

Annual report for

# **Nasdaq Stockholm AB**

556420-8394

The financial year

**1 January 2021 - 31 December 2021**

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## Directors' Report

The Board of Directors and the CEO for Nasdaq Stockholm AB, 556420-8394, with its registered office in Stockholm, may hereby submit an annual report for the financial year 2021.

### Information about the business

Nasdaq Stockholm conducts authorized stock exchange operations under the supervision of the Swedish Financial Supervisory Authority (FI). The company's business concept is to provide trading, market listing and information services, as well as other related services for equity, and fixed-income products. Through the provision of these services, the company meets the market's needs for capital, market valuations, placement opportunities and risk management.

### Products and services

The company's product niche is to provide an efficient, liquid and credible marketplace for issued financial instruments. Equities, premium bonds, convertibles, warrants, bonds, subscription rights and exchange-traded funds (ETFs) are traded on Nasdaq Stockholm. The company also offers trading in Swedish, Norwegian, Finnish and Danish stock options, index options, and fixed-income derivatives, as well as stock futures and index futures.

### Customers

The company's market is Europe with particular focus on the Nordic region, the United Kingdom and the Baltic countries. Customers can be divided into three groups:

#### • Members

Swedish banks and foreign banks and securities companies trading on their own or their customers' account.

#### • Issuers

Swedish and foreign issuers of equities, fund units, bonds, fixed-income products and warrants.

#### • Information distributors

Swedish and foreign distributors of market information.

### Members

The member network has expanded considerably during the last decade, primarily as a consequence of the initiative to recruit remote members. Many operators have memberships for both cash and derivative products. In total, Nasdaq Stockholm had 124 (136) members at December 31, 2021. In 2021, there were 1 new member and 13 membership expired.

### Issuers

Nasdaq Stockholm primarily lists equities, warrants and bonds, but also other types of securities. Listing is determined by the Listing Committee, which is a specially appointed committee comprising a number of independent committee members. At December 31, 2021, the total number of companies listed in the main market amounted to 366 (342).

### Information distributors

Nasdaq Stockholm provides trading information to Swedish and foreign information distributors. These, in turn, distribute the information to the end user. Information distributors include companies such as Thomson Reuters, Bloomberg, SIX and Ecovision. A number of members also distribute price information to their own online trading services.

### ARM and APA

Nasdaq Stockholm's APA (Approved Publication Arrangement) is an authorized reporting service according to MiFID II / MiFIR<sup>1</sup>. An APA reports and publishes all trading conducted in EU listed instruments outside a regulated market, which is performed by market participants who according to MiFID II / MiFIR are subject to the transparency requirement.

Nasdaq Stockholm's ARM (Approved Reporting Mechanism) offers transaction reporting according to MiFID II / MiFIR to both Nasdaq Stockholm's members and other market participants. The ARM license has been returned to the SFSA as per 20 December 2021 and the services has been closed down. Nasdaq Stockholm will continue to offer customers a software solution, but not have any reporting obligations.

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<sup>1</sup> Directive 2014/65/EU and Regulation (EU) No 600/2014 on Markets in Financial Instruments, commonly referred to as MiFID II and MiFIR, were adopted by the European Parliament and the Council of the European Union. They were published in the EU Official Journal on 12 June 2014.

### **Risk management**

Nasdaq Stockholm manages risks attributable to its operating activities. The risks that arise due to the nature of the company's stock market-related operations are limited and mainly comprise operational risks and normal credit risk and counterparty risks. Nasdaq Stockholm has established a comprehensive Enterprise Risk Management (ERM) process that enables all types of risks (with a significant focus on operational risks) to be identified and assessed based on both their probability and potential effect, as well as an action plan for reducing these risks.

### **Credit Risk**

The credit risk arising from interest-bearing investments are managed by an investment policy established by the Board of Directors, which stipulates that investments are to be made either in securities issued by external borrowers with a good credit rating, or in short-term investments of limited amounts with credit-worthy banks. Nasdaq Stockholm can also manage investments by retaining cash and cash equivalents in the Group's cash pool structure and short-term internal interest-bearing investments.

### **Credit Risk from other operations**

The credit risk that arises from accounts receivable is minimized at Nasdaq Stockholm through the requirement that any company that will be listed on the stock exchange must meet the criteria in the listing agreement. One of these requirements is that the company provides documentary evidence that it possesses the profitability and financial resources to conduct its business. Other services and products are invoiced in advance on a fixed fee basis and larger variable fees are invoiced monthly in arrears thus minimizing the risk of losses in accounts receivable.

