



Annual Report for
Nasdaq Clearing AB

556383-9058

Financial year
1 January 2023 - 31 December 2023

Nasdaq Clearing AB
556383-9058

Table of Contents

Directors' Report	1
Income Statement	9
Balance Sheet	10
Statement of equity	12
Cash Flow Statement	13
Notes	14
Signatures	25

Directors' Report

The Board of Directors and the CEO of Nasdaq Clearing AB, 556383-9058, with its registered office in Stockholm, hereby submit the Annual Report for the financial year 2023.

The financial statements are presented in Swedish Kronor (SEK) and all values are rounded to the nearest thousand (SEK'000), except where otherwise indicated.

Information about the business

Nasdaq Clearing AB conducts authorized clearing operations, licensed under the European Market Infrastructure Regulation (EMIR), and under the supervision of the Swedish Financial Supervisory Authority (SFSA). Nasdaq Clearing acts as the central counterparty (CCP) for exchange and over the counter (OTC) trades in equity derivatives, fixed income derivatives, OTC interest rate derivatives denominated in SEK, resale and repurchase contracts, power derivatives, emission allowance derivatives, and seafood derivatives.

Through the clearing operations within the financial markets, Nasdaq Clearing acts as the legal counterparty and guarantees fulfillment of each contract cleared. Nasdaq Clearing does not use these contracts for the purpose of trading on its behalf rather, Nasdaq Clearing bears the counterparty risk between the purchaser and seller in the contract.

In its guarantor role, Nasdaq Clearing has precisely equal and offsetting claims to and from clearing members on opposite sides of each contract, acting as the CCP in every contract cleared. In accordance with the rules and regulations of Nasdaq Clearing, default fund and margin collateral requirements are calculated for each clearing member's position in the accounts with the CCP. Delivery of underlying instruments are handled through delivery versus payment (DVP) transactions. Nasdaq Clearing also performs cash settlement of its derivative contracts through cash payments, either directly in the central banking system or, when this is not possible, through commercial banks with robust credit ratings to minimize settlement risks.

Products and services

Nasdaq Clearing provides central counterparty services within the following markets:

- Equity derivatives in the Nordic market.
- Fixed Income derivatives in the Nordic market.
- OTC interest rate derivatives denominated in SEK.
- Commodities derivatives linked to Nordic, German, British, Belgian, French, Italian, Spanish and Dutch electricity markets and Dutch, German, British and French gas markets, Norwegian-Swedish electricity certificates, and emission rights.
- Seafood derivatives linked to Norwegian salmon.
- Repurchase contracts in bonds in the Nordic market.

Customers

The company's main market is Europe with particular focus on the Nordic region and the United Kingdom. The company's customers are its members, which includes Swedish banks, foreign banks, securities companies, commodities producers and commodities brokerage firms that clears trades performed on their own or on their customers' behalf.

Clearing members

As of 31 December 2023, Nasdaq Clearing had a total of 132 (138) clearing members in the Derivative (FIN) and Commodity Derivative Markets (COM). Below is a description of each different clearing membership:

- General Clearing Members (GCM), who can clear both on their own behalf and on their customers' behalf, including on behalf of non-clearing members (NCM's).

- Direct Clearing Members (DCM) in the Derivatives Markets (FIN) who can clear both on their own behalf and on their customers' behalf (but not for NCMs).
- Clearing Members (CM) in the Commodity Derivative Markets (COM) who can clear both on their own behalf and on their customers' behalf (but not for NCMs).
- Direct Clearing Clients (DCC), who can clear both on their own behalf and on their customers' behalf (but not for NCMs) with a requirement for an agreement with a Direct Clearing Agent.
- Direct Clearing Agent (DCA) in the Commodity Derivative Markets (COM) who represents and trades on behalf of a Direct Clearing Client.

During 2023 (2022), there were 4 (0) new clearing members and 10 (14) memberships were terminated.

Risk Management

Through its operations as a Clearing House, Nasdaq Clearing is subject to a number of identified risks related to the clearing operations. These are mainly; credit risk, market risk, liquidity risk, operational risk, legal and regulatory risk, ESG risk as well as business and strategic risk. The section below describes how Nasdaq manages these specified risks.

Risk Appetite

Nasdaq Clearing's Board of Directors is responsible for setting the company's risk appetites and tolerances. The risk appetite describes the risk limits within which Nasdaq Clearing must operate and which shall guide executive management in all strategic and operational decisions as well as in the drafting of policy and steering documents.

The three lines of defense model

The risk framework establishes the three lines of defense as the basis for risk management. The three lines of defense aim to establish that all employees are responsible for managing risk, within the respective areas of their responsibility. The first line of defense refers to the activities performed by line managers and staff to identify, assess and manage risk. The second line of defense refers to the Risk Management- and Compliance functions who are independent from the business operations, and set the principles and framework for risk management, perform independent monitoring and control, facilitate risk assessments, ensure compliance with regulatory rules and requirements as well as monitor compliance with internal policies. The third line of defense refers to the internal audit function, which performs independent review of the operations including independent review of activities carried out by both the first and second line of defense. Both second and third lines of defense serve as independent advisors to the first line of defense, and report directly to the Board.

Governance

The Board has ultimate responsibility for management of the company's risks and for ensuring that the company has implemented adequate risk management principles and governance structures. Nasdaq Clearing's principles for risk management are described in steering documents, which establish the company's minimum standards and limits for managing risk. Management committees, each with defined areas of responsibility, support the Board of Directors in fulfillment of its responsibilities.

Nasdaq Clearing utilizes the ERM (Enterprise Risk Management) Framework, which ensures proper management of risk within the board approved risk appetite and creates value for the company's customers and shareholders through objective and consistent identification, assessment, monitoring and measurement of the company's financial and non-financial risks. Nasdaq's ERM Framework utilizes a common taxonomy across the Group. Application of the taxonomy throughout Nasdaq allows for consistent analysis and reporting and it facilitates the aggregation necessary to discern collective issues across the Company and concentrations of risk within one or more Business Units, Expert Functions or legal entities.

