to shareholders	781,293,880
To be carried forward	3,257,180,461
Total, SEK	**4,038,474,341**

Refer to Note 39 for more information.

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. 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.

The aim of risk management is to identify, assess and prioritize risks within the operations. The organization can then take action to minimize the likelihood and impact of the incident.

Risk management is a central and essential part of NCC's operations. We work actively with risk management. These activities are supported by experts in the relevant areas. Risk management measures are integrated into internal processes for management and operations, with working procedures and guidelines that are often specifically designed for risk identification and implementation of mitigating measures.

Opportunities are handled separately at NCC and are not included in the same process and are designed using another methodology and approach.

The risk assessment is the most important tool for systematic risk management in our projects. It starts in the selling stage and is continuously updated throughout the construction process. The aim is to achieve a safe and predictable construction process, where the project is conducted within established parameters. The purpose of the assessment is to take the unique conditions for each project and systematically identify, analyze and manage the risks. By taking suitable measures, the likelihood and consequences of risks are minimized.

Overview of top risks at Group level

Risk category	Risk	Likelihood	Consequence	Change
Market	1. Geopolitical situation	Most likely	Major	→
	2. Market volatility	May occur	Serious	→
	3. Material and price increases	May occur	Serious	→
People	4. Skills supply and leadership	May occur	Major	→
	5. Health and safety	May occur	Serious	→
Management	6. Management of operations	May occur	Major	→
	7. Supply chain	May occur	Serious	→
IT	8. Group-wide IT Development	May occur	Major	→
	9. IT security (Information security)	May occur	Serious	→
Compliance	10. Compliance	May occur	Major	→

Definitions

Consequence:	Minor (>SEK 10 M)	Tangible (>SEK 50 M)	Serious (>SEK 100 M)	Major (>SEK 250 M)
Likelihood:	Most unlikely	Unlikely	May occur	Most likely
↓	Decrease in consequence or likelihood from 2022			
→	No changes in consequence or likelihood from 2022			
↑	Increase in consequence or likelihood from 2022			

Material risks and uncertainties

Top risks at Group level

Risk	Risk description	Key mitigating action plans
Market		
1. Geopolitical situation	The global geopolitical situation is unstable in several parts of the world with a potential impact on the normal course of international relations. This leads to more complex situations for companies in several respects, including inflation and economic developments, rising energy prices and interest rates, austerity in financing markets, higher risk for cyberattacks and disturbances in the supply chain.	• NCC only conducts operations in the Nordic region, which limits exposure to international geopolitical situations and their consequences on NCC's general economy and supply chain. • The organization has managed and mitigated challenges related to the geopolitical situation, including cost inflation and disturbances in the supply chains during 2023. The risk remains in the coming years with a potential broad impact on the business. • See sections 2, 3 and 9 below for more details about risk description and key mitigation action plans relating to the situation.
2. Market volatility	Risk for loss of revenue due to weakening market overall. More specifically a risk of underestimating the size and speed of the downturn of the market, and then being too slow to respond. The market sentiment is a material risk for the property development operations both in terms of letting and divestments. Furthermore, there are cost increases linked to interest and inflation.	• NCC carefully monitors developments in the market and the financial development of customers and suppliers. • Internal processes are designed to ensure that price increases can be passed to customers (fixed prices from suppliers where appropriate). • NCC works continuously to steer operations through segment prioritization and portfolio governance to limit exposure to vulnerable parts of the economy where possible.
3. Material and price increases	Risk of shortage of materials and price increases in general, for instance metals, steel, energy, cement, plastics and freight, due to the external circumstances in the market. Stone material and asphalt plants are highly dependent the supply of raw material, such as stone material reserves, bitumen, reclaimed asphalt pavement (RAP), etc.	• The Group's purchasing department provides quarterly reporting on the market situation and the potential risks related to material prices. • No framework agreements with a set process to the extent possible, and ensure reasonable clauses that regulate price increases secured through templates in the Purchasing Portal. • Work with NCC's supplier relationships to ensure that we are a prioritized customer. • Long-term raw material strategies have been developed. To guarantee deliveries, the supplier base has several key suppliers. • Focus on increasing the number of bitumen depots under NCC control and reducing the number of specialty products to minimize the dependency on one single supplier.
People		
4. Skills supply and leadership	The foundation of NCC's strategic direction is to be a knowledge-based company, and it is therefore imperative for us to have the right people with the right attitude, skills and experience on-board. Successful recruitment, retention and development of people with necessary skills is crucial for the company. Lack of leadership increases the risk that we cannot deliver according to quality and profitability, and will not be able to retain our employees. The development of managers is essential to drive and deliver quality in projects and retain personnel with the desired skills.	• Development plans are created for both the short and long term, based on continuous discussion about the skills development needed by our employees (focus on general development and project management ability). • Group-wide development programs are conducted for project management and leadership, such as the Mega Project Management Program, Senior executive program, Strategic leadership program and Practical leadership program for site managers. • Workshops based on the Group's Star behaviors have been conducted to improve culture and behavior across the organization. • A process to follow up the progress has been implemented. Star behaviors form the basis of all leadership programs. • A structured succession planning process is in place to ensure that we constantly replenish with the right competencies and experience.
5. Health and safety	In the construction business, there is a high risk of different types of accidents. Fatal and serious accidents still occur and often within the three high-risk areas: working at height, heavy crane lifting and use of heavy vehicles. Analyses implemented have concluded that root causes are poor planning, less involvement from production management, and improper and high-risk behaviors among workers. Another conclusion is that there are few or poor safety barriers between people and this increases the risk of an accident. Many operations in the Group feature risky elements for workers, placing high demands on correct training and safety equipment, and not least an established culture that has the health and safety of employees as its highest priority.	• Strategic direction that aims to reduce common accidents, and to eliminate serious incidents and fatalities. • Systematic work to improve and increase the number of digital and physical safety barriers in collaboration with NCC Group R&I, IT and Purchasing. It is important to incorporate more qualitative safety barriers into equipment, machinery and production vehicles we purchase or lease. NCC stipulates clear safety requirements for production machinery and vehicles used by our subcontractors. • Within the framework of Star behaviors, NCC focuses systematically on reducing behavior among NCC employees and subcontractors that is not in line with NCC's values. • Intensive work to improve our Site Introduction tool to align and digitize our safety requirements for NCC worksites. • Each employee, supplier and subcontractor must pass the Site Introduction to gain access to our worksites. The purpose of this is to increase safety awareness. • 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 injury-prevention activities, with a particular focus on creating a culture that encourages a safe work environment.

Material risks and uncertainties

Risk	Risk description	Key mitigating action plans
Management		
6. Management of operations	Within contracting operations, the main operating risks are project selection and project management. There is also a risk of failure in the ability to implement what has been decided according to the processes and strategic initiatives. There is an overcapacity in the market for Industry in all geographical areas. The season is limited and there is intense competition to provide large volumes in a short period of time. This leads to unpredictable pricing. In addition, asphalt is a volume-driven business and there is a risk of higher costs per ton in the event of low volumes.	• NCC assigns priority to submitting tenders with identified risks that are manageable and calculable. Different forms of contracts and partnerships with customers facilitate the management of various risks. These operating risks are counteracted by NCC's project selection, assessment of tenders and operational control systems. • Specifically for the Industry business area, we work with sales control, tender evaluation and pricing to ensure the right volume and cost control. In addition, we are continuously evaluating capacity and making necessary adjustments in time.
7. Supply chain	Inadequate control of the supply chain gives rise to the risk of human rights violations, such as illegal labor, which remains an industry risk. It also gives rise to the risk of commercial breaches and, lastly, a poor overview of material being brought in to our worksites.	• All international suppliers are pre-qualified before entering into a contract to ensure compliance with rules and regulations, including internal rules. • NCC conducts systematic evaluations to ensure compliance with rules and regulations. • At the worksites, the Site Introduction initiative helps to identify personnel on site who support our efforts against illegal labor and unfair pay.
IT		
8. Group-wide IT development	Failure to implement shared IT developments leads to significant costs for development without any realized benefits, implying lack of commitment and readiness for change in NCC's operations. In the event of failure, NCC will face new stalemates in the future, both in terms of the technological lifecycle and adaptation to business needs.	• Dedicated resources for leading the program and a business approach (future processes and ways of working at NCC) before selection of the tools. • Clear roles and responsibilities have been defined to ensure business alignment and maximum benefit. • Process framework and governance are in place and shared process owners have already been appointed for some process areas. • NCC has developed and implemented a common way of working with business change management and is continuously working with building capability to ensure sustainable change. • NCC is continuously following up the ongoing implementations and realized benefits to ensure that we are progressing as planned.
9. IT security (information security)	The ongoing advances in technology, rapid digitization and emergence of information-dependent societies are expected to give rise to new types of cyberattacks and network vulnerabilities. It is fundamental to continue to monitor the fast-changing technical development and ensure proper security governance and planning to prevent weaknesses in the IT environment.	• NCC Security Strategy and roadmap, in combination with the NCC Finance & IT development roadmap, together with each business area's and Group function's roadmap, describe the necessary activities to mitigate information security risks. • NCC is continuing to establish an Information Security Management System and a Cyber Security Operation Center, which increases the threat-monitoring ability and capabilities for resilience to security incidents.
Compliance		
10. Compliance	Risk of penalties and sanctions and risks related to branding, lawsuits and costs for disqualification from public tenders due to compliance breaches.	• A risk-based compliance program that includes a whistleblower channel and policies governing anti-corruption, competition law, conflicts of interest, GDPR and human rights. • Mandatory training for white-collar employees in anti-corruption, competition law and GDPR. The training programs are regularly followed up. • Anti-corruption training was updated and relaunched in 2023.

Material risks and uncertainties

Financial risks and 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.	NCC's Group Treasury Policy is adopted by NCC AB's Board and forms a framework for risk mandates and limits for the NCC Group. The Group's financial activities are centrally organized, which provides a good overview of financial positions and risks. Also refer to Note 36.
Exchange rate risk	The exchange rate risk is the risk that changes in exchange rates 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 follow-up 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.

Material risks and uncertainties

Sensitivity and risk assessment, *The figures are based on outcomes in 2023.*

Risk	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
NCC Infrastructure					
Volume[1]	±5%	71	0.8	0.6	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	177	1.9	1.4	
NCC Building Sweden					
Volume[1]	±5%	42	0.5	0.3	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	145	1.5	1.1	
NCC Building Nordics					
Volume[1]	±5%	54	0.6	0.4	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	146	1.6	1.1	
NCC Industry					
Volume[1]	±5%	44	0.5	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	115	1.2	0.9	
Capital rationalization	±10%	24	0.3	0.5	
NCC Property Development					
Sales volume, project	±10%	42	0.4	0.3	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 price 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 yield a higher sales margin.
Sales margin, project	±1 percentage point	12	0.1	0.1	
Group					
Changed interest rate, net debt[2]	±1 percentage point	38	0.4		

1) Given a change in volume, it is assumed that overhead costs will be largely unchanged.
2) Excluding pension debt in accordance with IAS 19.

Climate-related risks and opportunities

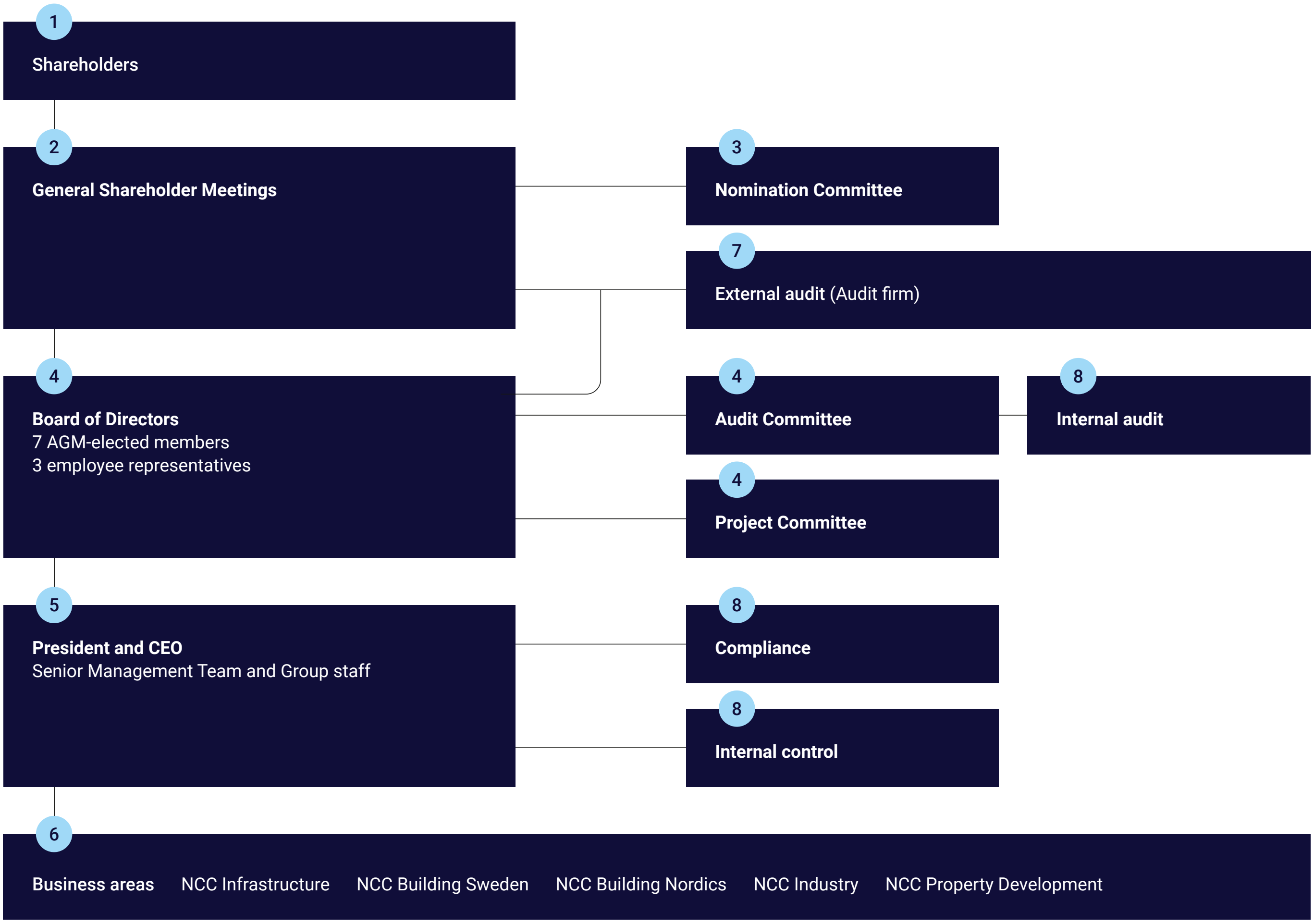
Climate and energy is one of the prioritized areas in NCC's Sustainability Framework and NCC works to address its material climate-related risks and opportunities. As a feature of this work, NCC in 2023 integrated the assessment of climate-related risks and opportunities in the ordinary risk process for strategic risks. In 2023, NCC also initiated a process to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD). As a result, the risk assessments were updated to align with the future requirements in respect of the definition of time horizons (what is meant by short, medium and long-term) and with updated climate scenarios.

NCC strives to integrate the issue of climate change into the project development process and reduce its own carbon emissions and promote increased resilience. Each business area has evaluated climate-related risks and opportunities based on two scenarios: Physical risks, scenario SSP5-8.5, based on the latest report from the IPCC (applied to physical risks) and transition scenarios (International Energy Agency Net Zero (NZE)).

Category overview		Risk assessment		Risk management/strategies to realize opportunities
Risks and opportunities	**Description**	**Likelihood**	**Consequence**	**Actions**
Transition risk Changes to external climate-related policies and/or legal conditions that impact NCC and lead to…	Carbon-price mechanisms (such as higher prices for GHG emissions through the emissions trading system or all price mechanisms for carbon emissions (such as Carbon Border Adjustment Mechanism (CBAM)) directly or indirectly through suppliers that lead to higher costs (direct or indirect carbon costs, higher costs for regulatory compliance).	May occur	Minor	• Proactive dialogues and cooperation with suppliers from whom NCC purchases materials with a high climate impact, such as cement • Participation in research and development projects to develop materials with less climate impact • Strong focus on circularity and the aim of reducing the amount of materials used in buildings • Risks of higher prices is managed at the bidding stage and in contracts as well as in follow-ups of the contracts.
Transition risk Changes to external climate-related policies and/or legal conditions that impact NCC and lead to…	Increasing requirement for climate-related reporting at both project and company level (such as climate declarations for buildings). May lead to higher costs (such as higher costs for data collection, external communication, support related to reporting and the review of reporting and data).	May occur	Minor	• Staffing, financial resources and procedures are in place or being implemented in the company along with procedures and processes for reporting • The digitization of data processing is crucial for manageable work processes in the long term. For this reason, NCC's initiative within the framework of the climate action plan, systems for climate calculations and joint IT development are important.
Opportunity Changes to climate-related customer needs and requirements that lead to…	Diversification of NCC's operations (such as new business models, product-as-a-service) that provide higher revenue.	May occur	Tangible	• We are monitoring developments in society and the market • Development of re-use in response to requirements and needs.
Opportunity Changes in climate-related customer needs and requirements leading to…	Increased demand for NCC's products and/or projects (such as asphalt with a reduced climate footprint, construction sites with low emissions, low-carbon and low-energy-use product(s), etc.) with lower lifecycle emissions than NCC's competitors. This could result in higher revenue due to demand for products and services with lower emissions.	May occur	Tangible	• Reference project that supports NCC when it comes to securing new projects • NCC already conducts lifecycle assessments (LCAs) for many projects • Create an overall climate action plan and activities in every business area • Market assessment with specific conclusions • Sales and marketing activities • Work in close collaboration with customers to monitor and follow their transition pertaining to sustainability matters.
Opportunity NCC is perceived to contribute sufficiently to the transition to an economy with a lower climate footprint (compared with NCC's competitors) which leads to…	Rising demand for NCC's products, projects and services as well as demand for NCC's expertise in the early stages that may lead to higher revenue in NCC's projects and for its products and services, including demand for NCC's know-how and partnership in early stages that leads to higher revenue.	Unlikely	Tangible	• Sustained high internal demand and standards for the sustainability expertise that we demonstrate in day-to-day activities in the projects • We monitor developments in society and the market. A market analysis with concrete conclusions is required • Sales and marketing activities • Work close to our customers to monitor their sustainability transition.
Opportunity Changes in climate-related needs for or requirements from NCC's customers, which lead to…	Increased demand for NCC's products and/or projects that directly support or facilitate customers climate change mitigation activities (such as wind power, hydropower, energy distribution) that leads to higher revenue.	Unlikely	Minor	• We are monitoring developments in society and the market • We work closely with our customers to monitor their sustainability transition.

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 2023 was approx. 44,600, with OBOS as the largest individual holder accounting for 8.38 percent of the share capital and 26.19 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 2023

The 2023 Annual General Meeting (AGM) was held at SPACE Arena in Stockholm on March 31. 182 shareholders were represented at the AGM, accounting for 43.7 percent of the share capital and 63.5 percent of the total number of votes. The minutes of the AGM are available at ncc.com.

The 2023 AGM passed the following resolutions, among others:

Payment of a dividend for the 2022 fiscal year of SEK 6.00 per share, divided between two payment occasions.

Corporate Governance Report

Alf Göransson, 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. Daniel Kjørberg Siraj and Cecilia Fasth were elected as new Board members. Board member Geir Magne Aarstad declined re-election.

It was resolved that fees for the Board of Directors and its committees would total SEK 5,150,000. Guidelines were adopted for determining the salary and other remuneration of the CEO and other members of the company's management and the remuneration report was adopted.

Furthermore, it was decided to introduce a long-term performance-based incentive program (LTI 2023 Share Program) for senior executives and key personnel.

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 145,000 of the company's Series B shares on Nasdaq Stockholm 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 2020 and LTI 2021 Share Programs).

The AGM also decided on a reduction of the share capital through the withdrawal of own Series B shares and an increase in the share capital through a bonus issue without the issue of new shares.

Income statements and balance sheets for 2022 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 2023

At the AGM on March 31, 2023, the persons elected to the Nomination Committee were Peter Hofvenstam (Nordstjernan AB), Simon Blecher (Carnegie Fonder) and Trond Stabekk (OBOS), 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.

The Nomination Committee's proposals to the 2024 AGM are available at 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 2023, seven 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. 40–41. 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. 40.

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 Daniel Kjørberg Siraj. The Project Committee is chaired by Alf Göransson.

Work of the Board of Directors

In 2023, NCC's Board held six scheduled meetings, four 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 Board meetings, the Board of Directors performed worksite visits in Copenhagen and Stockholm. 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.

Within the framework of the Board's work, the Audit Committee is to monitor the company's financial and non-financial reporting to, among other objectives, maintain the market's confidence in the company. Furthermore, the Committee is to ensure a qualified, efficient and independent internal and external audit of the company, that effective communication is maintained between the Board and external auditors, and that matters relating to the company's financial reporting and audit are prepared, refer to p. 39, item 5, Follow-up. In 2023, the Committee held six meetings. All members were present at these 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 2023, the Committee addressed nine projects and held seven 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. 42). 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. 37). The company has not appointed any Deputy Chief Executive Officer.

NCC's Senior Management Team (SMT) consisted during 2023 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. The SMT will be expanded in 2024 with the head of the new Green Industry Transformation business area.

For information on members of the SMT, see pp. 42–43.

Corporate Governance Report

Board of Directors' working year 2023

In addition to such standing items as investments and divestments within NCC Property Development, and Finance.

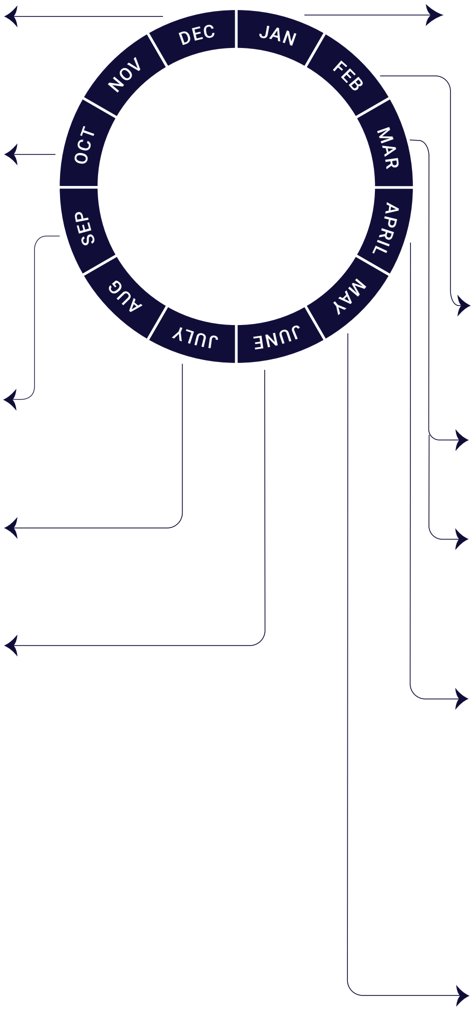
Board meeting, December 13
- Review of NCC Building Sweden
- Budget 2024
- Proposed bonus system
- Future IT investments
- Succession planning

Board meeting, October 30
- Quarterly report
- Review of NCC Infrastructure
- Strategy
- Capital rationalization
- Unrivaled Cost Management
- CSRD reporting
- Analysis of large projects

Board meeting (unscheduled) September 15
- Organizational change, new business area, NCC Green Industry Transformation

Board meeting, July 17
- Semi-annual report

Board meeting June 28–29
- Strategy
- Review of operations in NCC Building Nordics, Industry/Denmark
- Succession planning
- CEO's review of management team
- Debriefing, Compliance
- Debriefing, Sustainability
- Review of health and safety issues



Board meeting, January 30
- Review of NCC Property Development
- Year-end accounts 2022
- Annual Report
- Strategy
- Future IT investments
- Motion concerning appropriation of profits and dividend policy
- Motion concerning guidelines for salary and other remuneration
- Other motions to the AGM
- Corporate Governance Report
- Definitive audit report

Board meeting (unscheduled) February 17
- Proposal concerning cancellation of own shares etc.

Board meeting (unscheduled) March 21
- Update on operations

Statutory Board meeting March 31
- Company signatories appointed
- Members of Board of Directors' committees appointed

Board meeting, April 25
- Quarterly report
- NCC's market position
- LTI allotment
- Competitor analysis
- Governing documents, such as:
  - Group Treasury Policy
  - Insider Policy
  - Rules of procedure and decision-making directives

Board meeting (unscheduled) May 23
- Investment and sales matters

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 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. 57–59.

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.

Corporate Governance Report

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 2024. Authorized Public Accountant Ann-Christine Hägglund has been appointed PwC's auditor-in-charge. For more information on the auditor, see p. 41.

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, regulatory compliance, 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. 39, item 5, Follow-up.

Business conduct and regulatory compliance

The CEO is ultimately responsible for ensuring that an effective Compliance Program in priority risk areas is implemented in the organization and each head of the business areas is responsible for regulatory compliance and business conduct in their business area. The Group's Compliance function has overall responsibility for the Group's Compliance Program, including its design, policies, processes, Group-wide training and communication, and for coordinating its implementation. The function is headed by the Group Head of Compliance, who reports to the Senior Legal Counsel. The Group Compliance Committee (GCC), containing representatives from selected Group functions, is responsible for monitoring implementation of the Compliance Program as well as generally reviewing reports of suspected serious irregularities and breaches of rules and that these are handled appropriately. Operational work related to business conduct and regulatory compliance is pursued in NCC's business areas. For more information, refer to the separate Sustainability Report.

NCC has identified five impact areas based on a risk assessment: Counteracting bribery and corruption; Fair competition; Counteracting fraud and conflict of interest; Data privacy (GDPR); and Human rights. The Compliance function is mainly responsible for the overall work relating to Counteracting bribery and corruption; Fair competition; Counteracting fraud and conflict of interest, and regulatory compliance in conjunction with the processing of personal data. NCC's purchasing organization and HR function are responsible for the process for monitoring of human rights compliance.

NCC's Group Head of Compliance checks the internal investigations regarding suspected violations of NCC's Code of Conduct and other serious irregularities reported as part of NCC's Tell me function. 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.

Sustainability work

In 2023, NCC commenced work to prepare for the new Corporate Sustainability Reporting Directive (CSRD) that entered into force in 2023 and the European Sustainability Reporting Standard (ESRS).

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

NCC has worked with cross-functional teams in all business areas to ensure that all perspectives are considered and that ownership is established in day-to-day activities. In addition, dedicated staff have been appointed in Group functions most affected, that is, Procurement, IT, HR and Finance. These have been engaged through regular meetings, by conducting gap analyses as well as updating internal procedures, systems and reporting requirements.

On two occasions during the year, the company's Board of Directors was offered training. ESG monitoring and implementation of new ESG reporting and compliance procedures are now standing items on the Audit Committee's agenda.

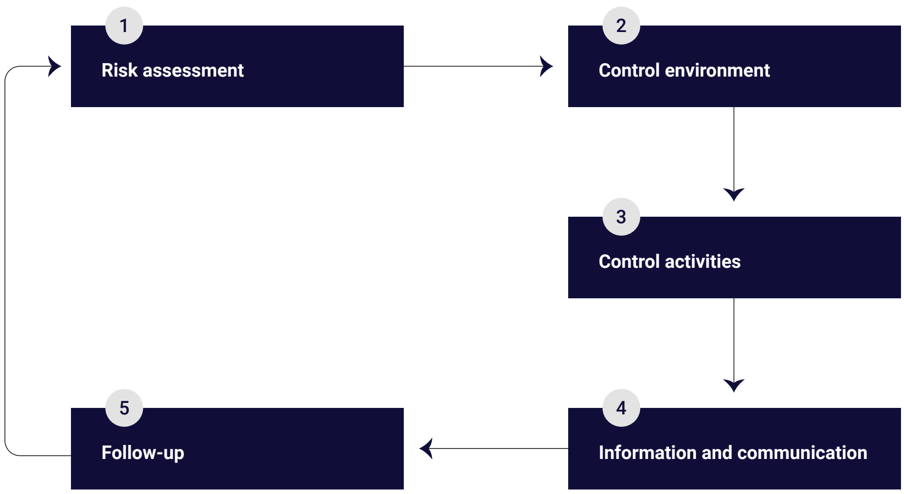
Withdrawal of own shares, etc.

In accordance with the decision of the Board of Directors at the AGM on March 31, 2023, NCC reduced its share capital by withdrawing 8,674,866 Series B treasury shares and increased – through a transfer from unrestricted equity – its share capital through a bonus issue without issuing new shares. In 2023, 0 Series B shares were sold and 69,495 shares were transferred to participants of LTI 2020. NCC holds a total of 2,099,221 shares.

