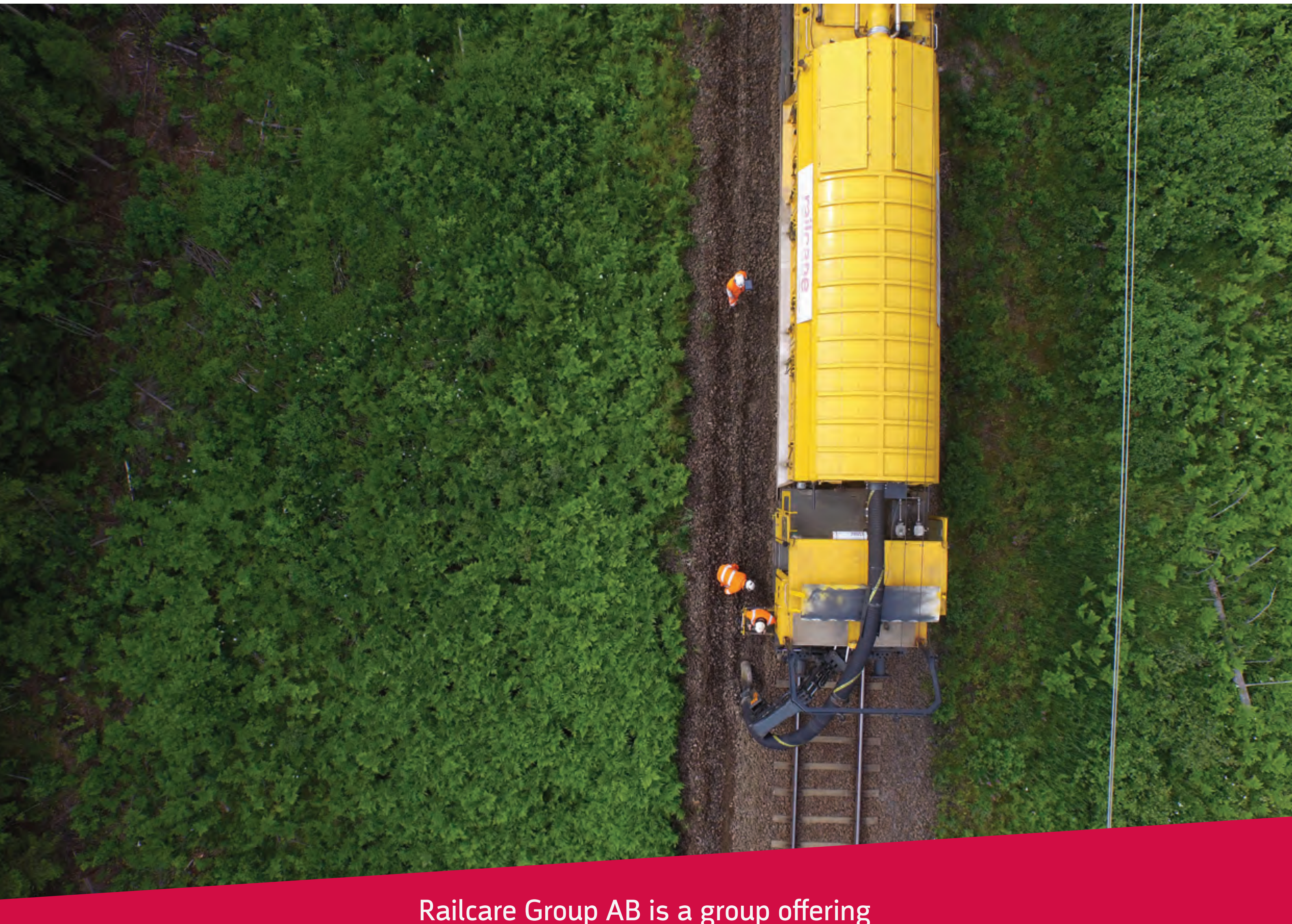
Annual Report 2021

Railcare Group AB (publ)
Reg. No. 556730-7813



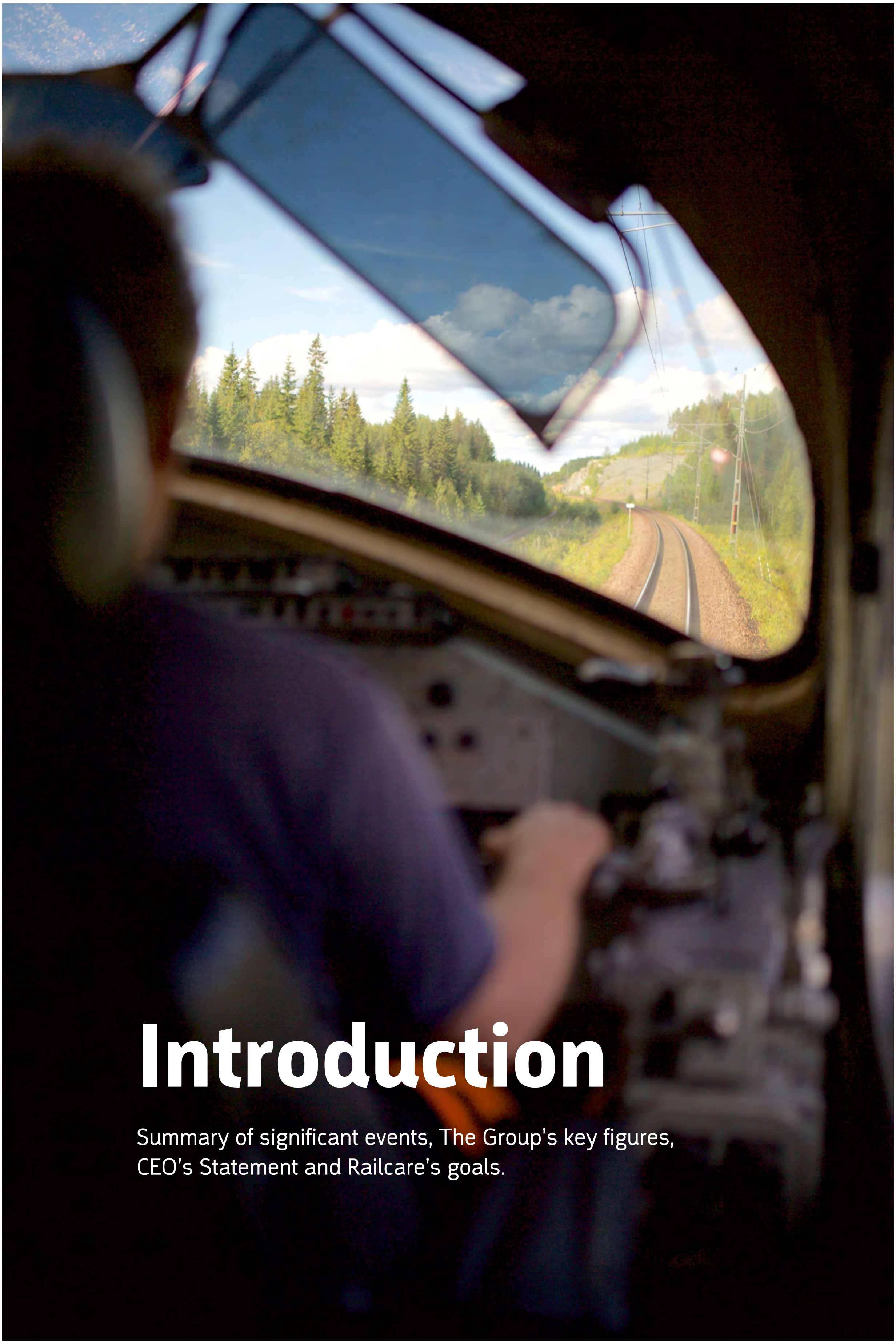
Railcare Group AB is a group offering railway industry services in vacuum engineering, culvert renovations and special transportation.

Content

Railcare Group AB (publ) is a Swedish public company with its registered offices in Skellefteå, Sweden. Corp ID. No. 556730–7813. LEI code: 549300UH2JD85PIJOK89. In this document, "Railcare" refers to the Railcare Group, Railcare Group AB and its subsidiaries.

The complete Annual Report is available on Railcare's website, www.railcare.se or www.railcare.se/en/. The printed version of the Annual Report is distributed only to shareholders who have ordered printed copies. The 2021 Annual Report was published in April 2022. All amounts are expressed in Swedish kronor. Kronor is abbreviated as "SEK", thousands of kronor are abbreviated as "SEK 000" and millions of kronor are abbreviated as "SEK million". Figures in brackets refer to the preceding year, unless otherwise stated. This report contains forward-looking information based on Railcare's current expectations. No guarantee can be given that these expectations will prove to be correct. Actual outcomes may therefore differ substantially from what appears in the forward-looking information as a consequence of, for example, changes in economic, market and competition conditions, changes in legal requirements and other policy measures, exchange rate fluctuations and other factors. Data regarding the market and competitive situation reflect Railcare's own assessments unless a specific source is indicated. These assessments are based on the best and latest data available. The audited Annual Report includes pages 23-108.

This document is essentially a translation of Swedish language original thereof. In the event of any discrepancies between this translation and the original Swedish document the latter shall be deemed correct.



Introduction

Summary of significant events, The Group's key figures, CEO's Statement and Railcare's goals.

2021 in brief

Events

Q1	Railcare signed a two-year snow removal contract with the Swedish Transport Administration for SEK 40 million annually
Q2	Testing and approvals obtained for Railcare's new innovation MPV, a battery powered maintenance machine
Q3	For the first time, the MPV provided services to a customer, with successful results
Q4	Railcare set an ambitious target to reduce its fossil emission by 40% by 2025

Key performance indicators, Railcare Group in summary

Amounts in SEK million, unless otherwise stated	**Jan-Dec 2021**	Jan-Dec 2020
Net sales	437.9	401.3
Sales growth, %	9.1	8.3
Operating profit/loss (EBIT)	56.2	60.4
Operating margin, %	12.8	15.0
Profit for the year	40.5	43.8
Net financial items	-4.4	-4.8
Total assets	558.0	521.4
Equity/assets ratio, %	39.6	37.4
Key performance indicators per share, SEK		
Earnings per share before dilution	1.68	1.82
Earnings per share after dilution	1.68	1.82
Equity per share	9.17	8.08
Dividend per share, SEK	0.60*	0.60

*) Board of Directors' proposal to the 2022 Annual General Meeting

Net sales
SEK 438 million

About Railcare

Railcare is the railway specialist that strengthens its customers' reliability, punctuality and profitability. We achieve this by carrying out different kinds of innovative railway maintenance, workshop services, providing project and specialised transport, and developing new machinery and associated services. We are currently active in Sweden, Scandinavia and the UK.

Our operations are carried out in the following segments:

- Construction Sweden - Maintenance contracts for railway machines and personnel in Sweden.
- Construction Abroad - Railway maintenance contracts in the UK, Denmark, Finland and Norway.
- Transport Scandinavia - Construction and project transports, heavy transports and specialised transports requiring traffic permits in Sweden and Norway. Locomotive workshop that provides services such as repairs, upgrades and maintenance.
- Machine Sales - Construction, assembly and sales of new machines, and development of existing machines and vehicles.

The Railcare Group has a strong corporate culture with clear values. Our culture permeates all operations and the employees actively ensure that our values are valued and respected. Railcare is an innovative company working for more sustainable railways through committed employees and smart machines.

Multi Purpose Vehicle. The world's first and largest battery-powered maintenance machine for railways.

CEO's comments

The environment was in sharp focus in 2021, and Railcare took important steps towards ensuring more sustainable railways.

Our new battery-powered MPV carried out its first assignments in the summer, and towards the end of the year we decided to decrease fossil fuel emissions in our locomotives and machines by 40 percent by 2025. This is an ambitious target, but we are determined to succeed.

Profit in the first half of 2021 was weaker with low utilisation, followed by a very strong second half-year, mainly in the transport operations where utilisation was at record levels.

Operating profit (EBIT) was SEK 56 million and net sales SEK 438 million, resulting in an operating margin of just under 13 percent. The Group's net sales reached a new high in 2021, with all segments contributing to the strong figures. Compared with the preceding year, growth was 9 percent, despite a weak start to the year.

Mattias Remahl
CEO Railcare Group

The Construction operations are characterised by varying volumes depending on customer planning and prioritised areas of railway maintenance. Because we work in construction, we are mainly involved in preparatory work ahead of track replacements such as cable handling and reballasting, which means that we are affected by the timing of this work in relation to other railway maintenance.

In Sweden, utilisation in the construction operations was significantly lower in the first half year compared to the previous year. In the second half-year, utilisation was higher than in the previous year, although the figure was down for the full year.

The first project involving our battery-powered MPV started on 21 July, involving cable handling along the Karlstad – Skåre route over four weeks. As expected, production capacity was extremely high. The machine is very well suited to urban environments as it is battery-powered, which makes it less noisy and improves the working environment for operators and people in the vicinity of the work being carried out. The fact that operations are emissions-free significantly reduces the environmental impact.

In the Lining operations, demand increased for culvert inspections and culvert renovations. The focus on water management sharpened in line with high rainfall in parts of Sweden. Our method for renovating existing culverts with a UV-cured fibreglass lining is the most environmental friendly solution, ensures durability and is economical for the customer. The method has only limited or no impact on traffic on the track.

Construction Abroad had lower utilisation in 2021, in line with the Swedish operations as a whole. This was mainly due to postponements of projects and because Covid-19 led to our customers increasingly working from home, which was challenging for project planning. We made cost savings in the year that contributed to improved profitability. In the Danish operations, an older MY-type locomotive was sold to an external customer in the year.

The transport operations experienced impressive growth of 49 percent and utilisation was very high. The new 10-year contract with Kaunis Iron started in mid-November 2021 and contributes to ensuring long-term transport operations. Personal contacts, responsible behaviour and flexible working methods ensured that transports of iron ore concentrate to the port of Narvik continued largely without interruption.

The transport assignment for LKAB which started in June 2020, continued throughout 2021. Initially, this involved one round per day, and was eventually extended to three rounds per day. Alongside construction transports during track replacements for operators such as Leonhard Weiss and Infrakraft, this contributed to essentially all resources, both personnel and machines, running at full capacity in the second half-year.

In December, we signed a four-year contract with the Swedish Transport Administration relating to standby locomotives. The contract has a total value of SEK 152 million and includes the four new towns Långsele, Boden, Vännäs and Kiruna. The continued confidence the Swedish Transport Administration has shown in Railcare through the expanded contract ensures the transport operations' long-term stability.

Utilisation in the locomotive workshop in Långsele was high throughout the year. At the beginning of December 2021, Railcare signed an agreement with Infranord relating to the upgrade of two type-TB diesel locomotives with a total value of SEK 30 million. The assignment includes changing to stage V engines to ensure the locomotives meet current demands on performance and CO_2 emissions. In addition to the engine replacement, the driver's cab is being upgraded to improve the working environment, while the vehicles will also undergo a general upgrade to ensure they can be used in a modern and environmentally friendly manner for many years to come. The assignment will be ongoing throughout most of 2022 and is a concrete example of the growing demand for environmental measures that the locomotive workshop satisfies.

Machine Sales received an order from Loram for machine parts, powerpacks, in the year. The first delivery to North America took place in the second quarter 2021 and the second delivery to Brazil was completed at the beginning of 2022. Otherwise, we have focused sharply on our battery-powered maintenance machine MPV which started its first live project towards the end of July on the Karlstad-Skåre route, as outlined above. The project proceeded as expected. This bodes well for the future, and we are currently developing MPVs that use pantographs to pick up power from the wire to charge batteries.

Before summer 2021, when pandemic restrictions around the world started to lift, we announced a new initiative in Asia including an establishment in Hong Kong. After this, new restrictions have been introduced and towards the end of the year we concluded that our planned establishment in Hong Kong could not be completed considering local authorities' decisions regarding increased lockdown restrictions. Asia is a large and promising market, but at present we continue to focus on our domestic markets.

There is a great deal to be proud of when summing up 2021. We carried out our work in an exemplary and solutions-oriented manner, and succeeded in handling the challenges raised by the pandemic. We strengthened our position and are leading the way forward towards more sustainable railways.

Market outlook 2022

Major railway projects have been announced in Sweden and the UK. We are not yet seeing the full effect of this, although increased work volumes are likely over the coming years. There is a clear maintenance requirement, and the green transition focuses on railways.

The scope of the new sustainable industry emerging in northern Sweden is enormous, with more than SEK 1,000 Bn to be invested in green industry projects over the coming years. This means that very large goods volumes will need to be transported, and for this maintenance and construction of new railways will be required. This also implies potential for our transport operations, where we already carry out transport assignments on behalf of industrial operators such as Kaunis Iron and LKAB.

Although railway operations are a sustainable alternative for the transport of passengers and goods, a great deal remains to be done in terms of maintenance and new construction in order to reduce the environmental impact.

The new framework agreement with the Swedish Transport Administration creates opportunities for our battery-powered MPV and is an important step for Railcare and the railway sector as a whole. Given the increased demands on sustainable maintenance, we are well-positioned ahead of the future.

I am grateful and proud to be part of Railcare and want to thank all my colleagues, our shareholders and our customers for the confidence you have shown in me, and I am looking forward to another exciting year!

Mattias Remahl
CEO, Railcare Group AB

Vision & goals

Vision

Railcare shall develop with satisfied customers and positive profitability, thereby increasing shareholder value.

Business concept

In close partnership with its customers, Railcare shall develop innovative services, methods, products, transports and contracting services for the railway industry's various segments. Railcare shall be characterised by skilled personnel, a safety culture, delivery reliability and quality assurance.

Strategy

- Continuous development of methods and equipment
- Continued focus on core operations
- Increased growth and profitability in the four segments
- The main focus is on safety in the workplace
- Development of the organisation and personnel

Targets

The objective is to maintain positive growth and to develop continuously as an innovative and specialist company. Railcare shall be an energetic and profitable company for its shareholders, and profitability should outperform the average for the railway industry.

The Company strives to be a leading specialist on the markets where we operate, including Scandinavia, the UK and export markets for innovative solutions for railway construction and transport. This builds on our broad expertise in technology, development and cost efficiency.

As we build the Railcare of the future, our people are our primary resource, alongside the innovations that drive us forward.

Financial targets

- Sales SEK 500 million
- EBIT 10%
- Equity/assets ratio > 25% after dividends

Railcare's ambition is to achieve these goals in the medium term.

Dividend

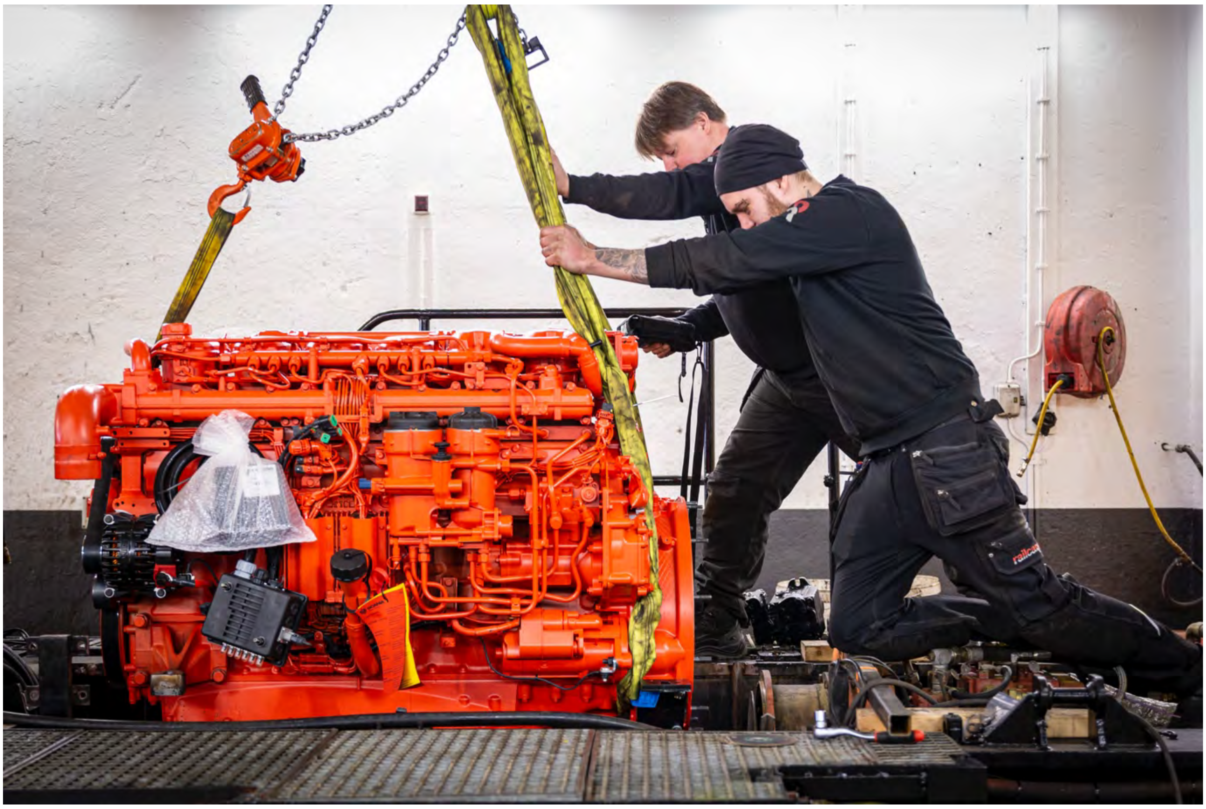
The Company's dividend policy is to distribute 30-40 percent of profit after tax, up to the Company's required equity/assets ratio of 25 percent after dividends.

More sustainable railways

Railcare works towards more sustainable railways and will reduce fossil-fuel emissions from its vehicles and machines by 40 percent by 2025. Our sustainability work proceeds from the foundation of a safe working environment, reduced fossil fuel emissions, and employees that are encouraged and able to contribute their ideas. This is how we intend to continue to maintain the railways we serve, to maximise use for many years to come.

We seek to ensure that everyone who participates in our operations, employees, customers, suppliers and collaboration partners, all share our basic sustainability values. Everyone that interacts with our operations share our respect for the equal value of all human beings, high ethical and moral standards, and a sharp focus on preventing and reducing any negative environmental impact.

More information can be found in our Sustainability Report, pages 30-40.



The locomotive workshop in Långsele. Upgrading a diesel engine.

Market

Work has been underway for several years to build a uniform railway network in Europe, mainly in the EU. The aim is to increase railway efficiency and competitiveness compared to other modes of transport. The need for transports is growing at a pace with economic growth. The need for commuting and business travel is also increasing. This means that fast and efficient railway transports are an important factor for economic growth.

Effective railways are the foundation for sustainable transport. Railways, with their long life span and low emissions, are a pre-requisite for ensuring more environmental transports of goods and passengers.

Investments in railways

The Swedish Transport Administration has announced major future investments in railway maintenance, with a focus on planned maintenance such as track replacements, switch replacements, reballasting; projects that are a close match with Railcare's offering.

The Swedish Transport Administration's national plan stretches to 2029, with increased railway maintenance volumes in future. The government has decided to allocate an additional SEK 700 million to The Swedish Transport Administration for extended maintenance work due to Covid-19, as well as an additional investment of SEK 500 million annually between 2021–2023 for the maintenance of the national railways.[1 2]

On 1 April 2019, CP6 (2019-2024) commenced in the UK. Network Rail has released a delivery plan for CP6, describing how the upcoming control period will be managed and how Network rail intends to spend the GBP 42 Bn received to fund the operations, maintenance and renewal of the UK railways. [3]

In northern Sweden, extensive industrial development is currently taking place as new green industries in fossil-free steel, battery manufacture and renewable energy are being established. The multi-billion SEK initiatives represent a social transformation that will need increased transport infrastructure, as well as an increased transport requirement for the new industry being developed.

Railway maintenance and transport

Railcare's market encompasses a number of different operators that facilitate railway operations. Railway infrastructure is managed by dedicated infrastructure management bodies, who, in turn, employ rail infrastructure contractors to maintain the quality of the tracks. Train operators then use the railway infrastructure to provide transport services for end customers, that is, passengers and purchasers of rail freight services.

Infrastructure managers and railway companies need to utilise Railcare's railway services to:

- maintain the quality of railway tracks
- use new machines and methods
- utilise workshop services for locomotives and wagons
- complete project and specialised transports

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[1] https://www.regeringen.se/pressmeddelanden/2020/05/storsatsning-pa-jarnvags--och-vagunderhall-i-hela-landet/

[2] https://www.regeringen.se/pressmeddelanden/2020/09/satsning-pa-okat-underhall-av-jarnvag/

[3] https://www.networkrail.co.uk/who-we-are/publications-and-resources/our-delivery-plan-for-2019-2024/

Railcare is seeing increased demand for emissions-free alternatives for railway maintenance machines. Traditionally, these maintenance machines have been diesel powered, as many maintenance projects are conducted with the overhead power line disconnected for safety reasons.

Railcare's battery-powered Multi Purpose Vehicle, MPV, was launched in 2021 and will make a significant difference to more sustainable railways. Apart from being a maintenance machine, it is also a large battery bank for operating other railway machines which transforms the potential to reduce fossil-fuel emissions in the sector.

Competitive advantages

Railcare's main advantage in the construction operations relates to the vacuum technology used in railway renovation, which makes the work easy to complete, effective and safe. In the railway industry, there are few companies with this kind of competency, which is an advantage. The vacuum technology can now also be used with the battery-powered maintenance machine, which removes emissions and reduces noise. This benefits local residents and employees.

Another example of Railcare's unique expertise is the snow removal vehicles, where Railcare has the only snow melter for work on railways. This machine eliminates the problem rather than merely moving it elsewhere.

The culvert renovations that Railcare carries out on the track are made using a fibreglass lining adapted for the existing culvert. This method means that renovations can be carried out for all types of culvert, using vehicles alongside the track to avoid disrupting traffic.

In the UK, which partly has the same niche focus as Sweden, there are few competing companies. The machines that are adapted for the UK can be used in other countries, which means that the market potential for these machines is extensive.

In the transport operations, Railcare mainly competes on the basis of high reliability and flexibility. The Company is also active in project work and specialised goods transport. This type of transport is not commonly provided by other companies, which means that the competitive situation can be considered favourable. In the locomotive and wagon workshop, Railcare also offers flexibility and great customer service, a competitive advantage compared to the larger market operators. When servicing a customer's locomotives, Railcare can also provide replacement locomotives.

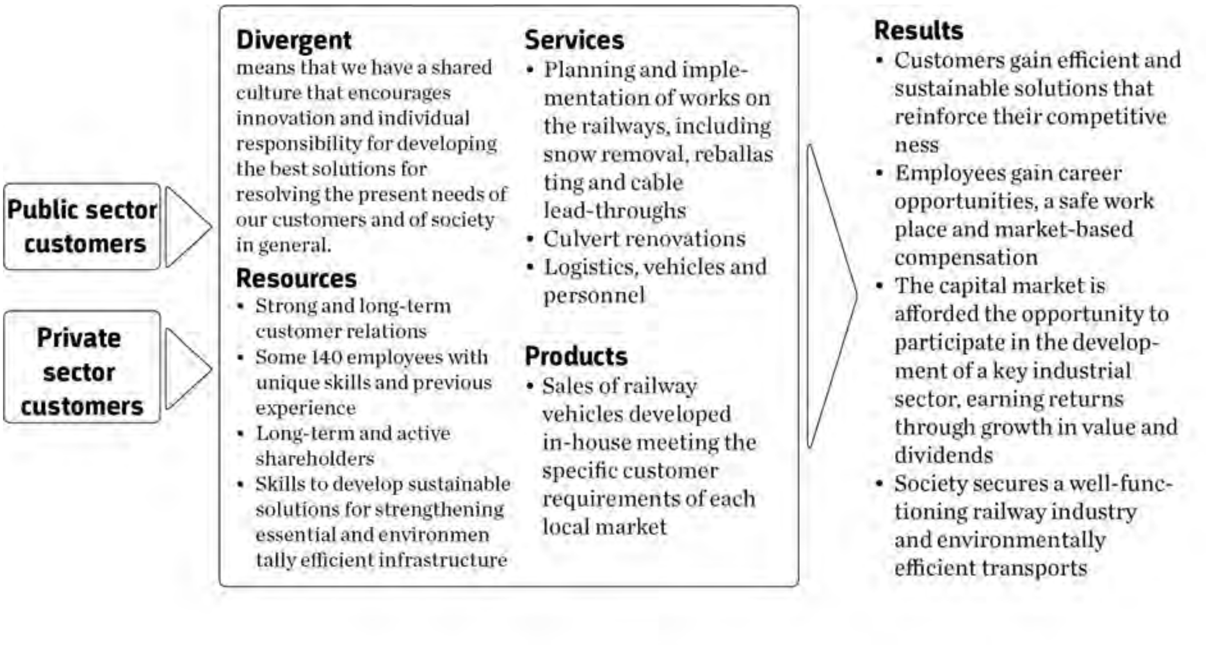
Machine Sales is currently active in a small segment of the total global market. Competition is limited, as the vacuum excavation technology for railway maintenance is not the sector standard, despite being a very effective and safe method. With the new battery-powered Multi-Purpose Vehicle (MPV), Railcare takes another step towards becoming the market leader in vacuum technology and emissions-free railway maintenance.