Financial Risk Management

Credit risk

Nasdaq Clearing is exposed to counterparty credit risk and credit concentration risk and has implemented risk mitigating mechanisms and governing structures as outlined below. Nasdaq Clearing manages its risk exposure per individual clearing member by setting qualitative and quantitative requirements, including requirements on minimum credit rating, financial position, liquid assets and capital. Minimum requirements on credit worthiness are stipulated in the membership agreements and all counterparties shall have sufficient credit rating.

The credit risk arising from accounts receivable is managed by the membership agreement, which stipulates that a company that is to become a clearing member must fulfill the criteria of the agreement and comply by Nasdaq Clearings regulations. The membership requirements also comprise qualitative requirements, such as organizational and operational requirements, requirements to maintain robust risk management procedures and certain regulatory and legal requirements. Nasdaq Clearing also performs monitoring procedures on an ongoing basis where members are required to provide documentation to prove that they have sufficient profitability and financial resources to conduct their business.

Collateral

Counterparties must pledge collateral to cover initial margin requirements and contingent variation margin. Collateral requirements are calculated and monitored continuously and additional collateral is collected at least daily. Nasdaq Clearing may, as needed, also require additional collateral from one or more counterparties on an intraday basis.

Cash collateral is accepted in currencies approved by Nasdaq Clearing (SEK, EUR, DKK, NOK, USD and GBP) or securities approved and pledged to Nasdaq Clearing. Securities pledged as collateral are held directly in the name of Nasdaq Clearing on external trustee accounts and are immediately available to Nasdaq Clearing in the event of a default by the counterparty. Cash collateral is subject to title transfer and legally transferred to Nasdaq Clearing. Cash collateral is recognized in the balance sheet as an asset with a corresponding liability when a transfer of ownership has occurred in Nasdaq Clearing.

Regulatory capital

Nasdaq Clearing is at all times required to retain adequate regulatory capital to fulfil its obligations as a regulated central counterparty. Nasdaq Clearing's own funded regulatory capital consists of Nasdaq Clearing's Junior Capital, Senior Capital and the Article 16 Capital (Article 16 of Regulation (EU) No 648/2012). The Junior and Senior Capital are parts of the Default Waterfall. Since September 1, 2021 both the Junior Capital and the Senior Capital are divided on the three markets (Financial, Commodities and Seafood) cleared by Nasdaq Clearing. In case of a member default, the Junior Capital should be used after the defaulted members' margin contributions and Default Fund contributions have been utilized. The Senior Capital can only be used after the relevant default fund has been used.

The Article 16 capital is held to cover risks which are not covered by the Default Waterfall. In addition to the own funded regulatory capital, Nasdaq Clearing holds a capital buffer equal to at least 33% of the total regulatory capital requirement in order to maintain appropriate readiness for potential increases of the Regulatory Capital requirements covered by tangible equity. The regulatory capital is held in highly liquid and immediately marketable assets, primarily Swedish government bonds. The regulatory capital buffer is held in other current assets.

As of December 2023, Nasdaq Clearing's Junior Capital amounted to approximately 413 MSEK (Financial market 185 MSEK, Commodities market 20 MEUR, Seafood 6 MNOK) and Senior Capital comprised an additional 171 MSEK (Financial market 44MSEK, Commodities Market 11 MEUR and Seafood 1MNOK) and the Article-16 capital amounted to 660 MSEK.

Default Reserves

Default reserves can be utilized by Nasdaq Clearing to cover any losses arising from the termination of defaulting counterparty's positions, once the member's own pre-funded collateral and Nasdaq Clearing's first skin-in-the-game (Junior Capital) has been exhausted. The default reserves form an important part of Nasdaq Clearing's Default Waterfall. Nasdaq Clearing divided the members' funds into three reserves: one that is utilized solely for default in the financial derivatives market, one that is utilized solely for the commodity derivatives markets (excluding salmon derivatives) and one that is utilized solely in the salmon derivative market. The default reserves are funded entirely by members.

Default Fund	Amount	2023-12-31	2022-12-31
Financial Market	SEK million	2,106	4,177
Commodities Market	EUR million	520	848
Seafood Market	NOK million	29	45

The three clearing service default funds are sized to account for the default risk for the specific services, and may therefore increase or decrease in size. Other drivers of size increases include market volatility, the overall positions of the member base as well as the distribution of those positions. More volatility and larger positions in the largest members drive sizes.

In addition to the member-financed default reserves, members who are active in the interest-rate swap market also contribute additional risk-absorbing capital to a separate loss-sharing pool.

	Amount	2023-12-31	2022-12-31
Loss sharing pool	SEK million	737	671

Investment of pledged collateral

Cash collaterals are invested in highly liquid and immediately marketable fixed income instruments issued by governments or supranational issuers with a good credit rating. Cash is also invested through short-term repurchase agreements whereby cash assets are invested against collateral in the form of government securities or supranational issuers. A small share of cash can be invested through short-term bank deposits in commercial banks with a good credit rating. Furthermore, cash is also invested as deposits with Central banks.

Credit concentration risk

Credit concentration risk is continuously monitored and is mitigated primarily through concentration limits on collateral posted by clearing members to Nasdaq Clearing and on investments of cash collateral done by Nasdaq Clearing.