### **Liquidity risk/financing risk**

Nasdaq Stockholm maintains no interest-bearing liabilities and thus assumes no refinancing risks. In addition, the cash flow generated by operations is positive and exceeds investments by a healthy margin. Nasdaq Stockholm has favorable liquidity resources since its regulatory capital is exclusively placed in highly liquid interest-bearing investments that can immediately be converted into cash.

### **Market risks**

#### **Currency risk**

Currency exposure at Nasdaq Stockholm primarily arises from market data operations, where most of the revenues are denominated in EUR. Additionally, currency exposure in USD are due to intercompany transactions. The assessment is that the total currency-transaction exposure in the aforementioned flows is relatively limited and manageable, which is why Nasdaq Stockholm has decided not to hedge this particular risk.

#### **Interest-rate risk**

Interest-rate risk is primarily linked to investments in regulatory capital and investments made in Swedish bonds. At December 31, 2021, the average duration of these assets was 0.13 years (0.89).

#### **Financial instruments**

Nasdaq Stockholm invests in interest-bearing assets. The financial instruments that are thus utilized primarily comprise Swedish government bonds or mortgage bonds and/or Swedish treasury bills.

### **Significant events during the fiscal year**

A total of 151 (57) new companies were listed, of which 37 (16) on the main market and 114 (41) on Nasdaq First North, yielding approximately SEK 110.2 billion (20.9) in raised capital for listed companies. The high number of listings can primarily be attributable to Nasdaq Stockholm AB's ability to position itself as the most active market within Europe, particular for SME listings. These numbers includes a total number of 11 (8) companies transferred from Nasdaq First North to the Nordic main market during 2021. Equities trading at Nasdaq Stockholm increased 5.6% to an average daily trade of SEK 23.7 billion compared with SEK 22.4 billion in 2020. Trading in exchange-traded funds (ETFs) on Nasdaq Stockholm decreased 22.8% to an average daily trading of SEK 420 million compared with SEK 544 million in 2020.

Nasdaq Stockholm's share of trading in the company's listed shares decreased to 78,2% compared with 78,9% in 2020. The number of total cleared derivative contracts decreased 14.3% to an average of 290,735 (339,432) contracts per day.

The outbreak of the Coronavirus (COVID-19) pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread have led to substantial restrictions on customers' activities. COVID-19 has caused significant economic and financial turmoil around the world. Nasdaq Group have implemented risk management and contingency plans and have taken preventive measures and other precautions to maintain normal business operations.

Notwithstanding the broader economic consequences of COVID-19, the Company's underlying sales and margins remain stable. However, given the wide ranging economic uncertainty of the COVID-19 pandemic, management continues to take mitigating actions to reduce costs, limit losses, optimize the Company's cash flows and preserve liquidity. The company has considered the effects of COVID-19 in estimates used in the calculation of the company's assets and liabilities.

### Earnings trend in 2021

Equity turnover for the full year amounted to SEK 5 987 billion (5 645). A total of 150.6 million (139.3) equity transactions were conducted during the year. The average turnover in equities trading increased to SEK 23.7 billion (22.4) per day. The OMXS30 Index closed at 2,419.7 (1,874.7), up 29.1%. The total market capitalization at December 31 was SEK 12,395 billion (8,764).

The number of total cleared derivative contracts decreased by 14.0% to 73,556,011 (85,536,864) contracts.

Revenues increased by 4% to SEK 2 023 million (1 953), primarily as a result of the increase in transaction revenues. Expenses excluding depreciation/amortization increased by 8% to SEK 784 million (723). EBITDA increased by 1% to SEK 1 238 million (1 230), corresponding to an EBITDA margin of 61% (63%).

### The company's expected future development

In 2022, work will continue with a "European Markets" strategy with a special focus on Sweden combined with supporting the other Nordic and the Baltic Exchanges. Nasdaq Stockholm will strive to be the driving force in developing the capital market ecosystem in Sweden together with all market stakeholders. Mission is to create the best possible environment for new listed companies to raise capital for growth and for efficient trading and clearing in equities, bonds, derivatives, exchange traded products, and other securities. The goal is also to continue to support the transformation into more sustainable and inclusive financial markets.