Operations

As we build the Railcare of the future, our people are our primary resource, alongside the innovations that drive us forward. With innovative railway products, services and transport, Railcare's goal is to achieve satisfied customers, positive profitability and value growth for its shareholders.

Business model

Based on our business model, we work to create value for all our stakeholders.



Products and services

We carry out operations in the following segments:

<u>Construction Sweden</u>

Maintenance contracts for railway machines and personnel in Sweden. With the help of vacuum technology, Railcare carries out various types of track maintenance such as reballasting, drainage, cable excavation, cable lead-throughs and cleaning out drainage culverts. This is done with machines such as our proprietary MPV, the first battery-powered maintenance machine of its kind. During the winter, the segment mainly works with snow removal vehicles developed in-house, such as the world's largest snow melter.

The construction operations also carry out renovations of railway culverts, roads and industrial facilities, as well as culvert inspections. Culvert renovations are performed using a fibreglass lining adapted for the existing culvert, which means it can by used for all types of culverts.

Construction Abroad

Railcare also offers railway services in the UK, Denmark, Finland and Norway. Railcare's largest market outside Sweden is currently the UK, where railway maintenance largely involves reballasting beneath tracks and switches. Railcare performs reballasting using Railvac machines and specially-adapted Ballast Feeder UK machines.

Transport

Railcare carries out construction and project transports, as well as heavy transports and specialised transports requiring traffic permits in Sweden and Norway. In connection with major maintenance contracts, we are on hand to provide locomotives, wagons and personnel, either as a turnkey solution or for letting a resource. Within this segment, Railcare also offers workshop services, such as repairs, engine upgrades and regular maintenance.

Machine Sales

Railcare works with construction, assembly and sales of new machines. Railcare's latest maintenance machine is the battery-powered Multi Purpose Vehicle (MPV). Other machines that Railcare offers are: Railvac: specifically developed to work in areas that regular excavators are unable to access or to replace work carried out manually. Ballast Feeder System: handles large volumes during reballasting and refilling. Snow clearance machines: clear and melt snow into water which is stored in large tanks. This enables large volumes of snow and associated problems to be removed.

Machine operations also develops existing machines and vehicles. This includes areas such as new technology and new operational methods, as well as service and wagon maintenance.

Customers

Railcare's customers are mainly a small number of major organisations including infrastructure management bodies and service providers on the railway market, who account for a majority of railway maintenance projects.

Railcare has worked with many of its customers for a long period of time. The Group is party to various types of agreement with its customers. A varied agreement structure is applied, including fixed multi-year agreements, framework agreements and construction agreements, as well as short-term leases. Examples of Railcare's customers include government bodies, maintenance contractors, construction contractors and mining companies.

Private customers accounted for 70 percent of consolidated net sales in 2021. In this category, various operators, contractors, mining companies and other customers are in need of reliable transports of heavy and/or oversized loads.

Railcare’s other customer category relates to national infrastructure administrators and railway operators in Scandinavia and the UK. In total, this category accounted for around 30 percent of consolidated net sales in 2021.

Railcare has worked with many of its customers for a long period of time. The Group is party to various types of agreement with its customers. A varied agreement structure is applied, including fixed multi-year agreements, framework agreements and construction agreements, as well as short-term leases. Examples of Railcare’s customers include government bodies, maintenance contractors, construction contractors, industrial companies and mining companies.

Exports of Railcare’s services and machine sales on the international market complement the core operations.

- In 2018, the Group initiated a collaboration with Kaunis Iron AB relating to transport of iron ore concentrate, which is being extended to 2031. The agreement opened the door to other similar assignments, and over the past two years Railcare also signed shorter transport agreements with LKAB.
- On 21 July 2021, the first live projects using Railcare’s MPV started. The MPV is the world’s largest battery-powered railway maintenance machine. On assignment from the Swedish Transport Administration, Railcare completed a cable laying project using vacuum technology along the Karlstad-Skåre route. The machine worked at full production capacity while its battery-powered operations reduced noise levels, improved the working environment and minimized the environmental impact.
- In December 2021, Railcare was awarded a four-year contract with the Swedish Transport Administration relating to standby locomotives with a total value of SEK 152 million, corresponding to SEK 38 million annually. The contract start date is 1 August 2022 and includes four new locations (Långsele, Boden, Vännäs and Kiruna). Railcare will supply a standby locomotive including staff for each location, which will be available for call-off around the clock 365 days a year.

Employees

Railcare’s employees continuously seek to resolve challenging problems more effectively than in the past. The Company’s proprietary battery-powered MPV is an example of Railcare’s innovative capacity. Our employees are always solutions-oriented and handle both small and large challenges that arise in our projects. Quality and safety are fundamental to all of Railcare’s operations.

Our employees are the company’s most important resource and we focus sharply on ensuring that the Company attracts and retains the right people, facilitating the company’s development. Railcare is proud of its company culture, and our employees are proud to work for the company.

Railcare’s employees receive the training, continuous education and refresher courses needed to perform their duties. This applies to all employees, regardless of type of work. Skills development has also been devised and adapted for the countries in which Railcare’s employees work, and we comply with the regulations in each jurisdiction and the training required there.

We also take a highly positively view of employees being offered and accepting career opportunities within the Group, and we encourage each employee to develop in his/her role or in those areas perceived as relevant to each of them.

- As of 31 December 2021, 141 people were employed by Railcare, of which 12 percent were women and 88 percent men. Personnel turnover for the year was 11 percent.

Corporate culture

Our corporate culture and values are very important to Railcare and build on the values that permeate the Railcare Group. Our values are:

- Safety
- Value creation
- Development
- Respect

Railcare's employees are expected to work and act based on our values, meaning: being results-oriented and creating value for customers, suppliers, colleagues and the Company as a whole; continuously developing their skills and the skills of others, taking a long-term approach; taking responsibility, keeping promises and treating all people equally and with respect; and considering safety in the workplace.

Our culture permeates all operations and our employees actively ensure that our values are acknowledged and respected. We also take pride in the commitment of our employees, ranging from safety at work to the highly talented employees featured in the videos on our YouTube channel[4].

[4] https://www.youtube.com/user/RailcareSverige/

Society

Freight and passenger transports by rail contribute to cost-effective and environmentally-friendly transports, which are important in built-up areas and for long distance transport. We actively seek to find better environmental solutions for our vehicles and machines.

Most European countries need to maintain and construct new railway routes. Railcare provides services and solutions that strengthen railway competitiveness on the logistics market. Railcare offers services and solutions that strengthen railway competitiveness on the logistics market. Our operations create jobs and contribute tax revenues, both locally and nationally where the Group is active.

- In 2021, tax expenses amounted to SEK 1.0 million. In addition, social security expenses amounted to SEK 41.5 million.

Capital markets

Railcare Group AB's shares are listed on Nasdaq Stockholm's main list, in the Small Cap segment. The listing is a part of the Company's efforts towards transparency at every stage in order to satisfy existing and potential customers' requirements. Railcare has improved its financial reporting and will be more active in communication with capital markets operators.

Railcare has a stable and locally based ownership structure that is able to realise the company's full potential. In 2021, Norra Västerbottens Fastighets AB increased its holding to 29.5 percent by acquiring the founder families' Marklund and Dahlqvist's entire holding.

"We have been a shareholder for over 10 years and are increasing our ownership because we believe that the company is well positioned ahead for the future as a sustainable operator in railway maintenance and special transportation by rail, with good potential for long-term growth."

Anders Westermark, Chairman of Norra Västerbotten Fastighets AB

- In 2021, Railcare paid a dividend of SEK 0.60 per share, totalling SEK 14,474,500. The Board of Directors proposed that the 2022 Annual General Meeting resolve to approve a dividend of SEK 0.60 (0.60) per share, totalling SEK 14,474,500 (14,474 500) for the 2021 financial year.

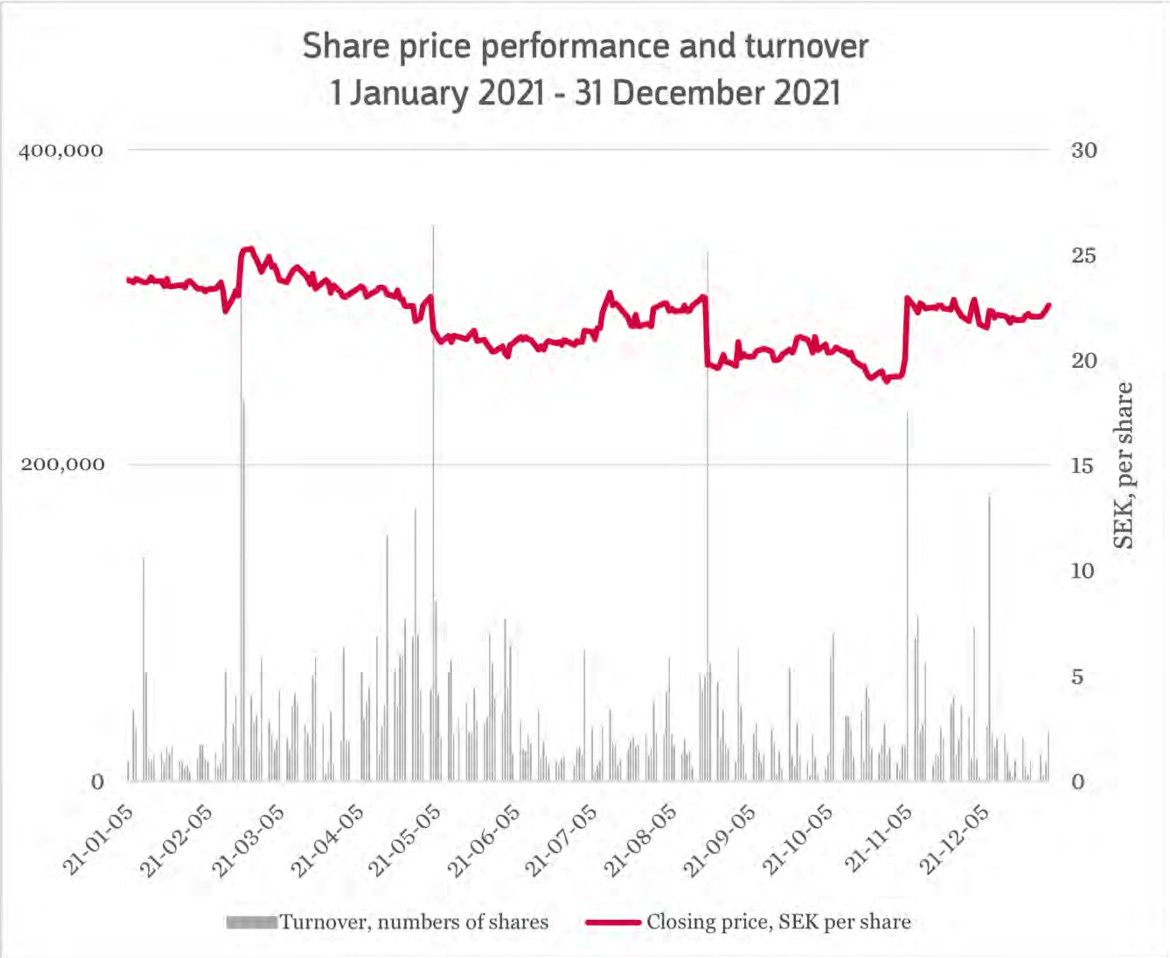
The Railcare share

Railcare Group AB's share has been listed since 2007 and was included on Nasdaq Stockholm's Small Cap list in 2018, under the ticker "RAIL", ISIN code SE0010441139.

<u>Turnover and share price performance</u>

Between 1 January and 31 December 2021, approximately 10.4 million Railcare shares were traded on Nasdaq Stockholm with a total value of approximately SEK 230 million.

Over the year, the share price fluctuated between a low of SEK 18.96 on 28 October and a high of SEK 25.30 on 22 February. The closing price on the last day of trading in December 2021 was SEK 22.60.



<u>Shareholders</u>

As of 31 December 2021, Railcare Group AB had 4,250 shareholders. The ten largest shareholders represented 59.1 percent of the total shareholding.

A major change to Railcare's ownership structure took place in November 2021, when the founding families Marklund and Dahlqvist sold their shares to Norra Västerbotten Fastighets AB. Norra Västerbotten Fastighets AB was already the single largest shareholder of Railcare Group, and as of 31 December 2021 the company holds 29.5 percent of the total share capital.

Some of Railcare's shareholders are registered abroad or in mutual funds and are not visible by name in the shareholder register.

4,250

Number of shareholders in Railcare Group AB as of 31 December 2021. Source: Euroclear

Shareholder structure

Ten largest shareholders 31 December 2021	Number of shares	Proportion of share capital and votes (%)
Norra Västerbotten Fastighets AB	7,121,395	29.5
TREAC Aktiebolag	2,415,000	10.0
Ålandsbanken AB	1,225,262	5.1
Avanza Pension insurance company	872,939	3.6
Bernt Larsson	750,987	3.1
HSBC Bank PLC	600,000	2.5
Nordnet Pensionsförsäkring AB	368,448	1.5
Mikael Gunnarsson	351,500	1.5
Emil Burén	289,316	1.2
Torsten Germund Dahlquist	256,110	1.1
Ten largest shareholders	**14,250,957**	**59.1**
Other shareholders	9,873,210	40.9
Total	**24,124,167**	**100.0**

Source: Euroclear and Railcare

Distribution by size category

31 December 2021

Holding	Number of shareholders	Number of shares	% of votes and capital
1 – 500	2,709	395,104	1.64
501 – 1000	535	440,119	1.82
1001 – 5000	759	1,791,545	7.43
5001 – 10000	110	825,414	3.42
10001 – 15000	26	339,902	1.41
15001 – 20000	18	334,000	1.38
20,000 –	93	19,998,083	82.90
Total	**4,250**	**24,124,167**	**100.00**

Source: Euroclear

Share capital and capital structure

The share capital amounted to approximately SEK 9.9 million and the quotient value was SEK 0.41 per share as of 31 December 2021. Each share carries one vote at the Annual General Meeting. According to the Articles of Association, the share capital shall amount to a minimum of SEK 8,979,000 and a maximum of SEK 35,916,000, distributed between at least 21,900,000 and at most 87,600,000 shares.

Share capital development in Railcare Group AB

Year	Transaction	Change in share capital	Change in number of shares	Total number of shares	Quota value	Total share capital, SEK
2007	Formation	121,500	12,150,000	12,150,000	0.1	121,500
2007	New share issue with capital contributed in kind	5,953,500	595,350,000	607,500,000	0.1	6,075,000
2007	Private placement	1,300,000	130,000,000	737,500,000	0.01	7,375,000
2007	Private placement	124,240	12,424,000	749,924,000	0.01	7,499,240
2008	New share issue with capital contributed in kind	461,538	46,153,846	796,077,846	0.01	7,960,778
2009	Reverse split 200:1	0	-792,097,457	3,980,389	2.00	7,960,778
2011	Private placement	800,000	400,000	4,380,389	2.00	8,760,779
2017	Bonus issue for non-restricted equity	219,019	-	4,380,389	2.05	8,979,797
2017	Split 5:1	0	17,521,556	21,901,945	0.41	8,979,797
2018	Conversion	455,556	1,111,111	23,013,056	0.41	9,435,353
2020	Conversion	455,556	1,111,111	24,124,167	0.41	9,890,908

Dividend

The Company’s dividend policy is to distribute 30-40 percent of profit after tax, up to the Company’s required equity/assets ratio of 25 percent after dividends.

The Board of Directors intends to propose that the 2022 Annual General Meeting approve a dividend of SEK 0.60 (0.60) per share, totalling SEK 14,474,500 (14,474,500), for the 2021 financial year.

Persons discharging managerial responsibilities

Under Article 19 of Regulation (EU) No 596/2014 of the European Parliament and of the Council (the EU Market Abuse Regulation (MAR)), persons discharging managerial responsibilities (PDMR) and their closely related parties are required to notify Railcare and Finansinspektionen (FI – the Swedish Financial Supervisory Authority) without delay and no later than three (3) business days of each transaction conducted on their own account involving shares or debt instruments issued by Railcare or involving derivatives or other financial instruments associated with these when a total transaction amount of EUR 5,000 has been reached during the calendar year.

Information on persons discharging managerial responsibilities can be found on the Swedish Financial Supervisory Authority’s website.

Investor relations

Railcare publishes information for shareholders and other stakeholders through press releases, Interim Reports, Year-end Reports and Annual Reports, which can be accessed on the company’s website. Railcare seeks to provide information openly, clearly and accessibly to all stakeholders.

Administration Report

The Board of Directors and CEO of Railcare Group AB (publ), Reg. No. 556730-7813, hereby submits the annual accounts for the Parent Company and the Group for the financial year 1 January – 31 December 2021.

Operations

Railcare Group AB is the railway specialist that strengthens its customers' reliability, punctuality and profitability. We achieve this by carrying out different types of innovative railway maintenance, workshop services, providing project and specialised transports, and producing new machinery and associated services. Railcare is currently active in Sweden, Scandinavia and the UK. Operations are carried out in the following segments:

Construction Sweden

Maintenance contracts for railway machines and personnel in Sweden. With the help of vacuum technology, Railcare carries out various types of track maintenance such as reballasting, drainage, cable excavation, cable lead-throughs and cleaning out drainage culverts. This is done with machines such as the proprietary MPV, the first battery-powered maintenance machine of its kind. During the winter season, the segment mainly works with snow removal vehicles developed in-house. Construction operations also carry out railway culvert renovations and inspections of culverts.

Construction Abroad

Railcare also offers railway services in the UK, Denmark, Finland and Norway. Railcare's largest market outside Sweden is currently the UK, where railway maintenance largely involves reballasting beneath tracks and switches.

Transport Scandinavia

Railcare carries out construction and project transports, as well as heavy transports and specialised transports requiring traffic permits in Sweden and Norway. In connection with major maintenance contracts, the Company is on hand to provide locomotives, wagons and personnel, either as a turnkey solution or for letting as a single resource. Within this segment, Railcare also offers workshop services, such as repairs, engine upgrades and regular maintenance.

Machine Sales

Railcare works with construction, assembly and sales of new machines. The latest maintenance machine Railcare has developed is the battery-powered Multi Purpose Vehicle (MPV). Other machines that Railcare offers are: Railvac: specifically developed to work in areas that regular excavators are unable to access or to replace work carried out manually. Ballast Feeder System: handles large volumes during reballasting and refilling. Snow clearance machines: clear and melt snow into water which is stored in large tanks. This enables large volumes of snow and associated problems to be removed.

Machine operations also develops existing machines and vehicles. This includes areas such as new technology and new operational methods, as well as service and wagon maintenance.

Financial summary - Railcare Group

SEK 000	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Net sales	437,946	401,301	370,610	270,147	292,579
Operating profit/loss (EBIT)	56,219	60,386	31,977	1,543	16,661
Net financial items	-4,370	-4,818	-5,757	-5,334	-4,933
Profit/loss for the year	40,514	43,776	20,760	-1,419	8,990
Total assets	557,965	521,388	459,166	413,170	420,089
Earnings per share after dilution, SEK	1.68	1.82	0.87	-0.06	0.39
Equity per share, SEK	9.17	8.08	6.69	5.81	6.08
Operating margin, %	12.84	15.05	8.63	0.57	5.69
Equity/assets ratio, %	39.64	37.37	33.51	32.34	31.72
Dividend, SEK per share	0.60*	0.60	0.30	-	0.15

*) Board of Directors' proposal to the 2022 Annual General Meeting

For definitions, see Note G34.

Net sales and profit

In 2021, net sales increased by 9.1 percent to SEK 437.9 million compared to SEK 401.3 million for 2020. The increase was mainly attributable to Segment Transport Scandinavia, which experienced high demand for transport assignments on behalf of Kaunis Iron and LKAB, alongside high utilisation of contract transport during track replacements. Virtually all resources, both personnel and machinery, operated at full capacity during the year.

The Machine Sales segment had lower net sales, which was due to no major deliveries taking place in 2021 in contrast with the previous year when three generator wagons were delivered to Infranord, and intra-Group sales of MPVs to Construction Sweden.

Net sales for Construction Sweden and Construction Abroad decreased as a result of lower volumes of planned work in 2021 compared to the previous year.

Operating profit for the full-year 2021 was SEK 56.2 million, a decrease of SEK 4.2 million compared to the record figure of SEK 60.4 million for the full-year 2020. The decrease was due to lower volumes in the construction operations and decreased machine sales, this was partly offset by higher transport volumes in Scandinavia.

Construction Sweden

Net sales for the full-year 2021 decreased by 17.9 percent to SEK 130.6 million (159.0). Profit after financial items decreased to SEK 7.6 million (17.6). During the year, the segment had lower utilisation relating to preparatory work ahead of upcoming track replacements. Work associated with the snow contract with the Swedish Transport Administration continued with the same scope as previously.

The lining operations saw increased volumes, and apart from culvert renovations the segment carried out a large number of inspections of railway culverts. The purpose of the inspections is to assess the status of the culverts and identify potential maintenance needs.

Key performance indicators – Construction Sweden

Amounts in SEK 000, unless otherwise stated	**2021**	**2020**	Change, %
(A) Net sales	130,556	159,027	-17.9
(B) Profit/loss after financial items	7,575	17,625	-57.0
(B / A) Net margin, %	5.8	11.1	-5.3

Construction Abroad

Net sales decreased by 19.9 percent for the full year 2021 compared to the previous year, and amounted to SEK 48.0 million (59.9). Profit after financial items increased compared to the preceding year and amounted to SEK 3.8 million (1.8).

Cost savings measures completed in the year contributed to improved profitability. The Danish operations sold an older MY-type locomotive in the fourth quarter, which made a positive profit contribution of SEK 2.6 million.

Key performance indicators – Construction Abroad

Amounts in SEK 000, unless otherwise stated	**2021**	**2020**	Change, %
(A) Net sales	47,954	59,891	-19.9
(B) Profit/loss after financial items	3,797	1,830	107.5
(B / A) Net margin, %	7.9	3.1	4.9

Transport Scandinavia

Net sales increased by 48.8 percent in the full-year compared to the previous year, totalling SEK 273.9 million (184.0), the highest net sales on record for the segment. Profit after financial items increased year-on-year, amounting to SEK 39.5 million (24.2).

Sales growth was derived from increased volumes of contract transports during track replacements in the year. Alongside transport of iron ore concentrate and iron ore for Kaunis Iron and LKAB, this contributed to high transport volumes.

Utilisation in the locomotive workshop was higher than the previous year. At the beginning of December, Railcare signed an agreement with Infranord relating to the upgrade of two type TB diesel locomotives with a total value of SEK 30 million. The assignment involves changing to stage V engines to ensure that locomotives satisfy current demands on performance and CO_2 emissions, as well as improving the working environment with a new type of driver's cab and a general upgrade to ensure vehicles remain up-to-date and environmentally friendly for many years to come.

Key performance indicators – Transport Scandinavia

Amounts in SEK 000, unless otherwise stated	**2021**	**2020**	Change, %
(A) Net sales	273,888	184,025	48.8
(B) Profit/loss after financial items	39,472	24,245	62.8
(B / A) Net margin, %	14.4	13.2	1.2

Machine Sales

Net sales in Segment Machine Sales decreased in the third quarter of 2021, compared to the corresponding quarter last year and amounted to SEK 6.5 million (40.6). The decrease was due to the absence of major deliveries in 2021 in contrast with the previous year when three generator wagons were delivered to Infranord, and intra-Group sales of MPVs to Construction Sweden.

Key performance indicators – Machine Sales

Amounts in SEK 000, unless otherwise stated	**2021**	**2020**	Change, %
(A) Net sales	37,197	82,653	-55.0
(B) Profit/loss after financial items	763	11,330	-93.3
(B / A) Net margin, %	2.1	13.7	-11.7

Significant events in 2021

Changes to Group management

During the spring, Mattias Remahl was appointed new CFO after Mikael Forsfjäll, who left the company. On 1 October, Mattias also took on the position of CEO and President after Daniel Öholm. Daniel remains on the management team as Business Area Manager UK.

Innovation MPV tested in live conditions

During the summer and autumn, Railcare tested its new battery-powered maintenance machine MPV, Multi Purpose Vehicle, in live conditions during cable handling and other activities. The projects were completed successfully, and following some minor adjustments the MPV is expected to become fully operational in 2022. The machine was developed and built by Railcare in 2019 and 2020.

Railcare signs agreement with Infranord relating to locomotive upgrades

In December, the Group signed an agreement with Infranord for the upgrade of two diesel locomotives worth a total of SEK 30 million. The work will be carried out by the locomotive workshop in Långsele and started at the end of 2021. Work is expected to continue throughout most of 2022.

Railcare signs four-year agreement relating to standby locomotives

In December, the Group signed an agreement with the Swedish Transport Administration relating to supplying standby locomotives for clearing railway vehicles in four new locations. The agreement spans four years starting from 1 August 2022. The assignment relates to providing standby locomotives and personnel for call-off around the clock, every day of the year. The order is worth SEK 38 million annually, totalling SEK 152 million.

Liquidity, cash flow and financial position

Cash flow for the year resulted in an inflow of SEK 13.5 million (2.9). The improved cash flow was mainly an effect of decreased operating receivables and lower investments year-on-year. Over the year, SEK 14.5 million (7.2) was paid in dividends.

Cash flow from operating activities amounted to SEK 100.2 million (82.9).

Cash flow from investing activities amounted to SEK -38.9 million (-54.1) and mainly involved completion of an MPV (Multi Purpose Vehicle) and other equipment for the Company's own production purposes and investments in existing machinery.

Cash flow from financing activities amounted to SEK -47.9 million (-25.8). During the year, loan amortisation totalled SEK -52.6 million (-52.5), of which SEK -25.0 million (-28.6) was attributable to amortisation of lease liabilities. During 2021, the Group raised bank loans of SEK 19.2 million (34.0) to finance ongoing investments. Dividends paid during the year amounted to SEK 14.5 million (7.2).

Railcare's financial targets state a minimum equity/assets ratio of 25 percent. The equity/assets ratio was 39.6 percent at the end of the year, compared to 37.4 percent on 31 December 2020.

Investments

Consolidated investments for the full year amounted to SEK 43.2 million (56.5), divided between SEK 1.0 million (0.5) in intangible assets and SEK 42.2 million (53.4) in tangible fixed assets. SEK 2.6 million was also invested in subsidiaries in the previous year. Investments mainly related to proprietary development of machines.

Innovation and design

With the aim of being an innovation leader in the railway industry, The Group prioritises developing new machines and methods. All development projects are based on a problem or need faced by Railcare's employees or customers on or around the railways.

Innovation & Design is Railcare Group's division for the development of technologies and innovations, comprising five individuals, including two designers. The division works to recognise and analyse ideas generated by employees and customers and their problems or needs. Projects with commercial potential are then prioritised and pursued.

Parent Company

Railcare Group AB (publ), Corp. ID no. 556730–7813 is a Parent Company registered in Sweden with its registered office in Skellefteå, Sweden. The Parent Company's operations focus primarily on Group-wide operations/administration, including Group management, finance and IT.

The Parent Company's net sales for the full year amounted to SEK 35.4 million (30.2) and profit after tax amounted to SEK 23.3 million (4.8). The Parent Company's profit after financial items was positively affected by a dividend of SEK 2.4 million (4.3) from the Danish subsidiary, and an anticipated dividend of SEK 21 M (0) from subsidiaries.

Risks and risk management

Through its operations, the Group is exposed to various types of risk including operational, external and financial risks. The Group's work with risk management and internal control is described in the Corporate Governance Report on pages 42-58. A description of significant risks follows.