Corporate Governance Report

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.

Corporate Governance Report

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 activized 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 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 2023. 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. The information also includes such documents as the Articles of Association and the Code of Conduct.

Corporate Governance Report

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: 11 (11)

Total annual remuneration: SEK 1,625,000

Shareholding in NCC AB*: 10,000 Series B shares

Simon de Château

Board member

Born 1970. M.Sc. in Business Administration

Elected (year): 2020

Other assignments: Chairman and founder of Alma Property Partners. Chairman of the Board of Prisma Properties and 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: 11 (11)

Total annual remuneration: SEK 500,000

Shareholding in NCC AB*: 90,000 Series B shares

Cecilia Fasth

Board member

Born 1973. M.Sc. in Engineering

Elected (year): 2023

Other assignments: CEO of Stena Fastigheter, Board member of Fagerhult and Swegon Group.

Previous experience includes: CEO of Castellum Väst, CEO of Sverigehuset, EVP of Skanska UK and various roles at Skanska.

Independent in relation to the company and the SMT: Yes

Independent in relation to major shareholders: Yes

Attendance, Board meetings: 8 (11)

Total annual remuneration: SEK 500,000

Shareholding in NCC AB*: 3,100 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, Lekolar and 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: 11 (11)

Total annual remuneration: SEK 625,000

Shareholding in NCC AB*: 20,000 Series B shares

Daniel Kjørberg Siraj

Board member
Member of Project Committee

Born 1975. Master of Laws

Elected (year): 2023

Other assignments: CEO of OBOS and Chairman of the Board of Construction City Cluster.

Previous experience includes: EVP Residential Development at OBOS, Board member and Vice Chairman of BWG Homes ASA, AF Gruppen ASA and Veidekke ASA.

Independent in relation to the company and the SMT: Yes

Independent in relation to major shareholders: No

Attendance, Board meetings: 8 (11)

Total annual remuneration: SEK 600,000

Shareholding in NCC AB*: 0

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 Nordstjernan, Board member of Adlibris, Röko, Bonnier Books, Bonnier Capital and Voxear Technologies.

Previous experience includes: Investment Director and CFO, Nordstjernan, 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: 11 (11)

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: Deputy Chairman of the Board of NNE A/S, the Danish Government's IT Council and Dansk Vækstkapital I. Board member of WSP Global Inc., Associated British Ports, Dansk Vækstkapital II, Associated Danish Ports and Norisol A/S (and the Group companies NRSL Holding A/S and NO Invest A/S)

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: 11 (11)

Total annual remuneration: SEK 625,000

Shareholding in NCC AB*: 6,500 Series B shares

Corporate Governance Report

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.

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, 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'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*: 2,750 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, 2023.

Corporate Governance Report

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*: 137,435 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*: 5,379 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*: 9,686 Series B shares

Henrik Brinck Landelius[1)]
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*: 7,536 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*: 5,047 Series B shares

Grete Aspelund
Head of NCC Industry business area

Born 1971. M.Sc. in Economics

Head of NCC Industry since 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.

Shareholding in NCC AB*: 3,048 Series B shares

Corporate Governance Report

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*: 6,525 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*: 7,900 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*: 2,750 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*: 3,765 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*: 5,298 Series B shares

[1] Niklas Sparw

Assumes position as Head of the NCC Building Sweden business area on February 1, 2024, replacing Henrik Brinck Landelius, who is leaving the company for another assignment.

Helena Hed

Assumes position as Head of the NCC Green Industry Transformation business area on February 12, 2024.

* The details regarding shareholdings in NCC pertain to shares that were directly owned, owned via related parties or owned via companies at December 31, 2023.

Financial statements

Notes

Group

Consolidated income statement

SEK M	Note 1, 3, 12, 19	2023	2022
Net sales	2	56,932	54,198
Production costs	4, 5, 9, 15, 16, 24, 33	–52,245	–50,202
Gross profit		**4,687**	**3,996**
Selling and administrative costs	4, 5, 6, 9, 15, 16, 33	–3,156	–2,981
Capital gain/loss from sales of owner-occupied properties	16	19	22
Impairment losses and reversal of impairment losses, fixed assets	7, 15, 16	–2	0
Capital gain/loss from sales of Group companies	8	265	59
Result from participations in associated companies and joint ventures		–11	262
Operating profit		**1,802**	**1,358**
Financial income	11	80	29
Financial expenses	11	–79	–87
Net financial items		**1**	**–59**
Profit after financial items		1,803	1,299
Tax on net profit for the year	23	–230	–230
Net profit for the year		**1,573**	**1,069**
Attributable to:			
NCC's shareholders		1,573	1,069
Net profit for the year		**1,573**	**1,069**
Earnings per share			
Profit after tax, SEK, before dilution		16.11	10.29
Profit after tax, SEK, after dilution		16.11	10.29
Number of shares, millions			
Total number of issued shares		99.8	108.4
Average number of shares outstanding before dilution during the year		97.6	103.9
Average number of shares outstanding after dilution during the year		97.6	103.9
Number of shares outstanding on Dec. 31		97.7	97.6

Consolidated statement of comprehensive income

SEK M	Note	2023	2022
Net profit for the year		**1,573**	**1,069**
Items that have been recycled or can be recycled to net profit for the year	14		
Year's exchange differences on translating foreign operations		–74	229
Fair value changes for the year in cash flow hedges		–54	102
Year's fair value changes for cash flow hedges transferred to net profit for the year		–100	–44
Tax attributable to cash flow hedges	23	32	–12
		–196	**275**
Items that cannot be recycled to net profit for the year			
Revaluation of defined-benefit pension plans	29	–818	2,039
Tax relating to items that cannot be recycled to net profit for the year	23	168	–420
		–649	**1,619**
Other comprehensive income for the year		**–846**	**1,894**
Comprehensive income for the year		**728**	**2,963**
Attributable to:			
NCC's shareholders		**728**	**2,963**
Total comprehensive income during the year		**728**	**2,963**

Group

Consolidated balance sheet

SEK M	Note	2023	2022
ASSETS	1, 19, 32, 36		
Fixed assets			
Goodwill	15	1,913	1,943
Other intangible assets	15	545	326
Right-of-use assets	33	1,300	1,420
Owner-occupied properties	16	867	909
Machinery and equipment	16	2,310	2,504
Long-term holdings of securities	18, 20	84	83
Long-term interest-bearing receivables	22	204	184
Pension receivable	29	–	68
Other long-term receivables		21	36
Deferred tax assets	23	583	564
Total fixed assets		**7,827**	**8,037**
Current assets			
Right-of-use assets	33	1	2
Properties held for future development	24	1,265	1,179
Ongoing property projects	24	3,794	7,171
Completed property projects	24	4,986	–
Participations in associated companies	24	201	74
Materials and inventory	25	1,120	1,079
Tax receivables		43	118
Accounts receivable	36	8,696	8,205
Worked-up, non-invoiced revenues	2	1,076	1,410
Prepaid expenses and accrued income		1,190	857
Current interest-bearing receivables		129	117
Other receivables	22	415	386
Short-term investments	20	501	394
Cash and cash equivalents	35	707	534
Total current assets		**24,124**	**21,528**
TOTAL ASSETS		**31,950**	**29,565**
EQUITY	1		
Share capital	26	867	867
Other capital contributions		1,844	1,844
Reserves	14	135	331
Earnings brought forward including profit for the year		4,478	4,140
Shareholders' equity		**7,324**	**7,183**
Total equity		**7,324**	**7,183**
LIABILITIES	1, 19, 32, 36		
Long-term liabilities			
Long-term interest-bearing liabilities	27, 33	3,006	3,286
Other long-term liabilities	30	13	60
Provisions for pensions and similar obligations	29	556	–
Deferred tax liabilities	23	889	943
Other provisions	28	2,218	2,481
Total long-term liabilities		**6,683**	**6,770**
Current liabilities			
Current interest-bearing liabilities	27, 33	2,289	1,012
Accounts payable		6,105	5,165
Tax liabilities		–	14
Invoiced revenues not worked up	2	5,058	4,754
Accrued expenses and deferred income	31	3,396	3,512
Provisions	28	–	7
Other current liabilities	30	1,096	1,148
Total current liabilities		**17,944**	**15,612**
Total liabilities		**24,626**	**22,382**
TOTAL EQUITY AND LIABILITIES		**31,950**	**29,565**

Group

Consolidated changes in equity

	Shareholders' equity attributable to Parent Company shareholders					
SEK M	Share capital	Other capital contributions	Reserves	Profit brought forward	Total	Total equity
Opening equity, Jan. 1, 2022	**867**	**1,844**	**57**	**3,076**	**5,844**	**5,844**
Net profit for the year	–	–	–	1,069	1,069	1,069
Other comprehensive income	–	–	275	1,619	1,894	1,894
Total comprehensive income	–	–	**275**	**2,688**	**2,963**	**2,963**
Acquisition of company shares	–	–	–	−1,009	−1,009	−1,009
Performance-based incentive program	–	–	–	3	3	3
Dividend	–	–	–	−618	−618	−618
Total transactions with the Group's shareholders	–	–	–	**−1,624**	**−1,624**	**−1,624**
Equity on Dec. 31, 2022	**867**	**1,844**	**331**	**4,140**	**7,183**	**7,183**
Net profit for the year	–	–	–	1,573	1,573	1,573
Other comprehensive income	–	–	−196	−649	−846	−846
Total comprehensive income	–	–	**−196**	**924**	**728**	**728**
Withdrawal of own shares	−69	–	–	69	–	–
Bonus issue	69	–	–	−69	–	–
Performance-based incentive program	–	–	–	−1	−1	−1
Dividend	–	–	–	−586	−586	−586
Total transactions with the Group's shareholders	–	–	–	**−586**	**−586**	**−586**
Equity on Dec. 31, 2023	**867**	**1,844**	**135**	**4,477**	**7,324**	**7,324**

Group

Consolidated cash flow statement

SEK M	Note	2023	2022
OPERATING ACTIVITIES			
Operating profit		**1,802**	**1,358**
Adjustments for items not included in cash flow:			
– Depreciation/amortization	5	1,219	1,231
– Impairment losses and reversal of impairment losses	7	2	0
– Result from sales of fixed assets		–336	–112
– Changes in provisions	28	–433	–231
– Other		82	–8
Total items not included in cash flow		**534**	**881**
Interest paid and received		–162	–24
Tax paid		–52	–218
Cash flow from operating activities before changes in working capital		**2,122**	**1,997**
Cash flow from changes in working capital			
Sales of property projects	24	747	1,406
Investments in property projects	24	–2,432	–2,924
Other changes in working capital	35	369	–213
Cash flow from changes in working capital		**–1,315**	**–1,731**
Cash flow from operating activities		**807**	**265**
INVESTING ACTIVITIES			
Sale of subsidiaries/operations	35	265	190
Investment in tangible fixed assets	16	–602	–939
Sale of tangible fixed assets	16	195	360
Investment in financial fixed assets		–65	–10
Sale of financial fixed assets		61	32
Investment in intangible fixed assets	15	–307	–33
Sale of intangible fixed assets	15	7	0
Cash flow from investing activities		**–446**	**–401**
Cash flow before financing		**361**	**–136**
FINANCING ACTIVITIES			
Dividend paid		–586	–618
Acquisition of company shares		–	–1,009
Loans raised		1,381	1,895
Amortization of loans		–350	–1,650
Amortization of lease liabilities	33	–646	–623
Increase (–) / Decrease (+) in long-term interest-bearing receivables		53	–59
Increase (–) / Decrease (+) in current interest-bearing receivables		–40	169
Cash flow from financing activities	35	**–187**	**–1,896**
Cash flow for the year		**174**	**–2,031**
Cash and cash equivalents, Jan. 1		**534**	**2,561**
Exchange rate difference in cash and cash equivalents		0	4
Cash and cash equivalents, Dec. 31	35	**707**	**534**

Parent Company

Parent Company income statement

SEK M	Note 1, 32	2023	2022
Net sales		172	153
Gross profit		**172**	**153**
Selling and administrative costs	4, 6, 7	–316	–231
Operating loss		**–144**	**–78**
Result from financial investments			
Result from participations in Group companies	7, 8	1,125	1,081
Result from other financial fixed assets		14	13
Result from financial current assets		17	1
Interest expense and similar items	10	–15	–10
Profit after financial items		**997**	**1,006**
Appropriations	13	134	233
Tax on net profit for the year	23	3	–34
NET PROFIT FOR THE YEAR		**1,133**	**1,205**

Parent Company statement of comprehensive income

SEK M	2023	2022
Net profit for the year	**1,133**	**1,205**
Total comprehensive income during the year	**1,133**	**1,205**

Parent Company

Parent Company balance sheet

SEK M	Note	2023	2022
ASSETS	1, 32, 36		
Fixed assets			
Tangible fixed assets			
Owner-occupied properties		0	0
Total tangible fixed assets		**0**	**0**
Financial fixed assets			
Participations in Group companies	17	5,048	4,487
Other long-term holdings of securities		45	45
Deferred tax assets	23	33	29
Total financial fixed assets	21	**5,125**	**4,562**
Total fixed assets		**5,126**	**4,562**
Current assets			
Current receivables			
Accounts receivable		1	1
Receivables from Group companies		314	463
Other current receivables		6	5
Tax receivables		35	130
Prepaid expenses and accrued income		2	4
Total current receivables		**359**	**603**
Balance in NCC Treasury AB	35	133	213
Total current assets		**492**	**816**
TOTAL ASSETS		**5,618**	**5,378**
EQUITY AND LIABILITIES	1, 32, 36		
Equity			
Restricted equity			
Share capital	26	867	867
Statutory reserves		174	174
Total restricted equity		**1,041**	**1,041**
Unrestricted equity			
Profit brought forward		2,905	2,287
Net profit for the year		1,133	1,205
Total unrestricted equity		**4,038**	**3,491**
Total equity		**5,079**	**4,532**
Provisions			
Other provisions	28	6	6
Total provisions		**6**	**6**
Long-term liabilities			
Other long-term liabilities		2	3
Total long-term liabilities		**2**	**3**
Current liabilities			
Accounts payable		19	13
Liabilities to Group companies	27	387	711
Tax liabilities		34	65
Other liabilities		20	16
Accrued expenses and deferred income	31	71	30
Total current liabilities		**531**	**836**
TOTAL EQUITY AND LIABILITIES		**5,618**	**5,378**

Parent Company

Parent Company changes in equity

	Restricted equity		Unrestricted equity		
SEK M	Share capital	Statutory reserves	Profit brought forward	Net profit for the year	Total equity
Opening equity, Jan. 1, 2022	**867**	**174**	**2,496**	**1,415**	**4,951**
Appropriation of profits	–	–	1,415	–1,415	–
Net profit for the year	–	–	–	1,205	1,205
Total comprehensive income	–	–	–	**1,205**	**1,205**
Sale/Acquisition of company shares	–	–	–1,009	–	–1,009
Performance-based incentive program	–	–	3	–	3
Dividend	–	–	–618	–	–618
Equity on Dec. 31, 2022	**867**	**174**	**2,287**	**1,205**	**4,532**
Appropriation of profits	–	–	1,205	–1,205	–
Net profit for the year	–	–	–	1,133	1,133
Total comprehensive income	–	–	–	**1,133**	**1,133**
Withdrawal of own shares	–69	–	69	–	–
Bonus issue	69	–	–69	–	–
Performance-based incentive program	–	–	–1	–	–1
Dividend	–	–	–586	–	–586
Equity on Dec. 31, 2023	**867**	**174**	**2,905**	**1,133**	**5,079**

Parent Company

Parent Company cash flow statement

SEK M	Note	2023	2022
OPERATING ACTIVITIES			
Operating loss		**–144**	**–78**
Adjustments for items not included in cash flow:	7, 28		
– Other		–7	–13
Total items not included in cash flow		**–7**	**–13**
Interest paid and received		7	–5
Tax paid		63	–94
Cash flow from operating activities before changes in working capital		**–81**	**–191**
Cash flow from changes in working capital			
Other changes in working capital		17	–26
Cash flow from changes in working capital		**17**	**–26**
Cash flow from operating activities		**–65**	**–217**
INVESTING ACTIVITIES			
Acquisition of subsidiaries/operations		–562	–
Sale of financial fixed assets		14	13
Cash flow from investing activities		**–548**	**13**
Cash flow before financing		**–613**	**–204**
FINANCING ACTIVITIES			
Dividend paid		–586	–618
Acquisition of company shares		–	–1,009
Group contributions net and dividends received		1,358	1,533
Loans raised		350	600
Amortization of loans		–600	–800
Increase (–) / Decrease (+) in current interest-bearing receivables		11	–10
Cash flow from financing activities	35	**534**	**–304**
Cash flow for the year		**–80**	**–508**
Cash and cash equivalents, Jan. 1		**213**	**721**
Cash and cash equivalents, Dec. 31	35	**133**	**213**

Notes

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 12, 2024. 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 (AGM) for adoption on April 9, 2024.

Important estimates and assessments

These estimates and assessments that have been made for accounting purposes were made on the basis of what is known when the Annual Report was issued, and, 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. Climate-related risks, both physical and transition risks, and their financial impact, must also be taken into account. For more information, see the "Climate-related risks and opportunities" section on page 32. The areas subject to a high degree of complex assessment or those where assumptions and estimates are material to NCC are presented in the relevant note.

New IFRSs and amendments to IFRSs applied

NCC applies the update to IAS 1 Presentation of Financial Statements. The accounting policies have not changed, although NCC has ensured that these have been updated to reflect the amendment.

NCC applies IFRS 17 Insurance Contracts, and as previously communicated the new standard has not entailed any changes for the Group.

New IFRSs and amendments to IFRSs whose application has yet to commence

NCC is subject to the OECD's Pillar two model rules. Pillar two legislation has been adopted in Sweden and will come into effect in 2024. Since this legislation had not yet come into effect on the balance sheet date, the Group does not have any related current tax exposure. NCC applies the exception to recognizing and disclosing information on deferred tax assets and deferred tax liabilities related to the Pillar two income taxes, as stated in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group is liable to pay additional tax (top-up tax) on the difference between the effective tax rate calculated using the Global Anti-Base Erosion (GloBE) rules for each jurisdiction and minimum tax rate of 15 percent. All companies in the Group have an effective tax rate that exceeds 15 percent.

Due to the complexity in applying the legislation and the calculation of GloBE revenue, it is not yet possible to estimate the quantitative effect of the enacted or substantively enacted law with reasonable certainty. Accordingly, pillar two tax consequences may still exist despite a reported effective tax rate of more than 15 percent.

NCC has also evaluated the effects of future amendments and made the assessment that they are not expected to have a material impact on the Group. NCC has decided not to apply future amendments in advance.

- "Classification of Liabilities as Current or Non-current" and "Non-current Liabilities with Covenants" (amendments to IAS 1).
- "Supplier Finance Arrangements" (amendments to IFRS 7 and IAS 7)
- "Lease Liability in a Sale and Leaseback" (amendment to IFRS 16)

Other amendments that come into effect on January 1, 2024 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. Shareholder contributions granted are recognized as a part of the investment in the subsidiary and are thus subject to customary impairment testing. 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

A model based on the arm's length principle is applied to the pricing of transactions between the Group's 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.

Effects of amended accounting policies

No effects of amended accounting policies in 2023.

Notes

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[1]	Group
Order backlog, December 31, 2023	16,074	16,753	18,684	**51,510**	2,015	–	–104	**53,422**
Of which, expected to be recognized as revenue:								
Within one year	10,324	10,560	10,235	**31,118**	1,377	–	37	**32,532**
Within two years	2,312	4,645	6,212	**13,169**	454	–	–140	**13,482**
More than two years ahead	3,438	1,548	2,237	**7,223**	184	–	–	**7,408**
External net sales 2023[2]	17,288	13,314	13,833	**44,436**	10,972	1,373	151	**56,932**
External net sales 2022	16,687	12,763	12,530	**41,981**	10,643	1,301	274	**54,198**
Point in time for revenue recognition								
Over time (percentage-of-completion)	●	●	●		●			
Specific point in time					●	●		

1) Road Services is recognized in Other and eliminations and this unit's order backlog at Dec. 31, 2023 amounted to SEK 113 M. Also refer to other and eliminations in Note 3.
2) 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 the property table in the Report of the Board of Directors. For information on orders received, see the Order status section in the Report of the Board of Directors.

Worked-up, non-invoiced revenues

Group	2023	2022
Worked-up revenues from ongoing contracts	37,926	36,088
Invoicing for ongoing contracts	–36,850	–34,678
Total	**1,076**	**1,410**

Invoiced revenues not worked up

Group	2023	2022
Advance invoicing for ongoing contracts	67,134	67,038
Worked-up revenues from advance-invoiced contracts	–62,076	–62,283
Total	**5,058**	**4,754**

Worked-up revenues from ongoing projects including recognized gains less recognized loss allowances amounted to SEK 100,002 M (98,372) for 2023 and prior years. In 2023, recognized revenue derived from work performed in 2022 or earlier is not estimated to amount to significant amounts.

In all significant respects, invoiced revenues not worked up at December 31, 2022 or earlier are adjudged to have been recognized in 2023. In 2023, Reversed bad debt losses arising from 2022 or earlier are not expected to amount to significant amounts.

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 SEK 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, refer to Note 28 Other provisions for more information.

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

Notes

Note 2 cont'd.

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.

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. 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, asphalt 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, 2023	NCC Infrastructure	NCC Building Sweden	NCC Building Nordics	NCC Industry	NCC Property Development	Total operating segments	Other and eliminations	Group
External net sales	17,288	13,314	13,833	10,972	1,373	56,782	151	56,932
Internal net sales	379	1,161	782	513	3	2,837	–2,837	–
Total net sales	17,667	14,475	14,615	11,485	1,376	59,619	–2,686	56,932
Depreciation/amortization	–342	–74	–100	–586	–16	–1,118	–101	–1,219
Share in associated company profits	0	0	–	5	–16	–11	–	–11
Operating profit	723	272	343	400	243	1,982	–179	1,802
Net financial items								1
Profit/loss after financial items								1,803
Operating capital employed				4,090	9,592			

Notes

Note 3 cont'd.

Group, 2022	NCC Infrastructure	NCC Building Sweden	NCC Building Nordics	NCC Industry	NCC Property Development	Total operating segments	Other and eliminations[1]	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	–	3,646	−3,646	–
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	–	3	258	261	1	262
Operating profit/loss	429	252	347	8	482	1,518	−161	1,358
Net financial items								−59
Profit after financial items								1,299
Operating capital employed				4,411	7,996			

Net sales per product segment 2023

	NCC Infrastructure	NCC Building Sweden	NCC Building Nordics	NCC Industry
Roads	1,677	–	–	–
Railways	4,180	–	–	–
Energy & Water Treatment	4,491	–	–	–
Groundworks	4,359	–	–	–
Industry	769	–	–	–
Offices	–	2,078	2,509	–
Residential	–	3,854	3,228	–
Refurbishment/ Conversion	–	2,563	2,674	–
Public buildings	–	4,527	4,502	–
Asphalt & paving	–	–	–	8,421
Stone materials	–	–	–	3,064
Foundation engineering	1,140	–	–	–
Other	1,051	1,453	1,711	–
Total	**17,667**	**14,475**	**14,623**	**11,485**

Net sales per product segment 2022

	NCC Infrastructure	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	3,957	–
Asphalt & paving	–	–	–	8,225
Stone materials	–	–	–	3,043
Foundation engineering	1,971	–	–	–
Other	1,524	1,768	621	–
Total	**17,256**	**14,178**	**13,568**	**11,268**

Other and eliminations

	External net sales		Operating profit/loss	
	2023	2022	2023	2022
NCC's Head Office, results from minor subsidiaries and associated companies	151	274	−310	−131
Eliminations of inter-company gains			−18	−44
Other Group adjustments (essentially comprising the difference in accounting policies between operating segments and the Group, such items as pensions[1] and sale and leaseback)	–	–	149	15
Total	**151**	**274**	**−179**	**−161**

1) For more information, refer to Note 29 Pensions

Geographical areas

	Orders received		Order backlog		Net sales		Fixed assets[1]	
	2023	2022	2023	2022	2023	2022	2023	2022
Sweden	30,673	33,170	30,178	32,841	32,435	31,360	3,191	3,177
Denmark	15,934	10,541	14,463	10,338	12,655	10,073	1,947	1,988
Norway	7,317	5,239	4,954	5,473	7,082	7,285	1,586	1,696
Finland	2,895	4,336	3,827	6,343	4,760	5,480	210	241

1) 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.

Notes

Note 4

Number of employees, personnel expenses and remuneration of senior executives

Average number of employees[1)]

	2023					2022				
	Number of employees	of whom, men	%	of whom, women	%	Number of employees	of whom, men	%	of whom, women	%
Parent Company										
Sweden	63	24	39%	38	61%	60	22	37%	38	63%
Subsidiaries										
Sweden	7,289	5,978	82%	1,311	18%	7,523	6,263	83%	1,260	17%
Norway	1,743	1,546	89%	197	11%	1,757	1,559	89%	198	11%
Finland	1,105	851	77%	254	23%	1,158	901	78%	257	22%
Denmark	2,036	1,754	86%	281	14%	1,956	1,686	86%	270	14%
Other countries	8	6	75%	2	25%	31	23	74%	8	26%
Total in subsidiaries	**12,180**	**10,136**	**83%**	**2,045**	**17%**	**12,425**	**10,432**	**84%**	**1,993**	**16%**
Group total	**12,243**	**10,160**	**83%**	**2,083**	**17%**	**12,485**	**10,454**	**84%**	**2,031**	**16%**

1) 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.

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

	Dec. 31, 2023		Dec. 31, 2022	
	men, %	women, %	men, %	women, %
Board of Directors	70	30	80	20
AGM-elected Board members	57	43	67	33
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[1)] and other employees

	2023			2022		
	Board of Directors and senior executives	Other employees	Total	Board of Directors and senior executives	Other employees	Total
Parent Company, Sweden						
Salaries and other remuneration	47	70	117	46	50	97
Social security expenses			69			56
– of which, pension costs	7	15	22	6	15	21
Change in pension obligation	4			5		
Group						
Salaries and other remuneration	72	8,854	8,927	75	8,543	8,618
– of which, bonus and similar	20			19		
Social security expenses			2,936			2,774
– of which, pension costs	12		978	11		933
Change in pension obligation	8			9		

1) 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 840,000.

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 2023 is capped at 40 or 50 percent of fixed remuneration.

Pension conditions for the CEO

In 2023, 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 amounts. For other senior executives employed outside Sweden, the various pension conditions in those countries of employment will apply.

Notes

Note 4 cont'd.

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

LTI 2020

The performance period for LTI 2020 expired on December 31, 2022. Both the financial performance target and OHS target were achieved in part, and the outcome was 32.55 percent of the maximum outcome. Shares and synthetic shares were delivered in May 2023 to remaining participants in the program. In total, delivery/payment was made of 69,495 shares and cash remuneration corresponding to 51,767 synthetic shares was paid out. 26,457 shares were intended to cover social security expenses. Compensation for dividends of SEK 0.55 per share and synthetic share, a total of SEK 66,694, was paid out. The amounts were delivered to 145 participants. The share price on the redemption date was SEK 100.39.

LTI 2021

The 2021 AGM resolved on 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. The Board of Directors has set the minimum threshold level at EPS SEK 38.00 and the upper target level at EPS SEK 43.00. For more information about the program, see the Annual Report for 2021. The performance period for LTI 2021 expired on 31 December 2023. Accumulated EPS for the period amounts to, provided that the AGM approves the balance sheet and income statement for 2023, to SEK 40.42, which would result in an outcome of 48.40% of the maximum outcome. Distribution of shares will be made in May/June 2024.

LTI 2023

In March 2023, the AGM resolved in accordance with the Board's proposal to introduce a long-term performance-based incentive program for senior executives and key personnel within the NCC Group – LTI 2023. Apart from the performance targets, the program has essentially the same structure as the LTI 2021 program.

The purposes of the LTI 2023 are to ensure continued focus on the company's long-term profitability and value growth, create prerequisites for retaining and recruiting key personnel, provide competitive remuneration, and create increased focus on the company's long-term sustainability targets in respect of reductions in work-related accidents and carbon emissions. LTI 2023 entails 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.

Performance targets for LTI 2023

The performance targets during the savings period focus on long-term value performance in the form of earnings per share ("performance target 1"), a reduction in the Group's carbon emissions ("performance target 2") and a reduction in the number of work-related accidents ("performance target 3"). Of the allotment of performance shares, 90 percent will pertain to performance target 1, 5 percent to performance target 2 and 5 percent to performance target 3.