### Research and development

Research and development constitute an integral part of our activities aimed at enhancing our service offerings, develop new products, new technologies, and to improve resilience and efficiency of operations. During 2022, resilience of systems, processes and resources will continue to be a high-focus area, combined with work within service and product areas like sustainable bonds, new products and to provide investors with reliable ESG data. In addition to these, further development work is done within technology areas like next generation derivatives platform, cloud computing and block chain technology (DLT - Distributed Ledger Technology).

### Ownership structure

Nasdaq Stockholm is a wholly owned subsidiary of Nasdaq Nordic Ltd., corp. ID no. 1110552-9, which in turn is a wholly owned subsidiary of Nasdaq AB, corp. ID no. 556243-8001. The Group's Parent Company is Nasdaq Inc., corp. ID no. 521165937 with its registered office in Delaware, USA.

### 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.

### Five-year summary\*

Amount in tSEK

	2021	2020	2019	2018	2017
Net sales	2,022,943	1,952,919	1,766,338	1,712,946	1,615,988
Profit/loss after financial items	1,232,313	1,223,399	1,053,903	1,048,741	965,202
Operating margin (%)	61%	63%	60%	61%	60%
Return on equity (%)	135%	146%	103%	91%	79%
Balance sheet total	2,268,687	1,985,119	1,772,896	1,684,482	1,781,050
Equity ratio (%) *	43%	42%	58%	69%	68%
Number of employees	170	167	164	158	149

\* Key performance indicator definitions are described in Note 23.

\* The comparative figures for 2016 have not been recalculated in accordance with the accounting principle in Chapter 10 BFNAR (K3) 2012: 1 for listing fees.

### Proposal for profit distribution

The Board proposes that available funds, SEK

Profit/loss brought forward	228,691,715
Net profit/loss for the year	615,486,648
	<b>844,178,363</b>

be appropriated as follows:

to shareholders is distributed (SEK 15.15 per share)	600,000,000
to be carried forward	244,178,363
	<b>844,178,363</b>

## Income statement

(Amounts in tSEK)

	Note	2021-01-01 - 2021-12-31	2020-01-01 - 2020-12-31
<b>Operating income</b>			
Net sales	2	2,022,943	1,952,919
		<b>2,022,943</b>	<b>1,952,919</b>
<b>Operating expenses</b>			
Other external expenses	3	(405,724)	(447,979)
Personnel costs	4	(292,583)	(249,978)
Depreciation and write-downs (and reversal thereof) of tangible and intangible fixed assets		(5,177)	(5,029)
Other operating expenses		(86,105)	(27,515)
		<b>(789,589)</b>	<b>(730,501)</b>
<b>Operating profit</b>		<b>1,233,354</b>	<b>1,222,418</b>
<b>Profit from financial items</b>			
Interest income and similar profit/loss items	6	37	1,076
Interest expenses and similar profit/loss items	7	(1,078)	(95)
		<b>(1,041)</b>	<b>981</b>
<b>Profit/loss after financial items</b>		<b>1,232,313</b>	<b>1,223,399</b>
Appropriations	8	(480,000)	(625,000)
<b>Profit/loss before tax</b>		<b>752,313</b>	<b>598,399</b>
Tax for the year	9	(136,826)	(120,530)
<b>Net profit/loss for the year</b>		<b>615,487</b>	<b>477,869</b>

## Balance sheet

(Amounts in tSEK)

	Note	2021-12-31	2020-12-31
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Capitalized expenditure on research and development work and similar work	10	110,717	35,020
Goodwill	11	13,830	18,859
		<b>124,547</b>	<b>53,879</b>
<b>Tangible assets</b>			
Equipment, tools and installations	12	468	433
		<b>468</b>	<b>433</b>
<b>Financial assets</b>			
Shares in group companies	13,14	50	50
		<b>50</b>	<b>50</b>
<b>Total non-current assets</b>		<b>125,065</b>	<b>54,362</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivables		72,834	121,226
Receivables from group companies		1,521,951	1,521,261
Current tax receivable		182,261	17,236
Other receivables		41,641	14,628
Prepayments and accrued income	15	139,948	73,449
		<b>1,958,635</b>	<b>1,747,800</b>
<b>Short-term investments</b>			
Short-term investments		184,987	182,957
<b>Total current assets</b>		<b>2,143,622</b>	<b>1,930,757</b>
<b>Total assets</b>		<b>2,268,687</b>	<b>1,985,119</b>

## Balance sheet

(Amounts in tSEK)