Liquidity risk

Liquidity risk is the risk of Nasdaq Clearing not being able to fund its short term operations and meet its obligations as they become due. The primary liquidity risk for Nasdaq Clearing arise from its clearing operations, including operational problems at counterparty or settlement banks, late deliveries of underlying instruments on the expiration date of derivative contract, or if a member defaults against Nasdaq Clearing. Nasdaq Clearing maintains no interest-bearing liabilities and therefore has no refinancing risks. Nasdaq Clearing manages liquidity risks by requiring collateral of very high quality from members and by placing its own financial resources in highly liquid assets. In addition, committed lines of credit from external banks totaling 1,700 SEK million are available to Nasdaq Clearing as of December 31, 2023.

Market risk

Market risk is the risk that price changes will exceed the initial margin and also the risk of loss caused by market-price movements in the company's assets, and / or liabilities. Nasdaq Clearing is exposed to market risk in case of a clearing member default. In addition, Nasdaq Clearing is exposed to market risks linked to investments of pledged collateral and Nasdaq Clearing's own regulatory capital. Market risks includes currency risk, interest rate risk and market concentration risk further described below.

Currency risk

Currency risk arise primarily from translation risk of collateral posted in currencies other than the product denomination. Nasdaq Clearing monitors currency risk consistently to ensure appropriate actions are taken when needed. Cash collateral from members are always reinvested in the currency in which the member has posted the collateral. As such the assets will match the liability Nasdaq Clearing has towards its members.

Interest-rate risk

The interest-rate risk is primarily linked to regulatory capital investments and pledged cash collateral investments. These investments are mainly made in Swedish and European treasury bills, bonds and balances at central banks. Nasdaq Clearing does not use derivatives in its investing activities.

Market-concentration risk

Market concentration risk is managed through imposing limits on issuers, issuance, and investment types. Assessments are performed regularly to determine whether the conditions in the financial market or the actual size of the portfolio justify immediate changes to any concentration limits.

Other

Nasdaq Clearing acts as a central counterparty to all derivative contracts cleared by Nasdaq Clearing. The fair value of these derivatives is impacted by but not limited to changes in the price of underlying instruments, interest rates and implied volatility. Since Nasdaq Clearing's transactions are always matched, this market risk has no impact on earnings or shareholders' equity, but solely impacts the balance sheet.

Non-Financial Risk Management

Strategic and business risks

Nasdaq Clearing is exposed to strategic and business risks due to changes in the business environment and adverse business decisions, inadequate implementation of decisions or inadequate response to changes in the business environment. Strategic and business risks are managed through the annual strategic planning process and integrated in the ERM framework, such as in top risk assessment, RCSAs (Risk Control Self Assessments) as well as scenario analysis assessments.

Operational risks

Operational risks relates to failure of employees and systems to perform tasks or processes due to internal or external factors. Operational risks in critical processes are identified, assessed, monitored, manage and reported. Controls are identified and implemented to mitigate identified risks. Continuity plans are created and tested regularly, and the company performs continuous monitoring of outsourced functions. Independent model validations are conducted to review adequacy, appropriateness of applied models and evaluate their conceptual soundness. Stress and back testing programs are in place to assess the appropriateness, accuracy, reliability and resilience of models. Nasdaq Clearing also has a cyber-security program and a robust information security risk management framework which ensure a high level of operational resilience to potential external and internal disruptions.

Legal and regulatory risks

Legal and regulatory risks relate to risk of civil law consequences, including regulatory sanctions, fines and legal disputes. Given its role in capital markets as a reliable partner to the investing public, shareholders, supervisory authorities and customers, Nasdaq Clearing maintains the highest ethical standards in all interactions. Nasdaq Clearing follows The Nasdaq Code of Ethics, or the Code, which in conjunction with other policies, procedures, standards and handbooks, outlines the responsibilities expected of Nasdaq officers, directors, and employees in conducting business in accordance with the

highest standards of ethics and compliance. The Code is applicable to the Board, all of our full-time and part-time employees, contract workers and others who conduct work on behalf of Nasdaq. Management of legal and regulatory risks is achieved through the compliance programs such as the above-mentioned program. Nasdaq Clearing continuously engages in proactive monitoring and dialog with supervisory authorities and other industry forums to stay abreast of any new or amended legislation.

Environmental, Social and Governance Risk

Nasdaq Clearing AB recognizes the importance of ESG in driving greater inclusivity, diversity, enhanced governance, and ultimately supporting a marketplace ecosystem that is resilient, equitable, and sustainable. As such, Nasdaq Clearing AB will carefully weigh the impact of its actions and practices on its ESG profile. Standing with stakeholders and ratings by sustainability organizations we recognize that standards, rating methodologies and best practices in this area continue to evolve rapidly and may not always be tailored to the nature of Nasdaq Clearing AB's business.

Significant events during the financial year

Appeal of SFSA warning and administrative fine

In December 2021, Nasdaq Clearing recorded a SEK 300 million charge related to a decision made by the Swedish Administrative court rejecting an appeal by Nasdaq Clearing to dismiss an administrative fine imposed by the SFSA associated with the default of a member of the Nasdaq Clearing commodities market that occurred in 2018. On October 27, 2023 the Swedish Supreme Administrative Court communicated their final decision to uphold the decision by the Administrative Court and not to grant a leave to appeal. In November 2023 Nasdaq Clearing settled the previously lowered fine of SEK 250 million with the SFSA

Divestiture of Commodities business

In June 2023, Nasdaq Clearing entered into an agreement to sell the European energy trading and clearing business. The closing of this transaction is subject to customary regulatory conditions, including antitrust clearance. Nasdaq Clearing expects the closing and migration to continue for the remaining part of the year. Until required approvals and clearances are in place and the transaction is closed, the intended buyer and Nasdaq's European power trading and clearing business remain independent, with each respectively and separately conducting business as usual.