Performance target 1: Earnings per share

Performance target 1 pertains to NCC's earnings per share (EPS) for the period 2023–2025. The allotment of performance shares will be based on the minimum and maximum target levels established by the Board for each year during the period. The outcome will be calculated annually, whereby one third of the performance shares will be measured against the outcome for 2023, one third will be measured against the outcome for 2024 and one third will be measured against the outcome for 2025: i.e. 30 percent of the total outcome for each year. If the minimum level for the year in question is not achieved, no performance shares will be awarded. If the maximum target level for the year in question is achieved or exceeded, performance shares will be awarded at a rate of 100 percent. If the minimum level is exceeded but the maximum level is not achieved, allotment will occur linearly within the span.

Performance target 2: Climate and environment

NCC strives to eliminate emissions from the entire value chain, increase energy efficiency and enable adaptation to climate change. NCC's target is to achieve a 60-percent reduction in CO_2e (tons)/SEK M within Scopes 1 and 2 by 2030 compared with 2015. Scope 1 pertains to emissions related to fuel consumption in asphalt plants, and from own vehicles and machinery. Scope 2 pertains to emissions related to the production of electricity, district heating and district cooling used in the operations. At year-end 2021/2022, the emission intensity was 2.70 CO_2e (tons)/SEK M, corresponding to a reduction of 48 percent compared with 2015. The target is that the emission intensity at the end of 2025 will not exceed 2.47 CO_2e (tons)/SEK M. If the target level is not achieved, no performance shares will be awarded. If the target level is achieved, performance shares connected to performance target 2 will be awarded at a rate of 100 percent.

Performance target 3: Health and safety

NCC strives to reduce the number of accidents and completely eliminate serious accidents and incidents. This is to be measured through the metric of LTIF4, meaning work-related accidents resulting in more than four calendar days of absence per million hours worked by NCC's employees. NCC's outcome regarding LTIF4 was 4.1 for year 2022. The target is that LTIF4 at the end of 2025 will not exceed 2.25. If the target level is not achieved, no performance shares will be awarded. If the target level is achieved, Performance Shares connected to performance target 3 will be awarded at a rate of 100 percent.

Participants

The participants are divided into four categories. The CEO (one person) is entitled to acquire savings shares for an amount corresponding to not more than 10 percent of his basic salary and may receive a maximum of six performance shares for each savings share held. Other members of the SMT (ten persons) are entitled to acquire savings shares for an amount corresponding to not more than 7.5 percent of their respective basic salary and may receive a maximum of five performance shares for each savings share held.

Members of business area management teams (about 40 persons) are entitled to acquire savings shares for an amount corresponding to not more than 5 percent of their respective basic salary and may receive a maximum of four performance shares for each savings share held. Key personnel line/staff units (including the expanded group, about 190 persons) are entitled to acquire savings shares for an amount corresponding to not more than 5 percent of their respective basic salary and may receive a maximum of three performance shares for each savings share held.

Expenses

Assuming a share price of SEK 100 at the date of acquisition and the maximum outcome, meaning full achievement of the performance targets, the cost for the LTI 2023, including costs for social security fees, will be about SEK 87.8 M, which corresponds to a value of approximately 0.81 percent of the total number of shares in the company.

Repurchase of own shares

No repurchases of own shares due to the LTI programs took place in 2023.

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 2020, LTI 2021 and LTI 2023), the AGM resolved to permit the transfer of no more than 145,000 Series B shares. LTI 2020 comprised a total of 147,719 Series B shares including shares intended to cover social security expenses, of which 69,495 were transferred to participants, but no shares were sold to cover costs for payments according to synthetic shares or for social security expenses.

Notes

Note 4 cont'd.

Remuneration, provisions and other benefits in 2023

SEK 000s	Basic salary[1) 2)]	Variable remuneration[3)]	Share-based remuneration[4)]	Other benefits	Pension costs	Pension obligations
Chairman of the Board Alf Göransson	1,625					
Other Board members						
Geir Magne Aarstad	150					
Simon de Château	500					
Cecilia Fasth	375					
Mats Jönsson	625					
Birgit Nørgaard	625					
Angela Langemar Olsson	675					
Daniel Kjørberg Siraj	450					
Total Board of Directors	**5,025**					
CEO Tomas Carlsson	11,420	7,560	55	166	4,234	2,669
Other senior executives[5)]	16,395	6,517	–146	381	2,905	10,964
Total Parent Company	**32,839**	**14,077**	**–91**	**547**	**7,139**	**13,634**
Other senior executives in subsidiaries[6)]	18,469	5,638	270	494	4,756	18,685
Total senior executives	**51,308**	**19,715**	**179**	**1,041**	**11,895**	**32,319**

1) 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.
2) Of fees paid to Board members, about three months are attributable to fees adopted by the 2022 AGM and about nine months to resolutions adopted at the 2023 AGM. At the time of the AGM on 31 March 2023, Geir Magne Aarstad resigned. At the same Cecilia Fasth and Daniel Kjørberg Siraj took office.
3) Variable remuneration refers to amounts expensed in the fiscal year.
4) Amounts reserved/reversed for the completed LTI program 2020 and ongoing LTI programs 2021 and 2023.
5) This includes the five positions: the CFO and Head of Finance & IT, Head of Communications and Investor Relations, Senior Legal Counsel, Head of Human Resources and Head of Purchasing.
6) This includes the five positions for NCC Infrastructure, NCC Building Sweden, NCC Building Nordics, NCC Industry and NCC Property Development.

Remuneration, provisions and other benefits in 2022

SEK 000s	Basic salary[1) 2)]	Variable remuneration[3)]	Share-based remuneration[4)]	Other benefits	Pension costs	Pension obligations
Chairman of the Board Alf Göransson	1,625					
Other Board members						
Geir Magne Aarstad	600					
Simon de Château	500					
Mats Jönsson	625					
Birgit Nørgaard	625					
Angela Langemar Olsson	675					
Total Board of Directors	**4,650**					
CEO Tomas Carlsson	10,953	7,088	1,241	120	4,092	1,979
Other senior executives[5)]	15,808	5,232	800	385	2,390	7,334
Total Parent Company	**31,411**	**12,320**	**2,041**	**505**	**6,482**	**9,313**
Other senior executives in subsidiaries[6)]	20,533	6,296	1,227	275	4,784	15,410
Total senior executives	**51,944**	**18,615**	**3,268**	**780**	**11,266**	**24,723**

1) 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.
2) 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.
3) Variable remuneration relates to 2021, approved and disbursed in 2022.
4) Amounts reserved/reversed for the completed LTI program 2019 and ongoing LTI programs 2020 and 2021.
5) This includes the five positions: the CFO and Head of Finance & IT, Head of Communications and Investor Relations, Senior Legal Counsel, Head of Human Resources and Head of Purchasing.
6) This includes the five positions for 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, 2022.

Notes

Note 4 cont'd.

Share rights

Number	Group		Parent Company	
	Share rights	Synthetic shares	Share rights	Synthetic shares
Outstanding at the beginning of the period	543,703	171,472	104,577	35,301
Allotted during the period	527,693	–	120,854	–
Expired, unallocated	–148,866	–111,423	–23,811	–23,811
Transferred from Group companies			2,226	–
Compensation shares allotted LTI 2020	–69,495	–51,767	–11,490	–11,490
Forfeited during the period	–29,817	–8,282	–	–
Outstanding at the end of the period	**823,218**	**–**	**192,356**	**–**
Puttable at the end of the period	–	–	–	–

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 100.39.

Personnel expenses for share-based remuneration

	2023		2022	
	Group	Parent Company	Group	Parent Company
Share rights	–1	0	12	2
Synthetic shares	–3	0	0	0
Social security expenses	1	0	0	0
Total personnel costs for share-based remunerations	**–2**	**0**	**12**	**2**
Total carrying amount pertaining to liability for synthetic shares	**–**	**–**	**8**	**2**
Total real value of the liability pertaining to vested benefits	–	–	8	2

Fair value and assumptions for share rights

	LTI 2021		LTI 2023	
	Group	Parent Company	Group	Parent Company
Fair value on date of valuation, SEK 000s	8,902	2,159	8,356	1,914
Share price, SEK	132.49	132.49	79.25	79.25
Redemption price, SEK	0	0	0	0
Maturity of share rights, years	0.5	0.5	2.5	2.5
Risk-free interest rate, %	1.90	1.90	3.50	3.50

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.

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 market price of NCC's Series B share on each 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.

Notes

Note 5
Depreciation/amortization

	Group	
	2023	2022
Intangible assets	–58	–50
Owner-occupied properties	–44	–60
Owner-occupied properties, right-of-use assets	–270	–247
Machinery and equipment	–529	–552
Machinery and equipment, right-of-use assets	–318	–322
Total depreciation/amortization	**–1,219**	**–1,231**

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	
Right-of-use assets	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	
	2023	2022	2023	2022
Audit firms				
PwC				
Auditing assignments	22	20	6	5
Audit in addition to the audit assignment	1	1	1	1
Tax consultations	–	–	–	–
Other services	1	1	–	–
Other auditors				
Auditing assignments	0	0	–	–
Audit in addition to the audit assignment	–	0	–	–
Tax consultations	–	0	–	–
Other services	0	–	–	–
Total fees and remuneration to auditors and audit firms	**24**	**21**	**7**	**6**

During 2023, PwC received approximately SEK 1 M for non-audit services. The services primarily comprised various types of reviews and assurance, but no valuation services.

Audit assignments amounted to SEK 22 M, of which SEK 13 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	
	2023	2022	2023	2022
Impairment losses on other fixed assets				
Owner-occupied properties	–	0	–	–
Machinery and equipment	–2	–	–	–
Other intangible assets	–	0	–	–
Total impairment losses and reversal of impairment losses for other fixed assets	**–2**	**0**	**–**	**–**
Total impairment losses	**–2**	**0**	**–**	**–**

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	
	2023	2022	2023	2022
Dividend	–	–	1,125	1,081
Capital gain/loss on sale	265	59	–	–
Total	**265**	**59**	**1,125**	**1,081**

Note 9
Operating expenses by type of cost

Group	**2023**	**2022**
Production-related goods and services, plus raw materials and supplies	–42,277	–40,540
Change in inventory	–41	–19
Personnel expenses	–11,862	–11,392
Depreciation/amortization	–1,219	–1,231
Impairment losses	–2	0
Total production costs, and selling and administrative costs	**–55,401**	**–53,183**

Notes

Note 10

Interest expense and similar items

Parent Company	2023	2022
Interest expense, Group companies	–9	–6
Financial portion of pension cost	–5	–4
Total	**–15**	**–10**

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	2023	2022
Interest income and financial assets measured at fair value	12	2
Interest income on financial assets measured at amortized cost	17	8
Interest income on bank balances	14	4
Net gain on financial assets/liabilities measured at fair value	36	13
Net exchange rate changes	–2	1
Other financial income	3	1
Financial income	**80**	**29**
Interest expense on financial liabilities measured at amortized cost	–60	–66
Other financial expenses	–19	–21
Financial expenses[1]	**–79**	**–87**
Net financial items	**1**	**–59**
Of which, changes in value calculated using valuation techniques	**33**	**–3**

1) 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	2023 exchange rates 2022[1]	2023	Exchange rate effect
Net sales	56,623	56,932	309
Operating profit	1,766	1,802	36
Profit after financial items	1,756	1,803	48
Net profit for the year	1,535	1,573	39

1) Figures for 2023 converted at 2022 exchange rates.

			Average exchange rate Jan–Dec		Year-end rate, Dec 31	
Country	SEK	Currency	2023	2022	2023	2022
Denmark	100	DKK	150.34	142.90	148.58	149.78
Euro countries	1	EUR	11.21	10.63	11.07	11.14
Norway	100	NOK	97.07	105.23	98.49	105.97

Note 13

Appropriations

	Appropriations	
Parent Company	2023	2022
Group contributions received	164	330
Group contributions granted	–30	–97
Total	**134**	**233**

Note 14

Equity

Specification of the item Reserves in equity

Group	2023	2022
Translation reserve		
Translation reserve, January 1	243	14
Year's exchange differences on translating foreign operations	–74	229
Translation reserve, December 31	**169**	**243**
Hedging reserve		
Hedging reserve, January 1	87	42
Fair value changes for the year in cash flow hedges	–54	102
Fair value changes in cash flow hedges transferred to net profit/loss for the year	–100	–44
Tax attributable to cash flow hedges	32	–12
Hedging reserve, December 31	**–35**	**87**
Revaluation reserve		
Revaluation reserve, January 1	0	1
Revaluation reserve, December 31	**0**	**0**
Total reserves		
Reserves, January 1	331	57
Change in reserves during the year		
– Translation reserve	–74	229
– Hedging reserve	–123	46
– Revaluation reserve	0	0
Reserves, December 31	**135**	**331**

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.

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.

Notes

Note 15

Intangible fixed assets

2023	Group Goodwill	Other acquired intangible assets: Right-of-use assets	Capitalized development expenses	Other	Total other
Recognized cost on January 1	**2,174**	**244**	**481**	**217**	**942**
Investments	11	7	161	12	180
Divestment and scrappage	–	–10	–	–102	–112
Reclassifications	1	0	61	49	109
Translation differences during the year	–45	–5	–7	–	–12
Recognized cost on December 31	**2,142**	**236**	**696**	**176**	**1,108**
Accumulated amortization on January 1	**–4**	**–127**	**–258**	**–216**	**–601**
Divestment and scrappage	–	10	–	96	105
Reclassifications	–	1	2	–2	1
Translation differences during the year	1	3	2	–	5
Amortization according to plan during the year	0	–8	–18	–31	–58
Accumulated amortization on December 31	**–3**	**–122**	**–272**	**–154**	**–547**
Accumulated impairment losses on January 1	**–227**	**–16**	**–**	**–**	**–16**
Translation differences during the year	2	–	–	–	–
Accumulated impairment losses on December 31	–225	–16	–	–	–16
Residual value on January 1	**1,943**	**101**	**224**	**0**	**326**
Residual value on December 31	**1,913**	**98**	**425**	**22**	**545**

2022	Group Goodwill	Other acquired intangible assets: Right-of-use assets	Capitalized development expenses	Other	Total other
Recognized cost on January 1	**2,078**	**258**	**448**	**217**	**923**
Investments	–	10	19	–	29
Divestment and scrappage	–	–37	–	0	–37
Reclassifications	–	5	1	–	6
Translation differences during the year	97	8	12	–	21
Recognized cost on December 31	**2,174**	**244**	**481**	**217**	**942**
Accumulated amortization on January 1	**–1**	**–143**	**–214**	**–216**	**–573**
Divestment and scrappage	–	37	–	0	36
Reclassifications	–	–2	–	–	–2
Translation differences during the year	–2	–4	–8	–	–12
Amortization according to plan during the year	0	–15	–35	–	–50
Accumulated amortization on December 31	**–4**	**–127**	**–258**	**–216**	**–601**
Accumulated impairment losses on January 1	**–225**	**–15**	**–**	**–**	**–15**
Translation differences during the year	–3	0	–	–	0
Accumulated impairment losses on December 31	–227	–16	–	–	–16
Residual value on January 1	**1,852**	**100**	**234**	**1**	**335**
Residual value on December 31	**1,943**	**101**	**224**	**0**	**326**

Goodwill per operating segment

Operating segments	2023	2022
NCC Infrastructure	270	262
NCC Building Sweden	233	233
NCC Building Nordics	322	337
NCC Industry	1,088	1,111
Total, NCC Group	**1,913**	**1,943**

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 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 based on assessments by corporate management, which management considers reasonable given the best available information on the test date. Significant assumptions:

Long-term growth: In all cases, a long-term sustainable growth rate of 1.8 (1.9) 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: The assumption regarding the forecast operating margin 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 2023, 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. A reasonable change in significant assumptions has not resulted in an impairment requirement for any business area.

Notes

Note 15 cont'd.

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 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 9.0 (8.6), NCC Building Sweden 8.6 (8.1), NCC Building Nordics 9.2 (8.7) and NCC Industry 7.3 (6.8). For NCC Industry, the weighted average cost of capital is 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 2024-2027. 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.

Other intangible assets

NCC primarily has two types of other intangible assets: right-of-use assets to utilize gravel and rock pits and capitalized expenses for computer systems, software and licenses. Right-of-use assets 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.

Accounting policies

Intangible fixed assets are recognized at cost less accumulated impairment losses and amortization. Expenses that do not meet the criteria for recognition as an intangible fixed asset and expenses for day-to-day servicing and modification of existing products, processes and systems are expensed on an ongoing basis.

Goodwill arises from acquisitions of companies and operations, and is measured at the lower of cost and recoverable amount. 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.

Right-of-use assets consist primarily of the right to utilize rock pits and gravel quarries, which are amortized in parallel with confirmed depletion of net asset value based on volumes of extracted stone and gravel. This type of right-of-use asset is not covered by IFRS 16 Leases but by IAS 38 Intangible Assets.

Intangible assets with determinable useful lives are amortized straight-line from the date on which the asset is available for use. The useful lives can vary.

Assessed useful lives
– capitalized development expenses 3–10 years
– right-of-use assets 3–25 years
– other 3–5 years

Refer also 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

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 of goodwill 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.

Investments in IT are assessed individually and at December 31, 2023 NCC made the assessment that certain systems or parts of systems can be considered to be an intangible fixed asset. The concept of control is central to this assessment and certain contracts with suppliers have been designed to ensure that NCC retains a contractual right to take possession of the software. NCC has done an analysis that shows that it even would be practically feasible. NCC makes the assessment that it would not involve a deterioration of essential functions of the software, nor would it involve significant costs. It would be feasible to operate the software inhouse or with another third party. NCC therefore considers that there is support for capitalizing the costs that create a separately identifiable resource that is controlled by the group. Expenses that do not meet these criteria are expensed

Each investment is also individually assessed based on the criteria stipulated in IAS 38 Intangible Assets. NCC has made the assessment that the investments will also generate future economic benefits since technological advances make it possible to use the systems in a manner that significantly surpasses existing systems. Established project organizations reinforce the Group's intent, ability and possibility to complete the systems. Financial follow-ups of the investments take place separately and are broken down to effectively analyze the costs incurred.

The useful life reflects the expected period in which the asset will generate economic benefits. Material investments that comprise a central and necessary part of NCC's technological ecosystem are deemed to have a lifecycle of up to ten years. A useful life of up to ten years is deemed to reflect the economic benefit since it also facilitates adjustments for future business needs.

Notes

Note 16

Tangible fixed assets

2023	Group Owner-occupied properties	Machinery and equipment	Total
Recognized cost on January 1	**1,631**	**7,415**	**9,046**
Investments	19	625	644
Divestment and scrappage	–44	–486	–529
Reclassifications	–10	–130	–140
Translation differences during the year	–23	–148	–171
Recognized cost on December 31	**1,574**	**7,276**	**8,849**
Accumulated impairment losses and depreciation on January 1	**–723**	**–4,912**	**–5,634**
Divestment and scrappage	22	378	395
Reclassifications	27	3	41
Translation differences during the year	10	94	104
Impairment losses for the year	–	–2	–2
Depreciation during the year	–44	–529	–573
Accumulated impairment losses and depreciation on December 311)	**–707**	**–4,967**	**–5,669**
Residual value on January 1	**909**	**2,504**	**3,413**
Residual value on December 31	**867**	**2,310**	**3,177**
1) Accumulated impairment losses on December 31	–47	–23	–70

2022	Group Owner-occupied properties	Machinery and equipment	Total
Recognized cost on January 1	**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
Recognized cost on December 31	**1,631**	**7,415**	**9,046**
Accumulated impairment losses and depreciation on January 1	**–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
Accumulated impairment losses and depreciation on December 311)	**–723**	**–4,912**	**–5,634**
Accumulated write-ups on January 1	–	**21**	**21**
Reclassifications	–	–21	–21
Accumulated write-ups on December 31	–	**0**	**0**
Residual value on January 1	**790**	**2,296**	**3,086**
Residual value on December 31	**909**	**2,504**	**3,413**
1) Accumulated impairment losses on December 31	–78	–69	–146

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 assessments

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.

Notes

Note 17

Participations in Group companies

Parent Company

Name of company, Corp. Reg. No., Reg. office	Ownership share %[1]	No. of participa-tions[2]	Carrying amount 2023	Carrying amount 2022
Property companies:				
NCC Property Development Nordic AB, 556743-6232, Solna	100	1	964	964
Total participations in property companies			**964**	**964**
Other companies:				
NCC Danmark A/S, 69 89 40 11, Denmark	100	400	136	136
NCC Norge AS, 911 274 426, Norway	100	17,500	1,682	1,121
NCC Sverige AB, 556613-4929, Solna	100	500	421	421
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	5	95	96
NCC Industry Nordic AB, 556144-6732, Solna	100	275	1,643	1,644
NCC Treasury AB, 556030-7091, Solna	100	120	16	16
Nordic Road Services Holding AB, 559172-2227, Stockholm	100	50	–	–
Total shares in other companies			**4,084**	**3,523**
Total participations in Group companies			**5,048**	**4,487**

1) Ownership share corresponds to the shareholding.
2) 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 129 (125).

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	Ownership share %[1]	No. of participa-tions[2]	Carrying amount 2023	Carrying amount 2022
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, Vedbæk, Denmark	50	–	9	8
Other NCC-owned associated companies 7 (8)			0	0
Total			**16**	**15**

1) The ownership share corresponds to the proportion of votes for the total number of shares.
2) 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	2023	2022
Revenue	1,408	1,377
Expenses	–1,356	–1,339
Profit	**53**	**38**
Fixed assets	40	31
Current assets	7,192	5,680
Total assets	**7,232**	**5,711**
Long-term liabilities	53	43
Current liabilities	6,884	5,410
Total liabilities	**6,938**	**5,453**
Net assets	**294**	**258**

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

Notes

Note 19 cont'd.

Specification of joint operations

Group	Shareholding, %
Arandur OY	33
ARC - Konsortiet I/S	50
HB NCC-DPR Data Centre Constructors	50
HNB Fjernvarme I/S	70
Holding Big Apple Housing Oy	50
Konsortiet Nyt Assens Resenanlæg I/S	50
Konsortium NCC - Brøndum I/S	70
Koy Polaristontti 2	50
Koy Polaristontti 3	50
Miljöfabriken 2000 AB	50
Milman Miljömudring	50
NCC SMET Kalvebod Konsortiet I/S	77
NCC W&F West Link Contr HB	60
NCC/SMET - Konsortiet I/S	50
NCC/SMET Østerbro Tunnel Konsortiet I/S	50
NCC_OHL Lund Arlöv HB	50
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	2023	2022
Financial investments classified as fixed assets		
Fair value through other comprehensive income, equity instruments		
Unlisted securities	68	68
Total	**68**	**68**
Short-term investments classified as current assets		
Financial assets measured at amortized cost		
Interest-bearing securities	450	374
Investments measured at amortized cost		
Interest-bearing securities	51	20
Total	**501**	**394**

Investments measured at amortized cost have an established interest rate ranging from 0.2 percent (0.1) to 4.0 percent (3.3), and have due dates ranging from 11 months to three years and six months.

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

Note 21

Financial fixed assets

Parent Company, 2023	Participations in Group companies	Other long-term securities	Other long-term receivables[1]	Total
Recognized cost on January 1	6,700	45	29	6,775
Assets added	561	–	3	564
Recognized cost on December 31	7,261	45	33	7,338
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	5,048	45	33	5,125

Parent Company, 2022	Participations in Group companies	Other long-term securities	Other long-term receivables[1]	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

1) 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.

Notes

Note 22

Long-term interest-bearing receivables and other receivables

Group	2023	2022
Long-term interest-bearing receivables classified as fixed assets		
Receivables from associated companies and joint ventures	39	7
Interest-bearing securities[1]	167	165
Other long-term interest-bearing receivables	–2	12
Long-term interest-bearing receivables classified as fixed assets	**204**	**184**

1) 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 2023 and 2022, 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.

Group	2023	2022
Other receivables classified as current assets		
Receivables from associated companies and joint ventures	4	2
Receivables from divested property and residential projects	62	23
Advance payments to suppliers	1	2
Derivative instruments held for hedging	32	135
Other current receivables	316	224
Other receivables classified as current assets	**415**	**386**

Note 23

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

	Group		Parent Company	
	2023	2022	2023	2022
Tax on net profit for the year				
Current tax cost	–112	–119	0	–33
Deferred tax revenue/cost	–118	–111	3	–1
Total recognized tax on net profit for the year	**–230**	**–230**	**3**	**–34**

	Group				Parent Company			
	2023		2022		2023		2022	
Effective tax	**Tax, %**	**Profit**	**Tax, %**	**Profit**	**Tax, %**	**Profit**	**Tax, %**	**Profit**
Pretax profit		1,803		1,299		1,130		1,239
Tax according to company's current tax rate	–21	–371	–21	–268	–21	–233	–21	–255
Effect of other tax rates for non-Swedish companies	–1	–12	0	–3	–	–	–	–
Other non-tax-deductible costs	–1	–14	–3	–35	0	0	0	–1
Non-taxable revenues	9	163	10	134	0	235	18	225
Tax effects resulting from non-capitalized tax loss carryforwards for the year	0	–8	–5	–61	–	–	–	–
Tax effects resulting from utilization of previously non-capitalized tax loss carryforwards	2	28	–	–	–	–	–	–
Tax effects resulting from changed measurement of tax loss carryforwards	–	–	0	–3	–	–	–	–
Tax effects resulting from limitation rule for interest deductions	–1	–16	–1	–13	0	1	0	–1
Tax attributable to prior years	0	6	1	8	0	0	0	–1
Other	0	–5	1	11	0	0	0	–2
Average tax rate / recognized tax	**–13**	**–230**	**–18**	**–230**	**0**	**3**	**–3**	**–34**

Current tax has been calculated based on the nominal tax prevailing in the country concerned.

Tax items recognized directly in Other comprehensive income

Group	2023	2022
Deferred tax on cash flow hedges	32	–12
Deferred tax attributable to the revaluation of defined-benefit pension plans	168	–420
Total	**200**	**–432**

Change in deferred tax in temporary differences and tax loss carryforwards

	Group		Parent Company	
	2023	2022	2023	2022
Opening carrying amount	–379	144	29	30
Sale / merger of subsidiaries	29	0	–	–
Tax items attributable to cash flow hedges recognized in Other comprehensive income	32	–	–	–
Recognized tax on net profit for the year	–118	–111	3	–1
Tax item, revaluation of defined-benefit pension plans recognized in other comprehensive income	168	–432	–	–
Translation differences	–32	–2	–	–
Other	–5	22	–	–
Closing carrying amount	**–305**	**–379**	**33**	**29**

Notes

Note 23 cont'd.

Group	Assets 2023	Assets 2022	Liabilities 2023	Liabilities 2022	Net 2023	Net 2022
Tangible fixed assets	65	74	–	–	65	74
Right-of-use assets	–	–	−302	−329	−302	−329
Financial fixed assets	1	3	–	–	1	3
Non-completed projects	–	–	−1,149	−1,121	−1,149	−1,121
Properties held for future development	13	29	–	–	13	29
Untaxed reserves	–	–	−221	−254	−221	−254
Provisions	210	267	–	–	210	267
Lease liabilities	332	359	–	–	332	359
Personnel benefits/Pension provisions	115	–	–	−14	115	−14
Loss carryforwards[1]	576	616	–	–	576	616
Other	55	–	–	−9	55	−9
Deferred tax assets/deferred tax liabilities	**1,367**	**1,349**	**−1,672**	**−1,728**	**−305**	**−379**
Offsetting	−447	−902	447	902	–	–
Net deferred tax assets/tax liabilities	**920**	**446**	**−1,225**	**−826**	**−305**	**−379**

1) Of the Group's deferred tax assets concerning loss carryforwards totaling SEK 576 M (616), SEK 558 M pertains to operations in Norway. 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 generated a profit in the past. In Group there are non-capitalized deferred tax assets on non-capitalized tax loss carryforwards amounting to SEK 42 M (65) of which SEK 39 M (64) are attributable to operaitons in Norway.