	Note	2021-12-31	2020-12-31
<b>Equity and liabilities</b>			
<b>Equity</b>	16		
<b>Restricted equity</b>			
Share capital		39,601	39,601
Fund for development expenditure		97,816	33,200
		<b>137,417</b>	<b>72,801</b>
<b>Non-restricted equity</b>			
Retained earnings		228,691	289,438
Profit/loss for the year		615,487	477,869
		<b>844,178</b>	<b>767,307</b>
<b>Total equity</b>		<b>981,595</b>	<b>840,108</b>
<b>Current liabilities</b>			
Accounts payables		7,583	6,829
Liabilities to group companies		619,567	771,610
Current tax liabilities		152,134	-
Other liabilities		7,825	11,331
Accrued expenses and prepaid income	17	499,983	355,241
		<b>1,287,092</b>	<b>1,145,011</b>
<b>Total equity and liabilities</b>		<b>2,268,687</b>	<b>1,985,119</b>

## Statement of equity

(Amounts in tSEK)

	<i>Restricted equity</i>		<i>Non-restricted equity</i>	<b>Total</b>
	<b>Share capital</b>	<b>Fund for development expenditure</b>	<b>Retained earnings</b>	
<b>Opening balance 2020-01-01</b>	<b>39,601</b>	-	<b>987,638</b>	<b>1,027,239</b>
Transfer of Fund for development expenditure	-	33,200	(33,200)	-
<i>Transactions with owners:</i>				
Dividend paid	-	-	(665,000)	<b>(665,000)</b>
Profit/loss for the year	-	-	477,869	<b>477,869</b>
<b>Closing balance 2020-12-31</b>	<b>39,601</b>	<b>33,200</b>	<b>767,307</b>	<b>840,108</b>
<b>Opening balance 2021-01-01</b>	<b>39,601</b>	<b>33,200</b>	<b>767,307</b>	<b>840,108</b>
Transfer of Fund for development expenditure	-	64,616	(64,616)	-
<i>Transactions with owners:</i>				
Dividend paid	-	-	(474,000)	<b>(474,000)</b>
Profit/loss for the year	-	-	615,487	<b>615,487</b>
<b>Closing balance 2021-12-31</b>	<b>39,601</b>	<b>97,816</b>	<b>844,178</b>	<b>981,595</b>

## Cash flow statement

(Amounts in tSEK)

	Note	2021-12-31	2020-12-31
<b>Operating activities</b>			
Profit/loss before financial items		1,232,313	1,223,399
Adjustments for non-cash items, etc.			
Depreciation and impairment	10,12	6,854	5,029
		<b>1,239,167</b>	<b>1,228,428</b>
Income tax paid		(136,825)	(120,530)
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,102,342</b>	<b>1,107,898</b>
<b>Changes in working capital</b>			
Changes in operating receivables		(210,835)	(176,391)
Changes in operating liabilities		142,081	399,354
<b>Cash flow from operating activities</b>		<b>1,033,588</b>	<b>1,330,861</b>
<b>Investing activities</b>			
Acquisition of tangible fixed assets	12	(160)	(4,892)
Acquisition of intangible fixed assets	10	(77,398)	(25,873)
<b>Cash flow from investing activities</b>		<b>(77,558)</b>	<b>(30,765)</b>
<b>Financing activities</b>			
Dividend paid		(474,000)	(665,000)
Group contributions made	8	(480,000)	(625,000)
<b>Cash flow from financing activities</b>		<b>(954,000)</b>	<b>(1,290,000)</b>
<b>Cash flow for the year</b>		<b>2,030</b>	<b>10,096</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>182,957</b>	<b>172,861</b>
<b>Cash and cash equivalents at year-end</b>		<b>184,987</b>	<b>182,957</b>

\* Cash and cash equivalents include Short-term investments and Cash and Bank.

## Notes

Amounts in tSEK unless otherwise stated

### Note 1 Accounting principles

#### General accounting principles

The annual report has been prepared in accordance with the Annual Accounts Act (1955: 1554) and BFNAR 2012: 1 Annual Report and Consolidated Accounts (K3). The accounting principles are unchanged from the previous year.

#### Group affiliation

The closest parent company that prepares consolidated financial statements in which the company is a member is The Nasdaq Group, Inc., Delaware USA (corp. No. 52-1165937). [www.nasdaq.com](http://www.nasdaq.com).

#### Revenue recognition

Revenue is reported at fair value of what the company has received or will receive. This means that the company reports the income at nominal value (invoice amount) if the company receives compensation in cash directly upon delivery. Deductions are made for discounts provided.