Earnings trend 2023

Nasdaq Clearing AB's net sales amounted to 710 MSEK (676 MSEK). Revenues from equity and fixed income market was overall in line with prior year. The energy market has remained volatile though volumes of cleared Nordic Power has increased slightly in 2023 as electricity prices has gone down compared to prior year. Correspondingly the collateral volumes have been lower than prior year as margin requirement has been lower but high interest net on investments as well as uptake in fees has resulted in increased collateral management revenues. Operating expenses amounted to 421 MSEK (386 MSEK). Profit before depreciation, amortization, financial items and tax amounted to 298 MSEK in 2022 and 300 MSEK in 2021, corresponding to an EBITDA margin of 41% in 2022 respective 44% in 2022.

Expected future developments

In 2024 Nasdaq Clearing AB aim to strengthen it's competitive landscape by continuing to offer an efficient and secure CCP-service and launch new solutions that help customers develop their business and manage challenges that arise because of regulatory requirements and market changes. The company will continue to improve and enhance our technology and processes, both within risk management and operations. Nasdaq Clearing AB will also expand our products and service offering in equity related derivatives and clearing of OTC products. For the markets in which Nasdaq Clearing Operates, we will continue to implement processes and prepare our systems for the new ISO 20022 payment standards and upcoming regulatory changes.

Research and development

Research and development (R&D) constitute an integral part of operating activities with the primary aim of enhancing the efficiency of the operations, developing risk management, and introducing new products and services. In 2023, investments were made to support clearing integration to strengthen Nasdaq Clearing's risk management framework, expand the product range with clearing derivatives on a basket of equities and new OTC products. Systems have also been enhanced to support regulatory requirements on EMIR reporting refit and prepared for the new T2/T2S Consolidation.

Investments in R&D are expected to continue mainly in line with previous years, with continued focus on regulatory changes, IT, risk management and launch of new products and services. Costs related to R&D are accounted for within other entities in the Nasdaq Group and are made visible in Nasdaq Clearing's accounts in the form of re-invoiced costs from the subsidiary that owns the assets.

Nasdaq Clearing's branches abroad

Nasdaq Clearing Oslo NUF is a Norwegian branch of Nasdaq Clearing. Nasdaq Oslo NUF carries out tasks related to clearing activities under Nasdaq Clearing's EMIR license. Nasdaq Clearing also has a branch in Vilnius, Nasdaq Clearing AB Vilnius Branch, which carries out operational tasks.

Use of financial instruments

Nasdaq Clearing invests in interest-bearing assets. The financial instruments utilized for this purpose primarily comprise Swedish, European and US government bonds and treasury bills. Nasdaq Clearing also uses repurchase agreements whereby cash funds are invested mainly in return for collateral in the form of Swedish, European and US government bonds and treasury bills. No derivative instruments are used for investing activities. Currency derivatives may only be used to increase liquidity. Such currency derivative contracts are entered into directly with external banks.

Environmental impact

In accordance with ARL Chapter 6, Section 11, the Company has chosen to prepare the statutory sustainability report as a separate report from the annual report, a separate sustainability report prepared by Nasdaq AB (556243-8001), with its registered office in Stockholm.

Ownership structure

Nasdaq Clearing AB is a wholly owned subsidiary of Nasdaq Nordic Ltd, org. no. 1110552-9, which in turn is a wholly owned subsidiary of Nasdaq AB, org. no. 556243-8001. The Group's parent company is Nasdaq Inc., org. no. 52-1165937 with its registered office in Delaware USA.

Five-year summary

Amounts in SEK million

	2023	2022	2021	2020	2019
Net sales	710	676	589	596	563
Profit/loss after financial items	367	299	(96)	291	141
Operating margin	41.4 %	43.7 %	(16.4)%	48.8 %	25.1 %
Return on equity	15.6 %	12.1 %	(4.4)%	13.1 %	6.7 %
Balance sheet total	95,195	109,647	64,558	46,316	43,249
Equity/assets ratio	2.5 %	2.3 %	3.4 %	5.1 %	5.0 %
Equity ratio (excl. derivatives and repurchase transactions)	89.3 %	84.1 %	84.0 %	95.3 %	87.9 %
Number of employees	79	81	77	71	67

* Key performance indicator definitions are described in Note 21.

Proposed appropriation of earnings

The Board of Directors proposes that available funds, (SEK)

Profit/loss brought forward	1,797,227,765
Net profit/loss for the year	307,069,527
	<hr/>
	2,104,297,292

be appropriated as follows:

dividend to shareholders	—
to be carried forward	2,104,297,292
	<hr/>
	2,104,297,292

Income Statement

(SEK thousand)

	Notes	2023	2022
Net sales	2	709,885	675,598
Other operating income		8,889	9,641
Total operating income		718,774	685,239
Other external expenses	3,4	(91,485)	(58,923)
Personnel costs	5	(114,793)	(114,219)
Depreciation/amortization and impairment of tangible and intangible assets		(361)	(436)
Other operating expenses	6	(214,361)	(212,330)
Total operating expenses		(421,000)	(385,908)
Operating profit/loss		297,774	299,331
Loss from other securities and receivables which are non-current assets		12,843	(11,458)
Other interest income and similar income	7	72,263	15,036
Interest expenses and similar profit/loss items	8	(16,225)	(4,135)
Total income from financial items		68,881	(557)
Profit/loss after financial items		366,655	298,774
Profit/loss before tax		366,655	298,774
Tax for the year	9	(59,584)	(46,596)
Profit/loss for the year		307,071	252,178

Balance Sheet

(SEK thousand)

	Notes	2023-12-31	2022-12-31
Assets			
Non-current assets			
Equipment, tools and installations	10	281	1,027
Tangible assets		281	1,027
Other long-term receivables	11	3,196	3,450
Financial assets		3,196	3,450
Total non-current assets		3,477	4,477
Current assets			
Derivatives	15	13,475,693	32,536,763
Receivables from repurchase transactions		5,828,609	1,205,429
Investments of collaterals received		73,253,072	72,961,271
Accounts receivables		11,585	10,859
Receivables from group companies		1,008,645	1,182,153
Current tax assets		34,394	46,379
Other receivables		2,467	44
Prepaid expenses and accrued income	12	1,793	3,920
Short-term investments		1,281,156	1,325,032
Cash and cash equivalents		294,534	370,251
Total current assets		95,191,948	109,642,101
Total assets		95,195,425	109,646,578