Parent Company	Assets 2023	Assets 2022	Liabilities 2023	Liabilities 2022	Net 2023	Net 2022
Provisions	31	29	–	–	31	29
Other	2	–	–	–	2	–
Deferred tax assets / tax liabilities, net	**33**	**29**	**–**	**–**	**33**	**29**

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, 2023	Properties held for future development	Ongoing property projects	Completed property projects	Total property projects[1]	Participations in associated companies	Total
Recognized cost on January 1	**1,326**	**7,184**	**103**	**8,613**	**74**	**8,687**
Investments[2]	167	2,205	16	2,388	132	2,520
Increase through acquisition of operations	27	–	9	36	–	36
Divestment and scrappage	−94	−608	0	−703	–	−703
Reclassifications	−38	−4,969	4,865	−141	–	−141
Translation differences during the year	−13	−6	−7	−27	−5	−32
Recognized cost on December 31	**1,374**	**3,806**	**4,986**	**10,166**	**201**	**10,367**
Accumulated impairment losses on January 1	**−147**	**−12**	**−103**	**−262**	–	**−262**
Reclassifications	38	–	104	141	–	141
Accumulated impairment losses on December 31	**−109**	**−12**	**0**	**−121**	–	**−121**
Residual value on January 1	**1,179**	**7,171**	–	**8,350**	**74**	**8,424**
Residual value on December 31	**1,265**	**3,794**	**4,986**	**10,045**	**201**	**10,246**

1) Pertains primarily to properties classified as current assets recognized in NCC Property Development.
2) Capitalized interest for ongoing property projects totaled SEK 206 M during the year. The interest rate for capitalization was 3.8–6.0 percent.

Notes

Note 24 cont'd.

Group, 2022	Properties held for future development	Ongoing property projects	Completed property projects	Total property projects[1]	Participations in associated companies	Total
Recognized cost on January 1	**1,147**	**5,325**	**95**	**6,567**	**431**	**6,998**
Investments[2]	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**	**74**	**8,687**
Accumulated impairment losses on January 1	**–142**	**45**	**–95**	**–192**	–	**–192**
Divestment and scrappage	–8	–	–	–8	–	–8
Reclassifications	8	–54	–	–46	–	–46
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**	–	**6,374**	**431**	**6,805**
Residual value on December 31	**1,179**	**7,171**	–	**8,350**	**74**	**8,424**

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

2) Capitalized interest for ongoing property projects totaled SEK 107 M during the year. The interest rate for capitalization was 1.5–3.8 percent.

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 two ongoing property projects will be recognized in profit in 2024; 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.

Completed property projects

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

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.

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 impairment requirement. A reasonable change in essential assuptions has not resulted in need for impairment during the year

Notes

Note 25
Materials and inventory

Group	2023	2022
Stone materials	710	739
Building materials	72	95
Other	339	245
Total	**1,120**	**1,079**

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
2022	**End of year**	**108,435,822**	**867**
2023	Withdrawal of shares and bonus issue	−8,674,866	–
2023	**End of year**	**99,760,956**	**867**

Series B treasury shares		Number of shares
2021	**End of year**	**841,072**
2022	Repurchases	10,077,740
2022	Allotment	−75,230
2022	**End of year**	**10,843,582**
2023	Withdrawal	−8,674,866
2023	Allotment	−69,495
2023	**End of year**	**2,099,221**

The share capital is divided into 99,760,956 shares with a quotient value of SEK 8.70 each. During the year, 1,365,270 Series A shares (0) were converted into Series B shares.

The shares are distributed into the following classes:

	Series A shares	Series B shares	Total
Number of	11,548,853	88,212,103	99,760,956

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 shares
No. of shares on Dec. 31, 2021	**12,914,123**	**94,680,627**	**107,594,750**
Repurchase of shares	–	−10,077,740	−10,077,740
Distribution of shares to participants in incentive programs	–	75,230	75,230
No. of shares on Dec. 31, 2022	**12,914,123**	**84,678,117**	**97,592,240**
Conversion of Series A shares to Series B shares	−1,365,270	1,365,270	–
Distribution of shares to participants in incentive programs	–	69,495	69,495
No. of shares on Dec. 31, 2023	**11,548,853**	**86,112,882**	**97,661,735**
Number of voting rights	**115,488,530**	**86,112,882**	**201,601,412**
Percentage of voting rights	57	43	100
Percentage of share capital	12	88	100
Closing price, Dec. 31, 2023	126.00	125.60	–
Market capitalization, SEK M	1,455	10,816	12,271

Earnings per share before and after dilution

	2023	2022
Net profit for the year attributable to Parent Company shareholders, SEK M	1,573	1,069
Weighted average number of outstanding common shares during the year, millions	97.6	103.9
Earnings per share before dilution, SEK	**16.11**	**10.29**
Weighted average number of outstanding common shares after dilution, millions	97.6	103.9
Earnings per share after dilution, SEK	**16.11**	**10.29**

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 2023 or 2022.

Note 27
Interest-bearing liabilities

Group	2023	2022
Long-term liabilities		
Liabilities to credit institutions and investors	2,100	2,250
Lease liabilities	906	1,036
Other long-term loans	0	0
Total	**3,006**	**3,286**
Current liabilities		
Current portion of liabilities to credit institutions and investors	1,808	539
Liabilities to associated companies	6	1
Lease liabilities, current portion	473	472
Other current liabilities	1	1
Total	**2,289**	**1,012**
Total interest-bearing liabilities	**5,295**	**4,297**

For repayment schedules and terms and conditions, refer to 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	2023	2022
Current liabilities		
Liabilities to Group companies	380	697
Total	**380**	**697**
Total interest-bearing liabilities	**380**	**697**

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

Notes

Note 28

Other provisions

Group, 2023	Guarantees	Other	Total
On January 1	**1,276**	**1,212**	**2,488**
Provisions during the year	322	396	718
Amount utilized during the year	−315	−382	−697
Reversed, unutilized provisions	−124	−145	−270
Reclassifications	–	1	1
Translation differences	−11	−11	−22
On December 31	**1,147**	**1,071**	**2,218**

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
On December 31	**1,276**	**1,212**	**2,488**

Parent Company, 2023	Guarantees	Other	Total
On January 1	–	**6**	**6**
On December 31	–	**6**	**6**

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

Specification of other provisions and guarantees

	Group		Parent Company	
	2023	2022	2023	2022
Restoration reserve	262	248	–	–
Restructuring costs	–	7	–	–
Other	809	958	6	6
Other provisions	**1,071**	**1,212**	**6**	**6**
Guarantee commitments	1,147	1,276	–	–
Total	**2,218**	**2,488**	**6**	**6**

Accounting policies

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 reported 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

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. 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.

Notes

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 three 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 six 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	2023	2022
Defined-benefit plans:		
Current service cost	127	248
Interest expense	255	166
Estimated return on plan assets	–257	–134
Total cost of defined-benefit plans	124	280
Total cost of defined-contribution plans	854	653
Total cost of post-empoyment remuneration excluding special payroll tax	**978**	**933**

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 2023 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 0.00435 percent (0.011).

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 2023, Alecta's surplus in the form of its collective solvency rate was 157 percent (172).

Defined-benefit obligations and the value of plan assets

Group	2023	2022
Obligations secured in full or in part in funds:		
Present value of defined-benefit obligations	7,746	6,616
Fair value of plan assets	7,296	6,669
Net value of obligations funded in full or in part	**449**	**–53**
Special payroll tax/employer contributions	107	–15
Net amount in balance sheet (obligation +, asset –)	**556**	**–68**
Net amount is recognized in the following balance sheet items:		
Provisions for pensions and similar obligations	556	–68
Net amount in balance sheet (obligation +, asset –)	**556**	**–68**
Net amount is distributed among plans in the following countries:		
Sweden	547	–78
Norway	9	10
Net amount in balance sheet (obligation +, asset –)	**556**	**–68**

Change in obligation for defined-benefit plans

Group	2023	2022
Obligation for defined-benefit plans on January 1	**6,616**	**8,840**
Remuneration paid	–253	–223
Current service cost plus interest expense	381	414
Actuarial gains and losses on changed experience-based assumptions	419	588
Actuarial gains and losses on changed financial assumptions	583	–3,004
Obligation for defined-benefit plans on December 31	**7,746**	**6,616**

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

Change in plan assets

Group	2023	2022
Fair value of plan assets on January 1	**6,669**	**7,223**
Compensation	–7	–7
Estimated return	257	134
Funds contributed	34	93
Actuarial gains and losses	344	–775
Fair value of plan assets on December 31	**7,296**	**6,669**
The plan assets comprise:		
Swedish stock market, listed	1,040	763
International stock market, listed	2,151	1,796
Hedge funds, listed	620	571
Interest-bearing securities, listed	3,055	3,063
Interest-bearing securities, unlisted	430	475
Fair value of plan assets on December 31	**7,296**	**6,669**

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

Actuarial assumptions, weighted average value, %

Group	2023	2022
Discount rate, %	3.40	3.85
Future salary increases, %	3.00	3.00
Anticipated inflation, %	2.00	2.00
Life expectancy assumption at 65 years, years	22.4	22.4

Notes

Note 29 cont'd.

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

Group	Increase, %	Decrease, %
Discount rate, 0.5 percentage points change	–7.2	8.1
Future salary increases, 0.5 percentage points change	2.2	–2.0
Anticipated inflation, 0.5 percentage points change	6.6	–6.0
Life expectancy assumption at 65 years, 1 year change	3.6	–3.6

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 30 M will be paid in 2024 to funded and unfunded defined-benefit plans. The indexation decided by Alecta of 6.48 percent for 2024 was taken into account in the year's measurement in accordance with IAS 19 and led to an increase of approximately 3 percent in the obligation.

Pension costs

Parent Company	2023	2022
Proprietary pension payments		
Proprietary costs, excluding interest expense	29	37
Interest expense	5	4
Cost of proprietary pension payments	**34**	**41**
Pension payments through insurance		
Insurance premiums	22	14
Subtotal	**56**	**55**
Special payroll tax on pension costs	5	5
Pension costs during the year	**61**	**60**

Capital value of pension obligations

Parent Company	2023	2022
Capital value of pension obligations pertaining to proprietary pension payments on January 1	230	196
Cost, excluding interest expense, charged against profit	29	37
Interest expense	5	4
Pension payments	–9	–8
Capital value of pension obligations pertaining to proprietary pension payments on December 31	**255**	**230**

Fair value of especially detached assets

Parent Company	2023	2022
Fair value of especially detached assets on January 1	268	247
Return on especially detached assets	5	21
Fair value of especially detached assets on December 31	**274**	**268**
Fair value of especially detached assets distributed as:		
Shares	120	103
Funds	23	23
Interest-bearing receivables	131	142
Fair value of especially detached assets on December 31	**274**	**268**

The pension foundations have no financial instruments issued by NCC AB or assets used by the company.

Net pension obligations

Parent Company	2023	2022
Capital value of pension obligations pertaining to proprietary pension payments on December 31	255	230
Fair value of especially detached assets on December 31	274	268
Surplus on especially detached assets	19	39
Net recognized pension obligations	**0**	**0**

Assumptions for defined-benefit obligations

Parent Company	2023	2022
Discount rate on December 31	3.40	3.85

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 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.

Notes

Note 30

Other liabilities

Group	2023	2022
Other long-term liabilities		
Derivative instruments held for hedging	2	0
Other long-term liabilities	11	60
Total	**13**	**60**
Other current liabilities		
Advances from customers	107	91
Derivative instruments held for hedging	110	9
Other current liabilities	880	1,048
Total	**1,096**	**1,148**

Note 31

Accrued expenses and deferred income

	Group		Parent Company	
	2023	2022	2023	2022
Payroll-related costs	1,869	1,798	60	21
Financial expenses	24	13	–	–
Prepaid rental revenues	27	23	–	–
Prepaid revenues from rental guarantees	16	35	–	–
Project-related costs	910	1,047	–	–
Administrative costs	41	46	10	10
Operating and selling costs	404	451	–	–
Other expenses	105	99	–	–
Total	**3,396**	**3,512**	**71**	**30**

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; refer to Note 17, Participations in Group companies. For information on NCC's senior executives, refer to Note 4, Number of employees, personnel expenses and remuneration of senior executives. Transactions involving NCC's associated companies and joint operations were of a production nature. The transactions were conducted on normal market terms.

Group	2023	2022
Transactions with associated companies and joint arrangements		
Sales to associated companies and joint arrangements	38	42
Purchases from associated companies and joint arrangements	−17	−14
Long-term receivables from associated companies and joint arrangements	39	7
Current receivables from associated companies and joint arrangements	5	6
Interest-bearing liabilities to associated companies and joint arrangements	6	1
Operating liabilities to associated companies and joint arrangements	1	1
Guarantee obligations for associated companies and joint arrangements	132	114

Parent Company	2023	2022
Transactions with Group companies		
Sales to Group companies	172	153
Purchases from Group companies	−24	−9
Interest income from Group companies	16	1
Interest expense to Group companies	−9	−6
Dividend from Group companies	1,125	1,081
Current receivables from Group companies	447	675
Interest-bearing liabilities to Group companies	380	697
Operating liabilities to Group companies	7	13
Sureties and guarantee obligations to Group companies	25,142	30,167

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	2023	2022
Income statement		
Depreciation of right-of-use assets	−588	−568
Interest expense for lease liabilities	−58	−41
Total costs, capitalized leases	**−647**	**−609**
Low-value and short-term leases	−1,688	−1,664
Total costs, non-capitalized leases	**−1,688**	**−1,664**
Total costs, leases	**−2,335**	**−2,273**
Cash flow, leases[1)]	**−646**	**−623**

1) Corresponding amortization of lease debt

Group – Lease liabilities	2023	2022
Current lease liabilities	473	472
Long-term lease liabilities	906	1,036
Total lease liabilities	**1,380**	**1,507**

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

Group	2023	2022
Lessor		
Future lease payments		
Non-discounted future lease payments that expire:		
Within one year	239	147
Later than one year but earlier than five years	203	22
Total future non-discounted lease payments	**442**	**169**

Parent Company	2023	2022
Lessee		
Future lease payments		
Non-discounted leases that expire:		
Within one year	2	2
Later than one year but earlier than five years	3	3
Total future non-discounted lease payments	**5**	**5**

The Parent Company's expensed lease payments amounted to SEK 12 M (10).

Notes

Note 33 cont'd.

Right-of-use assets

2023	Owner-occupied properties	Machinery & equipment	Land leases	Total
Recognized cost on January 1	1,472	1,398	4	2,874
Increase in leases during the year	214	289	–1	502
Divestment and scrappage	–63	–475	0	–537
Translation differences during the year	–19	–23	0	–42
Recognized cost on December 31	**1,605**	**1,189**	**3**	**2,797**
Accumulated depreciation on January 1	–608	–842	–2	–1,450
Divestment and scrappage	63	461	–	524
Depreciation during the year	–270	–318	–	–588
Translation differences during the year	7	14	–	21
Accumulated depreciation on December 31	**–808**	**–686**	**–2**	**–1,496**
Residual value on January 1	**864**	**555**	**2**	**1,422**
Residual value on December 31	**797**	**503**	**1**	**1,301**

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
Recognized cost on December 31	**1,472**	**1,398**	**4**	**2,874**
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
Accumulated depreciation on December 31	**–608**	**–842**	**–2**	**–1,450**
Residual value on January 1	**901**	**699**	**2**	**1,602**
Residual value on December 31	**864**	**555**	**2**	**1,422**

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. Right-of-use assets 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 a 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.

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.

Notes

Note 34
Pledged assets and contingent liabilities

	Group		Parent Company	
	2023	2022	2023	2022
Pledged assets				
For own liabilities:				
Assets subject to liens, etc.	422	415	–	–
Total	**422**	**415**	–	–
Other pledged assets	9	9		
Total assets pledged	**431**	**424**	–	–
Contingent liabilities				
Own contingent liabilities:				
Sureties on behalf of Group companies			25,136	30,145
Other sureties and contingent liabilities[1)]	576	3,899	5	22
Held jointly with other companies:				
Liabilities in consortiums, partnerships and limited partnerships	132	114	–	–
Total contingent liabilities[2)]	**708**	**4,012**	**25,142**	**30,167**

1) Deviation of SEK 444 M compared with the amount reported in the Q4 interim report for January-December 2023. The comparative amount was also adjusted.

2) Since sureties for former wholly owned subsidiaries of NCC AB in the Bonava Group have not been eliminated, sureties recognized in the comparative period as outstanding in NCC AB on behalf of Bonava companies were included in this item (for the Group 0 (19) and for the Parent Company 0 (19)). All commitments to Bonava had been completed as per June 2023.

Pledged assets
Assets subject to liens

Primarily pertains to leased assets in the form of cars and trucks.

Contingent liabilities
Sureties on behalf of Group companies

Sureties on behalf of Group companies have mainly been issued as collateral for:
- fulfillment of construction contracts
- utilized guarantee limits with banks and insurance companies
- NCC Treasury AB's borrowing
- NCC's pension debt

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
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 may be material. 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 assessments made.

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 material costs.

Note 35
Cash flow statement

Cash and cash equivalents

Group	2023	2022
Cash and bank balances	707	534
Total cash and cash equivalents	**707**	**534**

Parent Company	2023	2022
Balance in NCC Treasury AB	133	213
Total according to cash flow statement	**133**	**213**

Acquisition of fixed assets
Group

Acquisitions of intangible and tangible fixed assets, excluding assets acquired via finance leases, amounted to SEK 835 M (936) 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 280 M (190), of which SEK 15 M (0) 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 period amounted to SEK 26 M (5). Interest paid during the period amounted to SEK 188 M (29).

Parent Company

Interest received during the period amounted to SEK 16 M (1). Interest paid during the period amounted to SEK 9 M (6).

Cash flow derived from participations in joint operations

Group	2023	2022
Operating activities	73	61
Change in working capital	–93	60
Investing activities	–24	–8
Financing activities	–3	–3
Total cash flow	**–47**	**110**

Notes

Note 35 cont'd.

Cash and cash equivalents unavailable for use

Group	2023	2022
Cash and cash equivalents in joint operations	294	342
Total cash and cash equivalents unavailable for use	**294**	**342**

Transactions that had no effect on payments

Group	2023	2022
Increase in right-of-use assets, leases	503	380

Changes in financing activities

			of which non-cash items			
Group	CB 2022	Cash flow	Change in leases	Interest indexing	Exchange rate differences	CB 2023
Interest-bearing liabilities	2,849	1,070	–	–	−3	3,916
Interest-bearing receivables	−695	−26	–	–	−113	−834
Lease liabilities	1,507	−646	599	−59	−21	1,380
Total	**3,661**	**399**	**599**	**−59**	**−137**	**4,462**
Dividends		−586				
Cash flow from financing activities		**−187**				

			of which non-cash items			
Group	CB 2021	Cash flow	Change in leases	Interest indexing	Exchange rate differences	CB 2022
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
Total	**3,543**	**−269**	**437**	**−41**	**−9**	**3,661**
Dividends		−618				
Acquisition of company shares		−1,009				
Cash flow from financing activities		**−1,896**				

			of which non-cash items		
Parent Company	CB 2022	Cash flow	Group contri-butions 2023	Exchange rate differences/ other	CB 2023
Interest-bearing liabilities	700	−250	–	−69	381
Interest-bearing receivables	−343	245	−134	66	−166
Total	**357**	**−5**	**−134**	**−3**	**215**
Dividend		539			
Cash flow from financing activities		**534**			

			of which non-cash items		
Parent Company	CB 2021	Cash flow	Group contri-butions 2022	Exchange rate differences/ other	CB 2022
Interest-bearing liabilities	947	−200		−47	700
Interest-bearing receivables	−596	442	−233	44	−343
Total	**351**	**242**	**−233**	**−3**	**357**
Dividend		463			
Acquisition of company shares		−1,009			
Cash flow from financing activities		**−304**			

Trend in net debt

Group, SEK M	2023	2022
Net debt, January 1	−3,000	−2,932
Cash flow before financing	361	−136
Change in lease liability	−461	−376
Acquisition/sale of company shares	–	−1,009
Change in pension debt	−624	2,066
Exchange rate difference in cash and cash equivalents	0	4
Dividend paid	−586	−618
Net debt, closing balance	**−4,310**	**−3,000**
Of which, pension debt	−556	68
Of which, lease liability according to IFRS 16	−1,380	−1,507
Of which, other net cash/net debt	−2,374	−1,561

Other changes in working capital

	Group	
SEK M	2023	2022
Increase (–) / Decrease (+) in inventory	−46	−62
Increase (–) / Decrease (+) in receivables	−1,175	−78
Increase (+) / Decrease (–) in liabilities	1,590	−73
Other changes in working capital	**369**	**−213**

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.

Notes

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 in EUR and SEK, at a counter-value of SEK 5,101 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 3,916 M (2,790) was 18 months (28).

Maturity structure, loans[1]

	2023		2022	
	Interest-bearing liabilities			
Matures	Amount	Proportion, %	Amount	Proportion, %
2023	–	–	540	19
2024	1,816	46	750	27
2025	1,000	25	1,000	36
2026	600	15	–	–
2027	500	13	500	18
Total	**3,916**	**100**	**2,790**	**100**

1) Excluding pension debt and lease liability.

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	1,075
Medium Term Note (MTN) in Sweden[1]	SEK 5,000 M	2,850
Total		**3,925**

1) Green bonds of SEK 2,850 M (2,350), of which SEK 1,750 M (1,750) is listed on Nasdaq Stockholm.

Market financing programs accounted for 100 percent (89) 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 cash equivalents, short-term investments and unutilized committed lines of credit, less market financing programs with a remaining maturity of less than three months. At the end of the year, the volume of unutilized committed lines of credit was SEK 5,361 M (5,071), with an average remaining maturity of 2.0 years (2.4). 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 1,208 M (928). Payment capacity on December 31 corresponded to 10 percent (11) of sales.

Maturity structure unutilized committed lines of credit

	2023		2022	
Matures	Amount	Proportion, %	Amount	Proportion, %
2023	–	–	202	4
2024	2,260	42	1,750	35
2025	–	–	3,119	62
2026	3,101	58	–	–
Total	**5,361**	**100**	**5,071**	**100**

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 in 2022 was used, and for 2023 the variable interest rate was based on forward interest rates from observable yield curves. 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.

Notes

Note 36 cont'd.

Analysis of maturities (amounts including interest)[1]

	2023						2022					
	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
Interest-bearing liabilities	4,233	1,015	963	1,745	511	–	3,044	402	189	1,918	535	–
Lease liabilities	1,487	–	522	619	278	69	1,586	–	500	643	285	158
Interest rate swaps	1	–	0	1	–	–	–	–	–	–	–	–
Oil forward contracts	4	0	4	0	–	–	3	1	2	0	–	–
Electricity forward contracts	17	2	4	11	–	–	–	–	–	–	–	–
Accounts payable	6,105	6,105	–	–	–	–	5,165	5,165	–	–	–	–
Total	**11,847**	**7,122**	**1,492**	**2,376**	**789**	**69**	**9,798**	**5,568**	**691**	**2,561**	**820**	**158**

1) Excluding pension debt.

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

Analysis of maturities (amounts including interest)

	2023				2022			
	Total	<3 months	3 months–1 year	>1 year	Total	<3 months	3 months–1 year	>1 year
Currency forward contracts								
– outflow	–4,859	–3,983	–836	–40	–3,929	–3,262	–586	–81
– inflow	4,790	3,938	813	39	3,987	3,303	601	83
Net flow from gross settled derivatives	**–69**	**–45**	**–23**	**–1**	**58**	**41**	**15**	**2**

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,[1] 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 575 M (475), 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 2023.

The fixed interest rate maturity period for NCC's interest-bearing corporate debt reduced by the interest exposure in cash and cash equivalents[1] was 10 months (13), including interest rate swaps. Cash and cash equivalents[1] amounted to SEK 1,208 M (928) and the average interest rate maturity period was six months (four).

At the end of the year, NCC's interest-bearing corporate debt amounted to SEK 3,916 M (2,790) and the average interest rate maturity period was eight months (12).

On December 31, 2023, NCC had interest rate swaps with a nominal value of SEK 575 M (475) that were linked to interest-bearing corporate debt. On December 31, 2023, the interest rate swaps had a fair value of SEK 5 M (17) net, comprising long-term receivables of SEK 0 M (14), short-term receivables of SEK 7 M (3) and long-term liabilities of SEK 2 M (0). The interest rate swaps have due dates ranging from 0.8 (0.8) to 3.5 (1.8) years with an average fixed interest rate of 2.0 percent (1.0). An increase in interest rates by one percentage point would result in a change of SEK –15 M (–9) 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 (0) in net profit for the year and a change of SEK 6 M (5) in other comprehensive income resulting from a change in fair value of the Group's interest rate swaps.

1) Cash and cash equivalents and short-term investments.

Maturity structure, fixed interest[1]

	2023		2022	
	Interest-bearing liabilities, incl. interest rate swaps			
Matures	Amount	Proportion, %	Amount	Proportion, %
2023	–	–	1,764	63
2024	2,966	76	375	14
2025	650	17	650	23
2026	200	5	–	–
2027	100	3	–	–
Total	**3,916**	**100**	**2,790**	**100**

1) 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 and in equity 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.

Notes

Note 36 cont'd.

	2023				2022			
Counter-value in SEK M	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	2,376	2,064	87	12	2,530	2,136	84	16
DKK	59	30	51	1	71	28	39	2
NOK	230	78	34	6	222	173	78	2
Other	114	49	43	3	151	110	73	2
Total	**2,779**	**2,221**	**80**	**22**	**2,973**	**2,448**	**82**	**21**

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 and in equity 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.

	2023				2022			
Counter-value in SEK M	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	46	–	–	2	18	–	–	1
DKK	81	44	54	1	86	55	63	1
NOK	2	–	–	–	0	–	–	0
Other	–	–	–	–	2	–	–	–
Total	**129**	**44**	**34**	**3**	**105**	**55**	**52**	**2**

The forward contracts used to hedge contracts, and forecast transactions, are classified as cash flow hedges. During 2023, 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.

	2023				2022			
Counter-value in SEK M	Total	<3 months	3 months–1 year	>1 year	Total	<3 months	3 months–1 year	>1 year
EUR	954	321	593	39	956	307	566	83
NOK	3	3	–	–	40	32	8	–
PLN	–	–	–	–	22	15	7	–
Other	3	3	0	–	–	–	–	–
Total hedge position	**960**	**328**	**594**	**39**	**1,018**	**354**	**581**	**83**
Total contracted and forecast currency outflows.	1,307	345	798	165	1,407	378	795	234
Hedged share, %	73	95	74	24	72	94	73	35
Average forward rate in SEK regarding total hedge position for currency outflows:								
EUR currency forward contracts	11.41	11.29	11.48	11.32	10.87	10.67	10.98	10.87
NOK currency forward contracts	1.04	1.04	–	–	1.08	1.07	1.08	–
PLN currency forward contracts	–	–	–	–	2.24	2.24	2.22	–

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 –27 M (29). Of this amount, other long-term receivables of SEK 0 M (2), other receivables of SEK 9 M (30), other long-term liabilities of SEK 1 M (0) and other current liabilities of SEK 35 M (3) 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[1]

	2023		2022	
Counter-value in SEK M	Amount	Proportion, %	Amount	Proportion, %
DKK	–	–	59	2
SEK	3,916	100	2,731	98
Total	**3,916**	**100**	**2,790**	**100**

1) Excluding pension debt and lease liability.

Financing via currency derivatives (currency swaps)

Counter-value in SEK M	2023	2022
Buy +/ Sell – DKK	2,305	1,580
Buy +/ Sell – EUR	–700	518
Buy +/ Sell – NOK	–	108
Buy +/ Sell – PLN	33	55
Net	**1,638**	**2,261**

Notes

Note 36 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, 2023, a 5-percent depreciation of the SEK in relation to other currencies would result in a change of SEK 216 M (186) in other comprehensive income; see the table below.

	2023		2022	
Counter-value in SEK M	**Net investment**	**Exchange rate risk, 5%**	**Net investment**	**Exchange rate risk, 5%**
DKK	2,512	126	2,262	113
EUR	480	24	569	28
NOK	1,323	66	897	45
Total	**4,315**	**216**	**3,729**	**186**

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 –4 M (–2). Of this amount, other receivables of SEK 0 M (0), other long-term liabilities of SEK 0 M (0) and other current liabilities of SEK 4 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, 2023 would give rise to a change of SEK 2 M (1) 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, regarding both customer contracts with fixed price and those subject to indexed prices, and the portion hedged via oil forward contracts during the year. NCC hedges only fixed price customer contracts.

	2023			2022		
	Purchases bitumen tons	**Hedged share tons**	**Hedged share via oil forward contracts, %**	**Purchases bitumen tons**	**Hedged share tons**	**Hedged share via oil forward contracts, %**
Total	196,000	31,816	16	234,890	54,582	23

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.

	2023				2022			
	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)	474,093	9,715	227,331	237,047	454,277	5,495	221,644	227,138
Hedge position through oil forward contracts (tons)	7,498	459	6,840	199	3,161	152	2,859	150
Hedged share, %	2	5	3	0	1	3	1	–
Hedge position counter-value, SEK M	35	2	32	1	15	1	13	1
Hedged price per ton (average price in SEK)	**4,611**	**4,472**	**4,626**	**4,415**	**4,649**	**5,060**	**4,565**	**5,835**

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 136,508 MWh (136,747), of which 24,728 MWh (25,054) fall due within three months, 47,288 MWh (49,405) fall due in 3–12 months and 64,492 MWh (62,287) fall due after one year.