#### Financial instruments

Financial instruments are reported in accordance with BFNAR 2012: 1 (K3), Chapter 12. See further description of the accounts for each category of financial instruments. See also Note 18.

#### Financial assets/liabilities held for trading

Financial assets/liabilities held for trading include securities and are reported at fair value. For listed financial instruments, the market value is calculated on the basis of current market quotations on the balance sheet date. All changes in value are recognized in the income statement.

#### Loan receivables and accounts receivable

This refers to accounts receivable, receivables from Group companies, other receivables and accrued income and is valued at acquisition value. All changes in value are recognized in the income statement.

#### Other financial liabilities

This refers to accounts receivable, receivables from Group companies, other receivables and accrued income and is valued at acquisition value. All changes in value are recognized in the income statement.

Participations in subsidiaries are exempt from BFNAR 2012: 1 (K3), Chapter 12, and are reported at acquisition value, see also Notes 12, 13.

#### Remuneration to employees

Remuneration to employees refers to all types of remuneration that the company provides to the employees. The company's remuneration includes, among other things, salaries, paid vacation, paid absence, bonuses and post-employment benefits (pensions). Reporting takes place in line with earnings. Remuneration to employees after termination of employment refers to defined contribution pension plans. Plans are defined as defined contribution plans where fixed fees are paid and there are no obligations, either legal or informal, to pay anything in addition to these fees. The company has no other long-term remuneration to employees. Expenses for defined contribution plans are reported as an expense during the period in which the employees perform the services that form the basis for the obligation.

#### Share-based payments

All employees participate in Nasdaq Inc's long-term incentive program. The program includes, based on the 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. Utilization will take place within 3-5 years. The company is charged current costs for the option program from the parent company. The cost charged by the parent company is based on the value of the shares which the options have at the time of issue and are spread over the expected vesting period. The company follows the accounting principle in Chapter 26 BFNAR 2012: 1 regarding the long-term share-based incentive programs for all permanent employees. The principle means that social costs are calculated and accrued on the number of earned shares during the entire length of the program, i.e. over the entire earning period, based on the market value.

#### Remuneration policy

A report on remuneration policy in accordance with Finansinspektionen's general advice on remuneration policy, FFFS 2020: 15, is published on the company's website: [www.nasdaqomxnordic.com/omoss/legalstructure](http://www.nasdaqomxnordic.com/omoss/legalstructure)

#### Translation of items in foreign currency

Receivables and liabilities in foreign currency have been valued at the exchange rate on the balance sheet date. Exchange rate gains and losses on operating receivables and operating liabilities are reported in operating profit, while exchange rate gains and losses on financial receivables and liabilities are reported as financial items.

### Group contribution

Received and paid group contributions are reported as appropriations.

### Tax

Under the heading Taxes in the income statement, current and deferred income tax is reported. The state income tax in Sweden is calculated on nominal book profit with additions for non-deductible items and with deductions for non-taxable income and other deductions. Deferred tax assets are reported for all deductible temporary differences and unutilized loss carryforwards, to the extent that it is probable that future taxable profits will be available against which the temporary differences or unutilized loss carryforwards can be utilized. The carrying amounts of deferred tax assets are tested at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize all or part of the deferred tax assets. Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply for the period in which the receivables are settled or the liabilities are settled, based on the tax rates (and the tax legislation) that exist or in practice exist on the balance sheet date.

### Fixed assets

Tangible and intangible fixed assets are reported at acquisition value less accumulated depreciation and any write-downs. Tangible fixed assets have been divided into significant components when the components have significantly different useful lives. The 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:

#### *Intangible assets*

Capitalized expenditure on research and development work and similar work 5 years.  
Goodwill 5 years.

#### *Tangible assets*

Equipment, tools and installations 3-5 years.

The company applies the so-called "capitalization model" for internally generated intangible assets. The method means that all expenses that meet the criteria in BFNAR 2012: 1 are capitalized as intangible fixed assets and depreciated during the asset's estimated useful life.

### Cash flow analysis

The company applies an indirect method when preparing a cash flow analysis. Cash and cash equivalents are defined as short-term investments with a maturity of less than three months.