Balance Sheet

(SEK thousand)

	Notes	2023-12-31	2022-12-31
Equity and liabilities			
Equity			
Share capital	13	201,000	201,000
Statutory reserve		50,000	50,000
Total restricted equity		251,000	251,000
Retained earnings		1,797,228	1,973,296
Profit/loss for the year		307,071	252,178
Total non-restricted equity		2,104,299	2,225,474
Total equity		2,355,299	2,476,474
Provisions for pensions and similar commitments		92	89
Total provisions		92	89
Current liabilities			
Derivatives	15	13,475,693	32,536,763
Liabilities, repurchase transactions		5,828,609	1,205,429
Liabilities to members		73,253,072	72,961,271
Accounts payables		92	5,083
Liabilities to group companies		8,679	3,177
Other liabilities		14,151	142,366
Accrued expenses and deferred income	14	259,738	315,926
Total current liabilities		92,840,034	107,170,015
Total equity and liabilities		95,195,425	109,646,578

Statement of Changes in Equity

(SEK thousand)

	Restricted Equity		Non-Restricted Equity	Total
	Share capital	Statutory reserve	Retained earnings	
Opening balance 2022-01-01	201,000	50,000	1,950,940	2,201,940
Foreign branches translation difference	—	—	22,356	22,356
Profit/loss for the year	—	—	252,178	252,178
Closing balance 2022-12-31	201,000	50,000	2,225,474	2,476,474
Opening balance 2023-01-01	201,000	50,000	2,225,474	2,476,474
Foreign branches translation difference	—	—	(35,565)	(35,565)
Tax effect of translation difference	—	—	7,319	7,319
Dividend paid	—	—	(400,000)	(400,000)
Profit/loss for the year	—	—	307,071	307,071
Closing balance 2023-12-31	201,000	50,000	2,104,299	2,355,299

Cash Flow Statement

(SEK thousand)

	Notes	2023	2022
Profit/loss after financial items		366,655	298,774
<i>Adjustments for non-cash items</i>			
Depreciation/amortization and impairment	10	356	441
Foreign branches translation difference		(28,199)	22,316
Changes in provisions		3	89
Income tax paid		(47,599)	(63,329)
Cash flow from operating activities before changes in working capital		291,216	258,291
Changes in operating receivables		172,486	90,839
Changes in operating liabilities		(183,892)	47,934
Cash flow from operating activities		279,810	397,064
Acquisition of tangible assets		(1,948)	(90)
Divestment of tangible fixed assets		2,291	—
Cash flow from investing activities		343	(90)
Changes in long-term liabilities		254	75
Dividend paid		(400,000)	—
Cash flow from financing activities		(399,746)	75
Cash flow for the year		(119,593)	397,049
Cash and cash equivalents at beginning of year		1,695,283	1,298,234
Cash and cash equivalents at year-end		1,575,690	1,695,283

Notes

Amounts in SEK thousand unless otherwise stated

Note 1 Accounting policies

General information

The annual report has been prepared in accordance with the Annual Accounts Act (1995:1554) and BFNAR 2012:1 Annual Report and Consolidated Accounts (K3). The accounting principles remain unchanged from previous year.

Group affiliation

The ultimate parent company that prepares consolidated financial statements, in which the company is included in, is Nasdaq Inc., Delaware, USA, (employer ID no. 52-1165937). Copies of the consolidated financial statements of Nasdaq Inc. may be ordered at the following address: Nasdaq, Inc. 151 W. 42nd Street, New York, USA.

Revenue recognition

The Company's revenue mainly consists of transaction income which is income generated from clearing and income from the management of pledged collateral. Revenue is recognised in the income statement when it is probable that future economic benefits will flow to the company and that this can be valued in a reliable manner.

Leasing agreements

Leases are recognized in accordance with chapter 20, BFNAR 2012:1. All leases are recognized as operating leases. This means that the leasing costs are expensed straight-lined over the lease term in the income statement.

Remuneration to employees

Remuneration of employees refers to all types of remuneration that the company pays to its employees. The company's remuneration includes salaries, paid vacation, paid absence, bonuses and compensation after retirement (pensions). Accounting for the remuneration occurs as earnings occurs. Remuneration of employees after retirement pertains to defined-contribution pension plans. Defined-contribution plans are classified as plans in which established premiums are paid and where there are no obligations, neither legal nor informal, to pay anything further beyond these premiums. The company has no other long-term remuneration arrangements with employees. Premiums for defined-contribution plans are recognized as an expense in the period in which the employees perform the services, which forms the basis of the commitment.

Share-based payments

All employees participate in Nasdaq Inc.'s long-term incentive program. The program includes, based on the individual's personnel category, the allotment of shares and options in Nasdaq Inc. to which performance requirements and requirements for continued employment are linked to a certain extent. Incentives will be exercised within a period of three to five years. The company is charged for current costs for the warrants program by the Ultimate Parent Company. The costs charged by the Ultimate Parent Company are based on the value of the stock or warrants at the time of allocation and are spread over the expected vesting period. The company applies the accounting policy in chapter 26, BFNAR 2012:1 regarding the long-term share-based incentive programs for all permanent employees. This policy outlines that social security expenses are calculated and period-allocated based on the number of shares earned during the entire length of the program, i.e. over the entire vesting period, based on the market value.