The net fair value of electricity forward contracts used for hedging the price risk related to electricity was SEK –17 M (68). Of this amount, other liabilities of SEK 17 M (–68) were 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, 2023 would give rise to a change of SEK 6 M (13) 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 45 M (193) at the end of 2023. 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 percent of the nominal amount). Calculated gross exposure to counterparty risks pertaining to cash and cash equivalents and short-term investments amounted to SEK 1,208 M (928).

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 17.4 percent (17.6) during the year.

Age analysis of accounts receivable

	2023		2022	
Group	**Gross**	**Reserve for doubtful receivables**	**Gross**	**Reserve for doubtful receivables**
Not past-due accounts receivable	6,334	–	6,176	–
Past-due accounts receivable 1–30 days	935	–	533	–24
Past-due accounts receivable 31–60 days	93	–	101	–1
Past-due accounts receivable 61–180 days	148	–33	131	–10
Past-due accounts receivable >180 days	1,651	–432	1,987	–689
Total	**9,161**	**–465**	**8,928**	**–723**

Notes

Note 36 cont'd.

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	2023	2022
On January 1	–723	–728
Provision for the year	–324	–249
Reversal of previously posted impairment losses	548	268
Translation differences	36	–14
On December 31	**–465**	**–723**

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, 2023	Financial assets measured at fair value through profit or loss[1]	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[1]	Other liabilities	Total carrying amount	Total fair value
Long-term holdings of securities	–	–	–	68	–	–	68	68
Long-term interest-bearing receivables	–	–	204	–	–	–	204	203
Pension receivable	–	–	–	–	–	–	–	–
Other long-term receivables	–	–	–	–	–	–	–	–
Accounts receivable	–	–	8,696	–	–	–	8,696	8,696
Current interest-bearing receivables	–	–	129	–	–	–	129	129
Other receivables	16	16	66	–	–	–	98	98
Short-term investments	450	–	51	–	–	–	501	500
Cash and cash equivalents	–	–	707	–	–	–	707	707
Total assets	**467**	**16**	**9,852**	**68**	–	–	**10,403**	**10,402**
Long-term interest-bearing liabilities	–	–	–	–	–	3,006	3,006	2,987
Other long-term liabilities	–	2	–	–	–	11	13	13
Provisions for pensions and similar obligations	–	–	–	–	–	556	556	556
Current interest-bearing liabilities	–	–	–	–	–	2,289	2,289	2,285
Accounts payable	–	–	–	–	–	6,105	6,105	6,105
Accrued expenses and deferred income	–	–	–	–	–	24	24	24
Other current liabilities	–	57	–	–	53	–	110	110
Total liabilities	–	**59**	–	–	**53**	**11,991**	**12,103**	**12,080**

1) Statutorily measured at fair value.

Notes

Note 36 cont'd.

Group, 2022	Financial assets measured at fair value through profit or loss[1)]	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[1)]	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
Total assets	**408**	**117**	**9,155**	**68**	–	–	**9,748**	**9,739**
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	–	–	–	–	–	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
Total liabilities	–	**6**	–	–	**3**	**9,534**	**9,544**	**9,498**

1) Statutorily measured at fair value.

Parent Company, 2023	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	314	–	–	314	314
Other current receivables	1	–	–	1	1
Balance in NCC Treasury AB	133	–	–	133	133
Total assets	**449**	**45**	–	**494**	**494**
Other long-term liabilities	–	–	2	2	2
Accounts payable	–	–	19	19	19
Current liabilities to Group companies	–	–	387	387	387
Total liabilities	–	–	**408**	**408**	**408**

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
Total assets	**677**	**45**	–	**722**	**722**
Other long-term liabilities	–	–	3	3	3
Accounts payable	–	–	13	13	13
Current liabilities to Group companies	–	–	711	711	711
Total liabilities	–	–	**727**	**727**	**727**

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.

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.

Notes

Note 36 cont'd.

Group	2023 Level 1	2023 Level 2	2023 Level 3	2023 Total	2022 Level 1	2022 Level 2	2022 Level 3	2022 Total
Financial assets measured at fair value								
Financial assets measured at fair value through profit or loss								
Short-term investments	450	–	–	450	374	–	–	374
Derivative instruments	–	16	–	16	–	34	–	34
Derivative instruments used in hedge accounting	–	16	–	16	–	117	–	117
Financial assets measured at fair value through other comprehensive income								
Equity instruments	–	–	68	68	–	–	68	68
Financial assets not measured at fair value								
Long-term interest-bearing receivables	203	–	–	203	175	–	–	175
Short-term investments	49	–	–	49	20	–	–	20
Total assets	**702**	**32**	**68**	**802**	**569**	**151**	**68**	**788**
Financial liabilities measured at fair value								
Financial liabilities measured at fair value through profit or loss								
Derivative instruments	–	53	–	53	–	3	–	3
Derivative instruments used in hedge accounting	–	59	–	59	–	6	–	6
Financial liabilities not measured at fair value								
Other interest-bearing liabilities	1,747	3,525	–	5,272	1,724	2,528	–	4,252
Total liabilities	**1,747**	**3,637**	–	**5,384**	**1,724**	**2,537**	–	**4,261**

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	2023 Financial assets	2023 Financial liabilities	2022 Financial assets	2022 Financial liabilities
Recognized gross amount[1)]	32	112	151	9
Amount included in netting agreements	–29	–29	–7	–7
Net amount after netting agreement	**3**	**83**	**144**	**2**

1) 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 16 M (34) in other receivables, SEK 0 M (16) for derivatives used in hedge accounting for other long-term receivables and SEK 16 M (101) in other receivables.The gross carrying amount of financial liabilities includes derivatives measured at fair value through profit or loss in other long-term liabilities of SEK 2 M (0), derivatives measured at fair value through profit or loss in other current liabilities of SEK 53 M (3) and derivatives used in hedge accounting of other current liabilities of SEK 57 M (6).

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.

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.

Notes

Note 36 cont'd.

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, Herrjärva Torg 4, SE–170 80 Solna, Sweden. The consolidated financial statements 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

In January, the company Tietoevry was subjected to an extensive hacker attack. NCC was a customer of Tietoevry and was influenced to some extent by this. However, the impact was not material.

In February, Niklas Sparw took over as head of business area NCC Building Sweden and Helena Hed as head of business area NCC Green Industry Transformation.

On February 1, Nordstjernan sold 3,636,501 A shares and no longer holds any shares in NCC. The sale was carried out at a price equivalent to SEK 130 per share.

Due to changes in ownership, Peter Hofvenstam, previously Nordstjernan, resigned from the Nomination Committee. Since the Nomination Committee's work was basically finished, the Nomination Committee refrained from appointing a replacement member for Peter Hofvenstam. The two remaining members, Simon Blecher (Carnegie Fonder) and Trond Stabekk (OBOS) completed the last part of the work and submit the nomination committee's proposal before the Annual General Meeting.

On February 12, 2024, a fire broke out at the Oceana water park in Gothenburg, which NCC is building on behalf of Liseberg. One person tragically died in the fire and the building sustained extensive damage. The causes of the fire are being investigated by several agencies and NCC is assisting these investigations and our client in the work. Construction projects are generally insured.

On March 7, NCC announced that Maria Grimberg, Head of Communication, has decided to leave NCC for a role outside the company.

Note 39

Appropriation of the company's profit

The Board of Directors proposes that the available funds	4,038,474,341
Be appropriated as follows:	
Ordinary dividends to the shareholders of SEK 8.00 per share[1)]	781,293,880
To be carried forward	3,257,180,461
Total, SEK	4,038,474,341

1) The total amount of the proposed dividend is calculated based on the number of outstanding shares as of December 31, 2023 and may change if the number of outstanding shares has changed on the payment date.

Decisions regarding dividend proposals are made taking into account the company's future profits, financial position, capital needs and the macroeconomic conditions. NCC's board has proposed a dividend of SEK 8.00 (6.00) per share to be paid on two occasions. This corresponds to 50 percent of after-tax profit for the year. The proposed record date for the first payment of SEK 4.00 is April 11, 2024, with payment occurring on April 16, 2024. For the second payment of SEK 4.00, November 7, 2024 is the proposed record date with payment occurring on November 12, 2024.

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 12, 2024. 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 April 9, 2024.

Solna, March 12, 2024

Alf Göransson
Chairman of the Board

Daniel Kjørberg Siraj
Board member

Simon de Château
Board member

Mats Jönsson
Board member

Angela Langemar Olsson
Board member

Birgit Nørgaard
Board member

Cecilia Fasth
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 13, 2024

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 2023 except for the corporate governance statement on pages 33–43. The annual accounts and consolidated accounts of the company are included on pages 14–87 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 2023 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 2023 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. Our opinions do not cover the corporate governance statement on pages 33–43. 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.

Auditor's report

Key audit matters	How our audit addressed the Key audit matter
Revenue and results recognition in construction projects Revenue and results recognition in construction projects 2023 revenue in NCC's construction and civil engineering operations amount to approximately SEK 44 (42) 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", " Critical 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 Revenue recognition, note 28 Other provisions and note 34 Pledged assets and contingent liabilities (subsection "Contingent liabilities etc").*	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 judgments.

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 1–13 and 92–135. The Board of Directors and the Managing Director are responsible for this other information.

The other information also consists of the compensation report for 2023 that we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are 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 Director's 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. 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 2023 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/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to (my) our audit of the annual accounts [and consolidated accounts], I (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 2023.

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 my (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.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 33-43 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 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.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of NCC AB (publ) by the general meeting of the shareholders on 31 March 2023, and has been the company's auditor since the 5 April 2017.

Stockholm 13 March 2024
PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorised Public Accountant
Partner in charge

Erik Bergh
Authorised Public Accountant

Sustainability Report

Introduction

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. NCC has a Green Financing Framework that has been verified by the Center for International Climate and Environmental Research (CICERO). The framework has been given the highest rating of Excellent for governance and the overall rating of Medium Green under the Shades of Green methodology.

The NCC has also conducted an analysis according to the Task Force on Climate-related Financial Disclosures (TCFD). The purpose of the analysis is to highlight the opportunities and risks associated with the climate. Read more on p. 32.

Targets for sustainability work

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.

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 also 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). This is a fundamental part of the operations.

Value-guided points of departure: Honesty, respect and trust

NCC also works with distinct and value-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*

Sustainability targets and outcome

	Outcome 2023	Target 2026
Health and safety **LTIF4** Work-related accidents resulting in more than four calendar days of absence per million working hours.	4.0	≤2.0

Climate and energy, %

	Outcome 2023	Target 2030
Scope 1 & 2 **Target:** 60-percent reduction in CO_2e[1] (Scope 1 & 2) by 2030 (base year 2015), measured as tons of CO_2e/SEK M. **Outcome 2023:** Emission intensity amounted to 2.3 tons CO_2e/SEK M, corresponding to a reduction of 56 percent compared with 2015.	−56	−60

Scope 3	Outcome 2023	Target 2030
Ready-mix concrete[2]	−22	−50
Asphalt[2]	−25	
Steel reinforcement[2]	−45	
Transportation[3]	–	

1) Carbon dioxide equivalents, i.e. greenhouse gas emissions expressed as the equivalent amount of carbon dioxide.
2) Relates to sub-set of ready-mix concrete, steel reinforcement and internally purchased asphalt.
3) Emissions from transportation are reported for the first time in 2023 and thus no comparative figures are available.

A shared 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 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

In 2023, NCC worked on preparations ahead of future reporting according to the Corporate Sustainability Reporting Directive (CSRD). This report has been prepared according to previous regulations, but some adaptations have been made.

NCC's sustainability framework

Data & Expertise	Natural resources & Biodiversity	Materials & Circularity	Climate & Energy	Health & Safety	People & Team	Ethics & Compliance
Material topics						
Climate neutrality 2045						
Certified constructions and buildings Environmental product declarations and climate calculations	Biodiversity Raw materials Water	Design and material selection Recycling and reuse Waste	Greenhouse gas emissions Energy Climate adaptation	Occupational health and safety	Diversity and inclusion Employee engagement Non-discrimination Learning and development	Anti-corruption Fair competition Human rights Responsible purchasing
Read more on p. 116	*Read more on p. 99*	*Read more on p. 100*	*Read more on p. 102*	*Read more on p. 107*	*Read more on p. 110*	*Read more on p. 113*
Economic performance **Stable, sustainable financial performance**						

Our core

Our core:
Our ability to manage the complexity of a construction process

Our purpose:
To take the customer through the construction process to ensure a positive end-result for all stakeholders

Our values:
Honesty / Trust / Respect

Our Star behaviors
Act with passion to perform / Build together / Follow through and follow up / Act with care

Introduction

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 sustainability 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 business areas or Group functions. The Board reviews and follows up to ensure that NCC is working in line with the Group's targets. As of 2023, the Board's Audit Committee is responsible for issues related to sustainability activities and associated reporting. The Board receives a written report at least once per year of work conducted as part of NCC's regulatory compliance program and the Tell me function from the Group's Head of Compliance.

NCC's Senior Management Team (SMT) is responsible for establishing and following up the Group's sustainability targets. The SMT regularly addresses the Group-wide work and every meeting includes some form of reporting of issues covered by the sustainability framework. In 2023, this work focused, inter alia, on skills development, health and safety and the work of the purchasing function. On two occasions during the year, the SMT follows up the climate targets and in connection with this also discussed Group-wide topics, such as the impact of certain legislation. The SMT also held a review of strategic risks as well as climate-related and business conducts risks including corruption.

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 addition, the various Group functions, such as Legal Affairs & Risk, Purchasing, Finance, IT, Communication and HR, pursue their own sustainability-related activities that could relate to Group-wide responsibilities and support to individual business areas as well as specialist functions.

This means 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 for everyone who enters or comes into contact with NCC's worksites. The responsibility for systematic OHS work at the worksite is delegated to managers with HR responsibility.

Work in the areas of anti-corruption and anti-bribery, fair competition, conflicts of interest, counteracting fraud, and data privacy is headed by the Group Head of Compliance, who reports to the Senior Legal Counsel. NCC's Group Compliance Committee (GCC), containing representatives from selected Group functions, is responsible for monitoring implementation of NCC's compliance program as well as reporting suspected serious irregularities and breaches of the Code of Conduct and that these are handled appropriately. Operational work related to business conduct and regulatory compliance is pursued in NCC's business areas and is headed by each business unit's Legal Affairs & Risk function. This work is regularly followed up by the Group's Head of Compliance and the persons responsible regularly meet in the BA Compliance Forum. NCC's purchasing organization and HR function are responsible for the process for monitoring of human rights compliance.

During 2023, NCC started a Common Environment Team with representatives from each business area and relevant Group functions that will coordinate and pursue certain Group-wide environmental issues. It is responsible for coordinating work within the Group-wide sustainability framework concerning the environment and climate. NCC also has a Sustainability Reporting Board with representatives from all business areas and the relevant Group functions that coordinates and pursues sustainability reporting. Its focus is on Group-wide targets and sustainability data, and coordinating data collection and reporting. Each business area reports the outcome of its targets, in collaboration with its sustainability organization.

Policies and governing documents

NCC has a series of policies and governing 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. NCC's Group directive relating to regulatory compliance includes the Group's policies and guidelines concerning anti-bribery and anti-corruption, fair competition, conflicts of interest, counteracting fraud, data privacy, diversity and human rights. The principles are regularly communicated to NCC's employees through internal communication channels and training. NCC's SMT is responsible for ensuring compliance with the Code of Conduct and policies, which is continuously followed up within the framework of operating activities. Suspicion or observations of potential violations of NCC's Code of Conduct or other serious irregularities may be reported in NCC's Tell me function, which includes an option to report anonymously. The Tell me function is available to both NCC's employees and external individuals.

NCC also has 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 on Ethics and compliance on p. 113 and under Minimum Safeguards on p. 118.

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
Guide for environmental and climate claims	Environment, governance and regulatory compliance

Introduction

Stakeholder engagements

NCC engages in ongoing dialogue with its stakeholders. 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. The updated materiality assessment that is being conduct as part of preparations for CSRD includes nature as an important stakeholder.

NCC engages in dialogue with the stakeholder groups within the framework of operating activities and also implements structured surveys and dialogues, including customer surveys and employee surveys. NCC also creates opportunities for dialogue with specific stakeholder groups in the form of supplier days, Capital Market Days and meetings in conjunction with financial reporting, that were carried out throughout the year. Furthermore, NCC participates in initiatives from stakeholders, for example in dialogue with suppliers, investors and customers.

NCC also participates in industry-wide collaborations and actively participates in the work of, for example, industry associations, business organizations and chambers of commerce in the markets where we are active. NCC has become a signatory to, or supports, joint commitments, such as:

- UN Global Compact, to which NCC reports
- Taskforce on Climate-Related Financial Disclosure (see p. 32), whose guidelines NCC follows
- CDP, to which NCC reports
- Fossil-free Sweden, the construction and civil engineering sector's roadmap for fossil-free competitiveness, where NCC actively contributed in 2023 to the upgrade work ahead of the renewed roadmap
- Reduction Roadmap Denmark
- Strakstiltak for the climate and environment for the Norwegian property, construction and civil engineering industry
- Agreement on counteracting bribery and corruption (ÖMK)

The below is a selection of the organizations in which NCC is an active member or has a position on the board:

- Industry associations – Byggföretagen (Sweden), Di Byggeri (Denmark), EBA (Norway) 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
- Circular Sweden
- Entreprenørforeningen Bygg og Anlegg (Norway), Foreningen för Byggeriets Samfundsansvar (Denmark), Sveriges Bergmaterialindustri (The Swedish Aggregates Producers Association)
- The Anti-Corruption Institute (IMM), Transparency International

Here follows a summary of NCC's ongoing dialogues with various stakeholder groups.

Stakeholder group	Issues in focus	Type of dialogue
Customers	Reduced climate footprint. Energy efficiency. Circularity. Re-use. Biodiversity. Control over the supply chain. Health and safety. Sound working conditions.	Personal meetings. Partnership projects. Customer surveys. Customer seminars and events.
Employees	Safe and secure workplaces. Skills and career development. Good leadership. Equal treatment. Diversity and inclusion. Long-term economic value growth. Responsible ethical enterprise. Reduced climate footprint.	Daily workplace dialogues. Employee surveys. Work environment measurements, work environment dialogues, safety rounds at workplaces, workplace meetings, in-house training. Employee dialogue. Dialogue and activities with students. Structured internal network. Program for younger talents.
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, work to counter corruption and bribery and control of the supply chain. Reduced climate impact, increased circularity and efficient use of materials. Health and safety. Ongoing risk assessment and risk management.	Annual General Meeting, meetings in conjunction with quarterly reporting, participation in questionnaires and dialogue with investors, individual meetings. Participation in seminars arranged by players in the financial market.
Suppliers and subcontractors	Sound working conditions with respect to human rights. Climate impact. Circularity. Long-term economic value growth.	Procurement processes, supplier assessments, meetings with suppliers, supply days, partnership projects, supplier audits.
Society	Good dialogues 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.	Dialogues with local inhabitants, which frequently occur in collaboration with NCC customers. Cooperation with colleges and universities.

Introduction

Materiality assessment

To define the most material topics for NCC, the company 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. Material topics are identified, prioritized and validated. The sustainability framework and its impact areas were used as a basis when validating material topics. They have been validated by the SMT.

NCC's work to contribute to a sustainable society does not only concern its own operations, but the entire value chain. Upstream, NCC's value chain consists of two types of materials: recycled or reused materials or extraction of raw materials. Processing takes place of 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 transportation. There are also financial suppliers upstream.

Downstream, there are primarily customers, then users of buildings and facilities. In the last stage there is the demolition of buildings and facilities, which in turn is connected with recycled and reused material upstream.

In the value chain, NCC is affected by and affects all identified impact areas. Upstream within Natural resources and biodiversity, Materials and circularity, Climate and energy in the selection of materials as well as processing of materials and in transportation. Within the organization through Materials and circularity, Climate and energy, Health and safety, People and teams and Ethics and compliance.

In 2023, as part of adapting to CSRD, NCC conducted a detailed double materiality assessment based on the forthcoming framework. This assessment will form the basis for ESRS reporting. It was performed in all business areas. The assessment has largely confirmed existing impact areas within the framework of the current structure. Since last year, the Economic performance area has been removed from this reporting, since it is reported by other means.

NCC's impact areas	NCC's material topics	Corresponding topics according to GRI Standards	Significant impact among suppliers	Significant impact in NCC's operations	Significant impact among customers
Environmental areas					
Climate and energy	Environmental product declarations			•	•
	Climate calculations			•	•
	Greenhouse gas emissions	Emissions	•	•	
	Energy	Energy		•	•
	Climate adaptation			•	•
Materials & Circularity	Design and material selection	Material	•	•	•
	Recycling and reuse	Material	•	•	•
	Waste	Waste	•	•	•
Natural resources and biodiversity	Biodiversity			•	•
	Raw materials	Material	•	•	
	Water	Water and effluents		•	
Social areas					
Health and safety	Occupational health and safety	Occupational health and safety	•	•	
People and team	Diversity and inclusion	Diversity and equal opportunity		•	
	Employee engagement	Occupational health and safety	•	•	
	Non-discrimination	Non-discrimination		•	
	Learning and development	Training and education		•	
Governance-related areas					
Ethics and compliance	Anti-corruption	Anti-corruption	•	•	•
	Fair competition	Anti-competitive behavior	•	•	•
	Human rights	Supplier social assessment	•		
	Supplier assessment	Supplier social and environmental assessment	•		
Company-specific areas					
Data and expertise	Certified constructions and buildings		•	•	•

Impact areas

Environmental disclosures

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 related to environmental sustainability are:

- Climate and energy
- Natural resources and biodiversity
- Materials and circularity

Environmental sustainability work will be described through these impact areas. Initially, areas are described that are shared or cover several of these areas.

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.

Four areas are highlighted below that affect several environmental sustainability areas.

- Climate calculations
- Environmental product declarations
- Sustainability certifications
- Responsible Site

Climate calculations

Conducing climate calculations in construction projects is crucial to enable the right decisions to be made and to reduce the climate footprint for NCC and for customers. As support in this task, NCC has several digitalized tools as well as internal centers of excellence with climate calculation experts and specialists in all business areas. 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. Climate declarations for buildings are required by law in Sweden, Norway and Denmark, and will be required by law in Finland from 2025.

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 performance. 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. During the year, the number of EPDs in NCC's stone materials business and asphalt increased. Refer to the table Environmental product declarations.

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, BREEAM Infrastructure (CEEQUAL), BREEAM, LEED, DGNB, WELL, RTS, Citylab and NollCO_2 are used for housing and infrastructure projects, as well as whole city districts. BREEAM, DGNB, Citylab and NollCO_2 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 2023, two of NCC's projects were recognized in the Sweden Green Building Awards. The Sustainable Infrastructure award was given to E02 Centralen in Gothenburg and the LEED Building of the Year was awarded to NCC's Magasin X project in Uppsala.

Responsible Site

NCC has its own work method, known as Responsible Site. This offers all NCC workplaces a shared foundation upon which to base efforts to create a workplace that meets stringent requirements in environmental and social sustainability.

It is mandatory to apply Responsible Site for projects in the following business areas: NCC Building Sweden (all projects exceeding SEK 20 M), NCC Infrastructure (all projects exceeding SEK 100 M), NCC Building Norway (all projects exceeding NOK 40 M) and NCC Building Denmark (all projects exceeding DKK 50 M). It is also used to some extent in NCC Building Finland and in the NCC Industry business area, where 44 quarries use this work method. The application of Responsible Site is monitored during environmental rounds and internal audits.

Environmental product declarations (EPDs)

Number EPDs	Total	2023	2022	2021	Country
Asphalt	61	18	25	16	DK, NO, SE
Stone materials	35	6	11	11	DK, FI, NO, SE

NCC Industry formulates plant and quarry-specific EPDs for asphalt and stone materials. We have now published 61 EPDs for asphalt plants as well as individual asphalt mixtures. Norway and Denmark were included for 2023. In addition, we published EPDs for stone materials from a total of 35 of our rock pits and gravel quarries. 22 in Sweden, six in Denmark, five in Norway and two in Finland. We plan to continue producing EPDs for more plants and quarries.

Natural resources and biodiversity

GRI 303

Water and effluents

GRI 304

Biodiversity

Material topics	Targets
• Biodiversity • Raw materials • Water	• Actively take measures to protect biodiversity • Increase natural resource efficiency • Optimize water management

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.

Natural resources

Since NCC's business is resource-intensive, it is important that these 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. NCC always strives for the efficient use of virgin materials if used.

In stone materials operations where NCC extracts stone materials from quarries across the Nordic region, this includes:

- Mass balance: 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 particularly in concrete products.
- Development of substitute products from crushed rock material in order to reduce the use of natural gravel, for example, in the production of concrete.
- NCC machine sand. 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.

Water

NCC works with several types of projects that aim to improve water management and has considerable expertise in water treatment and therefore has a substantial positive impact on water quality in the areas concerned.

While meticulous water management is key in all projects, it is particularly relevant 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 develops project management measures to treat and manage sump and stormwater to minimize the impact on recipient water bodies by removing particles and substances in the water discharged from our projects. Solutions are designed on the basis of project-specific requirements.

In 2023, NCC reviewed its reporting on the issue of water in accordance with CSRD.

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 this is something that is integrated into its construction projects. Through primarily four types of initiatives, NCC works to reduce the negative – and increase the positive – impact on biodiversity.

- NCC Kielo, which is its own method for promoting biodiversity in quarries. The method is not suitable for all quarries. In 2023, 11 quarries deployed this method, four are in Denmark, three in Finland, two in Norway and two in Sweden.
- Property development measures within NCC Property Development when biodiversity is always taken into consideration. One such measure is green roofs (sedum roofs or biotope roofs).
- Measures in construction projects. In Denmark and Norway, the target is to conduct at least one measure for biodiversity in all construction projects. Biodiversity is one area that requires certification under BREEAM.
- On behalf of customers, NCC Infrastructure conducts projects such as wildlife passages under and over roads, which supports biodiversity. This could, for example, involve everything from enabling moose, frogs and dormice to move around, or taking an inventory of trees prior to development work.
- Training and education. In-house training for project managers that includes species protection and invasive species.

Kielo-approved quarries	Number
Sweden	2
Denmark	4
Norway	2
Finland	3

Materials and circularity

GRI 301
Material
GRI 306
Waste

Targets
Circular materials shall be a feature of all projects. NCC strives to close the loop and prioritizes the use of circular 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
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). This is 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, 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.

Material topics	Targets
• Design and material selection • Recycling and reuse • Waste	• Climate-neutral concrete construction • Use as large proportion of recycled asphalt as regulations and authorities allow • Increase the use of circular materials • Reduce construction waste and increase recycling in production

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.

Development
Some of NCC's focus areas:

- Concrete. Read more in the Climate and energy section on p. 102. NCC has a roadmap to pursue the objective of climate-neutral concrete-based construction. In Sweden, there is an internal requirement to use eco-friendly concrete in all residential construction projects
- Steel. Purchase of low-carbon steel reinforcement and the recycling and reuse of heavy building components, in order to reduce climate impact, includes steel elements, such as sheet piling.
- Asphalt. As large a proportion of reclaimed asphalt pavement (RAP) as is permissible by rules and regulations and authorities. In 2023, RAP accounted for 29 percent (26) of the total production of asphalt. The inclusion of RAP means that greenhouse gas emissions are approximately 16,800 tons of CO_2e lower per year, compared with if the asphalt had been produced using conventional technology without the inclusion of RAP in the mix.
- Rock and soil material The NCC 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 reusing 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 only excavate the necessary volume of rock and soil material, and the company strives to increase the reuse of

Impact areas: Materials and circularity

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.

Waste

NCC collaborates with various players in the value chain in order to adapt to a circular construction process, and to minimize the negative impact on people and the environment, such as the waste that construction gives rise to.

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 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 prepared to ensure they are managed correctly from a waste perspective. NCC has a digital tool to handle this. 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.

The principal categories of materials in building construction 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, carpets, 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 through material and design choices, is of great significance to the Group's success in achieving its target of climate neutrality.

In terms of building construction, a target has been set that circular material flows will be integrated in all projects by 2045.