### 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 lines as follows\* :

	2021	2020
Transaction revenue	900,963	862,099
Market data	400,255	416,897
Issuers fees	526,477	449,510
Technology and system revenues	138,880	148,855
Other operating income	56,368	75,558
	<b>2,022,943</b>	<b>1,952,919</b>

\* 2020 disclosure has been updated with minor reclassifications of amounts between business lines for enhanced comparability.

### Note 3 Audit remuneration

	2021	2020
Ernst & Young AB		
Audit assignment	643	750
	<b>643</b>	<b>750</b>

### Note 4 Employees and personnel costs

	2021	2020
<i>Average number of employees</i>		
Men	108	108
Women	62	59
	<b>170</b>	<b>167</b>

Board of Directors and CEO	6,311	5,363
(of which bonus and share-based compensation)	(3,985)	(3,383)
Other employees	179,237	158,515
(of which share-based payment)	(17,025)	(18,368)
	<b>185,548</b>	<b>163,878</b>

#### *Pension and other social costs*

Pension costs for the Board and the CEO	1,983	1,685
Pension costs for other employees	21,834	20,481
Other social security costs by law and agreement	83,218	63,934
	<b>107,035</b>	<b>86,100</b>

#### *Gender distribution among senior executives*

Proportion of women on the board	33%	29%
Proportion of men on the board	67%	71%
Proportion of women among other senior executives	0%	0%
Proportion of men among other senior executives	100%	100%

The above information relates to the situation as at the balance sheet date.

### Remuneration structure 2021

Nasdaq employee compensation consists of fixed and variable remuneration as well as pensions and other benefits. The variable remuneration is divided into a short-term and a long-term incentive program. The short-term incentive program covers all employees and is cash-based compensation linked to various goals in the business.

### Share-based compensation

In December 2008, the Nasdaq Board of Directors decided to implement a long-term incentive program for all employees to run until further notice. This programs consist of share-related instruments linked to the Nasdaq share which is listed on the Nasdaq Stock Market in the USA. The long-term incentive program is a performance-based program. The measure of performance is Nasdaq's operating profit for each year. The principles for share-based payment and its components are described in more detail below.

The size of an employee's share-based payment depends on the company's results, the business area's results, the team's goals and results and the position of the employee in the company and with the following options:

- "Performance Share Units (PSUs) with 1-Year performance", transferred to the employee with 1/3 per year. The number of shares transferred is linked to Nasdaq's earnings (Corporate Operating Income), with a payout range of 0-150%, i.e. the number of shares transferred may be lower or higher.
- "Performance Share Units (PSUs) with 3-Year performance", transferred to 100% after 3 years. The number of shares transferred is linked to "Total Shareholder Return" (TSR) and to the S&P 500 result. The number of shares transferred may be lower or higher.
- "Restricted Stock Units (RSUs) that vest over time" (not performance based), transferred as per the approved global policy. The number of shares allotted is always the same as that transferred.

Depending on the position they hold, employees can be assigned a number of RSUs, a combination of RSUs and PSUs, or a combination of 1-year PSUs and 3-year PSUs.

### Social costs on share-based payments

In line with Chapter 26, share-based payments, in BFNR 2012: 1 Annual Report and Consolidated Accounts (Q3), the social costs of share-based payments are calculated and accrued on the number of shares received continuously throughout the program, ie over the entire vesting period.

### Pensions

Nasdaq-Sweden offers its employees a market occupational pension that is a premium-based Nasdaq pension plan. Pensionsålder är 65 år.

### Other benefits

In addition to the above-mentioned occupational pension premium, Nasdaq Sweden takes out health insurance as well as occupational group life insurance (TGL), health insurance and occupational injury insurance (TFA). Employees also have the opportunity to supplement their protection via Nasdaq's voluntary group insurance.

## Note 5 Purchasing and sales between group companies

	2021	2020
Share of the year's total purchases made from other companies within the Group	37%	43%
Share of the year's total sales made to other companies within the Group	7%	8%

The costs mainly consist of operating and development costs from Nasdaq Exchange and Clearing Services AB.