Surrounding world

The railway market is significantly affected by economic fluctuations and political decisions and priorities, which in turn affect demand for Railcare's products and services. The Group works to minimise the effects of these fluctuations by, for example, signing long-term agreements with strategically important customers, by being active in different countries, by monitoring political discussions and decisions and by participating in the industry's reference groups.

Permits

Railcare's operations and machines require permits and government approvals in the various countries where operations are conducted. Safety is of the utmost importance in the rail industry and there are major regulatory compliance risks linked to safety and the working environment. Attracting and retaining skilled employees is central to compliance with the rules and requirements imposed on Railcare, and the Company focuses sharply on the working environment, safety and corporate culture. The internal operating system includes established processes for managing requirements linked to current conditions.

Customers

The Group's customers are relatively large and few in number, and public sector operators are important to the Group. Relations with government institutions play a significant role for the Group. Delivering high-quality products and services is crucial to building and maintaining long-term customer relationship and Railcare strives to exceed its customers' expectations. Because the customers are large organisations and frequently government institutions, the Group's credit risk is limited.

Valuation of non-current assets

Railcare holds substantial value in the form of non-current assets, such as machines for railway maintenance, snow removal on railways and in railway areas, as well as locomotives and wagons. These non-current assets are recognised at cost less depreciation and any impairment. There is a risk that these assets are overvalued, and the Group performs annual impairment testing where the future discounted cash flow of the fixed assets is set against its carrying amount. Historically, these tests have not indicated any impairment need.

In addition to non-current assets held, as of 1 January 2019, the Group also recognizes right-of-use assets attributable to leases in the Balance Sheet. Just as for other non-current assets, there is a risk that these right-of-use assets have decreased in value. Where there are indications that the value has decreased, such assets are also tested for impairment.

Financial risks

The Group's operations are exposed to various financial risks, including currency risk, credit risk and liquidity risk. However, Railcare considers these risks to be relatively limited. For more information on risk management and a sensitivity analysis, see Note G3.

Outlook

Based on the Group's positive relations with significant key customers in Sweden, the other Nordic countries and the UK, Railcare assesses that the market outlook is favourable. Railcare has extensive transport and snow removal contracts, providing a solid foundation for its operations. The market conditions are strengthened by major planned infrastructure investments in these countries over the next several years. Railcare's innovative technology development is expected to remain a strong competitive advantage which provides the Company with considerable opportunities for expansion, with new vehicles and working methods being developed that strengthen the position of railways on the logistics market.

The Group's employees and other key resources have the capacity to meet the anticipated high demand, generating favourable conditions for continued profitable growth in 2022.

Proposed distribution of profit

The following profit is at the disposal the Annual General Meeting:

Amounts in SEK	
Share premium reserve	17,446,427
Profit/loss for the year	23,290,673
Total	**40,737,099**

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

A dividend of SEK 0.60 per share to be paid to shareholders, totalling	14,474,500
to be carried forward to a new account	26,262,599
Total	**40,737,099**

Sustainability Report

Sustainability and responsible enterprise are aspects that are integrated in Railcare's operations and customer offering. We believe that this is fundamental to meeting demands for efficient infrastructure and future challenges in a rapidly changing world.

Railcare has Group-wide policies and guidelines that are communicated to the entire Group, as well as local policies and guidelines for the UK. Our policies are decided at Board level and are revised continuously. The policies and guidelines we follow, and which are relevant for sustainability reporting are:

- The Code of Conduct – Everyone in the Railcare Group and our stakeholders shall work from an overall perspective that focuses on ethics, the environment, people and the Company's future. The Code of Conduct applies to employees, customers and suppliers.
- Corporate Governance Policy – Structured corporate governance is critical to ensuring that Railcare complies with laws and regulations and adheres to our values, vision and business concept.
- HSEQ policy – A positive and safe working environment is an important strategic issue for Railcare. The Group's working environment shall be experienced as open, stimulating and positive. We shall provide the right conditions for safe and effective work.
- Electricity and traffic safety policy – Railways are hazardous environments and the Group has a zero tolerance attitude to accidents. Employees shall be highly safety conscious regarding their own personal safety and that of their colleagues, and always follow applicable safety routines. Always safe – or not at all.
- HR-policy – Railcare shall be a value-driven company. This policy clarifies our fundamental values and how these can be applied in practice in the operations.
- Quality Policy – Addresses activities, processes and responsibilities linked to quality, and describes routines for risk management, follow-up and reporting.
- Environmental Policy – By being an innovation leader we deliver climate smart solutions that contribute to a better and more environmentally-friendly society. The Group shall have a corporate culture that considers and integrates sustainability in all operational and strategic issues, as well as business relations and collaborations with other stakeholders.

Sustainability in the value chain

Every employee is required to review the Company's policies and follow the rules and procedures Railcare sets out under the scope of its sustainability work. We also seek to work with suppliers and customers who share our underlying values regarding sustainability.

An analysis of our operations from a sustainability perspective indicates several opportunities and some challenges.

Business development

An area where our innovation strength can make a difference. We can contribute with more sustainable solutions in our industry as long as we continue to find better solutions and drive the development forward.

Sales

We work very closely with our customers, and together we find solutions and develop new ideas in accordance with their needs. Several of these customers are public sector organisations which means that we comply with public procurement law, reducing bribe and corruption risks.

Procurement

Our operations are conducted in Sweden, Scandinavia and the UK, which are also our main markets. Procurement is primarily sourced from within Europe and our largest customers are public companies which are governed by clear guidelines and code of conducts.

Employees

Our employees are a prerequisite for us making the greatest impact. We are a flat organisation enabling good communication channels with the management team. Small ideas can therefore develop into major sustainable solutions for all.

Delivery

Our maintenance machines are currently diesel powered and therefore emissions are generated on projects. A brand new battery-powered MPV, which both reduces emission and improves the working environment, was introduced in 2021. To reduce diesel usage, we are also carrying out motor conversions to stage-V engines.

Surrounding world

The challenge in our industry is that the transition to a new solution can take a long time. However, with our experience and collaboration across the borders, we can be a voice to be heard in the future.

Key areas

To identify significant areas and important issues for Railcare's sustainability work, a materiality analysis, stakeholder analysis and market analysis were performed in 2020. These analyses resulted in four prioritized areas where Railcare's sustainability work can make the biggest difference: *innovation and development, energy consumption, safety and the working environment, and anti-corruption and business ethics.*

These prioritized areas are considered to remain relevant, although the areas may be updated and changed depending on operational progress, the market and the surrounding world.

<u>Global goals, Agenda 2030</u>

Railcare is certain that it can contribute to solutions to several of the current global challenges. Society is central to our business and we are in a position to be involved in driving the transition. We see the UN's global goals as a framework for the future, affording us the opportunity to continuously adapt and improve our sustainability work with a view to the year 2030.

Based on our operations, strategy and materiality analysis we have the greatest opportunity to influence, create long-term value and drive the industry's transition by working towards the five global goals:
7, 8, 9, 12 and 16.

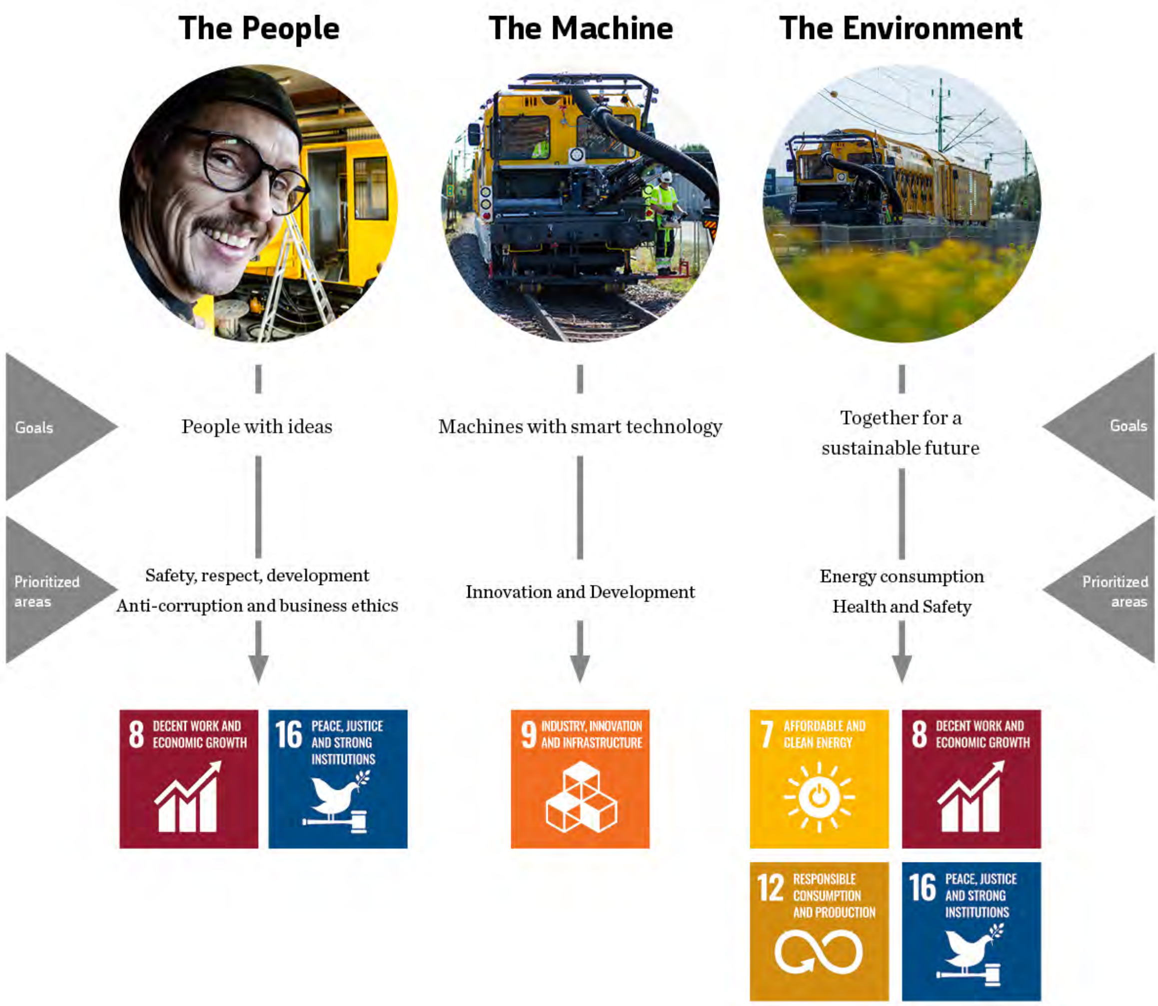
Sustainability strategy

We have identified three areas that we, based on our vision and business concept, see as key to our success. These areas describe our overarching view of the organisation and what we want to focus on to ensure operational progress and continuously improving sustainability work.

The People are our greatest asset. New ideas start with our employees. This is where the Company's drive and commitment can be found. This is where the delivery takes place.

The Machines are our tools. They build on smart technology. They create the right conditions for more sustainable solutions. They take us where we want to go.

The Environment is what we create together. A safe working environment, a better society and more environmentally-friendly solutions.



The people

Targets: People with ideas

When employees thrive, have a stimulating context where they are able to develop, and are given the opportunity to present ideas and solutions, their commitment increases. As an employer, we want to retain and develop these characteristics.

Gender equality, diversity and non-discrimination

It is Railcare's fundamental view that all people are of equal value and that no one should be discriminated against or subjected to abusive discrimination on the grounds of gender identity or expression, ethnic background, religion or other belief, disability, sexual orientation or age. Railcare has a zero tolerance attitude to harassment, bullying and abusive behaviour.

The equality committee meets annually to raise issues and distribute tasks aimed at improving our work relating to equality, equal opportunities and diversity. This includes aspects ranging from producing an equality plan, to where and how we have a presence.

The Company's work on gender equality, diversity and non-discrimination is conducted in accordance with international laws and guidelines.

Human rights

Our customers demand that production and transport of goods used in construction take place under conditions that are compatible with the fundamental rights of all employees in the supplier chain. Given that we have large and public sector customers that are under continuous scrutiny, there are risks associated with not being able to meet these demands relating to human rights.

Our Code of Conduct states that we shall respect the recognized international human rights, the UN's Global Compact, and our internal and external work shall be based on these laws and guidelines. Railcare's Code of Conduct underpins everything we do. The Code of Conduct is an important tool that provides all employees, including contracted personnel, guidance on Railcare's view of its operations and how the Company conducts business. Railcare strives to increase commitment to, and understanding of the importance of following, the Code of Conduct. Potential breaches shall be reported to the relevant line manager or management, who follow up reported incidents.

Anti-corruption and business ethics

Our operations are currently conducted in Sweden, Scandinavia and the UK, which are also our main markets. The main risks relating to potential bribery and corruption in the operations relates to our business relationships: how we act in relation to customers, and what we accept from our suppliers. However, we assess that the risk for bribes and corruption is limited. We do not work with long supply chains and all purchasing is direct from the supplier and mainly within Europe. Our main customers are government-owned companies in Sweden and the UK governed by clear agreements, guidelines and Codes of Conduct that prevent irregularities from occurring.

It is of great importance to Railcare that operations be conducted completely legally and safely. Crime is not accepted, and the objective is for this to be eradicated. Railcare complies with laws and guidelines in terms of improprieties, bribes and corruption. We have a zero tolerance attitude to these three aspects and other similar illegal acts, and if anyone at Railcare were to discover any improprieties, bribes or corruption, they are required to report it to their line manager, Group Management or the Board of Directors. Potential cases that are reported are also followed up by management.

Safety, respect and development

Railcare originated in a family business, and we believe that our corporate culture and values are extremely strong. The corporate culture is not embedded in the buildings where we work. It is present in every individual employee and leader. Our values are present in every idea, every delivery and in all the decision we make.

Our corporate culture is the pre-requisite for an open atmosphere where people are encouraged to present their ideas that develop our business and organisation. We consciously strive to keep our operations in the form of relatively small companies to maintain a familiar atmosphere. This makes everyone closer to each other, and we are able to make faster and better decisions. This also means that it is easier to adhere to our values, and that we are able to discover and correct potential departures faster.

Railcare's employees receive the training, continued education and refresher courses required to carry out their assignments safely and effectively.

Values

Railcare's employees are expected to work and act on the basis of our values which means:

- being results-oriented and ***create value*** for our customers, suppliers, colleagues and thereby the Company as a whole
- continuously ***develop*** their own and others' competencies, and act from a long-term perspective
- take responsibility, keep promises made and treat all people equally and with ***respect***
- work safely – or not at all

Employee survey

Every two years, we conduct an employee survey where from an HSEQ perspective: physical, mental and psychosocial. The results of the survey are reviewed by the health & safety committee, in management meetings and alongside the employees in the respective companies. The employee survey returned good results and potential tendencies towards departures in any area are followed up by the relevant managers.

Internal information

Ongoing internal information is presented in the form of videos of visits to the Group's operations, which has been important for engendering an understanding of the various segments and their challenges, but also to get to know the people that work in the operations. The Group is currently planning to introduce internal information screens to broadcast basic information to complement these videos.

The Company's operations mean that many of our employees work on location during projects, and occasions when everyone can meet in person and network become particularly important. One of management's top priorities once the pandemic lifts is to hold an event with the entire Group, including training days and team-based activities.

Railcare's culture, values and Code of Conduct are in line with Goal 8 and Goal 16 of Agenda 2030 .

Target: People	**Outcome 2021 People**
Everyone in Railcare is aware that the Group has a zero tolerance attitude to irregularities, bribery and corruption.	All new employees have read, understood and signed the Group's Code of Conduct.
We have zero tolerance of irregularities, bribes and corruption	Reported cases = 0 Ongoing investigations = 0
We have zero tolerance of humans rights breaches	Reported cases = 0 Terminated collaborations = 0

The Machines

Target: Machines with smart technology

Innovation is our history, our present and our future. By using smart technology, we strive to be the leading railway specialist.

Innovation and development

Developing innovative solutions and machines with sustainability as our driving force is essential to improving the market. This also ensures business development for Railcare, as it indicates an understanding of our customers' as well as society's needs.

Railcare's core operations are comprised of railway maintenance and transports. The machines currently in use are mainly diesel-powered, meaning that their use causes emissions. We have initiated the transition of the railway industry by introducing an entirely new battery-powered machine in 2021. This innovation and development is entirely in line with current trends in society and ensures competitiveness on the market.

Sustainable innovation contributes to a more sustainable society and industry, and is in line with goal 9 of Agenda 2030.

The battery-powered MPV (Multi Purpose Vehicle) is a vehicle with diverse uses in railway maintenance. The MPV is equipped with its own power source, vacuum pumps, hydraulics and operator cabs, enabling its use as a battery-powered complement to Railcare's railway vacuum cleaner and snowmelter, as well as acting as a towing vehicle for macadam wagons during track works.

The machine was launched in 2021 with excellent results. The big challenge in switching to fully electric railway maintenance machines is that the charging infrastructure alongside the railways is not yet fully developed. Railcare is currently developing more sustainable methods for charging MPVs. By using a pantograph, batteries can be charged directly on the track by picking up power from the wire.

Our operating system follows up the number of hours allocated to innovation and development projects on an annual basis.

Target: Machines	Outcome 2021 Machines
Developing battery-powered machines also results in less noisy machines.	Testing and continued development of MPV in 2021.
Innovation and development, annual average 3 percent of sales in the most recent three-year period.	Expenditure on development of the MPV and engine replacements on shunting locomotives averaged 4.23 percent of sales in the last three years.

The Environment

Target: Working together for a sustainable future

This relates to environmental improvements we can make for the benefit of the surrounding world, as well as the key conditions required for our organisation to ensure a safe working environment.

Energy consumption

An increasing number of Railcare's customers are making demands related to the environment, both public and private sector customers. In our customer agreements, we are required to meet certain general environmental requirements relating to quality and control, as well as site and object specific demands depending on project. Examples of demands that have been added in recent years is the use of electric locomotives wherever possible, specific engine classifications, and types of fuel. Customers have also communicated clear targets relating to increased environmental demands over the coming years.

Railcare's main environmental impact comes from the machines used for railway maintenance. These are largely diesel driven and generate emissions when used. Further environmental impact relates to Railcare's employees travelling to carry out their work, which has an effect on the environment.

Large-scale investments in machines in combination with increased demands on engines and fuel, means that increased environmental demands are both a risk and an opportunity for Railcare. In order to manage the risks associated with increased environmental demands on our operations, we have decided to reduce fossil fuel emissions from our machines and vehicles by 40 percent by 2025. This is an aggressive goal that ensures that the entire operations work towards a clear shared target.

"We will reduce CO2-emissions by 40 percent by 2025."

Railcare currently satisfies the environmental demands made by its public and private sector customers. We are seeing growing environmental awareness throughout the industry, and for Railcare it is important to not only follow this progress, but to take a leadership role as the innovative company we are. In 2021, Railcare launched a fully battery-powered vehicle with diverse areas of use in railway maintenance with excellent results. Reduced emissions in the workplace and less noise are two of the main effects. It can also serve as a large powerbank on the railways that drives other maintenance machines.

Another example of our market leadership is that our customers require engine classification to meet stage III engine standards, while Railcare is already converting to stage V engines.

To further strengthen Railcare's expertise in electric vehicles, we acquired Elpro i Skellefteå AB in 2020. These operations increase the Group's competencies and experience, which allows it to continue to develop electrically powered railway maintenance machines.

Continuous improvements

We consider reducing the Company's environmental impact as part of our ongoing work of continuous improvements. The Group also works continuously in other areas to further reduce energy consumption. This might include reviewing electricity agreements, using electric vehicles alongside the railways, choosing the most environmentally-friendly alternative for business travel and/or reducing volumes of waste and spillages from production. At the supplier level, we ensure that functional working methods are in place that satisfy applicable legislation relating to chemicals, fuels and waste. This is in line with our Environmental Policy: to continuously strive to minimise and reduce our environmental impact without negatively affecting operations.

The changes that reduce our environmental impact support Agenda 2030's Goal 7 and Goal 12.

Railcare seeks to act from a long-term perspective and to assume environmental responsibility. Our environmental work is based on moderate use of natural resources and a commitment to continuously strive to minimise and reduce our environmental impact. Each employee has personal environmental responsibility in the form of their commitment and participation in the Company's environmental work.

We follow up our environmental impact annually by calculating the reduction in fossil fuel emissions for the year. We have clear procedures for how to act in the event of potential environmental incidents.

Railcare holds all necessary permits and licences in the jurisdictions where operations are conducted.

- Railcare T AB is a railway company approved by the Swedish Transport Agency with a licence and safety certificate part A+B, administrator of proprietary infrastructure in Skelleftehamn and Långsele, Sweden, Entity in Charge of Maintenance (ECM) for freight wagons and an ECM-certified provider of freight wagon maintenance.
- Railcare Sweden Ltd. is approved by the industry organisation Railway Industry Supplier Qualification Scheme (RISQS) to provide services to the railway network in the UK.

The above permits and certifications require us to evaluate suppliers in connection with every new appointment of a supplier. In doing this, we follow a check list that includes ensuring that the supplier has documented working methods relating to its quality, environmental and HSEQ work.

HSEQ

The well-being of our employees and stakeholders is critical and health and safety is therefore a matter of the utmost concern for Railcare. We shall maintain a beneficial, safe and secure physical and psychosocial working environment, ensuring that all employees, including sub-contractors, have the best workplace possible. We provide ongoing training in working on and around the railway, and offer health and wellness benefits to all employees and encourage participation in health-positive activities.

The working environment on and around railway tracks makes high demands on awareness of the dangers. Regular rail traffic is often underway adjacent to work sites, and stringent safety regulations apply to railways in Sweden and abroad.

Every year, employees from external companies work on assignments for Railcare during temporary periods. The aim is to maintain business flexibility, manage fluctuations in demand or provide specialist expertise.

Railcare's safety work as described above supports Goal 8 of Agenda 2030.

Railcare always prioritises safety and has clear policies in place that ensure safe working practices. The Company provides continuous training and certifications to ensure knowledge of current regulations and expertise. We also work actively with risk assessments (according to CSM RA), workplace inspections, health & safety inspections and internal audits. In order to increase safety awareness amongst external personnel, Railcare requires that such contractors complete specific safety training before starting work.

Railcare has developed an operating system that is a central component in its safety work. Through the system, all employees (internal and external) have access to important documents via a computer, tablet or mobile phone provided by the company. The operating system includes a specific area relating to safety control. The system stores examples of departures, faulty equipment and vehicle maintenance with traceability and the opportunity for follow-up.

All incidents and potential departures registered in the operating system are followed up in weekly production meetings in each business area. Business Area Managers are responsible for following up and allocating work tasks aimed at preventing incidents and improving health & safety work. These measures are compiled and updated in an action list.

"We work safely – or not at all!"

The health & safety team meets on alternate weeks to review reported incidents. The aim is to pinpoint potential Group-wide measures and actions relating to recurring incidents. The Group also includes a CSM monitoring system, which uses indicators to issue warnings in connection with an excessive number of departures in any particular area.

On the basis of incidents, risk assessments, workplace inspections, health & safety inspections and internal audits, we set targets and produce action plans that are followed up by Group management on a quarterly basis.

Target: Environment	Outcome 2021 Environment
Reduce fossil fuel emissions from our machines and vehicles by 40 percent by 2025 (compared to the base year 2020)	The transition towards lower fossil fuel emissions has started with the development of MPV and the conversion to environmentally-friendly engines in two of the locomotives used in our operations.
Zero vision for railway accidents according to the Swedish Transport Agency's definition*	Zero vision achieved in 2021.

**The accidents included in the figure above shall*

- *be related to moving railway vehicles*
- *be unwanted or unintentional, that is, vandalism and sabotage are excluded.*
- *Comment: Suicide should be included in the figure above. More specific information on each accident/suicide is provided on the "Accident Report" form*
- *should not have occurred in workshops, warehouses or depots (that is, locomotive sheds).*

and have had one or more of the following consequences

- *at least one person died within 30 days*
- *at least one person was so seriously injured that it led to hospital care, more than 24 hours*
- *railway vehicles, railway infrastructure, the environment or property not transported by the railway vehicle suffered damage corresponding to a minimum of SEK 1.4 million (EUR 150,000)*
- *train traffic on the line was shut down for a total of at least 6 hours*

A word from the Chairman of the Board

A proud company with a strong culture that contributes to a sustainable world.

Catharina Elmsäter-Svärd
Chairman of the Board

Railcare is the railway specialist that contributes to more sustainable railways. We offer innovative products and services that increase our customers' reliability, punctuality and profitability, mainly in Scandinavia and the UK.

Competence and innovation are behind Railcare's strong market position. As a railway operator, safety and the working environment are always in focus. We are proud to be a little different, a little strong-willed, and the Company that always finds solutions. This, in combination with clear corporate governance is the explanation for Railcare's success. We are now increasing our ambition by reducing our negative climate impact with high sustainability goals.

During the year we successfully launched our proprietary MPV, a fully battery-powered maintenance machine which has attracted considerable interest. This is one of our contributions to the sector's transition towards increased independence from fossil fuels. We have also set internal goals to reduce our own dependence on fossil fuels, mainly for machines and locomotives.

Railcare shall develop with satisfied customers and positive profitability, thereby increasing shareholder value. This allows us to generate value for our employees, suppliers and other key stakeholders. During the year, changes were made to Group management. A new CEO was appointed to strengthen the Group and ensure progress on our foreign markets. We also gained a strong owner in the form of Norra Västerbotten Fastighets AB.

Railcare is active in a forward-looking industry. We develop key infrastructure for a sustainable society with the ambition of meeting more stringent environmental demands.

The Board continuously develops methods to ensure good internal control, and manage and develop the entrepreneurship that has brought Railcare to its market-leading position in select niches. The Board has high ambitions in corporate governance. During the year, the Audit Committee continued to work effectively. The Board has been able to work effectively during the pandemic-related restrictions.

On behalf of the Board, I would like to thank all the employees and stakeholders that contribute to Railcare's continued success. Thank you.

Catharina Elmsäter-Svärd
Chairman of the Board, Railcare Group AB

Corporate Governance Report

Railcare Group AB (publ), with Reg. No. 556730-7813, is a Swedish public company subject to Swedish law, primarily the Companies Act and the Annual Accounts Act. The Company's registered office is located in Skellefteå, Sweden, and the Company also has offices in Skelleftehamn and Stockholm, Sweden. Railcare Group AB's shares are listed on the Nasdaq Stockholm exchange. Railcare's Articles of Association, its internal guidelines and policies, Nasdaq's rules for issuers and the Swedish Code of Corporate Governance form the basis for Railcare's corporate governance.

Articles of Association

The name of the Company is Railcare Group AB and the Company is a public limited liability company. The Board of Directors shall have its registered office in the Municipality of Skellefteå, Sweden. The Company's operations are to carry out construction operations and sell expert knowledge in the civil engineering industry, as well as other related operations. Amendments to Railcare's Articles of Association are made in accordance with the provisions of the Companies Act. The Articles of Association, which include information on share capital, the number of Board members and auditors, and regulations governing the Notice to convene the AGM and the agenda of the Annual General Meeting are available on the Company's website, www.railcare.se/en/.

Swedish Code of Corporate Governance

Railcare's Corporate Governance Report has been prepared in accordance with the Swedish Code of Corporate Governance, the "Code", and Railcare followed the Code without departures in the financial year 2021.

Shareholders

Railcare's share has been listed on Nasdaq Stockholm Small Cap under the ticker "RAIL" since 2018. According to the share register maintained by Euroclear Sweden, Railcare had 24,124,167 shares as of 31 December 2021. The share capital amounted to approximately SEK 9.9 million and the quotient value is SEK 0.41 per share. All shares are of the same class and have the same voting rights. The largest shareholder as of 31 December 2021 was Norra Västerbotten Fastighets AB at 29.5 percent. Some of Railcare's shareholders are registered abroad or in mutual funds, and are therefore not visible by name in the register of shareholders. For more information on the share and shareholders, see pages 18-21.

Annual General Meeting

In accordance with Railcare's Articles of Association, the Annual General Meeting shall be announced by means of an advertisement in Post- och Inrikes Tidningar (the Swedish Official Gazette) and by making the announcement available on the company's website, www.railcare.se, and by advertising it in Dagens Industri (Swedish financial newspaper). In accordance with the Swedish Companies Act, the Annual General Meeting shall be convened no earlier than six weeks, and no later than four weeks, prior to the Meeting. An Extraordinary General Meeting at which an amendment to the Articles of Association is to be addressed shall be announced no earlier than six weeks, and no later than four weeks, prior to the Meeting, while other Extraordinary General Meetings shall be announced no earlier than six weeks, and no later than three weeks, prior to the Meeting.