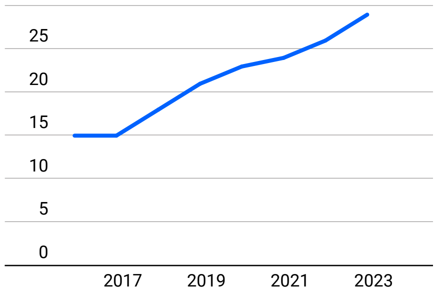
NCC reports its waste volumes from construction activities (NCC Building Sweden, NCC Building Nordics and NCC Infrastructure)

Amounts of waste by type and disposal method

	2023		2022		2021	
Residual product and waste category	**Total weight, tons**	**%**	**Total weight, tons**	**%**	**Total weight, tons**	**%**
Non-hazardous waste						
Sorting	6,438	12	6,204	12	5,961	11
Energy recycling	5,396	10	5,592	11	7,617	14
Reuse/materials recycling	40,687	74	38,690	73	37,036	69
Glass	60					
Plastic	1,671		1,325		1,069	
Wood	14,367		13,736		14,149	
Gypsum	4,176		3,453		3,825	
Metal	6,730		9,644		11,664	
Concrete, bricks, tiles	10,416		9,096		1,546	
Other reuse/recycling	3,267		1,435		4,783	
Landfill	1,777	3	1,896	4	2,445	5
Hazardous waste						
Special treatment	450	1	702	1	608	1
Total amount	**54,749**		**53,085**		**53,667**	

In 2023, the proportion of recycled/reused materials increased by 1 percentage point compared with 2022. 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.

Reclaimed asphalt pavement (RAP), %



As a result of the increased amount of RAP, the climate impact from NCC's total asphalt production in 2023 was approximately 8,900 tons CO_2e lower compared to 2015.

Impact areas: Climate and energy

Climate and energy

GRI 302
Energy
GRI 305
Emissions

Targets
NCC's target is to achieve climate neutrality by 2045. Work is in progress to draft a Group-wide aggregated climate action plan. To date, interim plans and interim targets have been created.

Target for 2030: 60-percent decrease in CO_2e emissions (Scope 1 and 2, base year 2015), measured in tons of CO_2e per SEK M of sales

Target for 2030: 50-percent decrease in CO_2e emissions (Scope 3, base year 2015) from concrete, asphalt, steel and transportation, measured in tons of CO_2e per purchased volume.

Governance
All business areas have individual targets based on the Group's targets for climate and energy. To achieve these, each business area has established measures and action plans. The targets are regularly monitored, both within each business area and at Group level.

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. NCC's climate impact is primarily derived from the materials used in the construction process and from fuel used in the various stages of the construction process. NCC is focused on reducing its climate footprint. Analysis, cooperation and dialogue with customers, suppliers and other stakeholders for the implementation of measures and changed work methods is of the utmost importance.

In 2023, Scope 1 and 2 emission intensity amounted to 2.3 tons CO_2e/SEK M, corresponding to a reduction of 56 percent compared with 2015.

For Scope 3, NCC identified climate emissions in the areas that are considered to have the greatest climate impact. Within the purchased goods and services category, it is estimated that concrete, asphalt, steel and machinery services account for the largest impact. Several new categories were added to Scope 3 in 2023, and this is specified in the reporting principles.

Material topics
- Greenhouse gas emissions
- Energy
- Climate adaptation

Targets
- NCC is to be climate neutral by 2045
- 60 percent decrease of CO_2e emissions (Scope 1 and 2) by 2030
- 50 percent decrease of CO_2e emissions (Scope 3) by 2030

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. Read more on p. 11.

Asphalt
The asphalt division's total carbon emissions from both asphalt production and paving accounts for 53 percent (47) of the Group's total emissions (Scope 1 and 2).

Key measures to reduce climate impact include:
- Continued conversion of asphalt plants to the use of biofuels. To date, all asphalt plants in Sweden and two asphalt plants in Norway have been converted to biofuel.
- Replace fossil bitumen with bio-resins in asphalt.
- Develop asphalt products with a lower climate impact and increase the portion of reclaimed asphalt pavement (RAP) in production. NCC has established a method of producing asphalt that results in lower carbon emissions than conventionally produced asphalt. The method involves mixing in RAP, maintaining a lower production temperature and the use of biofuel.
- NCC is also working to cut back on the number of starts and stops of asphalt plants in order to reduce energy consumption.
- Reduce moisture in the stone materials mixed into the asphalt and keep them dry, in order to reduce energy consumption in asphalt production.

Steel
Only steel reinforcement is currently measured but work is under way to capture more data. In order to halve the climate impact of steel reinforcement, well-informed purchasing from producers who provide products with a lower carbon footprint 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.

By using recycled steel, energy consumption can be reduced by up to 75 percent compared with production of ore-based steel. To achieve fossil-free steel reinforcement, new technologies are needed for the production of steel.

Transportation
During the year, work has been ongoing to obtain high-quality data from suppliers of transportation and machinery services. Focus was on Sweden and transportation purchased by NCC itself. Work will continue to include more countries, business areas and transportation of materials that NCC does not directly purchase itself but that is part of upstream transportation.

Key measures to reduce climate impact from transportation include:
- Optimized logistics chains and efficient transportation to reduce the total number of transport journeys
- Ecodriving and avoidance of idling
- Electrification of vehicles and machinery

Impact areas: Climate and energy

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.

Key measures to increase electrification include:

- Electrification of mobile rock crushers, which would offer significant energy savings and thereby reduce climate emissions. Stationary crushers in Sweden and Norway already run on electricity.
- Projects that use zero-emission machinery and electrified transport in all countries. There are a number of fossil fuel-free construction sites, for example, the Stovner Bad and Brenneriveien projects in Norway.
- The subsidiary Hercules has two battery-powered pile drivers.
- Continued testing and implementation of electric machinery for paving works.

Energy

NCC has set a target of only purchasing fossil-free and mainly renewable electricity. In 2023, the portion of renewable electricity was 95 percent (95) of the total consumption of electricity.

Carbon emissions related to purchased fuels, and electricity, district heating and district cooling, have been reduced continuously since 2015.

Key initiatives in the energy area include:

- Continued energy-efficiency improvements in the operations
- Energy efficiency in property development operations. The requirement is for at least 25 percent better energy performance compared with regulations and local energy production in all projects
- Increased mix of renewable fuel for machinery, in addition to electrification, see above

Climate adaptation

Part of NCC's offering is to implement projects with the direct aim to achieve better climate adaptation. This could involve building projects to manage stormwater and heavy rainfall in urban areas, protecting shorelines and ports, and constructing residential areas so they can handle large amounts of rain. NCC also offers customers expertise on how projects can be designed to adapt to a changing climate.

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 greenhouse gas 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 (2023) or the Swedish Environmental Protection Agency (2023) are used, depending on applicability.

During 2023, work to collect specific data from suppliers in the Nordic region continued to be intensified in order to obtain a comprehensive impression of NCC's climate footprint but also to gain greater coverage of the scope by adding more categories and more data. The potential for what is possible to request in terms of historical figures varies among countries and suppliers.

Categories added

In 2023, several categories were added to Scope 3 to gain greater coverage. The categories added were:

- Purchased machinery services were added to the category purchased goods and services
- Fuel and energy-related activities, which include well-to-tank emissions in connection with fuel production and transmission losses from electricity and district heating. This is based on the collected energy data in Scope 1 and 2
- Upstream transportation and distribution; includes purchased transportation within Sweden
- Waste: Includes all of the waste reported in the waste table under Materials and circularity on p. 101
- Business traveling; includes only air travel
- Use of sold products: includes all buildings that had a final inspection in 2023 from NCC Building Sweden and NCC Building Nordics Finland

Reporting principles, concrete

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 compressive strength grades 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 set 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.

Reporting principles, asphalt

For asphalt, the climate impact is calculated according to the standard for environmental product declarations (EPDs). For 2023, data is reported for internally purchased asphalt, which accounted for the majority of the total volume of purchased asphalt. However, this results in double counting of part of the asphalt division's Scope 1 and 2 emissions. Work is in progress to avoid this and be able to report quality-assured data about the total volume of purchased asphalt.

Reporting principles, steel

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_2e 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_2e/ton and the base year is 2015. The climate impact is shown as of 2017, because no previous data is available.

Impact areas: Climate and energy

Data from Finland has been excluded from the report, because no amount or mass figures could be aquired 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.

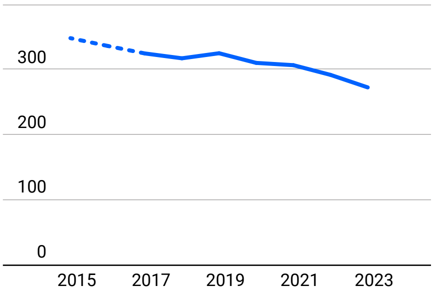
Reporting principles, transportation

Data was collected from 24 percent of relevant transportation and machinery services in Sweden. The suppliers contacted were only those where the transportation or machinery service was purchased by NCC itself.

Data from the suppliers was based on estimates conducted in a climate calculation tool developed by the Swedish Association of Road Transport Companies (SÅ Klimatkalk). In this tool, suppliers fill in the fuel and type of vehicle used and the tool applies the correct emission factor based on this information.

A key figure was calculated based on the collected data in order to obtain a summary of all transportation and machinery services purchased by NCC in Sweden. This was then applied to the remaining suppliers in this category. Data from Finland, Denmark and Norway was not obtained and is therefore excluding from these figures. Work is in progress to also include these countries and other transportation carried out between suppliers and our sites that NCC does not purchase itself and machinery used by subcontractors on our sites.

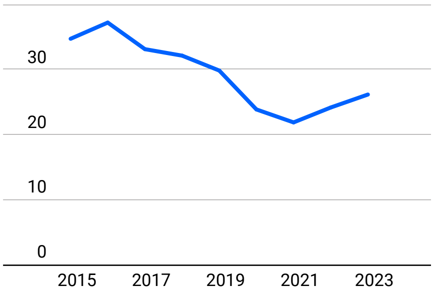
Ready-mix concrete (kg CO_2e/m^3)



Outcome 2023: –22 percent from 2015

The above graph shows the mean value for emissions from ready-mix concrete in CO_2e/m^3. Work on collecting data is under way. The report is based on data from Sweden for 2017–2023, Denmark and Finland for 2020–2022 and Norway for 2017, 2021–2023. The base level for concrete is derived from a compilation of values from customers, trade associations, manufacturers and various research initiatives.

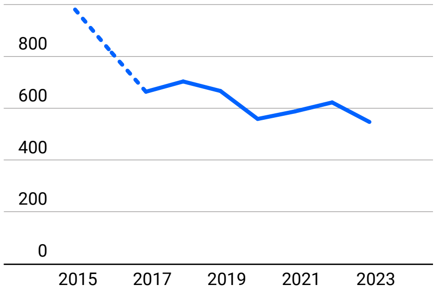
Asphalt (kg CO_2e/ton)



Outcome 2023: –25 percent from 2015

The above graph shows the volume of internally purchased asphalt, which corresponds to the majority of the total volume. The internally purchased asphalt has a lower climate impact per ton than the industry average.

Steel reinforcement (kg CO_2e/ton)



Outcome 2023: –45 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 2020–2023. 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.

Impact areas: Climate and energy

GHG emissions from NCC's operations

Market-based calculation method	2023	Change compared with base year 2015, %	2022	2021	2020	2019	2018	2017	2016	2015
GHG emissions,[1] CO_2e (thousand tons)	**515**	**90**	**135**	**151**	**161**	**189**	**202**	**217**	**232**	**271**
– of which, Scope 1[2]	126	−42	131	148	155	182	192	190	188	217
– of which, Scope 2[3]										
Market-based method	4	−92	4	4	6	7	10	26	44	54
Location-based method	11	−55	8	10	11	12	11	11	9	24
– of which, Scope 3[4) 5)]	385	–	149	144	174	106	135	143	–	–
Purchased goods and services[6]	156	–	149	144	174	106	135	143	–	–
Fuel and energy-related activities	49	–	–	–	–	–	–	–	–	–
Upstream transportation and distribution[7]	34	–	–	–	–	–	–	–	–	–
Waste	1	–	–	–	–	–	–	–	–	–
Business traveling (air travel)	4	–	–	–	–	–	–	–	–	–
Use of sold products[8]	142	–	–	–	–	–	–	–	–	–
Net sales, SEK M[9]	**56,932**	**9**	**54,198**	**53,414**	**52,994**	**57,294**	**56,376**	**53,452**	**51,984**	**52,155**
Emission intensity: ton CO_2e/SEK M[10]	**2.3**	**−56**	**2.5**	**2.8**	**3.0**	**3.3**	**3.6**	**4.1**	**4.5**	**5.2**
Emission intensity: ton CO_2e/MWh[11]	**0.14**	**−35**	**0.15**	**0.15**	**0.16**	**0.17**	**0.18**	**0.20**	**0.21**	**0.22**
Combustion of biomass (biogenic Scope 1) (thousand tons)	**57**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1) Total greenhouse gas emissions for Scope 1–3. The market-based method is used for Scope 2. Greenhouse gases N_2O, CH4 and CO_2 are included in the calculations. Total greenhouse gas emissions are higher than previous years, as more categories are reported in Scope 3 compared with previous years. The greenhouse gases for 2015–2021 have been recalculated as a result of the divestment of the asphalt operations in Finland, according to the Greenhouse Gas Protocol Corporate Standard.
2) Refers to direct emissions from NCC's operations.
3) Refers to indirect emissions from electricity and heat.
4) Refers to emissions from NCC's value chain.
5) All greenhouse gases are included in the calculations.
6) Includes >80% of purchased volume of ready-mix concrete and steel reinforcement as well as internally purchased asphalt as of 2017. The baseline for KPIs was set on the basis of industry average figures for 2015. This also includes all purchased machinery services in Sweden.
7) Upstream transportation includes purchased transportation in Sweden.
8) Includes only the NCC Building Sweden business area and Finland for NCC Building Nordics, work is in progress to include more business areas.
9) The net sales for 2016–2021 have been recalculated as a result of the divestment of the asphalt operations in Finland, in accordance with the Greenhouse Gas Protocol Corporate Standard.
10) Only Scope 1 and Scope 2 (market-based method) are used in the key figure.
11) Only Scope 1 and Scope 2 (market-based method) are used in the key figure.

Impact areas: Climate and energy

Fuel use[1] in the organization

MWh	2023	Change compared with base year 2015, %	2022	2021	2020	2019	2018	2017
Renewable fuels	174,118	108	178,893	192,683	164,725	137,273	111,879	114,206
Fossil fuels	566,017	–37	557,266	751,719	746,055	845,982	889,365	951,544
Fuels, total	**740,135**	**–25**	**736,095**	**944,402**	**910,780**	**983,255**	**1,001,244**	**1,065,750**

1) The increase for fossil fuels from last year is largely due to supply and the price of biofuels, which varies over the year

District heating/district cooling use within the organization

MWh	2023	Change compared with base year 2015, %	2022	2021	2020	2019	2018	2017
District cooling	818	96	–	–	75	598	624	22
District heating	26,343	–48	24,162	23,931	29,560	42,508	29,156	29,207
District cooling/district heating, total	**27,161**	**–47**	**24,162**	**23,931**	**29,635**	**43,106**	**29,780**	**29,229**

Electricity use in the organization

MWh	2023	Change compared with base year 2015, %	2022	2021	2020	2019	2018	2017
Electricity from renewable sources[1]	162,052	58	147,347	156,888	159,561	157,204	152,259	118,754
Other electricity	8,030	–94	8,112	9,001	12,037	13,535	18,559	55,259
Electricity, total	**170,082**	**-27**	**155,262**	**165,889**	**171,598**	**170,739**	**170,818**	**174,013**

1) Hydroelectric and wind power.

Total energy consumption[1] in the organization

MWh	2023	Change compared with base year 2015, %	2022	2021	2020	2019	2018	2017
Energy consumption, total	**937,378**	**–26**	**915,583**	**1,000,689**	**1,006,781**	**1,095,793**	**1,092,121**	**1,084,768**

1) Total energy consumption is a sum of reported energy usage for electricity, district heating and cooling, and fuels.

Social disclosures

NCC has two impact areas in social sustainability: Health and safety, People and team.

Health and safety

GRI 403

Occupational health and safety

NCC is to have a healthy and safe work environment by eliminating dangers, reducing risks and raising awareness about health and safety. NCC has formulated a strategic direction for health and safety in order to reduce accidents in general and eliminate serious incidents and fatal accidents. The aim is to prevent serious incidents 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. Each business area has analyzed and formulated data-informed activities for operations in each business area. Action plans for these areas have been prepared and are now being implemented.

Material topics

- Occupational health and safety

Targets

- Eliminate serious incidents and fatal accidents
- Reduce the total number of accidents
- LTIF4 should be 2.0 in 2026

Targets

NCC shall have a safe and healthy work environment. NCC's long-term objective is to reduce the total number of accidents and completely eliminate accidents with a serious or fatal outcome. NCC's target is to have an accident frequency rate for LTIF4 (work-related accidents resulting in more than four days of absence per million hours worked) of 2.0 in 2026 with interim targets along the way.

For 2023, the target for NCC's own employees was an accident frequency rate for LTIF4 of 2.75. During 2023, this accident frequency rate was 4.0, which means that the target was not achieved. Work is ongoing in the business areas to identify the causes and prevent accidents. There is a particular focus on units that reported an increase in the accident frequency rate. The target for 2024 is for an LTIF4 rate of 2.5. The overall objective is to eliminate serious incidents with the potential for serious injuries or a fatal outcome. The follow-up of activities includes all employees and everyone who works at NCC's worksites. It is positive that serious incidents with actual or potential serious consequences is showing a declining trend.

Governance

To support effective management, NCC works in accordance with ISO 45001. The following units are currently certified in accordance with ISO 45001: The entire NCC Infrastructure business area and the NCC Industry business area, as well as NCC Building Denmark, NCC Building Finland and NCC Building Norway. The aim is to certify the NCC Building Sweden business area in 2024. NCC's OHS policy and directive is Group-wide and applies to everyone who works at NCC's worksites. NCC's occupational health and safety (OHS) policy and directive 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.

Risk work

Risk management and preventive work is built into NCC's work methods. For example, a risk assessment must be carried out of the entire production worksite before production starts. The risk assessment must also include a safety analysis of all hazardous work elements. 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 OHS work.

NCC is working to ensure that all employees and those employed by subcontractors demonstrate good risk awareness. At production worksites, a safety analysis is form the basis of the various work tasks. 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.

A daily safety briefing is conducted to make employees aware of potential risks connected to the day's work, and to ensure that the risks are addressed before work commences.

Health and safety reporting

All accidents, close calls, observations and incidents are to be reported in NCC's shared reporting tool, Synergi. 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.

Occupational healthcare

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.

Impact areas: Health and safety

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 sub-suppliers manage their employees' health and medical care issues according to their respective trade union agreements.

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 "Business Panel" collaboration at the National Research Centre for the Working Environment (advisory board for research institution).

Training and commitment

A crucial factor for systematic safety work 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.

NCC has also developed a digital support tool, Site Introduction. This tool, in turn, will be synchronized with access cards at construction sites to ensure that those who work there have the right skills. It has been successfully introduced in Sweden and is being rolled out across the other Nordic countries.

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.

Reporting principles

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 and refers to the companies included in the shared systems.

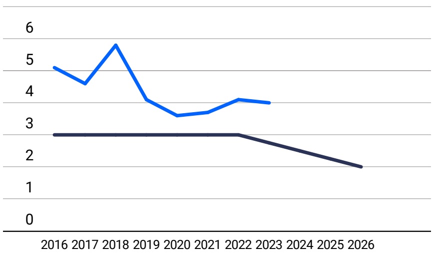
Accident statistics

LTIF4 refers to the number of accidents resulting in more than four calendar days of absence per million hours worked for NCC's own employees.

LTIF1 refers to the number of accidents resulting in one or more calendar days of absence per one million hours worked for NCC's own employees.

This includes all employees in NCC's wholly owned subsidiaries, except for two minor Norwegian subsidiaries with a total of 100 employees, who are instead reported as external employees. In 2023, these two companies had two accidents resulting in absences of more than four calendar days.

Lost Time Injury Frequency – LTIF4



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 2023, the LTIF4 rate was 4.0, which was lower than in 2022. The target for 2026 is 2.0.

Outcome Target

	Accidents/injuries resulting in four days or more of sickness absence			Accident frequency rate for accidents resulting in four days or more of absence from work per million worked hours		
	2023	2022	2021	2023	2022	2021
Sweden	52	56	48	4.2	4.4	3.8
Norway	6	4	7	2.2	1.3	2.3
Denmark	16	18	14	4.7	5.4	4.3
Finland	4	6	9	2.4	3.3	4.3
NCC Group	**78**	**84**	**78**	**4.0**	**4.1**	**3.7**

LTIF 4 Work-related accidents resulting in more than four days of absence per million working hours.

Impact areas: Health and safety

Work-related injuries, injury frequency and fatalities

		Work-related fatalities			Accident frequency rate for work-related fatalities			Very serious work-related injuries[1]			Accident frequency rate for very serious work-related injuries		
		2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Sweden	NCC's employees	1	1	0	0.08	0.08	0	3	12	7	0.2	1.3	0.6
	Subcontractors	0	0	1	0	0	0.22	3	15	8	0.3	1.6	1.1
Norway	NCC's employees	0	0	0	0	0	0	0	1	1	0	0.8	0.3
	Subcontractors	0	1	0	0	0.22	0	0	1	0	0	0.4	0
Denmark	NCC's employees	0	0	0	0	0	0	0	7	1	0	2.1	0.3
	Subcontractors	0	0	0	0	0	0	3	5	0	0.7	1.3	0
Finland	NCC's employees	0	0	0	0	0	0	1	3	1	0.6	1.7	0.5
	Subcontractors	0	0	0	0	0	0	6	5	5	2.2	1.7	1.7
Total	**NCC's employees**	**1**	**1**	**0**	**0.05**	**0.05**	**0**	**4**	**23**	**10**	**0.2**	**1.1**	**0.5**
	Subcontractors	**0**	**1**	**1**	**0**	**0.05**	**0.05**	**12**	**26**	**13**	**0.6**	**0.6**	**0.7**

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.
1) Injury with permanent impact or over 30 days of absence.

		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		
		2023	2022	2021	2023	2022	2021	2023	2022	2021
Sweden	NCC's employees	98	94	95	7.9	7.4	7.5	354	305	288
	Subcontractors	122	104	76	13.2	11.3	25.3	215	186	179
Norway	NCC's employees	9	5	11	3.3	3.9	3.7	39	62	53
	Subcontractors	6	3	5	1.5	0.9	1.0	36	25	10
Denmark	NCC's employees	39	48	28	11.4	14.4	8.6	146	135	120
	Subcontractors	49	49	29	12.2	13.2	7.7	68	57	34
Finland	NCC's employees	11	12	14	6.5	6.6	6.6	32	26	22
	Subcontractors	54	65	43	12.2	22.3	15	54	31	47
Total	**NCC's employees**	**157**	**159**	**148**	**8.1**	**7.6**	**6.9**	**571**	**528**	**483**
	Subcontractors	**231**	**221**	**153**	**11.5**	**10.8**	**8.2**	**373**	**299**	**270**

Sickness absence, NCC employees, all types of illness and poor health[1]

	Sickness absence % All types of illness and poor health		
	2023	2022	2021
Sweden	4.1	4.3	3.3
Norway	5.7	5.2	5.3
Denmark	4.6	4.7	4.0
Finland	3.2	3.6	2.7
Total	**4.3**	**4.7**	**3.6**

1) From NCC's time-reporting or payroll system.

Close calls and observations[1]

		2023	2022	2021
Sweden	NCC employees	6,376	2,913	11,648
	Subcontractors	8,525	9,400	
Norway	NCC employees	552	1,165	4,658
	Subcontractors	6,550	4,439	
Denmark	NCC employees	2,690	2,620	9,935
	Subcontractors	3,847	5,813	
Finland	NCC employees	225	722	11,342
	Subcontractors	10,676	11,305	
Total	**NCC employees**	**9,844**	**7,420**	**37,583**[2]
	Subcontractors	**29,601**	**30,957**	

1) From NCC's OHS system.
2) Refers to both NCC employees and subcontractors.

Impact areas: People and team

People and team

GRI 404

Training and education

GRI 405

Diversity and equal opportunity

GRI 406

Non-discrimination

Material topics

- Diversity and inclusion
- Employee engagement
- Non-discrimination
- Learning and development

Targets

- Recruit, develop and retain the most the competent people in the industry
- Support the development of high performing teams
- Work actively to ensure that no one is excluded on unfair grounds or due to unconscious prejudice

NCC strives to recruit, develop and retain the most competent people 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. To achieve this, NCC's values connected to honesty, respect and trust guide the employees in their behaviors and choices. Together with the Star behaviors and the Code of Conduct, these form the foundation of NCC's culture. They clearly state the behaviors NCC wishes to encourage while also clearly indicating unwanted behaviors. They aim to create value for customers, provide synergies between different parts of the company, raise competence and build knowledge.

Star behaviors 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 people 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 are a knowledge-raising theme day covering discrimination and bullying, participation in the external mentoring network Pepp, and NCC's long-established women's network Stella, which celebrated its 25th anniversary in 2023. In Norway, NCC is an active partner in the Diversitas network, the leading network in the industry to promote diversity and equality. 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 through a whistleblower channel. Ten matters involving claims relating to discrimination or harassment were reported via the Tell Me function in 2023. NCC always takes actions, such as disciplinary measures, whenever appropriate. NCC's employee survey also encompasses issues linked to discrimination. On the question of whether employees feel confident of not being exposed to discrimination, harassment or bullying, NCC had an average value in 2023 of 8.8 out of 10, which is better than an 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 agreements and among skilled workers, this figure is 100 percent. All employees are covered by collective agreements in Sweden and Norway. In Denmark and Finland, collective agreements are applied, but also local agreements to some extent.

NCC has 11,500 employees (relates to companies included in the Group's HR and payroll systems at the end of 2023). The average number of employees during the year was 12,200. 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.

NCC procures projects from and enters into contracts with subcontractors. This means the employer responsibility for individuals who work at NCC's worksites and are employed by a subcontractor lies with the procured company. NCC strives to have a responsible supply chain where operations are conducted in accordance with healthy work conditions and in an environmentally and socially sustainable way. The work is based on the Group's Code of Conduct for Suppliers, with which all suppliers must comply.

NCC requires that all employees and all employees of subcontractors undergo NCC's induction and safety training before starting work at a worksite. NCC mainly has full-time employees, with a small percentage of part-time employees. NCC also has summer employees or interns with pre-agreed working hours.

Impact areas: People and team

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 and Star behaviors. A number of questions and results can be connected to, inter alia, the individual's perception of diversity and inclusion. The employee survey is an important tool for managers to involve all employees in the development of a team. NCC continues to monitor employee engagement. For 2023, the average is 8.0 out of 10, which is above the external benchmark.

Individual development opportunities
Employees who start at NCC receive a onboarding plan that ensures the individual has the relevant training for the position in question. Thereafter, the planning of the employee's skills development transitions to an individual development plan, which is evaluated and updated at the annual performance review. The performance review and follow-up is the tool that NCC prioritizes to support the employee's individual development. It is a mandatory managerial task to offer all employees an annual performance review and to have a follow-up interview during the year. The performance follow-up consists of several parts that include the individual's work situation, prerequisites to enable a good performance, and the individual development plan. 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 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 most of the learning takes place when the theory is put into practice. NCC therefore focuses on providing various structured ways for "learning in day-to-day situations". This may range from study visits, rotation, participation in projects outside the business area and networking to various forms of exchanges of experience 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 Program for highly experienced people who are capable of and want to take the step to heading extremely large-scale and complex construction projects
- The Senior Executive Program together with IMD Business School in Lausanne, which is aimed at division and department managers.
- The Strategic Leadership Program for future management talents in various parts of the business
- The Supervisor Academy, where skilled workers are able to train to become supervisors
- The Site Manager Program, where supervisors or the equivalent can take the next step in their career and train to become site managers.

In 2023, the fifth round of the Mega Project Management Program was implemented. The 24-day program encompassed academic elements with the Copenhagen Business School and Oxford Global Projects as well as study visits within NCC as well as external mega-projects in Hamburg. Former participants in the program met during the year in Oxford, with the aim of strengthening the network within NCC and to learn about research from Oxford Global Projects.

Targets
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 develop new measurable targets in 2023 has yielded Group-wide benchmarks. Efforts to set targets in each business area are ongoing.

Follow-up of targets is to take place through NCC's employee survey, which monitors employee engagement and perceived confidence in not being subjected to discrimination, harassment or bullying. In addition, NCC monitors gender distribution in all management teams from the Senior Management Team to department management. The target is that no management team should have a distribution where one gender exceeds 70 percent of the group's members. Of the 82 management teams monitored, 49 percent lived up to the target regarding gender distribution.

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, questionnaires and employee surveys, interviews, tests and reports.

Reporting principles
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 and refers to the companies included in the shared systems.