## Note 6 Interest income and similar profit/loss items

	2021	2020
Interest income from group companies	-	564
Other interest income	-	453
Exchange-rate differences	37	59
	<b>37</b>	<b>1,076</b>

## Note 7 Interest expenses and simliar profit/loss items

	2021	2020
Interest expenses to group companies	652	15
Other interest expenses	333	80
Exchange-rate differences	93	-
	<b>1,078</b>	<b>95</b>

## Note 8 Appropriations

	2021	2020
Group contribution, paid	480,000	625,000
	<b>480,000</b>	<b>625,000</b>

## Note 9 Tax on profit for the year

	2021	2020
Current tax recognized in the income statement	152,134	121,741
Adjustment for previous years	(15,308)	(1,331)
Change in deferred tax regarding temporary differences	-	120
<b>Total recognized tax</b>	<b>136,826</b>	<b>120,530</b>
<b>Average effective tax rate</b>	<b>18.19%</b>	<b>20.14%</b>
<b>Reconciliation effective tax rate</b>		
<b>Recognized profit before tax</b>	<b>752,313</b>	<b>598,399</b>
Tax on recognized profit as per current tax rate 20.6 % (21.4 %)	154,976	128,057
<b>Tax effect of:</b>		
Other non-deductible expenses	804	321
Tax attributable to previous years	(15,309)	(1,331)
Non-taxable income	-	(6,517)
Other	(3,645)	-
<b>Recognized tax</b>	<b>136,826</b>	<b>120,530</b>
<b>Average effective tax rate</b>	<b>18.19%</b>	<b>20.14%</b>

## Note 10 Capitalized expenses for research and development work and similar work

	2021-12-31	2020-12-31
Incoming acquisition values	102,243	69,283
Prior period adjustments	(13,463)	-
Acquisitions	77,398	32,960
<b>Closing accumulated acquisition values</b>	<b>166,178</b>	<b>102,243</b>
Incoming accumulated depreciation and impairment	(67,223)	(65,165)
Prior period adjustments	2,534	-
Disposals	10,929	-
Depreciation for the year	(1,701)	(2,058)
<b>Closing accumulated depreciation and impairment</b>	<b>(55,461)</b>	<b>(67,223)</b>
<b>Closing carrying amount</b>	<b>110,717</b>	<b>35,020</b>

## Note 11 Goodwill

	2021-12-31	2020-12-31
Incoming acquisition values	25,146	25,146
<b>Closing accumulated acquisition values</b>	<b>25,146</b>	<b>25,146</b>
Incoming accumulated depreciation	(6,287)	(1,258)
Depreciation for the year	(5,029)	(5,029)
<b>Closing accumulated depreciation</b>	<b>(11,316)</b>	<b>(6,287)</b>
<b>Closing carrying amount</b>	<b>13,830</b>	<b>18,859</b>

## Note 12 Equipment, tools and installations

	2021-12-31	2020-12-31
Incoming acquisition values	15,019	15,019
Additions	159	-
Disposal	(13,075)	-
<b>Closing accumulated acquisition values</b>	<b>2,103</b>	<b>15,019</b>
Incoming accumulated depreciation	(14,586)	(14,449)
Disposal	13,075	-
Depreciation for the year	(124)	(137)
<b>Closing accumulated depreciation</b>	<b>(1,635)</b>	<b>(14,586)</b>
<b>Closing carrying amount</b>	<b>468</b>	<b>433</b>

## Note 13 Shares in group companies

	2021-12-31	2020-12-31
Incoming acquisition values	50	50
<b>Closing accumulated acquisition values</b>	<b>50</b>	<b>50</b>
<b>Closing carrying amount</b>	<b>50</b>	<b>50</b>

## Note 14 Specification of participation in group companies

Name	% capital	% votes	No. of shares	Carried amount
Nasdaq Technology Italy S.r.l.	5%	5%	5%	50
				<b>50</b>

	Corp. ID no.	Registered office	Equity *	Profit/loss for the year **
Nasdaq Technology Italy S.r.l.	7,983,258	Italy	5,006	603

\* Equity and the result for the year have been stated in full, regardless of ownership.

\*\* Profit/loss for the year refers to profit/loss after financial items.

## Note 15 Prepayments and accrued income

	2021-12-31	2020-12-31
Accrued income	127,030	52,653
Other prepaid expenses	12,918	20,796
	<b>139,948</b>	<b>73,449</b>

## Note 16 Number of shares

	2021-12-31 Quotient value	2020-12-31 Quotient value	2021-12-31 No. of	2020-12-31 No. of
Class A shares	1	1	39,600,908	39,600,908

## Note 17 Accrued expenses and prepaid income

	2021-12-31	2020-12-31
Accrued salaries and other remuneration	69,857	57,535
Accrued holiday pay	31,595	29,305
Accrued social security charges	14,419	11,770
Deducted tax for staff	3,879	3,365
Prepaid income listing matters	5,195	8,243
Prepaid income members	109,015	69,303
Other prepaid income	29,462	16,975
Prepaid income listing matters	236,561	158,745
	<b>499,983</b>	<b>355,241</b>