Remuneration policy

A report on the remuneration policy according to Finansinspektionen's general advice on this remuneration policy, FFFS 2020: 15, is published on the company's website together with a remuneration report for 2023, <http://business.nasdaq.com/trade/clearing/nasdaq-clearing>

Translation of items in foreign currencies

The company applies chapter 30 BFAR 2012:1 for the translation of items in foreign currencies. Assets and liabilities in foreign currencies are valued at the closing day rate. Income statement items are valued using the monthly average rate. Exchange gains and losses on operating receivables and operating liabilities are recognized in operating income while exchange gains and losses on financial receivables and liabilities are recognized as financial items.

Group contribution

Received and paid group contributions are reported as appropriations within the income statement.

Tax

Current and deferred income tax is recognized under the heading "Tax for the year" in the income statement. National income tax in Sweden is calculated on earnings with additions for non-deductible items, deductions for non-taxable revenues and other deductions. Deferred tax assets are recognized for deductible temporary differences and unutilized loss carry-forwards, to the extent it is probable that future taxable profit will be available against which the temporary differences or unutilized loss carry-forwards can be used. The deferred tax assets' carrying amounts are reviewed on each closing date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Deferred tax assets and liabilities are calculated by applying the tax rates (and laws) that have been decided or announced on the closing date and that are expected to apply for the period in which the deferred tax asset is realized or when the deferred tax liability is settled.

Non-current assets

Tangible and intangible assets are reported at acquisition value less accumulated depreciation and any write-downs. Tangible assets have been divided into significant components, when the components have significantly different useful lives. Depreciable amount consists of the acquisition value less an estimated residual value if this is significant. Depreciation takes place on a straight-line basis over the expected useful life. The following depreciation periods are applied:

Capitalized expenditure for research and development work and similar work	5 years
Equipment	3 - 5 years

The company applies the so-called the "capitalization model" for internally generated intangible assets. The method means that all expenses that meet the criteria as per chapter 18, BFAR 2012: 1 are capitalized as intangible assets and depreciated during the asset's estimated useful life. A transfer from unrestricted equity to a fund for development fees within restricted equity is made for the corresponding amount capitalized during the year. Reclassifications from the fund to unrestricted equity takes place with the corresponding amount as reported activated assets.

Financial instruments

Financial instruments are reported at fair value in accordance with BFAR 2012: 1 (K3), Chapter 12. Refer to Chapter 12 for further detail relating to each category of financial instruments.

Financial assets / liabilities held for trading

Short-term investments

Nasdaq Clearing's short-term investments consist of treasury bills, bonds and other securities issued by the state, municipalities, Swedish bank limited companies and Swedish housing finance institutions. These investments are valued at fair value. The net return and change in value are reported within the income statement.

Derivative instruments - currency futures

Derivative instruments are valued at fair value and changes in value are recognized in the income statement. Fair value is based on quoted market prices. The book value of currency futures is reported in the balance sheet under accrued income and prepaid expenses or accrued expenses and prepaid income depending on its value on the balance sheet date.

Financial instruments subject to clearing operations

Derivative contract

Through the clearing business, Nasdaq Clearing AB is a counterparty in each derivative contract and thus guarantees the fulfillment of the contracts. The fair value of outstanding derivative contracts is reported gross in the balance sheet as a receivable from an acquiring counterparty and a liability to a selling counterparty, respectively. To the extent that there is contractual law in place and that the intention is to settle the items at the same time, receivables and liabilities are reported net. The company does not conduct its own trading in these instruments, which is why receivables and liabilities will always be in balance and why no profit effect arises. The fair value of forward contracts is determined using standard models based on observable market information including LIBOR and spot prices of underlying financial instruments. The fair value of option contracts is determined through the use of standard models based on observable market information including implicit volatility, interest rates and spot prices of underlying financial instruments. The fair value of futures contracts is determined based on quoted market prices and average quoted market interest rates.

Repurchase agreement (Scratch)

Through the clearing business, Nasdaq Clearing AB is the counterparty in each repurchase transaction and thus guarantees the fulfillment of the contracts. These repurchase agreements are not used for the company's own financing operations. In the balance sheet, the contracts are reported gross at fair value. Receivables and liabilities have been netted to the extent that there is a legal right of set-off and that the intention is to regulate the items at the same time.

Collateral provided to the clearing business

Through the clearing business, Nasdaq Clearing AB is a counterparty in each derivative agreement and thereby guarantees the fulfillment of each contract. Customers who through a derivative agreement receive an obligation to the company must provide collateral for this obligation in accordance with special rules for this. Collateral received and default fund contributions received in the form of cash and cash equivalents are reported in the balance sheet as assets and liabilities. Pledges and default fund contributions in the form of pledged securities and guarantees are not reported in the balance sheet as ownership has not been transferred to Nasdaq Clearing AB.

Warranty connections

Through the clearing business, Nasdaq Clearing AB is a counterparty in each derivative agreement and thereby guarantees the fulfillment of each contract. Realization of this guarantee obligation that has arisen in connection with insolvency is reported in the balance sheet as a current liability and also since restricted cash and cash equivalents are held for the obligation to settle the liability.

Loan receivables and accounts receivable

This refers to accounts receivable and receivables from Group companies that are valued at acquisition value. All changes in value are recognized within the income statement.

Other financial liabilities

Other financial liabilities refer to liabilities to Group companies, accrued expenses and other financial liabilities and are reported at acquisition value. All changes in value are recognized within the income statement.

Foreign branches

The company applies the current day rate method, which means that assets and liabilities are translated at the closing day rate and income and expenses are translated at the average exchange rate.

Cash flow statement

The company applies the indirect method for the preparation of the cash flow statement. Cash and cash equivalents are defined as short-term investments with maturity terms of less than three months, including cash and bank balances.