Impact areas: People and team

Age breakdown[1]

	2023			2022		
Proportion, %	**<30**	**30–50**	**>50**	**<30**	**30–50**	**>50**
Board of Directors		29	71			100
Senior Management Team		18	82		27	73
Management teams[1]	1	53	46		55	45
Managers	2	57	41	3	57	40
Employees	15	49	36	14	50	36
White-collar employees	8	56	35	9	57	34
Blue-collar employees	19	43	38	20	43	37

1) The management teams surveyed include all management teams from the Senior Management Team to department management or the equivalent.

Gender breakdown[1]

	2023		2022	
Proportion, %	**Women**	**Men**	**Women**	**Men**
Board of Directors	43	57	33	67
Senior Management Team	55	45	55	45
Management teams[1]	35	65	34	66
Managers	19	81	19	81
Employees	18	82	17	83
White-collar employees	29	71	29	71
Blue-collar employees	3	97	3	97

1) The management teams surveyed include all management teams from the Senior Management Team to department management or the equivalent.

Collective bargaining agreements

	2023		2022		2021	
Number of employees[1]	**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	7,113	100	7,762	100	7,784	100
Norway	1,376	100	1,435	100	1,438	100
Denmark	1,154	54	1,196	56	1,097	55
Finland	779	80	888	78	934	79
Total, NCC	**10,422**	**91**	**11,281**	**91**	**11,253**	**91**

1) Employee data in the table pertains to the number of employees at the end of the year and was collected from the Group's HR and payroll systems. All skilled workers are encompassed by collective agreements.

Employment contracts

	Number of employees			Permanent employment				Temporary employment			
				2023		2022		2023		2022	
Number of employees[1]	**2023**	**2022**	**2021**	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**
Sweden	7,113	7,762	7,784	5,566	1,342	6,194	1,338	184	21	204	26
Norway	1,376	1,435	1,438	1,173	169	1,222	171	23	11	32	10
Denmark	2,127	2,141	2,001	1,799	294	1,830	288	28	6	20	3
Finland	921	1,070	1,178	704	199	817	231	13	5	18	4
Total, NCC	**11,537**	**12,408**	**12,401**	**9,242**	**2,004**	**10,063**	**2,028**	**248**	**43**	**274**	**43**

1) Employee data in the table pertains to the number of employees in the companies included in the Group-wide HR and payroll systems at the end of year. Some seasonal variations exist. Note 4 on p. 57 contains employee data on the average number of employees.

Scope of employment

	Full-time		Part-time	
Number of employees[1]	**Men**	**Women**	**Men**	**Women**
Sweden	5,707	1,328	43	35
Norway	1,191	173	5	7
Denmark	1,796	252	31	48
Finland	707	198	10	6
Total, NCC	**9,401**	**1951**	**89**	**96**

1) Employee data in the table pertains to the number of employees at the end of the year and was collected from the Group's HR and payroll systems. Some seasonal variations exist.

Impact areas: Ethics and compliance

Governance-related disclosures

Ethics and compliance

GRI 205

Anti-corruption

GRI 206

Anti-competitive behavior

GRI 208

Supplier environmental assessment

GRI 414

Supplier social assessment

Material topics	Targets
• Anti-corruption • Fair competition • Human rights • Supplier assessment	• NCC is committed to acting in accordance with the highest ethical standards and transparency, while serving as a responsible partner across the value chain. • All of NCC's business partners are to sign the Code of Conduct.

Our commitment

NCC is committed to acting in accordance with the highest ethical standards and transparency, while serving as a responsible partner across the value chain.

Externally, NCC has undertaken to comply with several global initiatives related to responsible business conduct. NCC is a signatory on the United Nations (UN) Global Compact and supports the ten principles of human rights, labor, environment and anti-corruption. In addition, NCC is a supporting member of the Swedish Anti-Corruption Insitutet (IMM) and Transparency International Sweden. In cooperation with most other industry players in Sweden, a joint policy has been formulated: "Joint initiative to prevent bribery and corruption". NCC works continuously to counteract corruption in the supply chain.

Internally, NCC's values, Star behaviors and Code of Conduct set forth the guiding principles for how we are to act and behave, every day, internally and externally, toward colleagues, customers and business partners. The Code of Conduct is supported by policies, directives and procedures to further detail internal requirements and rules. The Group Compliance Directive contains NCC's policies on anti-corruption and anti-bribery, fair competition, combat fraud, conflicts of interest, data privacy, diversity and human rights. NCC also has a Code of Conduct for suppliers that describes the ethical standards and requirements that business partners are expected to comply with when they do business with NCC.

Governance and risk management

NCC's Compliance Program is designed to ensure that responsible leadership and a high standard of ethics is a shared commitment across all levels in the organization. NCC's Compliance Program serves as a method and tool to ensure that adequate procedures are in place to prevent NCC from taking part in any corrupt or anti-competitive activities. The program ensures the company adheres to applicable laws, regulations and relevant ethical standards, as well as NCC's Code of Conduct and the Group's Compliance Directive including the policies on fair competition, anti-corruption and anti-bribery.

NCC has a robust Compliance Program and a Legal & Risk team to support NCC's Group functions, business areas and operations. The Group Head of Compliance has overall responsibility for ensuring that the Compliance Program is adequately designed, and that its implementation is followed up and reported to Group Compliance Committee (GCC), CEO and Board of Directors. The Board of Directors receives a written Compliance Report including information on training and communication activities, Tell me intake analysis and updates on material investigations, at least once a year. For more information on NCC's governance model, see the Sustainability governance section.

Utilizing a risk-based approach, NCC has identified the following Compliance Program focus areas: Anti-corruption and anti-bribery, fair competition, conflict of interest, combating fraud, data privacy (GDPR), diversity and human rights.

Likewise, training within the Compliance Program is provided on a risk-based approach as regards content, target group, frequency and method.

NCC evaluates the Compliance Program by analyzing statistics from the Tell me function, regular employee surveys and the results of internal audits. Continued improvements are ensured by carefully analyzing the results and following up recommendations.

Mechanisms for seeking advice and reporting violations

All employees are encouraged to report any suspected or observed violations of the law and the NCC Code of Conduct via the Tell me function. The Tell me function includes an externally hosted whistleblower hotline that enables anonymous reporting on a website (for employees and external stakeholders) or by phone (for employees) in NCC's local languages and English. The hotline can be found on the MyNCC intranet and on the NCC website.

Employees can ask for advice through the Ask me function, which includes the immediate supervisor, HR, Legal Affairs & Risk as well as Compliance.

Impact areas: Ethics and compliance

Internal investigations and follow-ups

NCC is committed to maintaining open and transparent communication and all employees are encouraged to report any suspected or observed violations of the law or of the NCC Code of Conduct. In 2023, 74 (74) reports were submitted and investigated through the NCC Tell me function. NCC has a strict policy on non-retaliation and provides training and communication about the internal investigation process, lessons learned and protection against retaliation.

The Group Head of Compliance leads the internal investigation process and is responsible for ensuring that all suspected violations of the Code of Conduct or other non-compliance reported through NCC's Tell me function are properly assessed, investigated, and acted upon. The Group Compliance Committee is responsible for monitoring the Tell me function to ensure that serious violations of NCC's Code of Conduct are dealt with appropriately. In 2023, the Board received a report for the first half of the year and a report for the full year on Tell me, including an intake analysis and an update on serious investigations.

Communication and training

Training and communications are essential components of NCC's Compliance Program. All new NCC employees receives the Code of Conduct and other relevant policies during the NCC onboarding process. During the year, the Code of Conduct and the Group's policies and directives were communicated throughout the organization through various communication channels, including articles on NCC's intranet and at management and team meetings.

In 2023, NCC provided three Group-wide training programs: (1) Business ethics: an introduction to NCC's Code of Conduct, Compliance Program and training in anti-corruption, conflicts of interest and combating fraud; (2) GDPR; and (3) competition law. These three training programs are mandatory for all of NCC's white-collar employees and must be completed within 30 calendar days of joining NCC. The target groups and risk areas covered by these Group-wide mandatory training programs are defined using a risk-based approach. The training is available in English, Norwegian, Danish, Swedish and Finnish.

The Compliance function follow-up on the mandatory training and reports the results to the Group Compliance Committee (GCC), SMT and the Board of Directors. At the end of 2023, the percentage of NCC's white-collar employees who had completed the training was as follows: 96 percent (94) for business ethics, 96 percent (90) for GDPR and 94 percent (85) for competition law.

Anti-corruption and anti-bribery

NCC's Code of Conduct and Group Compliance Directive define NCC's standpoint and policy as regards corruption and bribery. The Compliance Program guides the organization via Group policies and directives and training and communication to ensure that NCC has adequate procedures in place to prevent corruption in business operations and ensures that the company adheres to applicable laws and regulations.

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 an annual Group-wide risk assessment process 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.

Disclosure, confirmed incidents of corruption and actions taken in 2023:

A. Total number and nature of confirmed incidents of corruption: 0
B. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption: 0
C. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption: 0
D. Public legal proceedings relating to corruption against the organization or its employees during the reporting period and the outcome of such processes: 0

Anti-competitive behavior

NCC operates in an industry where, historically speaking, anti-competitive activities have existed. For this reason, fair competition is an focus area at NCC. NCC's Code of Conduct and Compliance Directive define NCC's position and policy as regards anti-competitive practices. The Compliance Program guides the organization via Group policies and directives and training and communication to ensure fair competition and compliance in the area of competition law.

Legal actions for anti-competitive behavior, anti-trust, and monopoly practices:

For the 2023 reporting period, no legal proceedings took place implicating the company.

Responsible purchasing

NCC works to have a responsible supply chain where operations are conducted according to sound working conditions and in an environmentally and socially sustainable way. 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

Impact areas: Ethics and compliance

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.

NCC has business relationships with several thousands of suppliers from whom we purchase 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 countries 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 6,000 supplier agreements corresponding to approximately 80 percent of the total purchasing volume in 2023. 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.

During 2023, NCC made further steps in strengthening our work with promoting a sustainable focus in the value chain, by working on a risk-based process for identifying not only human rights issues, but also environmental and business conduct issues within our value chain. The process allows us to focus on the area where we have the greatest risk, but also the greatest impact, which increases the effect of our work to promote sustainability in the value chain. This means work that began in 2022 with Human Rights Due Diligence (HRDD) continued in 2023.

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. 107–109. 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 for Suppliers 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 2023. All of the non-Nordic material suppliers, with active agreements in 2023, 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 142 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.

	2023	2022	2021
Tell me	74	74	88

Number of reports through the Tell Me whistleblower function.

Impact areas: Data and expertise

Company-specific disclosures

Data and expertise

NCC-1

Certified constructions and buildings

NCC has an overarching impact area – Data and expertise – that describes NCC's approach. 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.

Data and expertise
Data and expertise is a key area in NCC's strategic focus. This also applies to work with NCC's sustainability framework, when investments in the digitization of processes and data collection form the basis for better decision making. Digitization is crucial if NCC is to deliver the data requested by customers and to report in accordance with CSRD. During 2023, NCC engaged in extensive internal work to digitize access to environmental and social sustainability data. NCC has also, for example, implemented digital solutions to monitor waste management and chemicals use.

Material topics

- Certified constructions and buildings

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
NCC	3	Pass	–	Bronze	–	Bronze	–	Bronze	–	Pass	–	Star 1	–
	–	Good	–	Silver	–	Silver	–	Silver	7	Good	–	Star 2	–
	–	Very good	–	Gold	1	Gold	2	Gold	1	Very good	1	Star 3	–
	–	Excellent	3	Platinum	2	Platinum	–			Excellent	–	Star 4	2
	–	Outstanding	2							Outstanding	–		–

	Nordic Swan Ecolabel			BREEAM			LEED			DGNB			MILJÖBYGGNAD			BREEAM Infrastructure (CEEQUAL)			RTS		
	2021	2022	**2023**	2021	2022	**2023**	2021	2022	**2023**	2021	2022	**2023**	2021	2022	**2023**	2021	2022	**2023**	2021	2022	**2023**
Total	4	3	3	5	5	5	0	3	3	4	1	2	9	9	8	1	0	1	0	1	2

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.

Taxonomy report

Reporting according to the EU Taxonomy

Introduction

NCC's operations include construction and civil engineering, industry and property development, which includes several Taxonomy-eligible activities that mainly take place in project form. To evaluate the business, NCC has established a reporting method based on NCC's various projects and sites. When a project is identified as an economic activity described in the Taxonomy, the project is classified as a Taxonomy-eligible activity. In the next step, the project is evaluated using technical screening criteria to determine whether the project is Taxonomy-aligned. The assessment is based on the sector's established interpretations of technical screening criteria. NCC applies thresholds to identify projects and products that should be evaluated on the basis of the technical screening criteria.

Taxonomy-aligned activities

The activities that NCC assesses to be Taxonomy-aligned and their criteria for making a substantial contribution to one of the six environmental objectives of the Taxonomy are presented below. In addition to meeting the criteria for making a substantial contribution, the Taxonomy-aligned activity must fulfull criterias for do no significant harm (DNSH) to the other Taxonomy objectives, and meet minimum social safeguards. In all of its Taxonomy-aligned activities, NCC contributes to the environmental objective of *Climate change mitigation.*

Sector – *Energy*

NCC performs work at facilities that generate electricity from hydropower and wind power, and builds high-voltage electricity grids and distribution systems that transport electricity in high-voltage grid systems. NCC also builds and refurbishes pipelines and associated infrastructure for the distribution of heating and cooling.

Aligned activities:

- **Electricity generation from hydropower**
  Projects carry out work at facilities that generate electricity that cause emissions of less than 100g CO_2e per kWh.
- **Transmission and distribution of electricity**
  The infrastructure or equipment for transmission and distribution are in an electricity system that is interconnected with the European system, i.e. the interconnected control areas of Member States, Norway, Switzerland, the UK and its subordinate systems.
- **District heating/cooling distribution**
  Projects meet the definition of efficient district heating and cooling systems laid down in Article 2, point 41, of Directive 2012/27/EU or represent modification to lower temperature regimes/advanced pilot systems (control and energy management systems).

Sector – *Water supply, sewerage, waste management and remediation activities*

NCC performs projects linked to construction, replacement, expansion or renovation of systems for water collection and purification, such as water treatment or wastewater treatment plants. This sector also includes sorting and recycling non-hazardous waste in the form of excavation mass handling in the Industry activity.

Aligned activities:

- **Construction, extension and operation of water collection, treatment and supply systems**
  Projects meet the criteria for low net energy consumption per cubic water or have a low level of leakage.
- **Construction, extension and operation of water collection, treatment and supply systems**
  Projects meets the criteria for low net energy consumption per population equivalent.

Sector – *Transport*

A large proportion of NCC's operations is linked to transport infrastructure in the form of, for example, railways, subways and roads.

Aligned activities:

- **Infrastructure for rail transport**
  Projects have participated in the construction of infrastructure for the electrification of railways, serving as interchange points for travelers between trains, or from other means of transport to trains. The infrastructure is available for various types of rail transport.
- **Infrastructure enabling low-carbon water transport**
  Infrastructure projects and installations for water transport dedicated to transhipping freight between the modes.

For all of the above activities in the Transport sector, the infrastructure also meets the criteria that it is not intended for the transport of fossil fuels.

Taxonomy report

Sector – *Construction and real estate*

Construction of new buildings accounts for a major share of NCC's business and includes hundreds of projects, both residential and non-residential buildings such as schools and hospitals. In addition to construction of new buildings, renovation of existing buildings is another major area for NCC. Acquisition and ownership of buildings accounts for a minor share of NCC's operations and it is the rental revenue that arises before a property is recognized in profit that is classified. This sector also includes asphalt maintenance of streets, roads and highways carried out by the NCC Industry business area.

Aligned activities:

- **Construction of new buildings**
  The building has an energy performance that is at least 10 percent lower than requirements on the building permit date, which is certified by the energy declaration. The buildings undergo testing for air-tightness and thermal integrity in accordance with prescribed requirements and standard. For large buildings, the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle, or an accepted alternative method in each country.
- **Renovation of existing buildings**
  Renovation of the building complies with the applicable requirements for major renovations with a focus on energy efficiency and leads to a reduction of primary energy demand (PED) of at least 30 percent, or less than the legal requirement for new buildings. This is certified by the energy declaration. The 30 percent improvement is the result of an actual reduction in the primary energy demand, which does not account for the reduction in net primary energy demand from renewable sources. This is achieved with a series of measures that are taken within a maximum of three years.
- **Acquisition and ownership of buildings**
  For acquisition and ownership of large buildings, in addition to a reduction of primary energy demand of at least 10 percent compared with national requirements, the building must be operated efficiently by following up and evaluating energy use. This applies only to non-residential buildings.

Do no significant harm criteria (DNSH)

For an activity to be Taxonomy-aligned, in addition to meeting the technical screening criteria for a substantial contribution to a specific environmental objective, it must do no significant harm to any of the other objectives. NCC applies the follow criteria to each project to ensure they do no significant harm.

Climate change mitigation

Since all of NCC's Taxonomy-aligned activities contribute substantially to climate change mitigation, the 'do no significant harm' criteria are not applicable.

Climate change adaptation

A risk and vulnerability assessment was performed in relation to future climate changes. Where relevant, account was taken for local changes in temperature, wind, water and solid mass.

Sustainable use and protection of water and marine resources

For construction and renovation, low water flow fixtures that meet the requirements of the Taxonomy are installed. For other economic activities, the sustainable use and protection of water and marine resources is complied with on the basis of existing legislation for permits, environmental impact assessments or self-assessments, and taking measures to comply with these.

Transition to a circular economy

In projects for transmission and distribution of electricity, there must be a waste management plan in place that ensures the highest possible degree of re-use/recycling upon final dismantling/demolition. The plan must be based on the waste hierarchy and communicated, and economic scope must be set aside for the management.

For the Taxonomy sector of Transport, and for construction and renovation, at least 70 percent by weight of the non-hazardous construction and demolition waste generated on the construction site must be prepared for re-use, recycling or other material recovery.

For construction and renovation, construction and construction techniques must also support the circularity. The projects must describe, based on relevant standards, how the building is designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling, during and after the building's lifetime.

Pollution prevention and control

Guidelines for noise are followed and self-assessments are performed. Risk management for dust and emissions are handled in the environmental plan. These requirements are handled by following NCC's ordinary procedures.

NCC's internal requirements are to primarily choose recommended and accepted products in Byggvarubedömningen (BVB) or the equivalent in the actual country. There must be low emissions of harmful substances to the indoor environment from materials. Projects built on former industrial sites perform a land survey to identify potential contaminants.

For the *District heating/cooling distribution* activity, the relevant purchased products and equipment must comply with the Ecodesign Directive, best energy class and Best Available Technology.

Projects affected by the *Construction, extension and operation of water collection, treatment and supply systems* activity must comply with the EU Directive on sewage sludge. Suitable measures have also been implemented to avoid and limit excessive stormwater runoff.

The protection and restoration of biodiversity and ecosystems

To meet the criteria, either an environmental impact assessment (EIA) or a conservation value inventory (CVI) are required and the necessary risk mitigation and biodiversity offsets must be carried out to protect the environment. New construction is checked by building on a zoned area, otherwise requirements linked to construction on unused land must be followed. The Infrastructure activity that enables low-carbon road transport and public transport must have taken risk-mitigating measures to avoid collisions with wild animals and, in maintenance and operation projects, have ensured that vegetation along the road is managed to prevent the spread of invasive species.

Taxonomy report

Minimum social safeguards

In order to be Taxonomy-aligned, the Taxonomy-aligned activities must also meet social safeguards. The aim of the safeguards is to set a minimum standard for social and ethical sustainability for how a company should operate for its activities to be considered sustainable. This means that the company must not cause any harm or violate any laws or regulations based on four topics: taxation, fair competition, corruption and human rights.

NCC achieves this minimum standard by complying with the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises. Read more under Ethics and compliance on p. 113 about how we work with these issues.

Reporting principles

Turnover

Total turnover

To NCC, turnover according to the Taxonomy and net sales according to IFRS have the same key performance indicator (KPI). Turnover reported according to the Taxonomy is based on external revenue only, which means that double counting is avoided. For more information, refer to Note 1 Accounting policies and Note 2 Revenue recognition.

Taxonomy-eligible turnover (not environmentally sustainable/Taxonomy-aligned, A.2)

Taxonomy-eligible turnover for NCC Infrastructure, NCC Building Sweden and NCC Building Nordics refers to revenue from contracting operations. For NCC Property Development, sales of projects and rental revenues from properties are eligible turnover. NCC Industry's Taxonomy-eligible turnover is those parts related to recycling and re-use of materials, and the paving and maintenance of public roads.

Environmentally sustainable turnover (Taxonomy-aligned, A.1)

As a consequence of applying percentage of completion in line with the completion rate, the assessment of whether or not an economic activity is Taxonomy-aligned is based on the project's predetermined assumptions. If these assumption are subsequently changed, the reported Taxonomy-aligned turnover can also be changed. In its assessment of projects, NCC assumes that they are carried out in accordance with the order placed. If, upon the completion of a project, NCC identifies a change in the assessment of whether the project's turnover is Taxonomy-aligned, this changed assessment is reported on the next reporting date. For the part of NCC's operations that report turnover at a point in time, whether or not the turnover is Taxonomy-aligned is determined upon completion of the project.

Capital Expenditure (CapEx)

Total CapEx

For NCC, CapEx according to the Taxonomy and IFRS has the same KPI. For more information, refer to Note 16 Tangible fixed assets.

Taxonomy-eligible CapEx (not environmentally sustainable/Taxonomy-aligned, A.2)

NCC has determined that investments attributable to owner-occupied properties, machinery and equipment, right-of-use assets buildings and right-of-use assets machinery and equipment are eligible CapEx.

Since individual investments are used in many economic activities over their lifetime, NCC believes that it would be misleading to allocate the entire investment to the economic activity carried out in connection with the investment. NCC has therefore distributed Taxonomy-eligible CapEx based on each business area's distribution of the net sales KPI.

Environmentally sustainable CapEx (Taxonomy-aligned, A.1)

NCC has applied the same reasoning for Taxonomy-aligned CapEx as for Taxonomy-eligible CapEx.

Operating Expenditure (OpEx)

Total OpEx

Since IFRS does not provide clear guidance on the expenses considered operating expenses, the concept of operating expenditure (OpEx) is not included in NCC's financial statements. NCC defines OpEx in accordance with the Taxonomy, which means expenses for short-term leases and the repair and maintenance of tangible fixed assets related to fixed assets in Taxonomy-eligible activities.

Taxonomy-eligible OpEx (not environmentally sustainable/Taxonomy-aligned, A.2)

Operating expenses attributable to a Taxonomy-eligible project are reported as such. NCC has not identified any operating expenses attributable to economic activities other than those to which the turnover refers.

Environmentally sustainable OpEx (Taxonomy-aligned, A.1)

NCC has applied the same reasoning for Taxonomy-aligned OpEx as for Taxonomy-eligible OpEx.

Nuclear and fossil gas related activities

Row		Yes/No
Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Taxonomy report

Turnover1)

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	Turnover2)	Proportion of Turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, 2022	Category enabling activity	Category transitional activity
		SEK M	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from hydropower	CCM 4.5	348	0.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	–	–	Y	Y	0.0%	–	–
Transmission and distribution of electricity	CCM 4.9	193	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	Y	Y	Y	Y	0.0%	E	–
District heating/cooling distribution	CCM 4.15	56	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	–	–	Y	Y	0.0%	–	–
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	172	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	0.0%	–	–
Construction, extension and operation of waste water collection and treatment	CCM 5.3	257	0.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.0%	–	–
Infrastructure for rail transport	CCM 6.14	1,758	3.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.5%	E	–
Infrastructure enabling (low carbon) water transport	CCM 6.16	185	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.0%	–	–
Construction of new buildings	CCM 7.1	429	0.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.7%	–	–
Renovation of existing buildings	CCM 7.2	326	0.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	–	Y	0.1%	–	T
Aquisition and ownership of buildings	CCM 7.7	123	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	–	Y	0.1%	–	–
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**3,848**	**6.8%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**–**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**1.4%**		
Of which Enabling		1,951	3.4%	50.7%	0.0%	0.0%	0.0%	0.0%	0.0%	–	Y	Y	Y	Y	Y	Y	0.5%	E	
Of which Transitional		326	0.6%	8.5%						–	Y	Y	Y	Y	–	Y	0.1%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Electricity generation from hydropower	CCM 4.5/ CCA 4.5	462	0.8%														0.9%		
Transmission and distribution of electricity	CCM 4.9/ CCA 4.9	458	0.8%														0.7%		
District heating/cooling distribution	CCM 4.15/ CCA 4.15	380	0.7%														0.4%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1/ CCA 5.1	835	1.5%														1.6%		
Renewal of water collection, treatment and supply systems	CCM 5.2/ CCA 5.2	207	0.4%														0.5%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3 CCA 5.3	717	1.3%														1.4%		
Renewal of waste water collection and treatment	CCM 5.4/ CCA 5.4	432	0.8%														0.4%		
Sorting and material recovery of non hazardous	CE 2.7	263	0.5%														0.0%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13/ CCA 6.13	252	0.4%														1.1%		
Infrastructure for rail transport	CCM 6.14/ CCA 6.14	3,256	5.7%														7.8%		
Infrastructure enabling (low-carbon) road transport and public transport	CCM 6.15/ CCA 6.15	1,839	3.2%														16.1%		
Infrastructure enabling (low carbon) water transport	CCM 6.16 / CCA 6.16	48	0.1%														0.8%		
Construction of new buildings	CCM 7.1/ CCA 7.1/ CE 3.1	20,866	36.6%														36.5%		
Renovation of existing buildings	CCM 7.2/ CCA 7.2/ CE 3.2	3,915	6.9%														7.7%		
Acquisition and ownership of buildings	CCM 7.7/ CCA 7.7	80	0.1%														0.0%		
Maintenance of roads and motorways	CE 3.4	4,467	7.8%														0.0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		38,476	67.6%														76.5%		
A. Turnover of Taxonomy eligible activities (A.1 +A.2)		42,324	74.3%														77.9%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		14,608	25.7%																
TOTAL		56,932	100.0%																

1) Proportion of turnover derived from products or services associated with Taxonomy-aligned economic activities – disclosures that cover 2023.

2) Turnover for Taxonomy-eligible but not environmentally sustainable activities where turnover for activities that are > SEK 50 M is not reported separately but as turnover of Taxonomy-non-eligible activities.

NCC has market financing programs where SEK 1,850 M (2,350) are green bonds, of which SEK 1,750 M (1,750) are listed on Nasdaq Stockholm. For more information, refer to the Investor Report 2023. During the year, SEK 0 M (0) of bonds or other debt instruments were issued to finance specific Taxonomy-aligned activities. The absolute majority refers to investments in property development projects conducted by NCC Property Development, which are classified as current assets in NCC's balance sheet and thus not Taxonomy-eligible CapEx.

	Proportion of Turnover/Total Turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	6.8%	66.0%
CCA	0.0%	66.0%
WTR	0.0%	0.0%
CE	0.0%	51.8%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Taxonomy report

CapEx[1)]

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	CapEx	Proportion of CapEx 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2022	Category enabling activity	Category transitional activity
		SEK M	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from hydropower	CCM 4.5	4	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	–	–	Y	Y	0.0%	–	–
Transmission and distribution of electricity	CCM 4.9	6	0.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	Y	Y	Y	Y	0.0%	E	–
District heating/cooling distribution	CCM 4.15	1	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	0.0%	–	–
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	6	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	–	–	Y	Y	0.0%	–	–
Construction, extension and operation of waste water collection and treatment	CCM 5.3	3	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	0.0%	–	–
Infrastructure for rail transport	CCM 6.14	69	5.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.4%	E	–
Infrastructure enabling (low carbon) water transport	CCM 6.16	12	0.9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.0%	–	–
Construction of new buildings	CCM 7.1	3	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.2%	–	–
Renovation of existing buildings	CCM 7.2	2	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	–	Y	0.0%	–	T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**106**	**7.9%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**–**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.6%**		
Of which Enabling		75	5.6%	70.7%	0.0%	0.0%	0.0%	0.0%	0.0%	–	Y	Y	Y	Y	Y	Y	0.4%	E	
Of which Transitional		2	0.2%	2.0%						–	Y	Y	Y	Y	–	Y	0.0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Electricity generation from hydropower	CCM 4.5/ CCA 4.5	8	0.6%														0.7%		
Transmission and distribution of electricity	CCM 4.9/ CCA 4.9	5	0.3%														1.0%		
District heating/cooling distribution	CCM 4.15/ CCA 4.15	6	0.5%														0.0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1/ CCA 5.1	12	0.9%														1.8%		
Renewal of water collection, treatment and supply systems	CCM 5.2/ CCA 5.2	3	0.2%														0.4%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3 CCA 5.3	20	1.5%														1.7%		
Renewal of waste water collection and treatment	CCM 5.4/ CCA 5.4	6	0.4%														0.3%		
Sorting and material recovery of non hazardous	CE 2.7	11	0.8%														0.0%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13/ CCA 6.13	7	0.5%														1.3%		
Infrastructure for rail transport	CCM 6.14/ CCA 6.14	45	3.4%														7.7%		
Infrastructure enabling (low-carbon) road transport and public transport	CCM 6.15/ CCA 6.15	33	2.4%														4.4%		
Infrastructure enabling (low carbon) water transport	CCM 6.16 / CCA 6.16	1	0.1%														1.3%		
Construction of new buildings	CCM 7.1/ CCA 7.1/ CE 3.1	119	8.9%														14.2%		
Renovation of existing buildings	CCM 7.2/ CCA 7.2/ CE 3.2	18	1.4%														2.5%		
Maintenance of roads and motorways	CE 3.4	51	3.8%														0.0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		342	25.7%														37.8%		
A. CapEx of Taxonomy eligible activities (A.1 +A.2)		449	33.6%														38.4%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		889	66.4%																
TOTAL		1,338	100.0%																

1) Proportion of CapEx derived from products or services associated with Taxonomy-aligned economic activities – disclosures that cover 2023.