## Note 18 Disclosures on financial instruments

2021-12-31	Financial assets held for trade	Other financial assets	Non-financial assets	Total
Accounts receivables	-	72,834	-	72,834
Receivables from group companies	-	1,521,951	-	1,521,951
Other receivables	-	41,641	-	41,641
Prepayments and accrued income	-	57,157	82,791	139,948
Short-term investments	184,987	-	-	184,987
	<b>184,987</b>	<b>1,693,583</b>	<b>82,791</b>	<b>1,961,361</b>

2020-12-31	Financial assets held for trade	Other financial assets	Non-financial assets	Total
Accounts receivables	-	121,226	-	121,226
Receivables from group companies	-	1,521,261	-	1,521,261
Other receivables	-	14,628	-	14,628
Prepayments and accrued income	-	6,807	66,642	73,449
Short-term investments	182,957	-	-	182,957
	<b>182,957</b>	<b>1,663,922</b>	<b>66,642</b>	<b>1,913,521</b>

## Note 18 Disclosures on financial instruments (continued)

<b>2021-12-31</b>	<b>Other financial liabilities</b>	<b>Non-financial liabilities</b>	<b>Total</b>
Accounts payable	7,583	-	7,583
Liabilities to group companies	619,567	-	619,567
Accrued expenses and prepaid income	380,233	119,750	499,983
Other liabilities	-	7,824	7,824
	<b>1,007,383</b>	<b>127,574</b>	<b>1,134,957</b>

<b>2020-12-31</b>	<b>Other financial liabilities</b>	<b>Non-financial liabilities</b>	<b>Total</b>
Accounts payable	6,829	-	6,829
Liabilities to group companies	771,610	-	771,610
Accrued expenses and prepaid income	253,266	101,975	355,241
Other liabilities	-	11,331	11,331
	<b>1,031,705</b>	<b>113,306</b>	<b>1,145,011</b>

## Note 19 Information on other items not affecting cash flow

	<b>2021-12-31</b>	<b>2020-12-31</b>
Initial balance	40,337	40,039
Change in consolidated receivables for Market Data and Technology	7,596	(243)
Revenues		
Other	(803)	541
	<b>47,130</b>	<b>40,337</b>

## Note 20 Pledged assets and contingent liabilities

	<b>2021-12-31</b>	<b>2020-12-31</b>
Pledged assets	None	None
Contingent liabilities	None	None

## Note 21 Proposed appropriation of earnings

	2021	2020
<b>Proposed allocation of results</b>		
The Board proposes that available funds		
Profit/loss brought forward	228,691,715	289,438,776
Net profit/loss for the year	615,486,648	477,868,397
	<b>844,178,363</b>	<b>767,307,173</b>

be appropriated as follows:

to shareholders is distributed	600,000,000	474,000,000
to be carried forward	244,178,363	293,307,173
	<b>844,178,363</b>	<b>767,307,173</b>

## Note 22 Significant events after the end of the financial year

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. Global companies should consider the impact of the events on economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. Nasdaq have considered the war's effect on the business operations and the financial market in general. The short-term impact to the Company is that while it does not have any direct exposure to Russia, and therefore no direct impact on its operations and customers, we have seen significant market fluctuations in price and transaction volume. The restrictive measures imposed have had no significant impact on the Company's performance, no operations has been suspended and no significant direct losses have been incurred. The degree to which the Company is or will be affected by the war largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. In the event that the military actions extend to the long-term, we expect to continue to experience market volatility and pressure on stock prices. In that case, the willingness by companies to list would likely be reduced, which could in turn affect trading volumes negatively going forward. However, as at the date of approval of this report, neither companies that have been considering listing nor advisors in the market have indicated changes in plans.

## Note 23 Definitions of key performance indicators

### *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 ratio*

Adjusted equity as a percentage of total assets.

## Signatures

Stockholm 2022 -

Andreas Gustafsson  
Chairman of the board

Adam Kostyál  
Board member

Gunilla Hellqvist  
Board member

Fredrik Ekström  
CEO

Lauri Mikael Rosendahl  
Board member

Ann-Charlotte Eliasson  
Board member

Peter Norman  
Board member

Our audit report was submitted on 2022-

Ernst & Young AB

Daniel Eriksson  
Authorized Public Accountant