Receivables, liabilities and provisions

Unless otherwise stated above, current receivables are valued at the lower of their acquisition value and the amount by which they are expected to be settled. Long-term receivables and long-term liabilities are valued after the first valuation at accrued acquisition value. Other liabilities and provisions are valued at the amounts by which they are expected to be settled. Other assets are reported at acquisition value unless otherwise stated above.

Note 2 Distribution of net sales

Net sales are divided into business segments as follows:

	2023	2022
Stock & index products	156,883	165,698
Interest rate products	137,914	131,960
Commodity products	118,384	98,071
Collateral management	257,101	245,345
Other revenue	39,603	34,524
Total	709,885	675,598

The company presents the distribution of net sales per business segment as reliable information on net sales by geographic unit cannot be prepared as the company is not governed that way.

Note 3 Auditors' fees

	2023	2022
<i>Ernst & Young AB</i>		
Auditors' fees	1,580	1,064
Other auditing activities	—	110
Total	1,580	1,174

Note 4 Leases

	2023	2022
<i>Period's paid lease charges</i>		
Premises	4,894	4,836
Total	4,894	4,836
	2023	2022
<i>Future minimum leasing charges for non-terminable operating leases:</i>		
To be paid within 1 year	2,373	3,548
Total	2,373	3,548

Note 5 Employees and personnel costs

Average number of employees	2023 Number of employees	2022 Number of employees
Men	40	39
Women	39	42
Total	79	81

Remuneration and other benefits

	2023	2022
Board of Directors and CEO	10,641	3,064
(of which bonus)	3,816	—
(of which share-based remuneration)	2,383	339
Remuneration and other benefits	72,903	78,628
(of which share-based remuneration)	4,163	5,424
Total	83,544	81,692

Pension and other social security expenses

	2023	2022
Pension expenses for the Board and CEO	3,246	963
Pension	6,036	8,210
Social security expenses	21,966	23,353
Total	31,249	32,527

Remuneration structure 2023

Nasdaq employee's remuneration consists of fixed and variable remuneration, as well as pension and other benefits. Variable remuneration is divided into short and long-term incentive programs. The short-term incentive program includes all permanent employees and is a cash-based remuneration, linked to various targets of the business.

Incentive program

The long-term incentive program for all permanent employees is unchanged from last year. This program consists of share-based instruments linked to the Nasdaq share, which is listed on the Nasdaq Stock Market in the US. The principles of share-based remuneration and its components are presented in more detail below. The amount of an employee's share-based remuneration depends on the company's earnings, the business area's earnings and the employee's position in the company.

- "Performance Share Units (PSUs) with 3-Year performance", 100% transferred after three years. The number of shares transferred is linked to the "Total Shareholder Return" (TSR) and to "S&P 500 result". The number of shares transferred can be lower or higher.

- "Restricted Stock Units (RSUs) that vest over time" (non-performance-based), vest as per the approved global policy. The number of shares allotted is always the same as the number transferred. Employees, depending on their position held, have been allotted a number of RSUs, a combination of RSUs and PSUs, or alternatively a combination of one-year PSUs and three-year PSUs.

Social security expenses for share-based remuneration

In accordance with chapter 26, BFAR 2012:1, social security expenses on share-based remuneration are calculated and allocated based on the number of shares received over the entire length of the program, meaning over the entire vesting period.

Pensions

The company offers its employees a market-rate, premium-based occupational pension according to Nasdaq's pension plan. The retirement age is 65 years.

Other benefits

In addition to the above occupational pension, the company takes out health insurance, group life insurance (TGL), medical expenses insurance and occupational injury insurance (TFA) for its employees. Employees are also able to supplement their coverage via Nasdaq's voluntary group insurance.

Gender distribution among senior executives

	2023	2022
Percentage of women on the Board	29 %	29 %
Percentage of men on the Board	71 %	71 %
Percentage of women, other senior executives	— %	100 %
Percentage of men, other senior executives	100 %	— %

Nasdaq Clearing follows ÅRL's definition of senior executives. The information therefore includes the CEO and Deputy CEO. The data pertains to conditions on the closing date.

Note 6 Intra-group purchases and sales

	2023	2022
Percentage of total sales during the year to other group companies	1 %	1%
Percentage of total purchases during the year from other group companies	53 %	56%

Note 7 Interest income and similar profit/loss items

	2023	2022
Interest income from group companies	39,688	13,088
Other interest income	32,575	1,837
Exchange rate differences	—	111
Total	72,263	15,036

Note 8 Interest expenses and similar profit/loss items

	2023	2022
Interest expenses to group companies	2,070	561
Other interest expenses	465	621
Exchange rate differences	9,121	12
Other financial expenses	4,569	2,941
Total	16,225	4,135

Note 9 Tax on profit/loss for the year

	2023	2022
Current tax	59,439	40,939
Adjustments in deferred tax	(21)	113
Tax adjustment related to prior years	167	5,544
Total recognized tax	59,584	46,596
Average effective tax rate	16.3%	15.6%

Reconciliation of effective tax rate

	2023	2022
Recognized profit/loss before tax	366,655	298,774
Tax on recognized profit as per applicable tax rate 20.6%:	75,531	61,547
Tax effect of:		
Other non-deductible expenses	256	(10,451)
Non-taxable income	(68)	(12)
Translation difference, branch	—	3,541
Tax attributable to earlier years	167	5,544
Adjustment of deferred tax attributable to branch	(21)	113
Other	(16,281)	(13,687)
Recognized tax	59,584	46,596

In addition to the tax reported in the income statement, a current tax income of 7,318 has been reported in Equity.