Shareholders entitled to attend and vote at the Annual General Meeting, either in person or by proxy with a Power of Attorney, are those entered in the Company's share register maintained by Euroclear Sweden on the sixth (6th) banking day prior to the Annual General Meeting (that is, on the record date) and who notify the Company of their intention to participate no later than the date stated in the announcement of the Meeting. To participate in the AGM shareholders with nominee-registered shares, in addition to registering for participation at the AGM, are required to register shares in their own name to ensure the shareholder is included in the share register on the record date. A shareholder may be accompanied by an assistant at the General Meeting if the shareholders notifies the Company thereof in advance. Each shareholder in the Company registering a matter sufficiently early, is entitled to have that matter addressed by the Annual General Meeting.

Upon written request to the Board of Directors, shareholders are entitled to have matters addressed by the Annual General Meeting. Such requests must have been received by the Board of Directors no later than seven weeks prior to the Meeting. The request shall be addressed to the Board of Directors, but sent to Railcare Group AB, att. Catharina Elmsäter-Svärd, Box 34, SE-932 21 Skelleftehamn, Sweden.

At the Annual General Meeting, information is provided regarding the Company's progress over the preceding year and resolutions are made on key matters. At the Annual General Meeting, shareholders have the opportunity to ask questions about the Company and its earnings for the year in question. To be entitled to participate at the Annual General Meeting and vote in accordance with their shareholdings, shareholders must have been included in the share register and submitted notification of their participation within a certain period.
Shareholders unable to attend in person may vote by proxy.

Annual General Meeting 2021

The Annual General Meeting in Railcare for 2021 took place on 5 May 2021, at 1 p.m. at the Company's premises at Näsuddsvägen 10, in Skelleftehamn, Sweden. Due to Covid-19, Railcare took certain precautionary measures. The aim was to reduce the risk of infection by holding a short and efficient Annual General Meeting with limited interactions, through the following measures:

- The number of functionaries and employees present at the Meeting was minimised.
- No Nomination Committee members, Board members, officials or employees with any symptoms of infection were present at the meeting. Shareholders and proxies were asked to observe the same rule of conduct.
- No refreshments were offered.
- Planned speeches were limited to a minimum to reduce the length of the Annual General Meeting.
- The Annual General Meeting ended immediately after the mandatory items on the agenda had been discussed.

All Board members, members of Group management, the Company's auditor and the majority of the members of the Nomination Committee attended the Meeting, either on site in Skelleftehamn, Sweden or via a digital link. At the Annual General Meeting, 40.34 percent of all shares and votes were represented. The full minutes of the Annual General Meeting and other information regarding the Meeting is available at www.railcare.se. Among other matters, the Annual General Meeting resolved:

- to adopt the Balance sheet, Income Statement and Audit Report, as well as the consolidated Income Statement and consolidated Balance Sheet for the 2020 financial year,
- to distribute the Company's profit by means of a dividend of SEK 0.60 per share,
- to discharge the Board members and CEO from liability,
- to approve remuneration to the Board and auditors in accordance with the Nomination Committee's proposal,
- to re-elect Board members Catharina Elmsäter-Svärd, Ulf Marklund, Anna Weiner Jiffer, Adam Ådin, Anders Westermark and Björn Östlund. Catharina Elmsäter-Svärd was re-elected Chairman of the Board
- to re-elect audit firm Ernst & Young Aktiebolag, with Authorised Public Accountant Fredrik Lundgren as Auditor in Charge, and
- to approve the Remuneration Report for 2020.

Annual General Meeting 2022

Railcare's Annual General Meeting 2022 will take place on 4 May 2022 at 1 p.m. at the Company's premises at Näsuddsvägen 10 in Skelleftehamn, Sweden.

For further information on the Annual General Meeting, please see the Railcare website, www.railcare.se.

Nomination Committee

The most recently approved guidelines for appointing the Nomination Committee and its work were approved by the Annual General Meeting on 08 May 2019.

The Company shall have a Nomination Committee consisting of one member appointed by each of the three largest shareholders by votes based on the ownership statistics the Company receives from Euroclear Sweden AB at the end of the second quarter of the respective year. If the shareholder does not exercise its right to appoint a member, the next largest shareholder by votes shall have the right to appoint a member to the Nomination Committee, and so on. However, no more than a maximum of five other shareholders need to be contacted unless the Chairman of the Board finds special reasons for this. In connection with a new Nomination Committee being appointed, the Chairman of the Board shall contact the three largest identified shareholders in an appropriate manner and encourage them to name the person in writing that the shareholder wants to appoint as a member of the Nomination Committee within a reasonable period of time considering the circumstances that may not exceed 30 days.

The majority of the members of the Nomination Committee shall be independent with regard to the Company and management. The CEO or any other member of management shall not be a member of the Nomination Committee. At least one of the Nomination Committee's members must be independent in relation to the largest shareholder in the Company by votes or group of shareholders collaborating on the Company's management. Board members can be members of the Nomination Committee, but shall not constitute a majority of the Nomination Committee's members. The Chairman of the Board or another Board member shall not be Chairman of the Nomination Committee. If more than one Board member is a member of the Nomination Committee, a maximum of one of such members may be dependent in relation to the Company's largest shareholder.

Information on the appointed Nomination Committee must include names of the three appointed members, alongside the names of the shareholders who appointed them, and shall be made public no later than six months before the planned Annual General Meeting. The Nomination Committee's term in office extends until a new Nomination Committee has been appointed. The Chairman of the Nomination Committee shall be the member appointed by the largest shareholder by votes unless the members agree otherwise.

If one or more of the shareholders that appointed members to the Nomination Committee are no longer among the largest shareholders by votes, members appointed by these shareholders shall relinquish their seats on the Committee and shareholders that have joined the three largest shareholders by votes shall have the right to appoint their members. However, unless special reasons exist, no changes shall be made to the composition of the Nomination Committee if only marginal changes in voting numbers have taken place or if the change occurs after more than two months prior to the Annual General Meeting. Shareholders who appoint a member to the Nomination Committee have the right to release such a member and appoint a new member to the Nomination Committee, as well as appoint a new member if the member appointed by the shareholder chooses to withdraw from the Nomination Committee. Changes to the composition of the Nomination Committee are to be made public as soon as such changes have been made.

The Chairman of the Board convenes the first meeting, and shall ensure that the Nomination Committee promptly receives relevant information on the results of the Board's completed evaluation of their work. Such information shall be provided no later than January and shall include information on the Board's working methods and effectiveness. In addition, the Chairman of the Board shall also serve as an adjunct to the Nomination Committee's meetings when necessary.

The Nomination Committee shall otherwise have the composition and perform the tasks outlined in the Swedish Code of Corporate Governance from time to time. The Nomination Committee's members shall not receive remuneration from the Company. Any overhead costs that arise in connection with the Nomination Committee's work shall be paid by the Company on condition that they have been approved by the Chairman of the Board. Upon request by the Nomination Committee, the Company shall provide human resources, such as a secretarial function, to the Nomination Committee in order to facilitate its work.

Nomination Committee for Railcare Group AB's Annual General Meeting 2022

A Nomination Committee was established in accordance with the guidelines, where the three largest shareholders in terms of votes as of 30 June 2021, appointed one representative each. At the end of November, a major change in the ownership structure took place when the families Marklund and Dahlqvist were no longer the largest shareholders. Their representative, Kjell Lindskog, made his position available, and the new shareholder from the three largest in terms of votes, Ålandsbanken AB, appointed a member to the Committee. Ålandsbanken AB chose to show Kjell Lindskog renewed confidence as their appointed representative on the Nomination Committee.

Ahead of the AGM 2022, the Nomination Committee comprises Lina Ådin, appointed by TREAC AB, Jonas Holmqvist, appointed by Norra Västerbotten Fastighets AB, and Kjell Lindskog, appointed by Ålandsbanken AB. The Nomination Committee appointed Lina Ådin as Chairman. Combined, the members of the Nomination Committee represent 44.9 percent of the total number of shares and votes in the Company (as of 30 November 2021).

Lina Ådin and Jonas Holmqvist are not independent of major shareholders in accordance with the criteria of the Code. Kjell Lindskog is independent in relation to the largest shareholder in the Company by votes or group of shareholders that collaborate on the Company's management. All members are independent in relation to the Company and its management and Railcare's Nomination Committee is therefore in compliance with the criteria of the Code.

The Nomination Committee is tasked with submitting a proposal to the Annual General Meeting regarding the Chairman of the Board and other members of the Board of Directors, and regarding fees and other compensation to each of the Board members for their Board assignments. The Nomination Committee shall also submit a proposal regarding the election and remuneration of auditors. In addition, the Nomination Committee shall submit a proposal regarding the process for appointing a Nomination Committee in preparation for the Annual General Meeting 2022.

The Nomination Committee has also taken into account that Board members shall be able to allocate enough time to their assignments in the Company, which is the case.

The Nomination Committee held no meetings where minutes were kept in 2021, but has held two meetings where minutes were kept in early 2022. No remuneration was paid to the Nomination Committee.

Board of Directors

The Chairman of the Board and Board members are elected annually at the Annual General Meeting for the period until the next Annual General Meeting has been held. Nominations are made by the Nomination Committee consisting of three representatives appointed by Railcare Group AB's largest shareholders, and according to the Articles of Association, the Board of Directors shall consist of five to seven members.

The Board of Directors is the second highest decision-making body after the General Meeting. Chapter 8 of the Swedish Companies Act describes the Board's responsibilities, which include the Company's organisation and the management of the Company's affairs, as well as continuously assessing the Company's and, if the Company is the Parent Company in a Group, the Group's financial position. Two of six members of Railcare Group AB's Board of Directors are women.

For more information on the Board, see pages 48-49.

Diversity Policy

The Company complies with the Code and thereby applies rule 4.1 of the Code. The Company has also prepared a Diversity Policy that the Nomination Committee also follows for proposals on Board members.

Excerpts from Railcare's Diversity Policy:
According to the Articles of Association of Railcare Group AB (publ), the Board must consist of five to seven members. The Nomination Committee shall provide proposals on the election or re-election of Board members prior to the General Meeting. The Nomination Committee shall take into account age, gender, education and professional background, and propose a Board with the scale and composition that ensures its ability to manage the Company's affairs with integrity and efficiency. The Board of Directors, which the Nomination Committee proposes, shall have a suitable composition considering the Company's operations, development stage and other conditions, and be characterised by diversity and breadth in terms of competencies, experience and background of the members elected by the General Meeting. An even gender distribution shall be sought when electing Board members.

The Nomination Committee shall also consider Guidelines for suitability assessments of members in management bodies and senior executives (EBA/GL/2012/06) and other specific regulatory requirements regarding the composition of the Board.

Independence of the Board of Directors

According to the Code, a majority of the Board's members shall be independent in relation to the Company and Group Management, and at least two of such Board members shall also be independent in relation to the Company's major shareholders. A majority of Railcare's Board members are independent. Of the Board's six members, four members are independent in relation to major shareholders and five members are independent in relation to Railcare and its senior executives.

Composition of the Board

Name	Catarina Elmsäter-Svärd	Anna Weiner Jiffer	Adam Ådin
Role on the Board of Directors	Chairman of the Board, elected 2016	Board Member, elected 2016	Board Member, elected 2017
Born	1965	1971	1980
Position	Chairman of the Board and Chairman of the Remuneration Committee.	Board Member and member of the Remuneration Committee.	Board Member, Chairman of the Audit Committee and member of the Remuneration Committee.
Education	Graduate market economist from RMI-Berghs.	Master of Science in Civil Engineering and Innovation Management and Entrepreneurship from Chalmers University of Technology.	MA in Business Administration from Umeå University.
Other significant assignments in progress	Catharina is Chairman of the Board of AB Elmsäters i Enhörna. She is CEO at Byggföretagen.	Anna is Chairman of the Board in Beans in Cup Holding AB, HållbarTillväxt AB and Polynova AB. She is Board Member of LC-Tec AB and Fortinova AB and owner and Senior Management Consultant in Business and Company development at Serendipity AB.	Adam is Chairman of the Board in Ambra Nord AB, Ambra AB, Maud & Samme Lindmarks Familjestiftelse, Karlfast AB, Stilmek AB and Garga Group AB. He is Board Member of, among others, TREAC Aktiebolag, Zone Systems AB, Transforma Invest Aktiebolag, AC Invest AB, Treac Innovation AB and Chamber of Commerce in Västerbotten. He is CEO at TREAC Aktiebolag. He is a deputy Board Member of Bjurbacka AB and Ferex Produktion AB.
Other experience	Catharina has been a member of the Riksdag (Swedish Parliament) for 11 years and was Minister for Infrastructure between 2010-2014. She is Chairman of the Board of the Institute for Future Studies and of the Swedish Council of Higher Education.	Anna was previously a Board Member and CEO of Real Holding i Sverige AB (publ), CEO and founder of Ellen AB and Q-Sense AB as well as Global Business Area Manager at IKEA of Sweden. She was also Board Member at Railcare Group during 2007-2011.	Adam has experience in financial management, financing, management and business development in the role of senior executive.
Independent in relation to Railcare and its senior executives	Yes	Yes	Yes
Independent in relation to major shareholders	Yes	Yes	No
Shareholding in Railcare Group AB (including related parties)	Catarina holds 2,925 shares in Railcare Group AB through AB Elmsäters i Enhörna.	Anna holds 5,000 shares in Railcare Group AB.	Adam holds 75,000 shares in Railcare Group AB and represents 2,415,000 shares through TREAC Aktiebolag.
Attendance at Board meetings	7/8	8/8	8/8
Attendance at Annual General Meeting	Yes	Yes	Yes
Audit Committee	-	-	5/5, Chairman
Remuneration Committee	1/1, Chairman	1/1	1/1
Remuneration 2021	SEK 200,000	SEK 100,000	SEK 100,000

Composition of the Board cont’d.

Name	Anders Westermark	Björn Östlund	Ulf Marklund
Role on the Board of Directors	Board Member, elected 2018	Board Member, elected 2019	Board Member, elected 2007
Born	1959	1957	1954
Position	Board Member and member of the Audit Committee and the Remuneration Committee.	Board Member and member of the Audit Committee and the Remuneration Committee.	Board Member and deputy CEO in Railcare Group AB.
Education	Graduate economist from Linköping University and has completed the Stockholm School of Economics’ “Executive Education” program.	Graduate civil engineer in industrial economics from Linköping University.	Training from construction engineering programme at two-year vocational school.
Other significant assignments in progress	Anders is the Investment Manager for Norra Västerbotten Förvaltning AB and Chairman of the Board at TREAC AB, Grit Media AB and Samköpsgruppen TU and Board Member of several media, property and investment companies.	Björn is Chief Operating Officer of AFRY Infrastructure Division.	Ulf is Chairman of the Board and CEO of Matech Marin AB. He is Board Member at UAM Invest AB, Kurjovikens Havsmarina AB, Kurjovikens Bränneri AB and Fermenteriet AB.
Other experience	Anders has previous experience as CEO in the areas of interior design, construction and financial control.	Björn’s previous experience includes senior positions within ÅF and the Swedish Transport Administration. He has been Deputy Director General of Banverket (former Swedish Rail Administration), Head of Traffic, Head of the Delivery Division at Banverket, Head of Banverket Planning and Head of Banverket Production (now infranord). He has worked in transport infrastructure since 1994 with Board Assignments for Botniabanan (Bothina Line) and the Tågoperatörerna (train operators) Trade Organisation.	Ulf is an innovator and developer. Ulf co-founded Railcare Group AB and was previously its CEO.
Independent in relation to Railcare and its senior executives	Yes	Yes	No
Independent in relation to major shareholders	No	Yes	Yes
Shareholding in Railcare Group AB (including related parties)	Anders holds 108,500 shares in Railcare Group AB. Anders represents Norra Västerbotten Fastighets AB with 7,121,395 shares in Railcare Group AB.	Björn holds 1,502 shares in Railcare Group AB.	Ulf holds 71,000 shares in Railcare Group AB through Fuerson Management Limited AB.
Attendance at Board meetings	8/8	8/8	8/8
Attendance at Annual General Meeting	Yes	Yes	Yes
Audit Committee	5/5	5/5	-
Remuneration Committee	1/1	1/1	-
Remuneration 2021	SEK 100,000	SEK 100,000	-

Work of the Board of Directors

In 2021, Railcare's Board of Directors comprised Catharina Elmsäter-Svärd (Chairman), Ulf Marklund, Anna Weiner Jiffer, Adam Ådin, Anders Westermark and Björn Östlund.

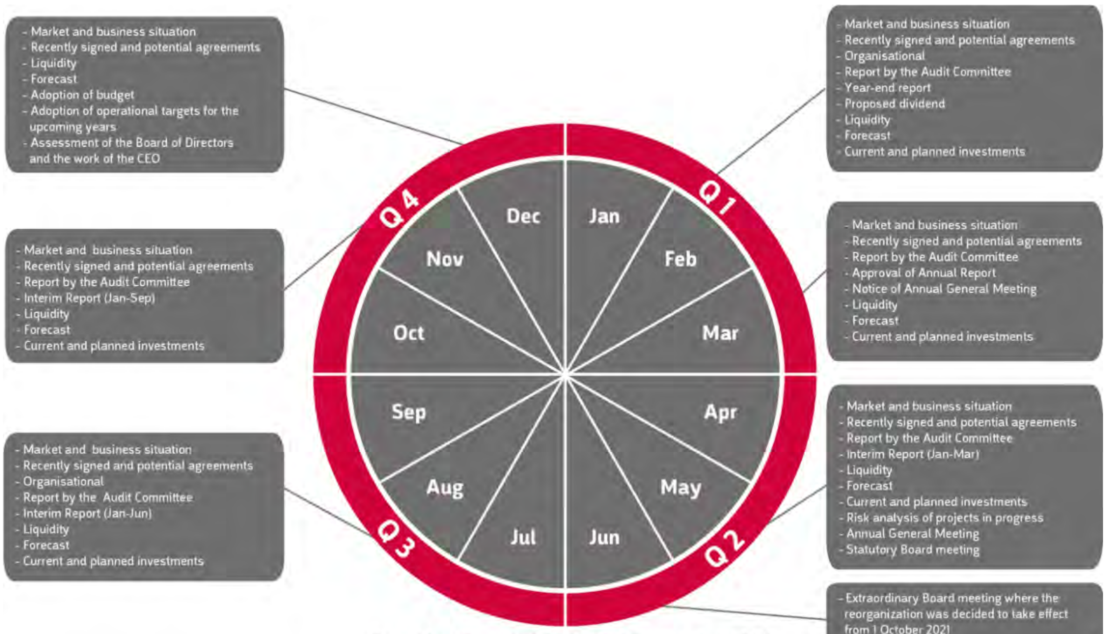
The Board held eight Board meetings where minutes were kept in the year. The CEO and CFO participate in each Board meeting and report on the Company's current situation, including market conditions and the business position. Other employees may participate during Board meetings when necessary. In the parts where the Board discusses the CEO, the CEO, Deputy CEO and CFO do not participate. Once a year, the work of the CEO is evaluated. Attendance at Board meetings during the year is presented in the table on pages 48-49.

The Board's formal work plan is established at the statutory Board meeting held directly after the Annual General Meeting. The Board's formal work plan presents the duties that the Board is to carry out and when each agenda item shall be addressed, depending on the Board meeting and quarter. Examples of duties include determining the Company's business plan including budget, overall goals and strategies, appointing, evaluating and when necessary dismissing the CEO, adopting Interim Reports, the Year-end Report and Annual Report, and ensuring that the Company has good internal control. The Board has also adopted instructions for the CEO that outline the CEO's responsibilities and duties.

The Chairman of the Board is responsible for ensuring that Board members, through the care of the CEO, continuously receive the information necessary to monitor the company's position, performance, liquidity, financial planning and progress. It is incumbent on the Chairman to fulfil the Annual General Meeting's assignment regarding the establishment of a Nomination Committee.

In addition to the statutory Board meeting, the Board of Railcare Group AB shall hold at least seven meetings per calendar year and extraordinary meetings shall be held if a Board member or the CEO so request. Prior to each Board meeting, information and documentation is distributed over a digital system.

For Board members elected by the Annual General Meeting who are not employees and members of the Board's various committees who are not employees, Board fees were paid at an amount of SEK 200,000 to the Chairman of the Board and SEK 100,000 to each of the other Board members.



Excerpt from the work of the Board of Directors during 2021

Audit Committee

In 2021, the Audit Committee, a committee of the Board of Directors, comprised Adam Ådin, (chairman), Anders Westermark and Björn Östlund. The Audit Committee is a preparatory body within the Company's Board of Directors that shall, for example, safeguard that the Board of Directors meets its supervisory responsibilities with regard to internal control, risk management, accounting and financial reporting, as well as compliance. The work of the Audit Committee is regulated by special instructions adopted by the Board of Directors as part of its Rules of Procedure. In this connection, the Audit Committee shall contribute in particular to good financial reporting and to maintaining the market's confidence in the Company. The Audit Committee shall ensure qualified, efficient and independent external auditing of the Company and effective communications between the Board of Directors and the external Auditor.

The Audit Committee shall normally meet at least five times per calendar year. Once a year, a meeting should be held at which no member of management is present. Minutes shall be kept of the meetings of the Audit Committee. The Audit Committee shall inform the Board of Directors of what has been discussed by the Committee.

In 2021, the Audit Committee held five meetings, four of which were held in connection with the quarterly financial statements. Discussions primarily concerned the Company's profit and financial position, internal control, risk management, quarterly reports, etc.

Remuneration Committee

The Board of Directors has decided not to set up a specific Remunerations Committee, instead finding it more appropriate that the entire Board perform the tasks of the Remunerations Committee (excluding Board members who are also members of Group management).

The duties of the Remunerations Committee are:

- to approve proposals for guidelines for remuneration to senior executives, for subsequent adoption by the Annual General Meeting,
- to set guidelines for individual remuneration to the CEO, and propose guidelines to the CEO for individual remuneration to other senior executives, thereby ensuring that these proposals are in accordance with the Company's remuneration principles established by the Annual General Meeting, and
- to monitor the system by which the Company complies with the law, applicable stock exchange regulations and the Swedish Code of Corporate Governance regarding regulations on the disclosure of information related to remuneration to senior executives.

During 2021, the members of the Remuneration Committee were Catharina Elmsäter-Svärd (chairman), Anna Weiner Jiffer, Adam Ådin, Anders Westermark and Björn Östlund. The Remuneration Committee consists of the entire Railcare Board of Directors, excluding Ulf Marklund, according to point 9.2 of the Code. The Remuneration Committee is convened as necessary and held one meeting where minutes were kept in 2021.

Assessment of the work of the Board of Directors

At the end of the year, the Board of Directors' work is assessed with the aim of improving the work and efficiency of the Board of Directors. The Chairman of Railcare's Board of Directors, Catharina Elmsäter-Svärd, is responsible for the assessment and for presenting it to the Nomination Committee. At the end of 2021, the Chairman of the Board distributed a survey to which all members were required to respond. The responses were collected and presented to the full Board of Directors. The results of the assessment were then submitted to the Nomination Committee at a minuted meeting.

CEO and Group management

In 2021, changes were made to Group management. During the year, Group management comprised:

- *Daniel Öholm* – CEO until 30/9, Business Area Manager UK from 1 October
- *Mattias Remahl* - CFO from 15 February, CEO from 1 October
- *Jonny Granlund* –Business Area Manager Construction Sweden and Transport
- *Ulf Marklund* – Deputy CEO
- *Sofie Dåversjö* – Head of IR and Communications (parental leave September – December)

During Sofie Dåversjö's parental leave, Lisa Borgs, interim Head of IR and Communications, joined management. Mikael Forsfjäll, formerly CFO, joined management in January and February. For more information on Group Management, see pages 53-54.

The CEO leads the operating activities according to internal and external steering documents and is responsible for reporting on the Group's development to the Board of Directors. The CEO and CFO participate at Board meetings and Audit Committee meetings to report and present the Group's information according to the decided steering documents. Group Management meets once a month, except in July, with a focus on operational governance of the operations, and follow-up of the budget and strategic issues.

Group Management meetings are held in conjunction with meetings for Railcare's operational managers, who report on the various operations (companies). Group Management receives this information through the CEO and CFO and makes decisions on matters concerning the entire Group. Group Management has fixed agenda items for its meetings, of which one is addressing any insider matters. Potential insider matters can also be taken up continuously and when necessary, separate meetings are held for Group Management linked to the insider matters. The information considered necessary to address in the Board is taken there.

Group Management

Name	Mattias Remahl	Ulf Marklund	Daniel Öholm
Born	1976	1954	1971
Position	CEO and CFO	Deputy CEO	Business Area Manager UK
Education	Bachelor of Business Administration, Luleå University of Technology.	Training from construction engineering programme at two-year vocational school.	Technical college graduate with construction focus.
Other significant assignments in progress	Mattias is Board Member of Humivic AB and Kurjovikens Bränneri AB.	Ulf is Chairman of the Board and CEO of Matech Marin AB. He is Board Member at UAM Invest AB, Kurjovikens Havsmarina AB, Kurjovikens Bränneri AB and Fermenteriet AB.	Daniel is a Board Member of Deinceps AB and Sveriges Järnvägsentreprenörer AB.
Other experience	Mattias has 16 years of experience from the metal and mining group Boliden, where he was, among other things, CFO of the Mining Business Area and Group Tax Manager.	Ulf is an innovator and developer. Ulf co-founded Railcare Group AB and was previously its CEO.	Daniel has worked at Banverket and NCC and has more than 20 years of experience in the railway industry, both in private business and as a government commissioner. He has extensive and solid experience of maintenance, new construction and contracting, and as a company manager.
Shareholding in Railcare Group AB (including related parties)	Mattias holds 100,000 shares through Humivic AB.	Ulf holds 71,000 in Railcare Group AB through Fuerson Management Limited AB.	Daniel holds 25,000 shares in Railcare Group AB.
Employed	2021	1992	2010
Member of Group Management since	2021	1992	2010

Group Management cont'd.

Name	Jonny Granlund	Sofie Dåversjö
Born	1967	1988
Position	Business Area Manager Scandinavia	IR and Communications Manager
Education	High school, two-year workshop technical line.	Degree of Master of Science in Business and Economics with focus on Organisational Leadership from Örebro University.
Other significant assignments in progress	Jonny is CEO and Board Member of JOTAG AB.	Sofie has no other ongoing assignments as a member of any administrative, management, or control bodies or as a share-holder.
Other experience	Jonny has previously wor-ked at Banverket Indu-stridivisionen as Project Manager and Site Manager for major maintenan-ce and investment work in the Eastern, Central and Northern regions in Sweden. Jonny has more than 30 years of experience working within the railway industry.	Sofie has worked with the management and Board of Di-rectors of Enea AB (publ), listed on Nasdaq Stockholm (Small Cap). During her time at Enea, Sofie worked as Communica-tions Manager, Investor Rela-tions, Investor Relations Coor-dinator and Executive Assistant.
Shareholding in Railcare Group AB (including related parties)	Jonny holds 103,213 shares in Railcare Group AB.	0
Employed	2007	2017
Member of Group Management since	2021	2017

Auditors

According to Railcare's Articles of Association, the Company shall have one or two auditors, or an authorised firm of auditors examine the Company's annual accounts and the administration by the Board of Directors and the CEO. The Company's current Auditor is the registered audit firm Ernst & Young Aktiebolag. The audit firm was appointed Auditor in 2007 and was re-elected at the 2021 Annual General Meeting. Fredrik Lundgren, Authorised Public Accountant and member of FAR (industry organisation for accounting consultants, auditors and advisers in Sweden), was re-elected as Auditor in Charge at the Annual General Meeting on 05 May 2021 for the period until the 2022 Annual General Meeting.

Each year, the Company's auditors report their observations from the audit to the entire Board in connection with the closing of the annual accounts. The Board also meets with the company's auditors at least once a year, without the presence of Group Management, to learn about the direction and scope of the audit and to discuss the coordination between the external audit and internal control and the view regarding the company's risks.

In 2021, the Company's auditors participated in two meetings with the Audit Committee, primarily addressing the audit of the annual accounts for 2020, as well as the review of the Interim Report for January-September 2021. In connection with one of these meetings, the

Audit Committee met with the Company's Auditor without the presence of Company management.