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	7.9%	21.1%
CCA	0.0%	21.1%
WTR	0.0%	0.0%
CE	0.0%	14.8%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Taxonomy report

OpEx[1)]

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	OpEx	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, 2022	Category enabling activity	Category transitional activity
		SEK M	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from hydropower	CCM 4.5	18	0.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	–	–	Y	Y	0.0%	–	–
Transmission and distribution of electricity	CCM 4.9	3	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	Y	Y	Y	Y	0.0%	E	–
District heating/cooling distribution	CCM 4.15	1	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	0.0%	–	–
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	16	0.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	–	–	Y	Y	0.0%	–	–
Construction, extension and operation of waste water collection and treatment	CCM 5.3	9	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	0.0%	–	–
Infrastructure for rail transport	CCM 6.14	54	2.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.0%	E	–
Infrastructure enabling (low carbon) water transport	CCM 6.16	2	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.3%	–	–
Construction of new buildings	CCM 7.1	38	1.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	Y	Y	0.0%	–	–
Renovation of existing buildings	CCM 7.2	14	0.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	Y	–	Y	0.7%	–	T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**155**	**6.3%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**–**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**1.0%**		
Of which Enabling		57	2.3%	37.1%	0.0%	0.0%	0.0%	0.0%	0.0%	–	Y	Y	Y	Y	Y	Y	0.3%	E	
Of which Transitional		14	0.5%	8.7%						–	Y	Y	Y	Y	–	Y	0.7%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Electricity generation from hydropower	CCM 4.5/ CCA 4.5	17	0.7%														1.1%		
Transmission and distribution of electricity	CCM 4.9/ CCA 4.9	12	0.5%														0.3%		
District heating/cooling distribution	CCM 4.15/ CCA 4.15	11	0.4%														0.2%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1/ CCA 5.1	23	0.9%														1.2%		
Renewal of water collection, treatment and supply systems	CCM 5.2/ CCA 5.2	9	0.4%														0.4%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3 CCA 5.3	18	0.7%														1.1%		
Renewal of waste water collection and treatment	CCM 5.4/ CCA 5.4	10	0.4%														0.2%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13/ CCA 6.13	6	0.2%														0.3%		
Infrastructure for rail transport	CCM 6.14/ CCA 6.14	174	7.1%														6.8%		
Infrastructure enabling (low-carbon) road transport and public transport	CCM 6.15/ CCA 6.15	55	2.2%														2.4%		
Infrastructure enabling (low carbon) water transport	CCM 6.16 / CCA 6.16	1	0.0%														0.4%		
Construction of new buildings	CCM 7.1/ CCA 7.1/ CE 3.1	468	19.0%														18.9%		
Renovation of existing buildings	CCM 7.2/ CCA 7.2/ CE 3.2	58	2.4%														2.4%		
Maintenance of roads and motorways	CE 3.4	66	2.7%														0.0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) ((A.2)		929	37.7%														35.7%		
A. OpEx of Taxonomy eligible activities (A.1 +A.2)		1,084	43.9%														36.9%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		1,383	56.1%																
TOTAL		2,467	100.0%																

1) Proportion of OpEx derived from products or services associated with Taxonomy-aligned economic activities – disclosures that cover 2023.

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	6.3%	41.2%
CCA	0.0%	41.2%
WTR	0.0%	0.0%
CE	0.0%	24.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Auditor's statement

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 2023 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). NCC's Communication on Progress in accordance with the UN Global Compact can be found on UNGC:s website.

More detailed sustainability information and performance indicators are presented on pp. 92–123. For the GRI content index, see the following pp. 130–132. The report has not been audited by a third party. 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.

Contact: CFO and Head of Finance & IT
Susanne Lithander, +46 8 585 510 00,
susanne.lithander@ncc.se

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. The Sustainability Report in accordance with the Annual Accounts Act is included in the Annual Report on the following pages: 3, 8–13, 32 and 92–123.

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 2023 on the pages set out above 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 13, 2024
PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorized Public Accountant
Partner in charge

Erik Bergh
Authorized Public Accountant

Other

Multi-year review

INCOME STATEMENT, SEK M	2019	2020	2021	2022	2023
Net sales	58,234	53,922	53,414	54,198	56,932
Production costs	−54,134	−49,589	−48,894	−50,202	−52,245
Gross profit	**4,101**	**4,333**	**4,520**	**3,996**	**4,687**
Selling and administrative costs	−2,811	−2,967	−2,808	−2,981	−3,156
Result from sales of owner-occupied properties	−11	−3	165	22	19
Impairment losses on fixed assets	−22	−24	−16	0	−2
Result from sales of Group companies	18	9	−46	59	265
Result from participations in associated companies	21	12	10	262	−11
Operating profit	**1,296**	**1,360**	**1,825**	**1,358**	**1,802**
Financial income	34	30	20	29	80
Financial expenses	−146	−110	−80	−87	−79
Net financial items	**−112**	**−80**	**−60**	**−59**	**1**
Profit after financial items	**1,184**	**1,281**	**1,765**	**1,299**	**1,803**
Tax	−309	−22	−257	−230	−230
Profit for the period	**875**	**1,259**	**1,508**	**1,069**	**1,573**
Attributable to:					
NCC's shareholders	873	1,259	1,508	1,069	1,573
Non-controlling interests	2	–	–	–	–
Profit for the period	**875**	**1,259**	**1,508**	**1,069**	**1,573**

Multi-year review

BALANCE SHEET, SEK M	2019	2020	2021	2022	2023
Assets					
Fixed assets					
Goodwill	1,893	1,800	1,852	1,943	1,913
Other intangible assets	368	342	335	326	545
Right-of-use assets	1,716	1,952	1,600	1,420	1,300
Owner-occupied properties	899	875	790	909	867
Machinery and equipment	2,611	2,306	2,296	2,504	2,310
Long-term holdings of securities	114	93	82	83	84
Long-term interest-bearing receivables	144	125	128	184	204
Pension receivable	–	–	–	68	–
Other long-term receivables	34	19	23	36	21
Deferred tax assets	524	587	609	564	583
Total fixed assets	**8,302**	**8,099**	**7,714**	**8,037**	**7,827**
Current assets					
Right-of-use assets	51	11	2	2	1
Properties held for future development	1,391	1,492	1,005	1,179	1,265
Ongoing property projects	3,042	4,610	5,370	7,171	3,794
Completed property projects	936	496	–	0	4,986
Participations in associated companies	263	295	431	74	201
Materials and inventory	1,008	953	1,059	1,079	1,120
Tax receivables	50	58	70	118	43
Accounts receivable	8,674	7,084	7,748	8,205	8,696
Worked-up, non-invoiced revenues	1,360	1,349	1,367	1,410	1,076
Prepaid expenses and accrued income	1,556	907	952	857	1,190
Current interest-bearing receivables	226	126	103	117	129
Other receivables	555	740	552	386	415
Short-term investments	63	174	487	394	501
Cash and cash equivalents	2,416	2,155	2,561	534	707
Total current assets	**21,589**	**20,450**	**21,707**	**21,528**	**24,124**
TOTAL ASSETS	**29,890**	**28,549**	**29,421**	**29,565**	**31,950**
Shareholders' equity					
Shareholders' equity	3,044	3,972	5,844	7,183	7,324
Non-controlling interests	–	–	–	–	–
Total shareholders' equity	**3,044**	**3,972**	**5,844**	**7,183**	**7,324**
Liabilities					
Long-term liabilities					
Long-term interest-bearing liabilities	3,649	3,965	2,038	3,286	3,006
Other long-term liabilities	52	60	47	60	13
Provisions for pensions and similar obligations	2,840	2,832	1,997	–	556
Deferred tax liabilities	170	196	464	943	889
Other provisions	2,777	2,586	2,608	2,481	2,218
Total long-term liabilities	**9,488**	**9,639**	**7,154**	**6,770**	**6,683**
Current liabilities					
Current interest-bearing liabilities	848	606	2,176	1,012	2,289
Accounts payable	4,275	4,487	4,567	5,165	6,105
Tax liabilities	100	66	22	14	0
Invoiced revenues not worked up	6,354	4,104	4,830	4,754	5,058
Accrued expenses and deferred income	3,878	3,727	3,588	3,512	3,396
Provisions	24	19	13	7	–
Other current liabilities	1,878	1,930	1,227	1,148	1,096
Total current liabilities	**17,358**	**14,938**	**16,422**	**15,612**	**17,944**
Total liabilities	**26,846**	**24,577**	**23,577**	**22,382**	**24,626**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**29,890**	**28,549**	**29,421**	**29,565**	**31,950**

Multi-year review

KEY FIGURES	2019	2020	2021	2022	2023
Financial statements, SEK M					
Net sales	58,234	53,922	53,414	54,198	56,932
Operating profit	1,296	1,360	1,825	1,358	1,802
Profit after financial items	1,184	1,281	1,765	1,299	1,803
Profit for the period	875	1,259	1,508	1,069	1,573
Investments in fixed assets	2,992	1,921	1,099	1,319	1,177
Investments in property projects	3,281	3,353	3,467	2,924	2,432
Cash flow, SEK M					
Cash flow from operating activities	2,214	1,569	2,260	265	807
Cash flow from investing activities	−701	−463	−363	−401	−446
Cash flow before financing	1,512	1,106	1,896	−136	361
Cash flow from financing activities	−308	−1,322	−1,492	−1,896	−187
Change in cash and cash equivalents	1,219	−260	406	−2,027	173
Profitability ratios					
Return on shareholders' equity, %	32	37	32	17	21
Return on capital employed, %	13	12	16	12	15
Financial ratios at year-end, SEK M					
EBITDA %	4.7	5.2	5.9	4.8	5.3
Interest coverage ratio, multiple	9.1	12.7	23.0	15.9	23.9
Equity/assets ratio, %	10	14	20	24	23
Interest-bearing liabilities/total assets, %	25	26	21	15	18
Net cash +/Net debt –	−4,489	−4,823	−2,932	−3,000	−4,310
Debt/equity ratio, multiple	1.5	1.2	0.5	0.4	0.6
Capital employed at year-end	10,382	11,375	12,055	11,480	13,175
Capital employed, average	9,936	10,983	11,430	11,766	12,776
Capital turnover rate, multiple	5.9	4.9	4.7	4.6	4.5
Closing date interest rate, %[1)]	1.1	1.1	1.1	4.1	5.1
Average interest rate maturity, years[1)]	1.2	1.0	0.5	1.0	0.7
Order status, SEK M					
Orders received	58,048	51,199	55,786	53,285	56,819
Order backlog	57,800	50,945	55,763	54,995	53,422
Per share data, SEK					
Profit after tax, before and after dilution	8.09	11.68	14.02	10.29	16.11
Cash flow from operating activities, after dilution	20.50	14.56	21.00	2.55	8.27
Cash flow before financing, after dilution	14.01	10.26	17.62	−1.30	3.70
P/E ratio, before dilution	19	13	12	9	8
Dividend, ordinary	2.50	5.00	6.00	6.00	8.00[2)]
Dividend yield, %	3.3	3.3	3.6	6.2	6.4
Shareholders' equity, before and after dilution	28.21	36.89	54.32	73.60	74.99
Share price/shareholders' equity, %	543	407	309	132	167
Share price at year-end, NCC B	153.20	150.00	167.70	97.25	125.60
Number of shares, millions					
Total number of issued shares[3)4)]	108.4	108.4	108.4	108.4	99.8
Treasury shares at year-end	0.5	0.8	0.8	10.8	2.1
Total number of shares outstanding before dilution at year-end	107.9	107.7	107.6	97.6	97.7
Average number of shares outstanding before dilution for the period	108.0	107.8	107.6	103.9	97.6
Market capitalization before dilution, SEK M	16,548	16,144	18,035	9,636	12,271
Personnel					
Average no. of employees	15,273	14,388	13,002	12,485	12,243

1) Pertains to interest-bearing liabilities excluding pension debt according to IAS 19 and leases according to IFRS 16.
2) Dividend for 2023 pertains to the Board of Directors' motion to the AGM.
3) All shares issued by NCC are common shares.
4) 8,674,866 Series B treasury shares were withdrawn during the period.

Quarterly data

SEK M	Quarterly amounts, 2023 Q1	Q2	Q3	Q4	Full year 2023	Quarterly amounts, 2022 Q1	Q2	Q3	Q4	Full year 2022
Group										
Orders received	16,288	14,691	9,681	16,159	56,819	16,635	12,763	11,607	12,280	53,285
Order backlog	58,910	59,359	54,594	53,422	53,422	62,510	60,960	59,047	54,995	54,995
Net sales	12,464	14,854	14,022	15,592	56,932	10,111	14,001	14,068	16,018	54,198
Operating profit/loss	152	503	789	358	1,802	−170	474	510	544	1,358
Profit/loss after financial items	185	493	771	354	1,803	−175	464	490	520	1,299
Profit/loss after tax	153	407	621	392	1,573	−147	383	425	407	1,069
Earnings per share after dilution, SEK	1.56	4.17	6.36	4.02	16.11	−1.37	3.59	4.13	4.13	10.29
Cash flow before financing	19	−1,274	764	851	361	−360	−1,505	692	1,037	−136
Equity/assets ratio, %	24	22	24	23	23	20	20	22	24	24
Net cash +/Net debt –	−3,251	−4,472	−3,710	−4,310	−4,310	−3,529	−4,383	−3,619	−3,000	−3,000
NCC Infrastructure										
Orders received	4,617	3,522	2,655	5,913	16,707	4,404	3,056	4,466	3,465	15,391
Order backlog	17,845	16,921	15,397	16,074	16,074	20,170	18,434	18,967	17,291	17,291
Net sales	3,935	4,602	4,114	5,017	17,667	3,501	4,359	4,135	5,262	17,256
Operating profit	67	140	333	182	723	42	124	139	124	429
Operating margin, %	1.7	3.0	8.1	3.6	4.1	1.2	2.8	3.4	2.4	2.5
NCC Building Sweden										
Orders received	3,398	3,543	2,510	3,210	12,661	4,792	3,726	2,367	3,825	14,711
Order backlog	18,480	18,295	18,293	16,753	16,753	19,679	19,685	19,035	18,587	18,587
Net sales	3,490	3,743	2,970	4,272	14,475	3,099	3,778	3,028	4,273	14,178
Operating profit/loss	60	73	59	80	272	92	117	−56	98	252
Operating margin, %	1.7	2.0	2.0	1.9	1.9	3.0	3.1	−1.8	2.3	1.8
NCC Building Nordics										
Orders received	5,098	4,731	2,461	4,363	16,654	4,852	2,680	2,321	2,469	12,321
Order backlog	18,545	20,306	18,747	18,684	18,684	19,464	19,282	18,485	17,127	17,127
Net sales	3,503	3,756	3,576	3,780	14,615	2,855	3,346	3,226	4,140	13,568
Operating profit	18	94	93	139	343	56	92	104	95	347
Operating margin, %	0.5	2.5	2.6	3.7	2.3	2.0	2.8	3.2	2.3	2.6
NCC Industry										
Orders received	3,307	3,089	2,218	2,846	11,459	2,755	3,776	2,333	2,774	11,638
Net sales	1,058	3,471	3,862	3,094	11,485	977	3,280	3,637	3,374	11,268
Operating profit/loss	−261	281	281	99	400	−305	240	50	23	8
Operating margin, %	−24.7	8.1	7.3	3.2	3.5	−31.2	7.3	1.4	0.7	0.1
Operating capital employed	4,411	5,378	4,820	4,090	4,090	4,565	5,361	5,101	4,411	4,411
NCC Property Development										
Net sales	1,146	61	69	100	1,376	329	58	836	77	1,301
Operating profit/loss	256	−37	−18	42	243	29	1	183	268	482
Operating margin, %	22.3	−59.6	−26.7	42.2	17.7	8.9	2.0	21.9	348.8	37.0
Operating capital employed	8,046	8,787	9,225	9,592	9,592	6,586	7,495	7,627	7,996	7,996

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.

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.

Operating capital employed
Total assets less interest-free liabilities (including current and deferred tax liabilities), financial fixed assets, current tax assets, interest-bearing current receivables and cash and bank balances. Average operating capital employed is calculated as the average of the balances at January 1, March 31, June 30, September 30 and December 31.

Operating margin
Operating profit as a percentage of net sales.

Operating net
Profit from property management before depreciation.

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.

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 shareholders' equity
Net profit for the year according to the income statement excluding non-controlling interests, as a percentage of average shareholders' equity.

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 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.

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.

GRI content index

Statement of use	NCC AB is reporting in accordance with the GRI Standards for the period 1st of January – 31st of December, 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No sector standards are available yet from GRI

				Omissions		
GRI Standard	**Disclosure**		**Page reference**	**Requirement (s) omitted**	**Reason**	**Explanation**
GENERAL DISCLOSURES 2021						
GRI 2: General Disclosures 2021	**The organization and its reporting practices**					
	2-1	Organizational details	6, 17			
	2-2	Entities included in the organization's sustainability reporting	54, 123			
	2-3	Reporting period, frequency and contact point	123			
	2-4	Restatements of information	105, 123			
	2-5	External assurance	123			
	Activities and workers					
	2-6	Activities, value chain and other business relationships	1, 2, 19–24, 96–97			
	2-7	Employees	112			
	2-8	Workers who are not employees	57, 112	Omission 2-8. Information about subcontractors.	Incomplete information.	Information on number of workers not being employees is missing.
	Governance					
	2-9	Governance structure and composition	33–38, 40–43 96			
	2-10	Nomination and selection of the highest governance body	33–34			
	2-11	Chair of the highest governance body	40			
	2-12	Role of the highest governance body in overseeing the management of impacts	36, 95, 97			
	2-13	Delegation of responsibility for managing impacts	33–36, 95			
	2-14	Role of the highest governance body in sustainability reporting	17, 36, 95, 123			
	2-15	Conflicts of interest	35, 39–41, 113–115			
	2-16	Communication of critical concerns	36–39, 95, 113			
	2-17	Collective knowledge of the highest governance body	33, 36, 40–41	Omission 2-17 Experience within the Board on sustainable development.	Information unavailable.	Practice on reporting with regards to this type of experience is lacking.
	2-18	Evaluation of the performance of the highest governance body	33–34			
	2-19	Remuneration policies	57–60			
	2-20	Process to determine remuneration	34–35, 57–60,			
	2-21	Annual total compensation ratio	59	Omission 2-21 Compensation ration in relation median for all employees is lacking.	Information unavailable.	Ambition to report when CSRD is implemented.
	Strategy, policies and practices					
	2-22	Statement on sustainable development strategy	4–5			
	2-23	Policy commitments	8–9, 95, 113–115			
	2-24	Embedding policy commitments	8–9, 95, 113–115			
	2-25	Processes to remediate negative impacts	98–104, 107–108, 110–111, 113–115			
	2-26	Mechanisms for seeking advice and raising concerns	36, 99, 110–111, 113–114			
	2-27	Compliance with laws and regulations	113–115			
	2-28	Membership associations	96			
	Stakeholder engagement					
	2-29	Approach to stakeholder engagement	96			
	2-30	Collective bargaining agreements	110–111			

GRI content index

GRI Standard	Disclosure		Page reference	Omissions: Requirement (s) omitted	Omissions: Reason	Omissions: Explanation
MATERIAL TOPICS						
GRI 3: Material topics, 2021	3-1	Process to determine material topics	96–97			
	3-2	List of material topics	97			
Economic performance						
GRI 3: Material topics, 2021	3-3	Management of material topics	1–7, 15, 17, 93–97			
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	32			
Anti-corruption						
GRI 3: Material topics, 2021	3-3	Management of material topics	29, 37–39, 93–97, 113–115			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	29, 113–115			
	205-2	Communication and training about anti-corruption policies and procedures	113–115			
	205-3	Confirmed incidents of corruption and actions taken	113–115			
Anti-competitive behavior						
GRI 3: Material topics, 2021	3-3	Management of material topics	29, 93–97, 113–115			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	113–115			
Materials						
GRI 3: Material topics, 2021	3-3	Management of material topics	10–13, 93–101			
GRI 301: Materials 2016	301-2	Recycled input materials used	100–101			
Energy						
GRI 3: Material topics, 2021	3-3	Management of material topics	3, 93–98, 102–104			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	103, 106			
Water and effluents						
GRI 3: Material topics, 2021	3-3	Management of material topics	93–99, 117–118			
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	99	Omission 303-1. Approach to identify water-related impacts, how NCC works with stakeholders to manage water as a shared resource.	Information unavailable.	Ambition to report when CSRD is implemented.
	303-2	Management of water discharge-related impacts	98–99, 117–118			
		Water consumption		Omission 303-5. Information on water use.	Information unavailable.	Ambition to report when CSRD is implemented.
Biodiversity						
GRI 3: Material topics, 2021	3-3	Management of material topics	93–99			
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	99			
Emissions						
GRI 3: Material topics, 2021	3-3	Management of material topics	3,10–13, 32, 93–98, 102–106			
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	102–106			
	305-2	Energy indirect (Scope 2) GHG emissions	102–106			
	305-3	Other indirect (Scope 3) GHG emissions	102–106			
	305-4	GHG emissions intensity	3, 93, 102–105			
	305-5	Reduction of GHG emissions	102–106			
Waste						
GRI 3: Material topics, 2021	3-3	Management of material topics	93–98, 100–101, 118			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	100–101			
	306-2	Management of significant waste-related impacts	100–101			
	306-3	Waste generated	101			

GRI content index

GRI Standard	Disclosure		Page reference	Omissions: Requirement (s) omitted	Omissions: Reason	Omissions: Explanation
Supplier Environmental Assessment						
GRI 3: Material topics, 2021	3-3	Management of material topics	93–97, 113–115			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	113–115			
Occupational Health and Safety						
GRI 3: Material topics, 2021	3-3	Management of material topics	3, 27–28, 93–97, 107–109			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	107–109			
	403-2	Hazard identification, risk assessment, and incident investigation	27–28, 107–109, 113–115			
	403-3	Occupational health services	107–109			
	403-4	Worker participation, consultation, and communication on occupational health and safety	107–109			
	403-5	Worker training on occupational health and safety	107–109			
	403-6	Promotion of worker health	107–109			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	107–109			
	403-8	Workers covered by an occupational health and safety management system	107–109			
	403-9	Work-related injuries	107–109			
Training and Education						
GRI 3: Material topics, 2021	3-3	Management of material topics	93–97, 110–112			
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	110–112			
	404-3	Percentage of employees receiving regular performance and career development reviews	111	Omission 404-3. Percentage of employees who have completed a review.	Information unavailable.	All employees are offered an annual review and follow-up.
Diversity and Equal Opportunity						
GRI 3: Material topics, 2021	3-3	Management of material topics	9, 93–97, 110–112			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	110, 112			
Non-discrimination						
GRI 3: Material topics, 2021	3-3	Management of material topics	9, 94–97, 110–112			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	110–112			
Supplier Social Assessment						
GRI 3: Material topics, 2021	3-3	Management of material topics	93–97, 113–115			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	113–115			
Certified constructions and buildings						
GRI 3: Material topics, 2021	3-3	Styrning av väsentlig fråga	93–98, 116			
Company-specific disclosure: Certified constructions and buildings	NCC-1	Type and number of sustainability certifications, rating and labeling schemes	116			

Financial information

NCC will publish financial information regarding the 2024 fiscal year on the following dates:

May 3	**Interim report Q1 2024**
July 16	**Interim report Q2 and Jan–Jun 2024**
October 25	**Interim report Q3 and Jan–Sep 2024**

NCC's interim reports are downloadable from the NCC Group's website, 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. However, it is possible to order a copy by contacting the company.

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 normally publishes press releases in English and Swedish for all orders and contracts exceeding an amount of SEK 150 M. A list of communicated orders exceeding SEK 150 M is available on NCC's website. Minor orders may be announced only in the local language. All press releases are available on NCC's website.

NCC's financial information can be ordered either by using the order form available on the ncc.com website, by e-mailing 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).

Annual General Meeting

The AGM will be held on April 9, 2024 at 3.30 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, and was published in Post- och Inrikes Tidningar on March 8, 2024. 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.

Shareholder information on ncc.com

All financial information concerning the NCC Group and everything that concerns you as an NCC shareholder is available on NCC's website under the Investor Relations tab. Here you can also find a list of the analysts who continuously monitor NCC:

In accordance with the resolution at the Annual General Meeting on March 31, 2023, NCC has withdrawn own Series B shares previously repurchased by the company. The share capital is unchanged since a decision was taken simultaneously to increase the share capital through a bonus issue, see page 26.

On February 1, Nordstjernan sold 3,636,501 Series A shares and no longer holds any shares in NCC. The sale was conducted at a price equivalent to SEK 130 per share.

For information on the current ownership structure, refer to our website, ncc.com/investor-relations/ncc-share/distribution-of-shareholding

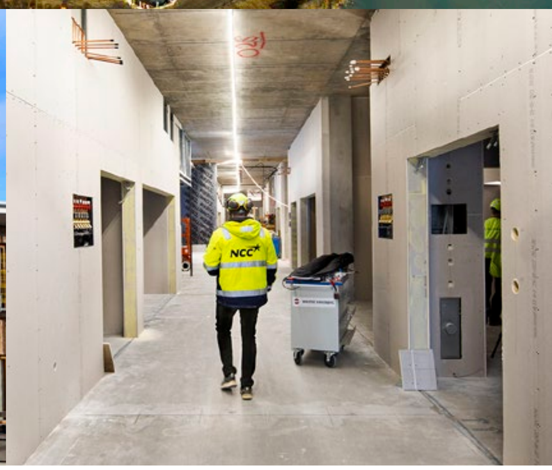
NCC's ten largest shareholders at Dec. 31, 2023

Name	NCC A	NCC B	Share capital	Voting rights
OBOS	5,000,000	3,355,140	8.38%	26.19%
Nordstjernan	3,636,501		3.65%	17.85%
Carnegie Fonder		5,327,408	5.34%	2.62%
Första AP-fonden (AP1)		4,687,374	4.70%	2.30%
Livförsäkringsbolaget Skandia	332,862	840,080	1.18%	2.05%
Vanguard	107,773	2,931,218	3.05%	1.97%
Nordea Funds		3,478,011	3.49%	1.71%
ODIN Fonder		2,917,681	2.92%	1.43%
Unionen		2,656,122	2.66%	1.30%
Handelsbanken Fonder		2,561,479	2.57%	1.26%
Total, ten largest shareholders	9,077,136	28,754,513	37.92%	58.68%
Other shareholders	2,471,717	59,457,590	62.08%	41.32%

Hospital Nordsjælland was on the cover of the 2022 Annual Report

This has happened during 2023 at Nyt Hospital Nordsjælland

The façades have been installed, and the silver Kalzip roof is taking shape and will be completed in spring 2024.



Focus is now moving to completing internal work. Gypsum walls are being raised in several areas while installation work is in progress on several levels.

Nyt Hospital Nordsjælland, Denmark "NCC is the main contractor for the new hospital in Nordsjælland. 2023 was the year the four-leaf clover took shape. Concreting work is complete, and it is now possible to form a final picture of the exterior of the hospital, whether you stand to the south, east, north or west. The hospital is the single largest construction project ever in North Zealand and will be one of Denmark's six super hospitals when it opens in 2026, with a capacity to handle half a million visitors each year."

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.

More information/contact

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Please read our virtual Annual Report: ncc.com/annualreport2023

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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 2023, NCC had sales of about SEK 57 billion, and approximately 12,200 employees.

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