Note 10 Equipment, tools and installations

	2023	2022
Opening cost	5,777	5,493
Acquisitions for the year	1,948	90
Translation difference	(374)	193
Closing accumulated cost	5,059	5,777
Opening depreciation/amortization	(4,750)	(4,155)
Translation difference	327	(153)
Depreciation/amortization for the year	(356)	(441)
Closing accumulated depreciation/amortization	(4,779)	(4,750)
Closing carrying amount	281	1,027

Note 11 Other long term receivables

	2023	2022
Prepaid pension premium	3,196	3,449
	3,196	3,449
Incoming acquisition values	3,449	3,528
Outgoing payments	(253)	(78)
Closing carrying amount	3,196	3,450

Note 12 Prepaid expenses and accrued income

	2023	2022
Prepaid rent costs	—	1,399
Prepaid insurance premiums	(486)	23
Other prepaid expenses	2,279	2,499
Total	1,793	3,920

Note 13 Number of shares

	2023	2022	2023	2022
	Quotient value	Quotient value	No. of	No. of
Class A shares	100	100	2,010,000	2,010,000

Note 14 Accrued expenses and deferred income

	2023	2022
Accrued salaries and other remuneration	14,265	19,794
Accrued holiday pay	10,291	10,800
Accrued social security expenses	3,243	4,588
Other accrued expenses*	231,939	280,745
Total	259,738	315,926

*Other accrued expenses includes accrued interest costs to members regarding pledged collateral as of December, 2023. For 2022, the item includes a provision for the Financial Supervisory Authority's administrative fine, which in 2022 amounted to SEK 250 million. The case is closed and the wheat has been paid to Financial Supervisory Authority in 2023. See also the Director's report, under significant events during the financial year section.

Note 15 Financial instruments in the clearing business, derivatives

<i>Market value of outstanding derivatives, gross</i>	2023	2022
Stock options and futures	1,398,365	1,472,552
Index options and futures	10,341,751	449,119
Interest rate options and futures	1,410,287	23,793,288
Commodity options and futures	325,290	6,821,804
Total	13,475,693	32,536,763

Note 16 Collateral received for the clearing business

	2023	2022
Obtained securities held "off-balance"	61,158,778	81,315,819
Total	61,158,778	81,315,819

Note 17 Contingent liabilities

	2023	2022
Guarantees	39,660	46,103
Total	39,660	46,103

Note 18 Information on financial instruments

Assets at 2023-12-31	Financial assets held for trading	Financial assets held for sale	Loans and customer receivables	Non-financial assets	Total
Financial instruments subject to clearing	19,304,302	73,253,072	—	—	92,557,374
Receivables from group companies	—	—	1,008,645	—	1,008,645
Accounts receivables	—	—	11,585	—	11,585
Current tax assets	—	—	—	34,394	34,394
Other receivables	—	—	—	2,467	2,467
Prepaid expenses and accrued income	—	—	—	1,793	1,793
Short-term investments	1,281,156	—	—	—	1,281,156
Cash and cash equivalents	—	—	294,534	—	294,534
Total	20,585,458	73,253,072	1,314,764	38,654	95,191,948

Assets at 2022-12-31	Financial assets held for trading	Financial assets held for sale	Loans and customer receivables	Non-financial assets	Total
Financial instruments subject to clearing	33,742,192	72,961,271	—	—	106,703,463
Receivables from group companies	—	—	1,182,153	—	1,182,153
Accounts receivables	—	—	10,859	—	10,859
Current tax assets	—	—	—	46,379	46,379
Other receivables	—	—	—	44	44
Prepaid expenses and accrued income	—	—	—	3,920	3,920
Short-term investments	1,325,032	—	—	—	1,325,032
Cash and cash equivalents	—	—	370,251	—	370,251
Total	35,067,224	72,961,271	1,563,263	50,343	109,642,101

Liabilities at 2023-12-31	Financial liabilities held for trading	Financial liabilities held for sale	Other financial liabilities	Non-financial liabilities	Total
Financial instruments subject to clearing	19,304,302	73,253,072	—	—	92,557,374
Liabilities to group companies	—	—	8,679	—	8,679
Accounts payables	—	—	92	—	92
Current tax liabilities	—	—	—	—	—
Accrued expenses and deferred income	—	—	231,939	27,799	259,738
Total	19,304,302	73,253,072	240,710	27,799	92,825,883

Liabilities at 2022-12-31	Financial liabilities held for trading	Financial liabilities held for sale	Other financial liabilities	Non-financial liabilities	Total
Financial instruments subject to clearing	33,742,192	72,961,271	—	—	106,703,463
Deferred tax liabilities	—	—	—	—	—
Liabilities to group companies	—	—	3,177	—	3,177
Accounts payables	—	—	5,083	—	5,083
Accrued expenses and deferred income	—	—	280,745	35,182	315,927
Total	33,742,192	72,961,271	289,005	35,182	107,027,650

Note 19 Proposed appropriate of earnings

	2022
Profit/loss brought forward	1,797,227,765
Net profit/loss for the year	307,069,527
	2,104,297,292

be appropriated as follows:

dividend to shareholders (SEK — per share)	—
to be carried forward	2,104,297,292
	2,104,297,292

Note 20 Significant events after the end of the financial year

There have been no significant events to report since the date of the balance sheet.

Note 21 Definitions of key performance indicators

Balance sheet total

The Company's total assets.

Operating margin

Operating profit as a percentage of net sales.

Adjusted equity

Equity plus untaxed reserves less deferred tax.

Return on equity

Profit after financial items as a percentage of average adjusted equity.

Equity/assets ratio

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets.

Nasdaq Clearing AB
556383-9058

Signatures

Stockholm 2024 -

Roland Chai
Chairman of the board

Patrik Löhr
CEO

Laura DeLorenzo
Board member

John Zecca
Board member

Lars Nyberg
Board member

Sonja Daltung
Board member

Catherine Addona-Peña
Board member

Per Strömberg
Board member

Our audit report was submitted on 2024 -

Ernst & Young AB

Daniel Eriksson
Authorized Public Accountant