Remuneration to senior executives

Guidelines for remuneration to senior executives are decided at the AGM, based on a proposal from the Board's Remuneration Committee. On the basis of the remuneration principles determined by the AGM, the Remuneration Committee decides on guidelines for individual remuneration to the CEO and proposes guidelines for individual remuneration to other senior executives in Group management.

The AGM 2020 decided on guidelines for remuneration to and other employment terms for senior executives. These guidelines are described in Note G8, and are available in their entirety on the Company's website, www.railcare.se. The guidelines essentially mean that the Company shall offer its senior executives remuneration on market terms and that the criteria in connection with this shall comprise the senior executive's responsibilities, role, competencies and position.

In 2021, the Remuneration Committee had one meeting where minutes were kept which reviewed and discussed the applicable remuneration based on the set guidelines. No departures were noted. The Committee delegated the task to the Chairman to make a final decision on the CEO's salary review.

According to ABL, the Board must prepare a proposal for new remuneration guidelines when there is a need for significant changes to the guidelines, but at least every four years. The Board considers there to be no need for changes and takes the view that the current guidelines ought to continue to apply.

Internal control of financial reporting

Railcare's Board of Directors and CEO are responsible for internal control, which is regulated by the Companies Act, the Annual Accounts Act and the Swedish Code of Corporate Governance. The Audit Committee is tasked with monitoring Railcare's internal control, primarily so that external reports are prepared in accordance with applicable legislation, but also so that Railcare's internal regulations are complied with.

The purpose of the internal control of financial reporting is to ensure that the external financial reporting is reasonably reliable and prepared in accordance with generally accepted accounting principles, that applicable laws and regulations are followed, and to ensure compliance with the requirements imposed on listed companies.

Railcare's internal control model is based on frameworks developed by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"). The framework has five basic components, which are presented below.

Control environment

The control environment forms the basis for the internal control of financial reporting and a key part of maintaining good internal control is that decision paths, authorisations and responsibilities are clearly distributed and communicated within the organisation. Examples of documents regulating this are the Rules of Procedure for the Board of Railcare Group AB, Instructions to the CEO of Railcare Group AB, Instructions to the Audit Committee, Finance Policy and the Financial Handbook.

The Group is divided into business units. Within each business unit, a Business Area Manager is responsible for meeting targets and budgets, as well as governance issues. Railcare's organisational structure is communicated in the Group's operating system, QMS, so that responsibilities and roles are clear to all who work with financial information. The Financial Handbook for Railcare Group establishes the division of roles and responsibilities for the employees who work with financial reporting. The Financial Handbook includes the Group's accounting principles, as well as reporting schedules and instructions to ensure that the accounting is uniform and conducted in a timely manner.

The Financial Policy sets overarching targets and guidelines for financial risk and for how financial activities are to be conducted. The Financial Policy also sets out how the responsibility for the financial activities is to be distributed and how the risks are to be managed and reported. The Financial Policy includes instructions on how the ongoing operations are to be conducted.

Risk assessment and risk management

Within Railcare, systematic efforts are conducted with regard to how risks are to be assessed and managed in terms of operational, strategic and financial risks.

The Board of Directors establishes principles and guidelines for the Company's risk management, while the operational responsibility lies with the CEO. The Board of Directors has established an Audit Committee that continuously addresses matters of risk management and the internal control of financial reporting. The Audit Committee bears a responsibility delegated from the Board of Directors to prepare matters related to internal control of financial reporting and to follow up on measures connected to risk management.

Risks identified within the Group are assessed annually by management with the aim of identifying new risks and updating the Company's view on previously identified risks. This assessment maps and evaluates the risks identified based on their impact and probability. This evaluation is presented to the Audit Committee and the Board of Directors annually.

Significant risks that may affect financial reporting include items based on estimates and assessments, such as property, plant and equipment and revenue recognition. Financial risks such as liquidity, currency and credit risk are managed by Group management and the Board of Directors based on the adopted Financial Policy.

Each month, the CEO presents the Board with the financial results for ongoing follow-up and evaluation by the Group. The financial reports are distributed via the Group's operating system, with different levels of authorisation, which prevents unauthorised individuals from accessing confidential material. In connection with meetings of the Audit Committee and the Board, more detailed information is presented in the form of profit and liquidity forecasts, for example.

Control activities

Railcare's control structure is designed to manage the risks considered by the Board of Directors to be significant for the internal control of financial reporting. Control activities include managing the risks considered by the Board of Directors to be significant to internal control, and control activities are also designed to enable employees to detect or prevent risks of errors in the reporting at an early stage. The effectiveness of the controls is assessed by individuals selected from within the organisation, and the results are compiled annually at the Group level and presented to the Audit Committee and the Board of Directors.

Examples of control activities include monthly follow-up meetings with managers in the various business units, and profit forecasts are continuously followed up and updated. Other control activities are aimed at ensuring that the company's non-current assets are correctly valued and include reviewing the investment budget and quarterly matching of the asset registers. Intangible assets with an indefinite useful life (goodwill) are not impaired, but are tested for impairment annually. Assets that are depreciated or amortised are assessed for a reduction in value whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. Impairment losses are registered at the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and value in use. When assessing impairment requirements, assets are grouped at the lowest level at which there are essentially independent cash flows (cash-generating units).

The Company's CFO is responsible for ensuring that control measures for financial reporting are maintained and followed, and works with and monitors control activities alongside the finance department throughout the year. Railcare continuously works to improve and develop its internal control of financial reporting.

The Board of Directors has assessed that Railcare does not need a specific internal audit function. Given the size and character of the operations, combined with existing reporting to the Board of Directors and the Audit Committee, this is not considered financially justifiable. The established control system is deemed sufficient to safeguard the quality of financial reporting.

Information and communication

Railcare's steering documents, in the form of policies, are adopted annually by the Board of Directors. Guidelines and instructions are updated when required by the relevant individual responsible in accordance with Guidelines for managing steering documents. All steering documents are accessible via QMS and this is regulated based on specific levels of authorisation to ensure that employees have access to necessary and relevant information.

Railcare's Communications Policy and Insider Policy describe how the Group should handle matters connected with internal and external communications, how insider information should be handled, and how responsibilities are distributed within the Company.

Internal communication is conducted on an ongoing basis throughout the Group. Information in the form of newsletters and videos are distributed by email several times a year to all employees in the Group. This ensures all employees are updated and informed about what is happening in the Group and the various operations. Although Railcare's employees meet in person, meetings are also held digitally via Microsoft Teams and over the phone.

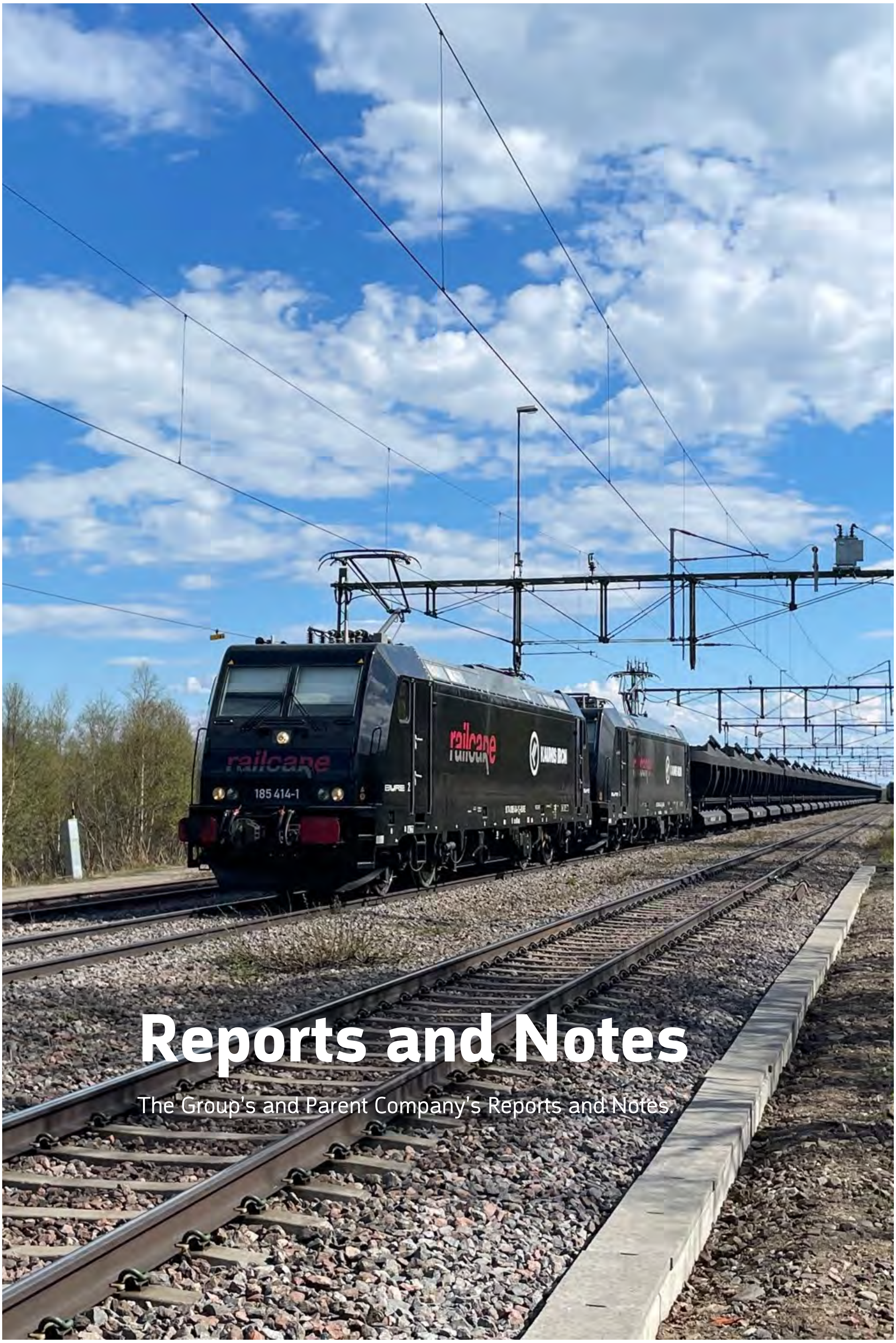
Railcare's external communications are conducted predominantly via the Company's website. The website is constantly updated with essential information for external stakeholders and updated in accordance with the laws and regulations and guidelines that Railcare follows as a company listed on the Nasdaq Stockholm exchange. Examples include updating documents relating to investor relations, such as Interim Reports, Annual Reports, materials for general meetings, etc.

Review

Compliance and efficiency of internal control is followed up by the CEO and CFO who in turn report to the Audit Committee and the Board of Directors. Group management meets monthly focusing on the operational governance and, where necessary, discusses necessary measures for effective internal control. Each month, the CEO presents a summary report to the Board via QMS containing information about the Group's and segments' results compared to earlier periods. Ahead of each regular Board meeting, the Board is presented with more extensive and detailed reporting. These reports present prevailing market conditions, risks associated with ongoing projects and potential departures from the forecast and budget.

The CFO is responsible for ensuring that analyses and comments presented to the Board of Directors are accurate and that the Board and the Audit Committee receive all relevant information and materials, so that the Board and the Audit Committee have a timely and accurate picture of the internal control of financial reporting.

The Board of Directors evaluates the risks associated with the internal control of financial reporting continuously and reports this to the CEO and CFO, who communicate the observations made by the Board to the organisation and ensure that appropriate measures are implemented. In this work, the Board is guided by principles and guidelines, and compliance is monitored throughout the year in continuous dialogue at Audit Committee and Board meetings. The internal control is assessed to be effective.



Reports and Notes

The Group's and Parent Company's Reports and Notes.

Financial statements – Group

Consolidated Statement of Comprehensive Income

Amounts in SEK 000	Note	Jan-Dec 2021	Jan-Dec 2020
Net sales	G5	437,946	401,301
Capitalised work on own account		8,341	16,217
Other operating income	G6,G12	6,359	3,603
Total		**452,646**	**421,120**
Raw materials and consumables		-140,987	-121,740
Other external costs	G10	-62,858	-58,868
Personnel costs	G8	-138,950	-124,575
Depreciation, amortisation and impairment of tangible and intangible assets and ROU assets		-52,096	-53,266
Other operating expenses	G7,G12	-1,536	-2,285
Total operating expenses		**-396,426**	**-360,733**
Operating profit/loss (EBIT)		**56,219**	**60,386**
Financial income		57	2
Financial expenses		-4,427	-4,820
Net financial items	G11, G12	**-4,370**	**-4,818**
Share of profit after tax from associated companies reported according to the equity method		-182	347
Profit/loss before tax		**51,667**	**55,915**
Income tax	G13	-11,152	-12,139
Profit/loss for the year		**40,514**	**43,776**
Other comprehensive income:			
Items that may be reclassified to profit/loss for the year			
Exchange rate differences from the translation of foreign operations		250	-389
Other comprehensive income for the year		**250**	**-389**
Total comprehensive income for the year		**40,764**	**43,387**

The profit/loss for the year and the total comprehensive income are entirely attributable to the Parent Company's shareholders

Amounts in SEK	Note	Jan-Dec 2021	Jan-Dec 2020
Earnings per share before dilution	G14	1.68	1.82
Earnings per share after dilution	G14	1.68	1.82
Average number of shares		24,124,167	24,036,128
Number of shares outstanding on the reporting date		24,124,167	24,124,167

The notes on pages 65-107 constitute an integrated part of these consolidated financial statements.

Consolidated Statement of Financial Position

Amounts in SEK 000	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Intangible assets	G15		
Capitalised development costs		967	1,830
Patents		263	299
Goodwill		7,293	7,274
Transportation licence		1,441	685
Total intangible assets		**9,964**	**10,088**
Property, plant and equipment	G16		
Buildings and land		35,975	33,257
Locomotives and wagons		132,579	135,316
Mobile machinery		145,762	155,562
Vehicles		5,761	6,521
Equipment, tools, fixtures and fittings		6,092	5,898
Construction in progress		92,151	66,907
Total property, plant and equipment		**418,319**	**403,461**
Financial non-current assets			
Holdings reported according to the equity method	G17	-	832
Deposits	G18	-	658
Deferred tax assets	G26	725	925
Other non-current receivables	G18	3,954	3,954
Total financial non-current assets		**4,679**	**6,369**
Total non-current assets		**432,962**	**419,918**
Current assets			
Inventories	G20		
Raw materials and consumables		14,414	11,865
Work in progress		13,555	7,659
Total inventories		**27,968**	**19,524**
Current receivables			
Accounts receivable	G19	46,543	44,905
Current tax receivables		1,030	655
Other current receivables	G21	1,597	1,809
Prepaid expenses and accrued income	G22	9,306	9,792
Total current receivables		**58,475**	**57,161**
Cash and cash equivalents	G23	38,560	24,785
Total current assets		**125,003**	**101,470**
TOTAL ASSETS		**557,965**	**521,388**

The notes on pages 65-107 constitute an integrated part of these consolidated financial statements.

Consolidated Statement of Financial Position, cont.

Amounts in SEK 000	Note	31/12/2021	31/12/2020
EQUITY	G24		
Share capital		9,891	9,891
Other capital provided		19,830	36,565
Reserves		1,530	1,280
Retained earnings (profit/loss for the year included)		189,899	147,124
Total equity attributable to Parent Company shareholders		**221,150**	**194,861**
LIABILITIES			
Non-current liabilities	G25		
Deferred tax liabilities	G26	48,158	38,170
Liabilities to credit institutions		97,041	107,659
Lease liability		48,062	33,654
Total non-current liabilities		**193,261**	**179,483**
Current liabilities	G25		
Lease liability		10,945	26,045
Liabilities to credit institutions		61,668	59,494
Accounts payable		26,057	25,139
Prepayments from customers		9,382	5,848
Current tax liabilities		356	861
Other liabilities	G27	7,046	2,680
Accrued expenses and deferred income	G28	28,101	26,977
Total current liabilities		**143,554**	**147,044**
TOTAL EQUITY AND LIABILITIES		**557,965**	**521,388**

The notes on pages 65-107 constitute an integrated part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

		Attributable to Parent Company shareholders				
Amounts in SEK 000	**Note**	**Share capital**	**Other capital provided**	**Reserves**	**Retained earnings including profit/loss for the year**	**Total equity**
Opening balance as of 1 January 2020	G24	**9,435**	**32,178**	**1,669**	**110,589**	**153,871**
Profit/loss for the year		-	-	-	43,776	43,776
Other comprehensive income		-	-	-389	-	-389
Total comprehensive income		**-**	**-**	**-389**	**43,776**	**43,387**
Transactions with shareholders						
Conversion of debenture		456	4,387	-	-	4,843
Dividend		-	-	-	-7,237	-7,237
Closing balance as of 31 December 2020		**9,891**	**36,565**	**1,280**	**147,124**	**194,861**
Opening balance as of 1 January 2021	G24	**9,891**	**36,565**	**1,280**	**147,124**	**194,861**
Transfer in equity due to dividend paid in previous years		-	-16,735	-	16,735	0
Profit/loss for the year		-	-	-	40,514	40,514
Other comprehensive income		-	-	250	-	250
Total comprehensive income		**-**	**-**	**250**	**40,514**	**40,764**
Transactions with shareholders						
Dividend					-14,475	-14,475
Closing balance as of 31 December 2021		**9,891**	**19,830**	**1,530**	**189,899**	**221,150**

The notes on pages 65-107 constitute an integrated part of these consolidated financial statements.

Consolidated Cash Flow Statement

Amounts in SEK 000	Note	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities			
Operating profit/loss (EBIT)		56,219	60,386
Adjustment for non-cash items	G31	49,371	51,835
Interest paid		-4,427	-4,784
Interest received		57	2
Income tax paid		-1,782	-1,756
Cash flow from operating activities before changes in working capital		**99,438**	**105,683**
Cash flow from changes in working capital			
Increase/decrease in inventories		-8,597	2,788
Increase/decrease in operating receivables		502	-26,136
Increase/decrease in operating liabilities		8,894	516
Total changes in working capital		**799**	**-22,832**
Cash flow from operating activities		**100,237**	**82,851**
Cash flow from investing activities			
Investments in intangible assets	G15	-957	-462
Investments in property, plant and equipment	G16	-42,220	-53,410
Investments in other financial non-current assets		-	-2,617
Withdrawals from associated companies		200	200
Divestment of associated companies		450	-
Divestment of property, plant and equipment		3,645	2,150
Cash flow from investing activities		**-38,882**	**-54,139**
Cash flow from financing activities	G32		
Loans raised		19,200	34,020
Amortisation of loans		-27,645	-24,006
Amortisation of lease liabilities		-24,982	-28,600
Dividend paid		-14,475	-7,237
Cash flow from financing activities		**-47,902**	**-25,823**
Cash flow for the period		**13,453**	**2,889**
Cash and cash equivalents at the beginning of the period		24,785	22,012
Exchange rate difference in cash and cash equivalents		321	-116
Cash and cash equivalents at the end of the period	G23	**38,559**	**24,785**

The notes on pages 65-107 constitute an integrated part of these consolidated financial statements.

Notes – Group

Note 1 General information

Railcare Group AB (publ), (”Railcare”), Corp. ID no. 556730–7813 is a limited company registered in Sweden and domiciled in Skellefteå, with the address Näsuddsvägen 10, SE-932 32 Skelleftehamn, Sweden. Railcare Group AB is the Parent Company of the Group. Railcare's share is listed on Nasdaq Stockholm Small Cap under the ticker ”RAIL”. This Annual Report and Consolidated Financial Statements have been approved by the Board of Directors for publication on 30 March 2022 and will be submitted to the Annual General Meeting on 04 May 2022 for adoption.

Unless otherwise stated, all amounts are given in SEK 000. Disclosures in parentheses pertain to the comparison year.

NOTES – GROUP

Note G2 Summary of significant accounting principles

The most important accounting principles applied in preparing these consolidated financial statements are described below. These principles have been applied consistently to all the periods presented, unless otherwise stated.

Basis for preparation of statements

Railcare's consolidated accounts have been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups, International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

The preparation of financial statements in compliance with IFRS requires the use of a number of critical accounting estimates. It also requires Group Management to exercise its judgement in the process of applying the Group's accounting principles. The areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are indicated in Note G4.

New and amended standards applied by the Group

As of 1 January 2021, the Group applies several amendments to the standards. None of these amendments have had any significant impact on the Group's financial statements.

New standards and interpretations not yet applied by the Group

No IFRS or IFRIC interpretations that are not yet in force are expected to have any significant impact on the Consolidated Financial Statements.

Consolidated Financial Statements

Basic accounting principles

Subsidiaries

Subsidiaries are all companies over which the Group has a controlling influence. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its holdings in the company and has the ability to affect those returns through its influence over the company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The acquisition method is used for reporting the Group's business combinations. The acquisition method is used for reporting the Group's business combinations. The purchase consideration for the acquisition of a subsidiary is the fair value of the transferred assets, the liabilities assumed by the Group to the former owners of the acquired company and the shares issued by the Group. The consideration also includes the fair value of all liabilities that are a consequence of a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are initially valued at fair value at the acquisition date. The Group determines separately for each acquisition whether non-controlling interests in the acquired company are recognised at fair value or the holdings' proportionate share of the carrying amount of the identifiable net assets of the acquired company.

Acquisition-related costs are expensed as they arise.

Goodwill is initially valued as the amount by which the total purchase price and any fair value of non-controlling interests at the date of acquisition exceeds the fair value of identifiable net assets acquired. If the purchase price is lower than the fair value of the acquired company's net assets, the difference is recognised directly in profit and loss.

Intra-Group transactions, Balance Sheet items, income and expenses for intra-Group transactions are eliminated. Gains and losses resulting from intra-Group transactions and which are recognised as assets are also eliminated. Where applicable, the accounting principles of subsidiaries have been amended to guarantee a consistent application of the Group's principles.

Associated companies

Associated companies are all companies in which the Group has a significant, but not controlling influence, which generally applies to shareholdings of between 20 percent and 50 percent of votes. Holdings in associated companies are reported according to the equity method. According to the equity method, holdings in associated companies are initially recognised in the consolidated balance sheet at cost. The carrying amount is thereafter increased or decreased to take into account the Group's share of the profit/loss from its associated companies after the acquisition date. The Group's share of profit/loss is included in the Group's profit/loss. Dividends from associated companies are recognised as a decrease in the investment's carrying amount.

When the Group's share of the losses in an associated company is as large as or larger than the holding in this associated company (including all non-current receivables that in reality constitute a part of the Group's net investments in this associated company), the Group recognises no further losses as long as the Group has not undertaken obligations or made payments on the behalf of the associated company.

Unrealised gains on transactions between the Group and its associates are eliminated in proportion to the Group's holding in the associated company. Unrealised losses are also eliminated insofar as the transaction does not constitute an indication of impairment of the asset transferred. The accounting principles for associated companies have been adjusted if necessary to ensure agreement with the Group's accounting principles.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Railcare's Group Management is the highest executive decision-making body in the Railcare Group and evaluates the Group's financial position and earnings and makes strategic decisions. The Company has determined the operating segments based on the data processed by Group Management and which is used as a basis for allocating resources and evaluating results of operations.

Group management evaluates the operations based on the four operating segments: Construction Sweden, Construction Abroad, Transport Scandinavia and Machine Sales. Group Management primarily uses profit after financial items to assess consolidated earnings.

Foreign currency translation

Functional currency and presentation currency

The different units of the Group have the local currency as their functional currency, as the local currency has been defined as the currency used in the primary economic environment in which the unit mainly operates.
Swedish kronor (SEK), the functional currency of the Parent Company and the presentation currency of the Group, is used in the Consolidated Financial Statements.

Transactions and Balance Sheet items

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Any gain or loss arising from the payment of such transactions and in the restatement of monetary assets and liabilities in foreign currencies at the rate on the record date is recognised in operating profit in the statement of comprehensive income.

Foreign exchange gains and losses relating to loans and cash and cash equivalents are recognised in the statement of comprehensive income as financial income or expenses. All other exchange rate gains and losses are recognised in the item "Other operating expenses" and "Other operating income" in the statement of comprehensive income.

Translation of foreign Group companies

The financial position and performance of all Group companies with a functional currency different than the presentation currency are translated to the Group's presentation currency. The assets and liabilities on each balance sheet are translated from the functional currency of the foreign operation to the Group's presentation currency, Swedish kronor (SEK), at the exchange rate prevailing on the record date. The income and expenses in each income statement are translated to Swedish kronor at the average exchange rate for the period. Translation differences arising on the translation of foreign operations are recognised in other comprehensive income.

Revenue recognition

Revenue from contracts with customers

In order for the Group to be able to recognise income from contracts with customers, each customer contract is analysed in accordance with the five-step model as per below:

Step 1: Identify a contract between at least two parties where there is a right and a commitment.

Step 2: Identify the different commitments.

Step 3: Determine the transaction price, meaning the compensation amount that the Company is expected to receive in exchange for the promised goods or services. The transaction price shall be adjusted for variable components, such as any discounts.

Step 4: Allocate the transaction price to the various performance commitments.

Step 5: Recognise an income when the performance commitments are fulfilled, meaning control has transferred to the customer. This is done at one time or over time if any of the criteria stated in the standard are met.

The Group's income is comprised of sales of both goods and services. Sales of goods consists of sales of machinery produced in-house and spare parts for export and spare parts for locomotives and wagons via Railcare's wagon workshops. Every separate product in the order is considered to constitute a separate performance commitment. The sale is recognised as income at the time when control of the goods is transferred, which occurs when the customer has received the machinery, test driven and approved it.

The Group's commitment to repair or replace defective machinery according to normal warranty rules is recognised as a provision in accordance with IAS 37 and is not seen as a distinct service and is accordingly no separate performance commitment.

The sale of services consists of construction contracts involving machinery and personnel on railways within Sweden and abroad, culvert renovations, special transports and workshop services for repairs and upgrades of locomotives and wagons. Construction contracts involving machinery and personnel on railways are deemed to consist of a performance commitment since Railcare's personnel mans the machinery. If the agreements contain several performance commitments, the transaction price is distributed to each separate performance commitment based on their standalone selling prices.

For service assignments where the transaction price is comprised of a fixed amount, mainly snow clearing services and transport assignments for iron ore, the income is recognised over time based on the degree of completion. The degree of completion is determined based on the production method that is based on the value of work done in relation to what is to be done in total.

The Group's income from most of the service assignments, such as service agreements and the letting of personnel, are on current account based on the price per hour or shift. Railcare applies the practical exemption of recognising such income at the amount corresponding to the amount to be invoiced, as this corresponds to the value to the customer of the Group's performance, which has been achieved by that date. Customers are invoiced monthly.

Letting income

The Group lets personnel mainly in the form of train drivers. The contracts are on current account based on the price per hour or shift. The income is recognised to the extent that Railcare has a right to invoice.

Interest income

Interest income is recognised using the effective interest method.

Leasing

The Group is both a lessee (office premises, mobile machinery, locomotives and wagons and vehicles) and a lessor (locomotives and wagons). Leasing income from operating leases where the Group is the lessor is recognised as income in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

The Group's accounting principles as a lessee are presented below.

Railcare Group's leases predominantly involve locomotives, cars, machinery and premises. Leases are normally signed for fixed periods of one to eight years, although extension options are available, as described below. The terms are negotiated separately for each contract and include a large number of different contract terms.

From the date on which the leased assets are placed at the disposal of the Group, leases are reported as right-of-use assets with corresponding liabilities. Each lease payment is divided between an amortisation of the liability and a financial expense. The financial expenses are to be distributed over the lease period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability recognised for the period concerned. The right-of-use asset is depreciated on a straight line basis across the useful life of the asset or the length of the lease, whichever is shorter.

The lease liabilities include the present value of the following lease payments:

- fixed fees
- variable lease fees, determined by an index or interest rate

Lease payments are discounted at the marginal loan rate.

Right-of-use assets are valued at cost and include the following:

- the initial valuation of the lease liability,
- payments made at or before the time at which the lease assets were made available to the lessee,

Leases of short maturity (less than 12 months) and leases where the underlying asset is of lesser value are expensed on a straight line basis in the Income Statement.

Options to extend or terminate agreements

Options to extend or terminate contracts are included in the asset and the liability where it is reasonably certain that they will be used. Extension options are taken into account based on a model for agreement extensions based on the probability that the agreement will be extended. Extension options are mainly included in agreements associated with premises.

Accounting in subsequent periods

The lease liability is revalued if there are changes to the lease agreement or if there are changes in cash flow based on the original terms of the contract. Changes in cash flow based on original contract terms occur when:

- the Group changes its initial assessment of whether options for extension and/or termination will be exercised,
- there are changes in previous assessments if a call option is to be exercised,
- leasing fees change due to changes in index or interest rates.

A revaluation of the lease liability leads to a corresponding adjustment of the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining revaluation is reported in the Income Statement. The right-of-use asset is tested for impairment whenever events or changes in conditions indicate that the carrying amount of an asset cannot be recovered.

Employee benefits

Current benefits

Liabilities for salaries and benefits, including non-monetary benefits and paid leave, which are expected to be settled within 12 months of the end of the financial year, are recognised as current liabilities at the undiscounted amount expected to be paid when the liabilities are settled. The expense is recognised as the services are rendered by the employees. The liability is recognised as an obligation for employee benefits in the Statement of Financial Position.

Remuneration following terminated employment

Group companies offer only defined-contribution pension plans. A defined-contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay additional contributions if this legal entity does not have sufficient assets to pay all employee benefits associated with the employees' service during the current or previous periods. The contributions are recognised as a cost in profit or loss for the year at the rate they are earned by employees providing services to the Company in the period.

Current and deferred income tax

Tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except when tax relates to items that are recognised in other comprehensive income or directly in equity. In such cases, tax is also recognised in other comprehensive income or equity.

Current tax is calculated on the period's taxable profit according to the applicable tax rate. The current tax expense is calculated on the basis of the tax laws enacted or substantively enacted as of the record date in the countries where the Parent Company and its subsidiaries operate and generate taxable income. The Company regularly evaluates statements made in tax returns with respect to situations where applicable tax regulations are subject to interpretation. When deemed appropriate, it makes provisions for amounts expected to be paid to the tax authorities.

Deferred tax is recognised on all temporary differences arising between the tax value of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Nor is deferred tax recognised if it arises as a result of a transaction that constitutes the initial recognition of an asset or liability in a business combination that, at the time of the transaction, affects neither the recognised profit or loss nor the profit or loss for tax purposes. Deferred income tax is calculated using tax rates (and legislation) that have been enacted or announced by the record date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future tax surpluses will be available, against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority and relate to either the same taxable entity or different taxable entities where there is an intention to settle balances by net payments.

Intangible assets

Goodwill

Goodwill arises in the acquisition of subsidiaries and pertains to the amount by which the purchase consideration, any non-controlling interests in the acquired company and the fair value on the acquisition date of an earlier share of equity in the acquired company exceeds the fair value of identifiable acquired net assets. If the amount is less than fair value of the acquired subsidiary's net assets, in the event of a bargain purchase, the difference is recognised directly in the Statement of Comprehensive Income.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management. Goodwill is monitored at operating segment level.

Goodwill is tested for impairment annually or more often if events or changes in circumstances indicate a possible decrease in value. The carrying amount of the cash-generating unit to which the goodwill has been attributed is compared with the recoverable amount, which is the higher of the value in use and fair value less selling expenses. Any impairment is recognised immediately as an expense and is not reversed.

Capitalised development expenses

Maintenance costs are expensed as they arise. Development expenses, which are directly attributable to development of stability tests in the lining operations and planning tools that are controlled by the Group, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete them so they are available for use,
- the Company intends to complete them and to use or sell them,
- there are conditions to use or sell them,
- it can be demonstrated how they generate probable future economic benefits,
- adequate technical, financial and other resources to complete development and to use or sell them are available, and
- the expenses directly attributable to them during their development can be measured reliably.

Directly attributable expenses that are capitalised as part of the development work regarding stability tests in the lining operations and planning tools include costs for employees and external consultants.

Other development expenditures, which do not fulfil these criteria, are expensed when they arise. Development expenses that were previously expensed are not reported as an asset in the ensuing period.

Capitalised development expenses are recognised as intangible assets and amortised from the time that the asset is ready to be used.

Patents

Patents acquired separately are recognised at cost.
Patents have a definite useful life and are recognised at cost less accumulated amortisation and impairment.

Transportation licences

Transportation licences acquired separately are recognised at cost. Transportation licences have a definable useful life and are recognised at cost less accumulated amortisation and impairment.

Useful lives for the Group's intangible assets

Capitalised development expenses	5 years
Patents	5 years
Transportation licences	10 years

Property, plant and equipment

Property, plant and equipment are recognised at cost less depreciation and any impairment. Cost includes expenses directly attributable to the acquisition of the asset and putting it into place and in a condition to be fit for use in accordance with the intention of the acquisition.

Subsequent expenses are added to the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and that the cost of the asset can be measured reliably. The carrying amount of a replaced part is removed from the Statement of Financial Position. All other forms of repairs and maintenance are expensed in the Statement of Comprehensive Income in the period in which they occur.

Depreciation is applied on a straight-line basis, less the estimated residual value, over the estimated useful life.

The useful lives are as follows:

Buildings and land:	
Land improvements	20 years
Mobile machinery:	
Chassis	20–40 years
Ploughs and cabs	30 years
Containers	16–30 years
Burners	25 years
Snow blower	25 years
Driving	13–20 years
Power packs	20 years
Conveyor belts/hydraulics	20 years
Other components	5–16 years
Locomotives and wagons:	
Chassis	8–60 years
Diesel engines	8–50 years
Generators and turbo	4-50 years
Other components	4–10 years
Vehicles	6 years
Equipment, tools, fixtures and fittings	5-10 years

The assets' residual values and useful lives are reviewed annually and adjusted if necessary.

For right-of-use periods for assets recognised according to IFRS 16 Leases, refer to the note with the heading Leases above.

If an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is immediately written down to its recoverable amount.

Gains and losses on the sale of tangible assets are determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognised in Other operating income or Other operating expenses in the statement of comprehensive income.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life (goodwill) or intangible assets that are not ready for use (capitalised development expenditures) are not amortised, but are tested annually for impairment. Assets that are depreciated or amortised are assessed for a reduction in value whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. To ensure that there is no need for impairment, an impairment test is performed annually for each cash-generating unit. An impairment loss is applied in the amount with which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and the value in use. When assessing impairment requirements, assets are grouped at the lowest level at which there are essentially independent cash flows (cash-generating units). Assets (other than goodwill) that have previously been impaired are tested on each record date for possible reversal.

Financial instruments

A financial instrument is any form of agreement that gives rise to a financial asset at one company and a financial liability or an equity instrument at another company. Financial instruments are classified at initial recognition based in part on the purpose for which the instrument was acquired and managed. This classification determines the valuation of the instruments.

Recognition and derecognition

A financial asset or financial liability is recognised in the Balance Sheet when the Company becomes party to the instrument's contractual terms. Accounts receivable are recognized in the Balance Sheet when an invoice has been sent and the Company's right to compensation is unconditional. Liabilities are recognised when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognized as invoices are received.

Financial assets and liabilities are offset and recognised as net amounts in the Balance Sheet, only when there is a legally enforceable right to offset the amounts and that there is an intention to settle the items as a net amount or to realise the asset and settle the liability. A financial asset is derecognized from the Balance Sheet when the rights in the agreement are realised, expire or the Company loses control over them. A financial liability is derecognized from the Balance Sheet when the contractual obligation has been discharged or otherwise extinguished. The same applies to parts of financial assets and financial liabilities.

Gains and losses from derecognition from the Balance Sheet and modifications are recognised in profit or loss insofar as hedge accounting is not applied.

Classification and measurement of financial assets

Debt instruments: classification of financial assets as debt instruments is based on the Group's business model for management of the asset and the nature of the asset's contractual cash flows. The instruments are classified at:

- Amortised cost,
- Fair value through profit or loss, or
- Fair value through other comprehensive income

Financial assets classified at amortised cost are initially measured at fair value plus transaction expenses. After initial recognition, the assets are measured at amortised cost less a loss provision for expected credit losses. According to the business model, assets classified at amortised cost are held to collect contractual cash flows that are only payments of principal and interest on the outstanding principal.

The Group's financial assets are comprised of accounts receivable, cash and cash equivalents, other current receivables, other non-current receivables and deposits. All of them are classified at amortised cost. The Group does not apply hedge accounting.

Impairment of financial assets

The Group's impairment model is based on expected credit losses, and takes prospective information into account. A loss provision is made when there is an exposure to credit risk, usually at initial recognition of an asset or receivable. A loss provision is recognised in the simplified model for the remaining maturity period of the receivable or asset. The simplified model is applied for accounts receivable and contract assets and based on historical customer bad debts combined with prospective factors.

For other items that are comprised by expected credit losses, an impairment model with three stages is applied. Initially, and on each record date, a loss provision is recognised for the next 12 months or for a shorter period depending on the remaining duration (stage 1). The Group's assets have been deemed to be in stage 1, meaning there has been no material increase in the credit risk.

Other receivables and assets are impaired based on the likelihood of insolvency. For the credit-impaired assets and receivables, an individual assessment is done where consideration is taken to historical, current and prospective information. The valuation of expected credit losses takes into account any collateral and other credit reinforcements in the form of guarantees.

Classification and measurement of financial liabilities

The Group's financial liabilities are classified at amortised cost. Financial liabilities classified at amortised cost are initially measured at fair value including transaction expenses. After initial recognition, they are carried at amortised cost according to the effective rate method.

The Group's financial liabilities (liabilities to credit institutions, accounts payable, convertible loans and other current liabilities) are classified as at amortised cost.

Inventories

Inventory is recognised, in accordance with the first-in/first-out principle, at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the operating activities less applicable variable selling expenses. The cost of work in progress consists of materials, direct wages and other direct expenses. Borrowing costs are not included.

Accounts receivable

Accounts receivable are financial instruments that consist of amounts due from customers for goods and services sold in operating activities. If payment is expected within one year or less, they are classified as current assets. Otherwise, they are recognised as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment, using the effective interest rate method.

Cash and cash equivalents

In both the Statement of Financial Position and the Cash Flow Statement, cash and cash equivalents include cash and bank balances.

Share capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new ordinary shares are recognised net after tax in equity as a deduction from the issue proceeds.

Borrowing

Borrowing is initially recognised at fair value, net of transaction expenses. Borrowing is subsequently recognised at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the borrowing period using the effective interest method.

The liability is classified as a current item in the Statement of Financial Position if the Company does not have an unconditional right to postpone the settlement of the liability for at least 12 months after the reporting period.

Borrowing is removed from the Statement of Financial Position when the obligations have been settled, annulled or otherwise expired. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss for the period.

The composite financial instruments that the Group issued comprise convertible debentures where the holder can demand that they be converted into shares and where the number of shares to be issued is not affected by changes in the shares' fair value.

The fair value of the liability component in a convertible debenture is calculated with a discount rate that is comprised of the market interest rate for a liability with the same terms, but without the right of conversion into shares. The amount is recognised as a liability at amortised cost until the liability is converted or expires. The conversion right, initially recognised as the difference between fair value of the entire composite financial instrument and the liability component's fair value. This is recognised in equity net after tax. Directly attributable transaction expenses are allocated to the liability and equity component in proportion to their initial carrying amounts.

In 2020, all convertible debentures were converted into shares, see Note G24.

Borrowing costs

Borrowing costs are expensed in the period to which they refer. The Group does not have any qualified assets for which borrowing costs shall be capitalised, i.e. assets that out of necessity take significant time to complete for the intended use or sale.

Accounts payable

Accounts payable are financial instruments and relate to obligations to pay for goods and services purchased from suppliers as part of operating activities. These liabilities are most often paid within 30 days. Accounts payable are classified as current liabilities if they fall due within one year. Otherwise, they are recognised as non-current liabilities.

Cash Flow Statement

The Cash Flow Statement has been prepared using the indirect method. Recognised cash flow only includes transactions that involve payments in or out.

Note G3 Financial risk management

Financial risk factors

The Group's activities expose it to many different financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial results. The Group does not use derivative instruments to financially hedge certain risk exposures.

Risk management is handled by the finance department in accordance with policies approved by the Board. When necessary, the finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board establishes written policies both for overall risk management and specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) ***Market risk***

(i) Currency risk

The Group is active within Scandinavia and the UK, and is exposed to currency risks that arise from different currency exposures, such as the British pound (GBP) and Danish krona (DKK). Currency risk arises from future business transactions, recognised assets and liabilities and net investments in foreign operations.

Currency risk arises when future business transactions are denominated in a currency that is not the functional currency of the unit. The Group's sales take place to some extent in GBP and to a lesser extent in NOK, DKK and EUR. The Group has chosen to not hedge its currency risk in these transactions.

The Group has a number of holdings in foreign operations, the net assets of which are exposed to currency risks. Currency exposure that arises from net assets in the Group's operations abroad is not material, which is why the Group has chosen to not currency hedge them.

The Group is mainly exposed to changes in the exchange rate for GBP.

If the SEK had weakened/strengthened by 1 percent relative to the GBP with all other variables constant, the translated profit after tax for financial years 2021 and 2020 would not have any material impact.

(ii) Interest rate risk

The Group's foremost interest rate risk arises from long-term borrowing at variable interest, which exposes the Group to interest rate risk for the cash flows. During the 2021 and 2020 financial years, the Group's borrowing was denominated in SEK at variable interest.

If the interest rate on borrowing in SEK as of 31 December 2021 had been 50 basis points (0.5 percentage points) higher/lower, but all other variables had been constant, then profit after tax for the 2021 financial year would have been SEK 864,000 (892,000) lower/higher, primarily as an effect of higher/lower interest expenses for borrowing at variable interest rate.

(b) *Credit risk*

Credit risk is the risk that the counterparty in a transaction cannot fulfil its financial contractual obligations and that possible collateral does not cover the Company's receivable. The overwhelming majority of the credit risk for Railcare pertains to receivables from customers. The majority of Railcare's sales takes place to large customers with high credit ratings. The Group has historically had very low bad debt losses. This limits the Group's credit risk. Credit risk also arises when the Company places surplus liquidity with banks. These placements only take place with selected counterparties with high credit ratings.

Credit risk is managed at Group level except for credit risk regarding outstanding accounts receivable. Each Group company is responsible for examining and analysing the credit risk of each new customer before the standard terms of payment and delivery are offered.

Railcare does not have any loss provision for financial assets as the Company does not expect any losses due to unrealised payment from the counterparties described above. This assumption is based on Company Management's own assessments for the assumptions and selection of input data for the calculations of the impairment requirements. These are based on history, known market conditions and prospective calculations at the end of each reporting period.

Railcare has a receivable from Rail Test Nordic (RTN) for preliminary study work to lay a train test track between Jörn and Arvidsjaur. The receivable amounts to SEK 4.0 million and by agreement shall be paid in connection with project start. Railcare considers the receivable to be secure, but a credit risk exists nonetheless until the project start has occurred and payment has been made.

(c) *Liquidity risk*

Liquidity risk is defined as the risk of not being able to meet payment obligations on maturity without the cost for securing payment funds increasing significantly.

Group Management continually monitors forecasts for the Group's cash flows and liquidity reserve to ensure that the Group has adequate liquid funds to meet its operational requirements. At the same time, it maintains sufficient latitude in its unutilised contractual credit facilities to ensure that the Group does not breach borrowing limits or borrowing terms (where applicable) on any of the Group's loan facilities. Such forecasts take into account the Group's fulfilment of loan conditions and fulfilment of internal Balance Sheet-based earnings measures.

The table below provides an analysis of the Group's non-derivative financial liabilities, distributed by the contractual time to maturity on the record date. The amounts presented in the table are the contractual, undiscounted cash flows.

As of 31 December 2021 (Amounts in SEK 000)	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**
Liabilities to credit institutions	10,654	51,013	32,578	60,232	4,231
Lease liability	3,427	10,143	11,326	22,374	15,799
Accounts payable	26,057				
Other liabilities	7,046				
Total	**47,184**	**61,156**	**43,903**	**82,606**	**20,029**

As of 31 December 2020 (Amounts in SEK 000)	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years years**
Liabilities to credit institutions	8,652	51,475	42,779	59,607	4,639
Lease liability	7,842	19,107	11,057	19,469	4,351
Accounts payable	25,139				
Other liabilities	2,680				
Total	**44,313**	**70,582**	**53,836**	**79,076**	**8,991**

Capital management

The Group's objective with regard to the capital structure is to safeguard the Group's ability to continue its operations so it can continue to generate a return for its shareholders and benefits for other stakeholders and to maintain an optimum capital structure in order to keep capital costs down.

In order to maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

In the same way as other companies in the industry, the Group assesses the capital on the basis of the equity/assets ratio. This key ratio is calculated as equity divided by total assets.

During the 2021 financial year, the Group's strategy, which was unchanged compared with the previous financial year, was to maintain an equity/assets ratio of at least 25 percent. The equity/assets ratio was 39.6 percent (37.4) at year-end 2021.

Note G4 Critical accounting estimates and assessments

The preparation of financial statements in compliance with IFRS requires the use of certain key estimates for accounting purposes. The Company is also required to make certain judgements in applying the accounting principles. These estimates and assessments affect asset and liability items recognised in the statements and income and expense items as well as information provided otherwise.

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the current circumstances. Conclusions drawn form the basis for the determinations regarding carrying amounts of assets and liabilities in the cases that they cannot be determined easily through information from other sources. Actual outcomes can differ from these estimates if other assumptions are made, or other circumstances exist. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are presented below.

Useful life

The useful life of the Group's non-current assets, mainly for locomotives and wagons, is assessed based on the assets' assessed remaining useful lives. Supplementary investments have an assessed useful life based on the respective main unit's remaining assessed useful life.

Lease length

When the lease's length is determined, all available information is taken into account that provides a financial incentive to use an extension option, or to not use an option to terminate an agreement. Extension options are mainly included in agreements associated with premises and, in certain agreements regarding locomotives. The factors that are most material in the determination of the length of the lease is how important the asset is to be able to conduct the Group's operations, and the expenses and disruptions to operations that would be required to replace the leased asset.

Additional expenses

Capitalisation shall take place of expenditures for measures that likely entail a financial benefit in the future and if the asset's cost can be reliably calculated. Future financial benefit arises if a measure leads to the Group being able to obtain larger income or another benefit than would have been received if the measure had not been implemented.

Other expenses for maintenance are recognised as expenses in the income statement in the period in which they are incurred.

Goodwill

Goodwill has an indefinite useful life. This means that no annual amortisation is done; annual impairment testing is done instead. No impairment requirements were identified; also refer to Note G15.

Note G5 Segment information and income from customer contracts

Description of segments and principal activities:

Railcare's Group Management is the highest executive decision-making body in the Railcare Group and evaluates the Group's financial position and earnings and makes strategic decisions. The Company has determined the operating segments based on the data processed by Group Management and which is used as a basis for allocating resources and evaluating results of operations.

Group Management has identified four reportable segments in the Group's operations:

Construction Sweden

Railway construction work involving machinery and personnel and culvert renovation of fibreglass-lined culverts beneath railways, roads and industrial areas in Sweden.

Construction Abroad

Railway construction work involving machinery and personnel in countries other than Sweden, currently predominantly in the UK.

Transport Scandinavia

Special transports involving locomotives, wagons and personnel, as well as repair and upgrading services for locomotives and wagons performed in workshops.

Machine Sales

Sales of machines primarily outside Sweden, as well as marketing focused on new areas in which Railcare's construction services can be implemented.

The 'Group-wide' item is used for reconciliation purposes and includes Group Management and other Group-wide services.

Group Management primarily uses profit after financial items to assess consolidated earnings.

Income

Sales between segments are conducted on market terms. Income from external customers reported to Group Management is valued in line with the Consolidated Statement of Comprehensive Income.

	Jan-Dec 2021			Jan-Dec 2020		
(Amounts in SEK 000)	**Segment income**	**Sales between segments**	**Income from external customers**	**Segment income**	**Sales between segments**	**Income from external customers**
Construction Sweden	130,556	15,720	114,836	159,027	14,595	144,432
Construction Abroad	47,954	5,657	42,296	59,891	9,809	50,082
Transport Scandinavia	273,888	14,280	259,608	184,025	14,284	169,741
Machine Sales	37,197	17,790	19,407	82,653	47,123	35,530
Group-wide	35,447	33,648	1,798	30,189	28,674	1,515
Total	**525,041**	**87,096**	**437,946**	**515,785**	**114,485**	**401,301**

Profit/loss after financial items

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Construction Sweden	7,575	17,625
Construction Abroad	3,797	1,830
Transport Scandinavia	39,472	24,245
Machine Sales	763	11,330
Group-wide	242	539
Total	**51,849**	**55,568**

Profit/loss after financial items for the Group's operating segments is reconciled with Group profit/loss before tax as follows:

Profit/loss after financial items	51,849	55,568
Share of profit after tax from associated companies reported according to the equity method	-182	347
Profit/loss before tax	**51,667**	**55,915**

Other profit/loss information

	Income from services		Sales of goods		Leasing		Total	
(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Construction Sweden	114,836	144,432	-	-	-	-	114,836	144,432
Construction Abroad	41,729	49,379	22	-	545	703	42,296	50,082
Transport Scandinavia	242,710	151,388	6,573	4,479	10,325	13,875	259,608	169,741
Machine Sales	3,500	5,239	15,907	30,291	-	-	19,407	35,530
Group-wide	1,798	1,515	-	-	-	-	1,798	1,515
	404,573	**351,953**	**22,502**	**34,770**	**10,870**	**14,578**	**437,946**	**401,301**

	Depreciation		Interest income		Interest expenses	
(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Construction Sweden	-15,324	-16,120	2	-	-1,919	-2,073
Construction Abroad	-1,290	-2,039	-	-	-49	-108
Transport Scandinavia	-29,432	-29,652	54	2	-1,717	-2,055
Machine Sales	-2,524	-2,339	-	-	-360	-319
Group-wide	-3,526	-3,116	-	-	-382	-247
Total	**-52,096**	**-53,266**	**57**	**2**	**-4,427**	**-4,802**

Group-wide information

Income from external customers by country, based on customer location:

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Sweden	369,307	323,159
Denmark	1,249	723
Norway	11,188	13,702
UK	44,405	51,735
Other	11,797	11,981
Total	**437,946**	**401,301**

Non-current assets, other than financial instruments*, are distributed by country as follows:

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Sweden	420,913	405,527
Denmark	6,176	7,622
UK	1,194	1,232
Total	**428,283**	**414,381**

*) There are no assets in connection with benefits after concluded employment or rights according to insurance agreements.

The Group's customers are private and public operators in the railway industry and vary according to area of operations. The Group's customers are largely repeat customers based on long-term relationships. The majority of the Group's income derives from the segments Construction Sweden and Transport Scandinavia.

The five largest customers in the Group account for a large part of the Group's income, SEK 293,862,000 (289,251,000).

Outstanding non-current construction contracts

The combined amount of the transaction price allocated to non-current construction contracts that are unfulfilled or partially unfulfilled at 31 December 2021 is SEK 939,331,000 (848,980,000). The largest and longest of these agreements relates to Kaunis Iron AB for transport of iron ore concentrate, that stretches until 2031. The contract includes the option for the customer to cancel the agreement with a notice period of three months, against payment of a breakfee. Railcare considers it unlikely that the agreement will be cancelled before the end of the term, and has assumed that the agreement is completed in the following table. The assumption is tested annually.

Expected income related to construction contracts (Amounts in SEK 000)	**2021**	**2022**	**2023**	**2024**	**2025–2031**	**Total**
As of 31 December 2021	-	120,795	118,664	112,554	587,319	**939,331**
As of 31 December 2020	81,805	81,484	80,262	74,152	510,505	**828,206**

All other agreements for construction contracts have an original expected maturity of no more than one year or are invoiced based on time spent. In accordance with the rules in IFRS 15, information has not been provided regarding the transaction price for these unfulfilled commitments. For further information on the Group's performance commitments, see the accounting principles in Note G2.

Note G6 Other operating income

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Profit from sales of machinery/equipment	2,780	1,577
Foreign exchange gains	1,562	693
Other income	2,017	1,333
Total	**6,359**	**3,603**

Note G7 Other Operating expenses

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Loss from sales of machinery/equipment	-74	19
Foreign exchange losses	-1,462	-2,304
Total	**-1,536**	**-2,285**

Note G8 Employee benefits, etc.

Salaries, other remuneration and social security contributions (Amounts in SEK 000)	**Jan-Dec 2021**	**Jan-Dec 2020**
Salaries and other benefits	92,303	87,798
of which, CEO and other senior executives	9,595	6,228
Pension expenses – defined contribution plans	10,942	9,291
of which, CEO and other senior executives	1,927	973
Other social security expenses	30,531	23,591
of which, CEO and other senior executives	2,663	1,512

Average number of employees with geographic distribution by country

	Jan-Dec 2021		**Jan-Dec 2020**	
	Average number of employees	**Of which, men**	**Average number of employees**	**Of which, men**
Sweden	135	120	137	123
UK	3	2	3	2
Denmark	-	-	-	-
Group total	138	121	140	125

Gender distribution in the Group for Board members and other senior executives

The Board of Directors of the Parent Company consists of six members, two of whom are women. Group Management consists of four people (four), one of whom is a woman (one). The subsidiaries' Boards consist of three to four people, none of whom are women.

Remunerations for senior executives

Senior executives refer to Group Management, which is described in more detail in the Corporate Governance Report on pages 42-58. Ulf Marklund is engaged on a consulting basis. More information about transactions with related parties can be found in Note G30.

Only fixed remuneration is provided to employed senior executives and the distribution of this is presented below.

Remuneration and other benefits during the year 2021

(Amounts in SEK 000)	**Fixed salary**	**Other benefits**	**Consulting fee**	**Total salaries and remuneration**
President and CEO*	1,927	96	-	2,024
Other senior executives (4)	4,085	191	2,695	6,971
Group total	**6,013**	**287**	**2,695**	**8,995**

*) Daniel Öholm was CEO and President until 30 September, Mattias Remahl from 1 October.

Remuneration and other benefits during the year 2020

(Amounts in SEK 000)	**Fixed salary**	**Other benefits**	**Consulting fee**	**Total salaries and remuneration**
President and CEO, Daniel Öholm	1,839	84	-	1,923
Other senior executives (3)	1,657	68	1,980	3,706
Group total	**3,496**	**152**	**1,980**	**5,628**

Other benefits refer to a company car.

Fees to Board members in the Parent Company

(Amounts in SEK 000)	Jan-Dec 2021 Board fees	Jan-Dec 2021 Consulting fee	Jan-Dec 2021 Total	Jan-Dec 2020 Board fees	Jan-Dec 2020 Consulting fee	Jan-Dec 2020 Total
Catharina Elmsäter Svärd (Chairman)	200		200	200		200
Anna Weiner Jiffer	100		100	100		100
Adam Ådin	100		100	100		100
Anders Westermark	100		100	100		100
Ulf Marklund (deputy CEO)	-	2,695	2,695	-	1,980	1,980
Björn Östlund	100		100	100		100
Total	**600**	**2,695**	**3,295**	**600**	**1,980**	**2,580**

Guidelines

Remuneration is payable to the Chairman of the Board and the Board members according to the General Meeting's resolution: SEK 200,000 to the Chairman of the Board and SEK 100,000 each to the other Board members. For Board members who receive salary in the form of employment in a Group company, no Board fees are paid.

The General Meeting decided on the guidelines regarding remuneration of management. The guidelines for remuneration and other terms of employment essentially entail that the Company shall offer its senior executives market-based remuneration, with the criteria accordingly being the responsibilities, role, skills and position of the senior executive. The guidelines also apply to Board Members to the extent that they receive remuneration for services performed for the Group in addition to their board assignments.

Senior executives may be offered variable salary at any time. Variable salary shall have an outcome ceiling. To avoid unsound risk-taking, there shall be a fundamental balance between fixed and variable salary. The fixed salaries shall make up a sufficiently large portion of the senior executives' total remuneration to make it possible to set the variable portion to zero. The basic principle is that the variable salary component per year shall amount to a maximum of 20 percent of the fixed annual salary.

Senior executives are entitled to market-based pension solutions in relation to the situation in the country in which the senior executives permanently reside. All pension commitments shall be defined contribution. Variable salary shall as a main rule be pensionable salary.

Other benefits, such as a company car, extra healthcare insurance or occupational health services, shall be limited in value in relation to other remuneration and be able to be provided insofar as it is deemed to be market based for senior executives in equivalent positions in the current labour market.

The period of notice by the Company shall be a maximum of 12 months for the CEO and a maximum of six months for other senior executives. The period of notice by the CEO shall be a minimum of 12 months and for other senior executives a minimum of six months. In addition to the period of notice, severance pay may also be payable in an amount of no more than 12 months' salary and employment benefits for the CEO.

Defined-contribution pension

The Group only has defined-contribution pension plans. The pension expense refers to the cost affecting the profit for the year.

The pensionable age for the CEO is 65 years. The pension premium is to amount to 35 percent of the pensionable salary. Pensionable salary refers to the fixed monthly salary adjusted upwards by a factor of 12.2. For other senior executives, the pensionable age is 65 and the pension premium is determined from a premium ladder depending on age. For salaries up to 7.5 price base amounts (PBA), the pension premium shall amount to 5.5-6.5 percent of the pensionable salary, and for salaries between 7.5 and 30 PBA, the pension premium shall amount to 20-30 percent of the pensionable salary.

Severance pay

A mutual notice period of 12 months applies between the Company and the CEO. On termination by the Company, severance pay is disbursed amounting to 12 months' salary. Other income is not deductible from this severance pay. On the resignation of the CEO, no severance pay is disbursed.

A mutual notice period of six months applies between the Company and other senior executives.

Note G9 Auditor's remuneration

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Ernst & Young		
- Audit assignment	715	684
– Other services	23	2
Total	**739**	**686**
Kallerman Revision A/S		
- Audit assignment	60	53
– Other services	42	57
Total	**102**	**110**
Burrows Scarborough		
- Audit assignment	84	79
– Other services	8	12
Total	**92**	**90**
Total	**932**	**886**

Note G10 Leases

Lessee

In the statement of financial position, the following amounts are presented related to leases:

Right-of-use assets (Amounts in SEK 000)	Balance as of 31/12/2021	Of which, right-of-use asset	Balance per 31/12/2020	Of which, right-of-use asset
Buildings and land	35,975	25,403	33,257	22,842
Locomotives and wagons	132,579	27,895	135,316	31,873
Mobile machinery	145,762	1,927	155,562	2,178
Vehicles	5,761	5,675	6,521	6,482
Equipment, tools, fixtures and fittings	6,092	0	5,898	13
Total	**326,168**	**60,900**	**336,555**	**63,389**

Lease liability (Amounts in SEK 000)	31/12/2021	31/12/2020
Non-current	48,062	33,654
Current	10,945	26,045
Total	**59,007**	**59,699**

Additional rights of use (ROUs) during 2021 totalled SEK 26,800,000 (34,627,000).

In the statement of Comprehensive Income, the following amounts are presented related to leases:

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Depreciation, amortisation and impairment of tangible and intangible assets		
Depreciation of Buildings and land	7,050	7,530
Depreciation of Locomotives and wagons	16,612	18,769
Depreciation of Mobile machinery	251	277
Depreciation of Vehicles	2,859	2,498
Depreciation of Equipment, tools, fixtures and fittings	5	63
Total	**26,778**	**29,137**

Other external costs		
Expenses attributable to short-term leases	30,876	6,573
Expenses attributable to leases for which the underlying asset is of low value, which are not short-term leases	886	914
Expenses attributable to variable leasing payments that are not included in lease liabilities	2,377	3,025
Financial expenses		
Interest expenses	1,053	1,362

The total cash outflow for leases in 2021 amounted to SEK 64,625,000 (43,084,000).

Lessor

The Group lets locomotives and wagons under interminable operating leases. The leasing term amounts to 3 to 5 years.

Future total minimum leasing fees for interminable operating leases are as follows:

(Amounts in SEK 000)	**31/12/2021**	**31/12/2020**
Within 1 year	6,128	5,895
Between 1 and 5 years	18,385	-
More than 5 years years	-	-
Total	**24,513**	**5,895**

Rental income during 2021 totalled SEK 5,615,000 (7,196,000). Combined variable fees recognised as income amount to SEK 0 (613,000).

The largest lease where the Group is the lessor pertains to two locomotives of model Vossloh Euro4000 T68. The agreement was renewed in 2021, and applies until 31 December 2025.

Note G11 Financial income and expenses

(Amounts in SEK 000)	**Jan-Dec 2021**	**Jan-Dec 2020**
Interest income	57	2
Total financial income	**57**	**2**
Interest expenses on:		
- Liabilities to credit institutions	-3,337	-3,341
- Convertible loans	-	-18
- Lease liabilities	-1,053	-1,362
Foreign exchange losses	-	-33
Other financial expenses	-37	-66
Total financial expenses	**-4,427**	**-4,820**
Net financial items	**-4,370**	**-4,818**

The above items pertain to assets and liabilities measured at amortised cost according to IFRS 9 except lease liabilities that are measured in accordance with IFRS 16.

Note G12 Exchange rate differences – net

(Amounts in SEK 000)	**Jan-Dec 2021**	**Jan-Dec 2020**
Other operating income (Note G6)	1,562	693
Other operating expenses (Note G7)	-1,462	-2,304
Net financial items (Note G11)	-	-33
Exchange-rate differences – net	**100**	**-1,644**

Above items originate from financial instruments.

Note G13 Income tax

(Amounts in SEK 000)	**Jan-Dec 2021**	**Jan-Dec 2020**
Current tax:		
Current tax on net profit/loss for the year	-964	-2,427
Adjustments for previous years	**-964**	**-2,427**
Total current tax (Note G26)		
Occurrence and reversal of temporary differences	-10,189	-9,712
Total deferred tax	**-10,189**	**-9,712**
Total income tax	**-11,152**	**-12,139**

The income tax on pre-tax profit differs from the theoretical amount that would have been produced from the use of the tax rate in Sweden for profit at the consolidated companies as described below:

(Amounts in SEK 000)	**Jan-Dec 2021**	**Jan-Dec 2020**
Profit/loss before tax	51,667	55,915
Income tax calculated in accordance with tax rate in Sweden, 20.6 percent (21.4)	-10,643	-11,966
Effect of foreign tax rates	-192	-107
Non-deductible expenses	-279	-562
Remeasurement of deferred tax	-	421
Adjustments for previous years	-38	74
Tax expense	**-11,152**	**-12,139**

The weighted average tax rate for the Group was 21.6 percent (21.7).

Note G14 Earnings per share

Earnings measurements used in the calculation of earnings per share (Amounts in SEK 000)	**Jan-Dec 2021**	**Jan-Dec 2020**
Earnings per share before dilution		
Profit attributable to the Parent Company's shareholders:	40,514	43,774
Earnings per share after dilution		
Profit attributable to the Parent Company's shareholders:		
- Used in the calculation of earnings before dilution	40,514	43,774
- Interest expense for convertible debentures	-	30
Profit attributable to Parent Company shareholders was used in the calculation of earnings per share after dilution	**40,514**	**43,804**

Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating earnings per share after dilution (thousands)	24,124	24,036
Adjustments for calculation of earnings per share after dilution:		
Convertible debentures	-	-
Weighted average number of ordinary shares and potential ordinary shares were used as the denominator in the calculation of earnings per share after dilution	**24,124**	**24,036**

Before dilution

Earnings per share before dilution is calculated by dividing the profit attributable to the Parent Company's shareholders by a weighted average number of ordinary shares outstanding during the period.

After dilution

To calculate earnings per share after dilution, the weighted average number of ordinary shares outstanding is adjusted for the dilution effect of all potential ordinary shares. The Parent Company has a category of potential common shares with a dilution effect: convertible debentures. The convertible debentures are assumed to have been converted into ordinary shares and net profit is adjusted to eliminate interest expenses less tax effect. Convertible debentures do not give rise to a dilution effect when the interest per ordinary share that may be received upon conversion exceeds earnings per share before dilution.

In January 2020, 1,111,111 new shares were issued through conversion of debentures. The conversion affects the calculation of the weighted average number of ordinary shares and potential ordinary shares as per above. Following the conversion in January 2020, there are no potential ordinary shares with a dilution effect outstanding.

Note G15 Intangible assets

(Amounts in SEK 000)	Capitalised development costs	Patents	Goodwill	Transportation licences	Total
Financial year 2020					
Opening carrying amount	**2,471**	**377**	**3,554**	**547**	**6,949**
Exchange rate differences	-	-	-34	-	-34
Acquisition of operations	-	-	3,754	-	3,754
Purchases/capitalised expenses for the year	187	-	-	275	462
Depreciation	-829	-78	-	-137	-1,044
Closing carrying amount	**1,830**	**299**	**7,274**	**685**	**10,088**
As of 31 December 2020					
Cost	4,314	1,040	9,626	1,643	16,623
Accumulated amortisation and impairment	-2,484	-741	-2,352	-957	-6,535
Carrying amount	**1,830**	**299**	**7,274**	**685**	**10,088**
Financial year 2021					
Opening carrying amount	**1,830**	**299**	**7,274**	**685**	**10,088**
Exchange rate differences	-	-	19	-	19
Purchases/capitalised expenses for the year	-	55	-	902	957
Depreciation	-863	-90	-	-147	-1,099
Closing carrying amount	**967**	**263**	**7,293**	**1,441**	**9,964**
As of 31 December 2021					
Cost	4,314	1,094	9,626	2,545	17,580
Accumulated amortisation and impairment	-3,347	-831	-2,334	-1,104	-7,615
Carrying amount	**967**	**263**	**7,293**	**1,441**	**9,964**

Impairment testing of goodwill

Goodwill has an indefinite useful life. This means that no annual amortisation is done; annual impairment testing is done instead. The following is a compilation of goodwill broken down by cash-generating unit:

Goodwill (Amounts in SEK 000)	**31/12/2021**	**31/12/2020**
Railcare T AB, segment Transport Scandinavia	2,546	2,546
Railcare Danmark A/S, segment Construction Abroad	992	974
Elpro i Skellefteå AB, segment Machine Sales	3,754	3,754
Total	**7,293**	**7,274**

The recoverable amount for goodwill, which has an indefinite useful life, has been determined by calculating the value in use. These calculations are based on estimated future cash flows after tax based on financial budgets that cover a three-year period. Cash flows beyond the three-year period are extrapolated using an estimated rate of growth as explained below. The growth rate does not exceed the long-term growth rate for the market where the Group operates. The foremost assumptions, besides those below, pertain to volume growth, margins and investment requirements. The calculation is based on management's experience and historical data.

Significant assumptions in the calculation: long-term growth rate 2 percent (2), discount interest rate 6 percent (7). In the calculation, the same assumptions were made for all of the cash-generating units.

Impairment testing of goodwill shows that no impairment need exists.

Sensitivity analyses of the calculation of the value in use in connection with the impairment assessment were done where the sales growth was reduced by 2 percentage points in the forecast period, the operating margin was reduced by 2 percentage points, the discount rate was raised by 2 percentage points and long-term growth was reduced by 2 percentage points.

The sensitivity analyses showed that none of the adjustments individually generate an impairment requirement for any of the cash-generating units.

Note G16 Property, plant and equipment

(Amounts in SEK 000)	**Buildings and land**	**Locomotives and wagons**	**Mobile machinery**	**Vehicles**	**Equipment, tools, fixtures and fittings**	**Construction in progress**	**Total**
Financial year 2020							
Opening carrying amount	30,790	129,169	165,405	7,604	5,545	31,912	370,425
Exchange rate differences	-122	-78	-110	-6	-49	-	-365
Purchases/capitalised expenses for the year	10,389	26,266	-	1,471	672	46,939	85,737
Reclassifications	-	7,992	3,666	-	853	-11,797	714
Disposals and scrappings	-73	-522	-	-	-84	-147	-826
Depreciation	-7,727	-27,511	-13,399	-2,548	-1,040	-	-52,225
Closing carrying amount	**33,257**	**135,316**	**155,562**	**6,521**	**5,897**	**66,907**	**403,461**
As of 31 December 2020							
Cost	58,036	264,460	241,291	10,935	8,630	66,907	650,259
Accumulated depreciation	-24,779	-129,144	-85,729	-4,414	-2,732		-246,798
Carrying amount	**33,257**	**135,316**	**155,562**	**6,521**	**5,898**	**66,907**	**403,461**

Financial year 2021							
Opening carrying amount	33,257	135,316	155,562	6,521	5,898	66,907	403,461
Exchange rate differences	101	29	58	7	27	-	222
Purchases/capitalised expenses for the year	10,129	13,632	-	4,425	419	40,171	68,776
Reclassifications	-	10,661	3,362	-	1,058	-14,927	154
Disposals and scrappings	-51	-863		-2,317	-66	-	-3,297
Depreciation	-7,462	-26,195	-13,221	-2,875	-1,243	-	-50,996
Closing carrying amount	**35,975**	**132,579**	**145,762**	**5,761**	**6,092**	**92,151**	**418,319**
As of 31 December 2021							
Cost	64,995	233,972	244,390	9,881	9,717	92,151	655,107
Accumulated depreciation	-29,021	-101,393	-98,629	-4,120	-3,625		-236,788
Carrying amount	**35,975**	**132,579**	**145,762**	**5,761**	**6,092**	**92,151**	**418,319**

Property, plant and equipment are recognised at cost less depreciation and any impairment. To ensure that there is no need for impairment, an impairment test is performed annually for each cash-generating unit. These calculations are based on estimated future cash flows after tax based on financial budgets that cover a three-year period. Cash flows beyond the three-year period are extrapolated using an estimated rate of growth as explained below. The rate of growth does not exceed the long-term rate of growth for the market in which the Group operates. The foremost assumptions, besides those below, pertain to volume growth, margins and investment requirements. The calculation is based on management's experience and historical data.

Significant assumptions in the calculation: long-term growth rate 2 percent (2), discount interest rate 6 percent (7). In the calculation, the same assumptions were made for all of the cash-generating units and for both years.

Impairment testing of Property, plant and equipment shows that no impairment need exists.

For information on leases, see Note G10.

Note G17 Participations in associated companies

The Group holds participations in one associated company that the Board does not deem to be material for the Group. The shares were divested in 2021. The holding has been recognised according to the equity method and the participating interest is the same as the proportion of votes.

			Participating interest (%)	
Company name	**Corp. ID no**	**Domicile**	**31/12/2021**	**31/12/2020**
Atumo AB	556670–3962	Skelleftehamn	-	40

(Amounts in SEK 000)	**31/12/2021**	**31/12/2020**
Carrying amount in Group	-	832
Carrying amount in Parent Company	-	204
Amounts for Group's share of:		
Profit/loss	-	347
Other comprehensive income	-	-
Total comprehensive income	-	347

Note G18 Financial instruments by category

The table below presents the Group's financial assets and liabilities, taken up at the carrying amount or fair value, classified into the categories according to IFRS 9. For current and non-current receivables and liabilities, the carrying amount is considered to constitute a reasonable estimate of the fair value whereby these values agree in the table below. Information on fair value for financial lease liabilities is not provided in accordance with IFRS 7.

Measurement of financial assets and liabilities measured at amortised cost

Financial assets (Amounts in SEK 000)	**31/12/2021**	**31/12/2020**
Accounts receivable	46,543	44,905
Other current receivables	872	250
Other non-current receivables	3,954	3,954
Deposits	658	658
Cash and cash equivalents	38,560	24,785
Total	**90,586**	**74,553**

Financial liabilities (Amounts in SEK 000)	**31/12/2021**	**31/12/2020**
Liabilities to credit institutions	97,041	107,659
Current liabilities to credit institutions	61,668	59,494
Accounts payable	26,057	25,139
Other current liabilities	7,046	2,680
Total	**191,811**	**194,973**

In addition to the financial instruments stated in the tables above, the Group has financial liabilities in the form of lease liabilities, which are recognised and measured in accordance with IFRS 16.

Note G19 Accounts receivable

(Amounts in SEK 000)	**31/12/2021**	**31/12/2020**
Accounts receivable	46,952	44,905
Less: Provision for doubtful receivables	-409	–
Accounts receivable – net	**46,543**	**44,905**

The fair value of accounts receivable corresponds to their carrying amounts since the discount effect is not material.

At 31 December 2021, satisfactory accounts receivable amounted to SEK 46,952,000 (44,905,000) for the Group.

At 31 December 2021, overdue accounts receivable amounted to SEK 19,734,000 (9,124,000). Overdue customer receivables of SEK 20,811,000 were recognized in last year's Annual Report. This was incorrect, of these, SEK 11,687,000 were not yet overdue. The correct amounts are reported in the information provided in this Note.

The Group is not assessed to have any impairment need. The overdue receivables relate to a number of customers that have previously not experienced payment difficulties. A majority of the overdue receivables fell due at year end, and were paid at the beginning of the new year. The Group's accounting principles for impairment losses and calculations of the provision for doubtful receivables are described in Note G3 (b).

The age analysis of these accounts receivable is shown below:

(Amounts in SEK 000)	**31/12/2021**	**31/12/2020**
1–30 days	17,343	2,602
31–60 days	1,093	6,495
> 61 days	1,298	26
Total overdue accounts receivable	**19,734**	**9,124**

Expected credit losses, simplified method

Receivables mainly comprise accounts receivable for which the Group has chosen to apply the simplified method for recognition of expected credit losses. This means that provisions are made for expected credit losses for the remaining duration, which is expected to be less than one year for all receivables. The Group makes provisions for expected credit losses based on historical credit losses and prospective information. The majority of the Group's customers is a homogeneous group with similar risk profiles, which is why the credit risk is initially assessed collectively for all customers. Any large individual receivables are assessed per counterparty. The Group writes off a receivable when there is no longer an expectation of obtaining payment and when active measures for obtaining payment have been concluded.

Expected credit losses, general method

The financial assets covered by provisions for expected credit losses according to the general method are comprised of cash and cash equivalents. Railcare applies a rating-based method combined with other known information and prospective factors for the assessment of expected credit losses. The Group has defined default as when payment of the receivable is 90 days late or more, or if other factors that indicate that suspension of payments exists. In the cases the amounts are not deemed to be immaterial, a provision for expected credit losses is also recognised for these financial instruments. At present, the Group has deemed that no credit losses exist for cash and cash equivalents.

Accounts receivable are classified in the simplified method in the category Without credit risk rating/accounts receivable, and cash and cash equivalents are classified in the general method as Stage 1 with credit risk rating of A+.

Recognised amounts, per currency, for the Group's accounts receivable are as follows:

(Amounts in SEK 000)	31/12/2021	31/12/2020
SEK	43,658	32,644
EUR	-	703
DKK	-	169
GBP	2,859	4,712
USD	26	6,678
Total	**46,543**	**44,905**

Note G20 Inventories

Product costs are included in the item Raw materials and consumables in the Statement of Comprehensive Income and amount to SEK 46,906,000 and (27,394,000).

Note G21 Other current receivables

(Amounts in SEK 000)	31/12/2021	31/12/2020
VAT receivables	-	1,365
Deduction taxes and social security contributions	67	194
Receivables on insurance companies	679	-
Deposits	658	-
Other receivables	193	250
Total	**1,597**	**1,809**

Note G22 Prepaid expenses and accrued income

(Amounts in SEK 000)	31/12/2021	31/12/2020
Accrued income	4,241	1,972
Prepaid leasing rents	1,835	802
Prepaid rent for premises	342	76
Prepaid insurance policies	1,411	738
Other items	1,477	6,205
Total	**9,306**	**9,792**

Note G23 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet and Cash Flow Statement consist exclusively of bank balances.

Note G24 Equity

Share capital
In January 2020, the holder of the convertible debenture, Norrlandsfonden, requested the conversion of the last part of the convertible outstanding, valued at SEK 5,000,000. The conversion means that 1,111,111 new shares were issued whereby the number of shares increased to 24,124,167 ordinary shares and share capital increased by SEK 456,000.

The shares entitle the holder to one vote per share. All shares issued by the Parent Company are fully paid.

Other capital provided
This item consists of premiums upon a new share issue, shareholders' contributions and in 2020, equity components of convertible loans net after tax. The conversion in January 2020 entailed an increase in Other capital provided by SEK 4,387,000.

Reserves
This item consists of exchange-rate differences in the translation of foreign subsidiaries.

Note G25 Borrowing

(Amounts in SEK 000)	**31/12/2021**	**31/12/2020**
Non-current		
Liabilities to credit institutions	97,041	107,659
Lease liability	48,062	33,654
Total non-current borrowing	**145,103**	**141,313**
Current		
Lease liability	10,945	26,045
Liabilities to credit institutions	61,668	59,494
Total current borrowing	**72,612**	**85,539**

Liabilities to credit institutions

Liabilities to credit institutions are subject to an average interest rate of 1.9 percent per year (1,9) and variable interest.

The Group must fulfil a covenant for the borrowing. The loan terms that must be met are that the net debt/EBITDA may not exceed 3.0 up to 30 December 2020, 2.5 from 31 December 2021 and 2.5 from 31 December 2021 and at any time thereafter. The Group fulfilled the loan terms during the 2021 and 2020 financial years.

For liabilities to credit institutions, collateral has been provided in the form of chattel mortgages at a value of SEK 111,110,000 (108,950,000) and machinery at a book value of SEK 229,425,000 (235,638,000).

The fair value of short-term borrowing corresponds to its carrying amount since the discount effect is not material. Fair value for non-current liabilities to credit institutions and finance leases is based on discounted cash flows with an interest rate based on the loan interest rate of 2.0 percent (2.0) and is in level 2 in the fair value hierarchy. As the Company has all borrowing in variable interest, the carrying amount and fair value are essentially the same.

All of the Group's borrowing is in SEK.

Bank overdraft facility

The Group has a granted bank overdraft facility in SEK of SEK 20,000,000 (20,000,000), which is renegotiated annually with an extension period of 12 months. Of the granted overdraft facilities, SEK 0 has been utilised as of 31 December 2021 (0). The bank overdraft facility is subject upon utilisation to an interest rate of 1.25 percent (1.55) as of 31 December 2021, which is paid quarterly.

Note G26 Deferred Income tax

Deferred tax asset (net)

Carrying amounts pertain to temporary differences attributable to:

(Amounts in SEK 000)	31/12/2021	31/12/2020
Tax loss carry-forwards	1,061	963
Internal gains in non-current assets	39	73
	1,100	**1,037**
Amounts offset against deferred tax liabilities according to the offset rules*)	-376	-113
Net deferred tax assets	**724**	**925**

Deferred tax liabilities (net)

Carrying amounts pertain to temporary differences attributable to:

(Amounts in SEK 000)	31/12/2021	31/12/2020
Leases	323	362
Temporary difference in tangible fixed assets	47,153	37,265
Temporary difference at foreign subsidiaries	1,058	656
	48,534	**38,283**
Amounts offset against deferred tax assets according to the offset rules*)	-376	-113
Net deferred tax liabilities	**48,158**	**38,170**

*) Railcare Group AB and its wholly owned subsidiaries can, through a possibility of Group contributions, offset deferred tax assets and deferred tax liabilities for these units in the consolidated financial statements. As a result of this, deferred tax assets and deferred tax liabilities are offset for these units in the consolidated financial statements.

The gross change regarding deferred taxes is as follows (Amounts in SEK 000):

	Deferred tax assets		**Deferred tax liabilities**				
Deferred tax assets and liabilities	Loss carry-forwards	Internal gains in non-current assets	Leases	Tangible fixed assets	Convertible debenture	Temporary difference at foreign subsidiaries	Total
As of 1 January 2020	**-135**	**-112**	**500**	**26,553**	**47**	**721**	**27,573**
Recognised in Statement of Comprehensive Income	-850	36	-139	10,712	-4	-44	9,712
Recognised in Other comprehensive income							0
Recognised directly in equity					-43		-43
Exchange rate differences	22	3	1			-21	5
As of 31 December 2020	**-963**	**-73**	**362**	**37,265**	**0**	**656**	**37,246**
Recognised in Statement of Comprehensive Income	-80	35	-36	9,888		382	10,188
Recognised in Other comprehensive income							0
Exchange rate differences	-18	-1	-2			20	-1
As of 31 December 2021	**-1,061**	**-39**	**323**	**47,153**	**0**	**1,058**	**47,433**

Note G27 Other current liabilities

(Amounts in SEK 000)	31/12/2021	31/12/2020
Employee withholding taxes and social security contributions	2,081	1,752
VAT	4,018	-
Other current liabilities	946	928
Total	**7,046**	**2,680**

The fair value of other current liabilities corresponds to their carrying amounts, as they are current by nature.

Note G28 Accrued expenses and deferred income

(Amounts in SEK 000)	31/12/2021	31/12/2020
Accrued salaries	4,964	4,903
Accrued social security contributions	8,726	8,631
Accrued holiday pay	10,563	10,860
Other items	3,848	2,583
Total	**28,101**	**26,977**

Note G29 Contingent liabilities

(Amounts in SEK 000)	31/12/2021	31/12/2020
Liabilities to credit institutions		
Chattel mortgages	111,100	108,950
Machinery and equipment	229,425	235,638
Leases		
Locomotives and wagons	6,578	7,359
Mobile machinery	1,927	2,178
Vehicles	5,675	7,071
Total	**354,705**	**361,196**

The Group has provided collateral to creditors in the form of corporate and chattel mortgages on certain locomotives, wagons and mobile machinery. As collateral for the lessor's financing, the Group has provided collateral in the form of ownership reservations in the leased objects.

Note G30 Related parties

Related parties are all companies within the Group and senior executives in the Group, i.e. the Board and Group management, and their family members. Transactions with related parties have been based on normal and generally accepted commercial terms.

The Group buys consulting services mainly for traffic safety and vehicle approval in the railway industry from the previously associated company Atumo AB. Compensation for services rendered was paid during the year at an amount of SEK 673,000 (1,579,000), in the period until the shares were divested. Previously, the Group also held a guarantor commitment for Atumo AB's bank overdraft facility, although this expired in 2020. The guarantor commitment was limited to SEK 500,000.

The Group has been provided with consulting services by Board members in the Parent Company, which are described below and also presented in Note G8.

Ulf Marklund, Board member of the Parent Company and all subsidiaries and Deputy CEO in the Parent Company, owns the company Matech Marin AB alongside close family members. Ulf Marklund is active on a consulting basis equivalent to half-time in the Group and Matech Marin AB charges the Parent Company a consulting fee per day for these services. In 2021, this compensation amounted to SEK 2,695,000 (1,980,000), of which half was debited to the Parent Company and half to the subsidiary Railcare Machine AB where Ulf Marklund heads up operations. The agreement relating to these services was extended in 2021, on the same terms as previously. The agreement is subject to a six-month mutual period of notice and expires on 31 March 2022. In March 2021, a new agreement for an additional year was signed, subject to the same terms as previously. The new agreement expires on 31 March 2023.

In addition to this, Matech Marin AB performs workshop work, machine service and project management for Railcare Machine AB. This is charged per day and in 2021, this compensation amounted to SEK 1,536,000 (1,387,000).

Jonny Granlund, member of Group management since 2021, owns the company JOTAG AB which carries out cleaning services for Railcare AB. This is billed at a fixed monthly rate, and remuneration amounted to SEK 662,000 in 2021. From 1 January 2022, an agreement has been signed where Railcare Group AB appoints Jonny Granlund as a consultant via JOTAG AB. Consultancy fees will be billed on a daily basis for these services. The agreement runs until 31 December 2022.

There are no outstanding loans, guarantees or guarantor commitments from the Group for Board members or senior executives. Receivables and liabilities from and to related parties originate from sales and purchase transactions and mature within one month after the sales date. The Group has no provisions for doubtful receivables attributable to related parties. Nor does the Group have any expenses regarding doubtful receivables from related parties during the period. No collateral is pledged for the receivables.

Note G31 Adjustment for non-cash items

(Amounts in SEK 000)	**31/12/2021**	**31/12/2020**
Depreciation	52,096	53,266
Disposal and profit/loss from sale of tangible and intangible assets	-2,724	-1,431
Total	**49,371**	**51,835**

Note G32 Changes in liabilities that belong to the financing activities

				Non-cash items			
(Amounts in SEK 000)	**01/01/2020**	Cash inflow	Cash outflow	Unrealised changes in value	Conversion of debenture	Leasing	**31/12/2020**
Convertible loans	4,782			18	-4,800		0
Liabilities to credit institutions	157,141	34,020	-24,008				167,153
Lease liability	56,279		-28,582			32,002	59,699
Total liabilities attributable to financing activities	**218,202**	**34,020**	**-52,590**	**18**	**-4,800**	**32,002**	**226,852**

				Non-cash items			
(Amounts in SEK 000)	**01/01/2021**	Cash inflow	Cash outflow	Unrealised changes in value	Conversion of debenture	Leasing	**31/12/2021**
Liabilities to credit institutions	167,153	19,200	-27,645				158,708
Lease liability	59,699		-24,982			24,290	59,007
Total liabilities attributable to financing activities	**226,852**	**19,200**	**-52,627**	**0**	**0**	**24,290**	**217,715**

Note G33 Business combinations

Business combinations in 2020

In 2020, Railcare Group AB acquired 100 percent of the shares in Elpro i Skellefteå AB, with control of the acquired company transferred on 3 February 2020. Elpro is an electricity company employing five electricians who are also skilled in circuit design. Elpro offers services including electrical maintenance and installation for companies, design and installation of machines, as well as programming of new or rebuilt machines. The company's customers are private individuals, property owners, companies and industries.

The goodwill arising from the acquisition is attributable to Elpro's future profitability and the synergies expected from merging Elpro's operations with those of the Group. The goodwill arising from the acquisition is not expected to be tax deductible.

(Amounts in SEK 000)	
Purchase consideration on date of acquisition, 3 February 2020	
Cash and cash equivalents	4,100
Total purchase consideration	**4,100**
Carrying amounts of identifiable acquired assets and liabilities in Elpro i Skellefteå AB as of the date of acquisition:	
Cash and cash equivalents	1,483
Property, plant and equipment	53
Rights-of-use assets in lease agreements (vehicles)	143
Inventories	364
Accounts receivable and other receivables	1,582
Lease liability	-104
Accounts payable and other liabilities	-3,175
Total identifiable net assets	**346**
Goodwill	**3,754**

Impact on cash flow:

(Amounts in SEK 000)	
Cash outflow for acquiring subsidiaries, cash purchase consideration	-4,100
Less acquired cash balances	1,483
Net outflow of cash and cash equivalents – investment activities	**-2,617**

Note G34 Alternative performance measures

The alternative performance measures that have not been calculated according to IFRS and are presented in this report do not constitute recognised valuation principles for financial position or liquidity according to IFRS, but rather are used by Railcare to monitor the financial outcome of the Group's operations and the Group's financial position. The alternative performance measures presented in the report shall always be evaluated alongside with the information presented in the Income Statement, Statement of Financial Position, Cash Flow Statement and Key Performance Indicators, which have been prepared in accordance with IFRS.

Railcare recognises these alternative financial measures since the Company considers them to be important supplementary measures of profitability and financial position, and these measurements are often used by external stakeholders to assess and compare companies' financial outcomes and position. In comparisons of the alternative financial measures presented here, the calculation for other companies may have been carried out using different definitions, which means that the outcomes are not directly comparable.

Calculations of the Group's alternative performance measures

Calculation of operating margin

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018
(A) Operating profit/loss (EBIT)	56,219	60,385	31,977	1,543
(B) Net sales	437,946	401,301	370,610	270,147
(A/B) Operating margin, %	**12.84**	**15.05**	**8.63**	**0.57**

Calculation of equity per share

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018
(A) Equity	221,150	194,861	153,871	133,604
B) No. of shares, 000s	24,124	24,124	23,013	23,013
(A/B) Equity per share, SEK	**9.17**	**8.08**	**6.69**	**5.81**

Calculation of equity/assets ratio

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018
(A) Equity	221,150	194,861	153,871	133,604
(B) Total assets	557,965	521,388	459,166	413,170
(A/B) Equity/assets ratio, %	**39.64**	**37.37**	**33.51**	**32.34**

Calculation of dividend per share

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018
(A) Decided total dividend	14,475*	14,475	7,237	0
B) No. of shares, 000s	24,124*	24,124	24,124	23,013
(A/B) Dividend per share, SEK	**0.60***	**0.60**	**0.30**	**0.00**

Calculation of sales growth

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018
(A) Net sales	437,946	401,301	370,610	270,147
(B) Comparative figure from previous period	401,301	370,610	270,147	292,579
((A-B) / B) Sales growth, %	**9.13**	**8.28**	**37.2**	**-7.7**

*) Board of Directors' proposal to the 2022 Annual General Meeting.

Extrapolation of the alternative performance measure Net margin is in the tables on pages 25-26. Definitions and purpose of the Company's alternative performance measures are on page 115-116.

Note G35 Events after the end of the financial year

The Russian invasion of the Ukraine in February 2022 implies a range of risks associated with the global economy. Railcare does not have operations or employees in the Ukraine or Russia, but may be affected by price changes and supply of oil and oil-based products, and increased energy prices. At present, the effect is judged to be marginal. In the long term, Railcare is affected by global economic developments.

Financial statements – Parent Company

Parent Company Income Statement

Amounts in SEK 000	Note	Jan-Dec 2021	Jan-Dec 2020
Net sales	P3	35,447	30,189
Other operating income	P4	240	127
Total operating income		**35,687**	**30,316**
Operating expenses			
Raw materials and consumables		-3,939	-3,300
Other external costs	P6, P7	-12,871	-14,168
Personnel costs	P8	-17,733	-11,937
Depreciation of property, plant and equipment and intangible assets		-396	-163
Other operating expenses	P5	-28	-80
Total operating expenses	P3	**-34,967**	**-29,648**
Profit from participations in associated companies and jointly controlled companies		446	200
Operating profit/loss (EBIT)		**1,166**	**868**
Profit/loss from financial items			
Profit from participations in Group companies		23,404	4,346
Other interest income and similar profit/loss items	P9	-	73
Interest expenses and similar profit/loss items	P9	-83	-53
Total profit/loss from financial items		**23,321**	**4,366**
Profit/loss after financial items		**24,487**	**5,234**
Appropriations	P10	-1,200	70
Tax on profit/loss for the year	P11	3	-547
Profit/loss for the year		**23,291**	**4,757**

The Parent Company has no items recognised as other comprehensive income, which is why total comprehensive income is the same as profit/loss for the year.

The notes on pages 65-107 constitute an integrated part of these consolidated financial statements.

Parent Company Balance Sheet

Amounts in SEK 000	Note	31/12/2021	31/12/2020
ASSETS			
Intangible assets			
Patents	P12	263	299
Total intangible assets		**263**	**299**
Property, plant and equipment			
Buildings	P13	4,088	4,304
Equipment, tools, fixtures and fittings	P14	435	344
Total property, plant and equipment		**4,524**	**4,648**
Financial non-current assets			
Participations in Group companies	P15	38,336	38,336
Participations in associated companies	G17	-	204
Deferred tax receivables	P19	3	-
Total financial non-current assets		**38,340**	**38,540**
Total non-current assets		**43,127**	**43,487**
Current assets			
Current receivables	P16		
Receivables from Group companies		13	10,070
Current tax receivables		67,649	-
Other receivables		1	33
Prepaid expenses and accrued income	P17	1,297	828
Total current receivables		**68,959**	**10,931**
Cash and cash equivalent	P18	30,802	1,789
Total current assets		**99,761**	**12,720**
TOTAL ASSETS		**142,888**	**56,207**

The notes on pages 65-107 constitute an integrated part of these consolidated financial statements.

Parent Company Balance Sheet cont.

Amounts in SEK 000	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		9,891	9,891
Total restricted equity		**9,891**	**9,891**
Non-restricted equity			
Share premium reserve		17,446	23,024
Retained earnings		-	4,140
Profit/loss for the year		23,291	4,757
Total non-restricted equity		**40,737**	**31,921**
Total equity		**50,628**	**41,812**
Current liabilities	P16		
Accounts payable		1,960	966
Current tax liabilities		649	498
Liabilities to Group companies		86,264	10,028
Other current liabilities	P20	720	622
Accrued expenses and deferred income	P21	2,668	2,281
Total current liabilities		**92,260**	**14,395**
TOTAL EQUITY AND LIABILITIES		**142,888**	**56,207**

The notes on pages 65-107 constitute an integrated part of these consolidated financial statements.

Parent Company statement of Changes in Equity

		Restricted equity	Non-restricted equity		
Amounts in SEK 000	**Note**	**Share capital**	**Share premium reserve**	**Retained earnings including profit/loss for the year**	**Total equity**
Opening balance as of 1 January 2020		**9,435**	**18,638**	**11,377**	**39,450**
Profit/loss for the year				4,757	4,757
Total comprehensive income		**-**	**-**	**4,757**	**4757**
Transactions with shareholders					
Conversion of debenture		456	4,387		4,843
Dividend				-7,237	-7,237
Closing balance as of 31 December 2020		**9,890**	**23,024**	**8,897**	**41,812**
Opening balance as of 1 January 2021		**9,890**	**23,024**	**8,897**	**41,812**
Profit/loss for the year				23,291	23,291
Total comprehensive income		**-**	**-**	**23,291**	**23,291**
Transactions with shareholders					
Dividend			-5,578	-8,897	-14,474
Closing balance as of 31 December 2021		**9,891**	**17,446**	**23,291**	**50,628**

The notes on pages 65-107 constitute an integrated part of these consolidated financial statements.

Parent Company Cash Flow Statement

Amounts in SEK 000	Note	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities			
Operating profit/loss (EBIT)		1,166	868
Adjustment for non-cash items	P23	150	163
Interest received		-	72
Interest paid		-83	-34
Income tax paid		151	284
Cash flow from operating activities before changes in working capital		**1,384**	**1,353**
Cash flow from changes in working capital			
Increase/decrease in operating receivables		-51,799	490
Increase/decrease in operating liabilities		70,214	103
Total changes in working capital		**18,415**	**593**
Cash flow from operating activities		**19,799**	**1,946**
Cash flow from investing activities			
Investments in intangible assets	P12	-54	-
Investments in property, plant and equipment	P13, P14	-182	-4,565
Acquired subsidiary	P15	-	-4,100
Received dividend from Group companies		23,404	4,346
Divestment of associated companies		450	-
Cash flow from investing activities		**23,618**	**-4,319**
Cash flow from financing activities	P24		
Group contributions received		10,070	23,200
Group contributions paid		-10,000	-16,900
Dividend paid		-14,474	-7,237
Cash flow from financing activities		**-14,404**	**-937**
Cash flow for the year		**29,013**	**-3,310**
Cash and cash equivalents at the beginning of the period		1,789	5,099
Cash and cash equivalents at the end of the period		**30,802**	**1,789**

The notes on pages 65-107 constitute an integrated part of these consolidated financial statements.

Notes – Parent Company

Note P2 Summary of significant accounting principles

The Parent Company applies RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The application of RFR 2 means that the Parent Company, in the Annual Report for the legal entity, applies all IFRS and statements adopted by the EU to the furthest extent possible within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation.

The Annual Report has been prepared using the cost method. For information about financial risks, refer to the Consolidated Financial Statements Note G3.

The preparation of financial statements in compliance with RFR 2 requires the use of a number of critical accounting estimates. The Company is also required to make certain judgements in applying the accounting principles. The areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are indicated in Note G4.

The Parent Company applies different accounting principles than the Group in the cases stated below:

Presentation

The Income Statement and Balance Sheet are presented in accordance with the form of presentation prescribed in the Swedish Annual Accounts Act. Moreover, there is a difference in terms, compared with the Consolidated Financial Statements, mainly with regard to financial income and expense, and equity.

Financial instruments

Because of the connection between accounting and taxation, the rules for financial instruments in IFRS 9 are not applied in the Parent Company as a legal entity, but rather the Parent Company applies the cost method in accordance with the Swedish Annual Accounts Act. In the Parent Company, financial non-current assets are thereby measured at cost and financial current assets according to the lower of cost or market principle, with application of impairment for expected credit losses according to IFRS 9 for assets that are debt instruments. For other financial assets, impairment losses are based on the market value.

The Parent Company applies the exception to not value financial guarantee agreements on behalf of subsidiaries and associated companies and joint ventures in accordance with the rules in IFRS 9, but rather instead applies the principles for valuation according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Leases

The Parent Company has chosen not to apply IFRS 16 Leases but applied the points stated in RFR 2 (IFRS 16 Leases, pp. 2-12).

Leasing income from operating leases where the Company is the lessor is recognised as income straight-line over the term of the lease.

Shares in subsidiaries

Participations in subsidiaries are recognised at cost less potential impairment losses. Cost includes acquisition-related expenses and any additional considerations.

Where there is an indication that participations in Group companies have decreased in value, their recoverable amount is calculated. An impairment loss is recognised if the recoverable amount is less than the carrying amount. Impairment losses are recognised in the item "Profit/loss from participations in Group companies".

Accounting for associated companies

In the Parent Company's annual accounts, participations in associated companies are recognised at cost less any impairment losses. Only dividends earned after the time of acquisition are recognised as income from associated companies.

Appropriations

Group contributions are recognised as appropriations.

Note P3 Income and expenses between Group companies

The Parent Company's net sales include invoicing of Group companies in an amount of SEK 33,648,000 (28,678,000), which corresponds to 94.9 percent (95.0) and in operating expenses in an amount of SEK 1,358,000 thousand (1,450,000), which corresponds 3.9 percent (4.9).

Note P4 Other operating income

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Foreign exchange gains	32	15
Government grants received	170	50
Other side income	38	62
Total	**240**	**127**

Exchange rate gains derive from financial instruments.

Note P5 Other Operating expenses

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Foreign exchange losses	-28	-80
Losses upon divestment/disposal of non-current assets	-	-
Total	**-28**	**-80**

Exchange rate losses derive from financial instruments.

Note P6 Leases

The Company leases premises, vehicles and office equipment under interminable operating leases. The lease terms vary from 2 to 8 years. Most of the leases can be extended at the end of the term of the lease for a fee at the market rate.

Future total minimum leasing fees for interminable operating leases are as follows:

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Within 1 year	1,875	1,757
Between 1 and 5 years	6,230	6,240
More than 5 years	-	1,479
Total	**8,105**	**9,476**

During the year, expensed lease charges totalled SEK 2,919,000 (2,629,000) and are included in Other external costs in the Statement of Comprehensive Income.

The largest agreement relates to Railcare's head office in Skelleftehamn, where the Company rents office and workshop premises. The agreement was renegotiated in 2020, and the new term is 7 years and expires in 2027.

Note P7 Auditor's remuneration

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Ernst & Young		
- Audit assignment	410	410
– Other services	23	2
Total	**433**	**412**

Note P8 Employee benefits, etc.

Salaries, other remuneration and social security contributions (Amounts in SEK 000)	**Jan-Dec 2021**	**Jan-Dec 2020**
Salaries and other benefits	10,609	7,579
of which, CEO and other senior executives	6,613	4,096
Pension expenses – defined contribution plans	2,368	1,344
of which, CEO and other senior executives	1,927	973
Other social security expenses	4,211	2,553
of which, CEO and other senior executives	2,663	1,512

Average number of employees	**Jan-Dec 2021**	**Jan-Dec 2020**
Women	8	8
Men	5	3
Total	**13**	**11**

For more information about remuneration to senior executives and the Board, see Note G8 for the Group.

Note P9 Financial income and expenses

The carrying amounts pertain to profit/loss from assets and liabilities measured at amortised cost as per IFRS 9.

Note P10 Appropriations

(Amounts in SEK 000)	**Jan-Dec 2021**	**Jan-Dec 2020**
Group contributions received	16,300	10,070
Group contributions paid	-17,500	-10,000
Total	**-1,200**	**70**

Note P11 Income tax

(Amounts in SEK 000)	**Jan-Dec 2021**	**Jan-Dec 2020**
Current tax:		
Current tax on net profit/loss for the year	-	-551
Adjustments for previous years	**-**	**-551**
Deferred tax (Note P19)		
Occurrence and reversal of temporary differences	3	4
Total deferred tax	**3**	**4**
Total income tax	**3**	**-547**

The income tax on pre-tax profit differs from the theoretical amount that would have been produced from the use of the tax rate in Sweden as described below:

(Amounts in SEK 000)	Jan-Dec 2021	Jan-Dec 2020
Profit/loss before tax	**23,287**	**5,304**
Income tax calculated in accordance with tax rate in Sweden, 20.6 percent (21.4)	-4,797	-1,135
Non-deductible expenses	-113	-389
Non-taxable dividends from subsidiaries and associated companies	4,862	973
Non-taxable profit from sales of shares in associated companies	51	-
Effect of dissolution of deferred tax for convertible	-	4
Tax expense	**3**	**-547**

The weighted average tax rate for the Parent Company was 0.0 percent (10.3).

Note P12 Patents

(Amounts in SEK 000)	31/12/2021	31/12/2020
Opening cost	1,040	1,040
Purchases for the year	55	-
Closing amortised cost	**1,094**	**1,040**
Opening depreciation	-741	-663
Depreciation for the year	-90	-78
Closing accumulated depreciation	**-831**	**-741**
Closing residual value according to plan	**263**	**299**

Note P13 Buildings

(Amounts in SEK 000)	31/12/2021	31/12/2020
Opening cost	4,304	-
Purchases for the year	-	4,304
Closing amortised cost	**4,304**	**4,304**
Opening depreciation	-	-
Depreciation for the year	-215	-
Closing accumulated depreciation	**-215**	**0**
Closing residual value according to plan	**4,088**	**4,304**

Note P14 tools, fixtures and fittings

(Amounts in SEK 000)	31/12/2021	31/12/2020
Opening cost	978	717
Purchases for the year	183	261
Closing amortised cost	**1,161**	**978**
Opening depreciation	-634	-549
Depreciation for the year	-91	-85
Closing accumulated depreciation	**-725**	**-634**
Closing residual value according to plan	**435**	**344**

Note P15 Participations in associated companies

Name	Corp. ID no	Domicile	Primary operations
Railcare AB	556600-2514	Skellefteå, Sweden	Railway maintenance
Railcare Lining AB	556873-4817	Skellefteå, Sverige	Railway maintenance
Railcare Machine AB	556502-3925	Skellefteå, Sweden	Machine Sales
Railcare T AB	556904-6674	Skellefteå, Sweden	Special transports, letting of locomotives and wagons
Railcare Production AB	556980-8586	Skellefteå, Sweden	Railway maintenance
Elpro i Skellefteå AB	556801-5274	Skellefteå, Sweden	Electrical installations
Railcare Sweden Ltd	8687106	Derby, UK	Railway maintenance
Railcare Danmark A/S	30500849	Elsinore, Denmark	Railway maintenance

All subsidiaries are consolidated within the Group. The subsidiaries have a share capital consisting solely of ordinary shares, which are held directly by the Group, and the participating interest is the same as the share of votes.

Name	Participating interest 31/12/2021 (%)	Participating interest 31/12/2020 (%)	Book value 31/12/2021	Book value 31/12/2020
Railcare AB	100	100	10,505	10,505
Railcare Lining AB	100	100	100	100
Railcare Machine AB	100	100	1,971	1,971
Railcare T AB	100	100	12,100	12,100
Railcare Production AB	100	100	100	100
Elpro i Skellefteå AB	100	100	4,100	4,100
Railcare Sweden Ltd	100	100	11	11
Railcare Danmark A/S	100	100	9,449	9,449
			38,336	**38,336**

Note P16 Financial risk management

The table below presents the Parent Company's financial assets and liabilities classified based on the cost. For current and non-current receivables and liabilities, the carrying amount is considered to constitute a reasonable estimate of the fair value whereby these values agree in the table below.

Financial assets measured at cost (Amounts in SEK 000)	31/12/2021	31/12/2020
Accounts receivable	13	-
Receivables from Group companies	67,649	10,070
Cash and cash equivalent	30,802	1,789
Total	**98,464**	**11,859**

Financial liabilities measured at cost (Amounts in SEK 000)	31/12/2021	31/12/2020
Accounts payable	1,960	966
Liabilities to Group companies	86,264	10,028
Other current liabilities	38	35
Total	**88,262**	**11,029**

Note P17 Prepaid expenses and accrued income

(Amounts in SEK 000)	31/12/2021	31/12/2020
Accrued income	240	377
Prepaid leasing rents	12	6
Prepaid rent for premises	625	392
Prepaid insurance policies	40	54
Other items	380	-
Total	**1,297**	**828**

Note P18 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet and Cash Flow Statement consist of:

(Amounts in SEK 000)	31/12/2021	31/12/2020
Bank balances	30,802	1,789
Total	**30,802**	**1,789**

Note P19 Deferred Income tax

The gross change regarding deferred taxes is as follows:

For temporary differences attributable to convertible debentures.

(Amounts in SEK 000)	31/12/2021	31/12/2020
Opening balance	-	-47
Recognised in profit or loss	-	4
Recognised directly in equity	-	43
Closing balance	**-**	**0**

For loss carry-forwards

(Amounts in SEK 000)	31/12/2021	31/12/2020
Opening balance	-	-
Recognised in profit or loss	3	-
Closing balance	**3**	**0**
Total deferred tax asset (+) or tax liability (-)	**3**	**0**

Note P20 Other current liabilities

(Amounts in SEK 000)	31/12/2021	31/12/2020
Staff withholding tax	290	198
VAT	393	389
Other current liabilities	38	35
Total	**720**	**622**

Note P21 Accrued expenses and deferred income

(Amounts in SEK 000)	31/12/2021	31/12/2020
Accrued holiday pay	1,429	1,320
Accrued social security contributions	695	593
Other items	544	368
Total	**2,668**	**2,281**

Note P22 Contingent liabilities and pledged assets

Contingent liabilities

(Amounts in SEK 000)	31/12/2021	31/12/2020
Guarantees for subsidiaries	165,478	174,870
Total	**165,478**	**174,870**

The Parent Company guarantee in relation to the Group's financing with credit institutions in the event that any of the companies are unable to fulfil their commitments. The guarantee commitment for the subsidiaries is unlimited in amount.

The Group must fulfil a covenant for the borrowing. The loan terms that must be met are that the net debt/EBITDA may not exceed 3.0 up to 30 December 2020, 2.5 from 31 December 2021 and 2.5 from 31 December 2021 and at any time thereafter. The Group fulfilled the loan terms during the 2021 and 2020 financial years.

Note P23 Adjustment for non-cash items

(Amounts in SEK 000)	31/12/2021	31/12/2020
Depreciation	396	163
Gains/losses upon sales of participation in associated company	-246	-
Total	**150**	**163**

Note P24 Financing activities that do not entail payments

(Amounts in SEK 000)	31/12/2021	31/12/2020
Unrealised changes in value of convertible debentures	-	18
Conversion of convertible debenture	-	-4,800
Total	**-**	**-4,782**

Note P25 Related parties

Related parties are all subsidiaries and senior executives, i.e. the Board and Group management, and their family members. Transactions with related parties have been based on normal and generally accepted commercial terms. See Note P3 for information on purchases and sales between Group companies.
Transactions with related parties are described in the Group's Notes G8 and G31. Most of these transactions are implemented in the Parent Company. Where the transactions are implemented in a subsidiary, it is explicitly noted in text.
The receivables from and liabilities to Group companies that are in the Parent Company Balance Sheet are all current and not interest bearing.

Note P26 Proposed appropriation of profits

The following profit is at the disposal the Annual General Meeting:	SEK
Share premium reserve	17,446,427
Profit/loss for the year	23,290,673
Total	**40,737,099**
The Board of Directors proposes that the profit be appropriated as follows:	
A dividend of SEK 0.60 per share to be paid to shareholders, totalling	14,474,500
to be carried forward to a new account	26,262,599
Total	**40,737,099**

Board signatures

The Consolidated Income Statement and Balance Sheet and the Parent Company Income Statement and Balance Sheet will be presented to the Annual General Meeting on 4 May 2022.

The Board of Directors and the CEO hereby provide their assurance that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's position and earnings. The Parent Company's Financial Statements have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the Parent Company's financial position and earnings. The Administration Report for the Group and the Parent Company provides a true and fair view of the development of the operations, financial position and earnings of the Group and the Parent Company, addressing significant risks and uncertainties affecting the Parent Company and the companies within the Group.

Skelleftehamn, Sweden, 30 March 2022

Catharina Elmsäter-Svärd
Chairman of the Board

Ulf Marklund
Board member,
Deputy CEO

Anna Weiner Jiffer
Board member

Adam Ådin
Board member

Anders Westermark
Board member

Björn Östlund
Board member

Mattias Remahl
CEO

Our auditor's report was submitted on 13 April 2022
Ernst & Young AB

Fredrik Lundgren
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Railcare Group AB (publ), corporate identity number 556730-7813

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Railcare Group AB (publ) except for the corporate governance statement on pages 42-57 and statutory sustainability statement on pages 30-40 for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 22-107 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 42-57 and statutory sustainability statement on pages 30-40. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of Property, plant and equipment's: railway sets, machinery and construction in progress.

Description	*How our audit addressed this key audit matter*
The valuation of railway sets, machinery and construction in progress has a book value of 370 492 KSEK and make up circa 66% of the total assets of the group. The valuation is carried at cost less accumulated depreciations and possible amortizations. Capitalization of additional expenses are made when it is probable that the future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably. The valuation is impaired annually. The presentation of property plant and equipment's are considered a key audit matter due to a misrepresentation or invalid judgement in following three areas may have a significant effect on the Group's result and financial position: - Assessment of possible impairment recognition and considerations and assumptions; as future cash flows, discount rate and growth rate - Assessment of the asset's useful life - An assessment of what to expense as repair and maintenance and what to capitalize Impairment test made by the Group can be found in note K16 and significant assumptions and judgments by the Group in note K4	Our audit covered, but was not limited to: - audit of the process for recognition of property, plant and equipment as well as the process after initial measurement - Assessment of fairness and reasonableness regarding assumptions made for impairment testing, such as the company's required return on investment and future forecasts made. Also audit of required disclosures made in the annual report - Audit of the company's assumptions regarding useful life for a key sample of assets - Audit of a key sample of capitalized assets as well as a key sample of made repairs and maintenance cost for the fiscal year

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-21, 41 and 113-118. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Railcare Group AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Railcare Group AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report #[checksum] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report*. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility* section. We are independent of Railcare Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 42-57 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 *The auditor´s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

The auditor's examination of the statutory sustainability statement

It is the Board of Directors who is responsible for the statutory sustainability statement on pages 30-40 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A statutory sustainability statement has been prepared.

Ernst & Young AB, Jakobsbergsgatan 24, 103 99 Stockholm, was appointed auditor of Railcare Group AB publ) by the general meeting of the shareholders on the 2021-05-05 and has been the company's auditor since the 2009-10-19.

Skellefteå 13 April 2022

Ernst & Young AB

Fredrik Lundgren
Authorized Public Accountant

Five-year summary

Amounts in SEK million	2021	2020	2019	2018	2017
Net sales	437.9	401.3	370.6	270.1	292.6
Capitalised work on own account	8.3	16.2	7.5	5.5	2.2
Other operating income	6.4	3.6	1.8	1.2	1.8
Total operating income	**452.6**	**421.1**	**379.9**	**276.8**	**296.6**
Raw materials and consumables	-141.0	-121.7	-129.6	-70.5	-99.3
Other external costs	-62.9	-58.9	-47.1	-71.3	-61.5
Personnel costs	-139.0	-124.6	-120.4	-108.4	-92.9
Depreciation and impairment of property, plant and equipment	-52.1	-53.3	-49.7	-24.1	-23.2
Other operating expenses	-1.5	-2.3	-1.2	-0.9	-3.1
Total operating expenses	**-396.4**	**-360.7**	**-348.0**	**-275.3**	**-280.0**
Operating profit/loss (EBIT)	**56.2**	**60.4**	**32.0**	**1.5**	**16.7**
Financial income	0.1	0.0	0.0	0.0	0.0
Financial expenses	-4.4	-4.8	-5.8	-5.4	-5.0
Net financial items	**-4.4**	**-4.8**	**-5.8**	**-5.3**	**-4.9**
Share of profit after tax from associated companies reported according to the equity method	-0.2	0.3	0.3	0.2	0.2
Profit/loss before tax	**51.7**	**55.9**	**26.5**	**-3.6**	**12.0**
Tax	-11.2	-12.1	-5.7	2.2	-3.0
Net profit/loss for the period	**40.5**	**43.8**	**20.8**	**-1.4**	**9.0**
Equity/assets ratio, %	39.6	37.4	33.5	32.3	31.7

Definitions

General	All amounts in tables are in SEK 000 unless otherwise stated. All values in brackets are comparative figures for the corresponding period in the preceding year unless otherwise stated. Amounts in tables and other summaries have been rounded individually. Accordingly, minor rounding differences can be found in totals.
Alternative key performance indicators	This Annual Report refers to a number of financial measures not defined in accordance with IFRS, known as alternative key performance indicators. Railcare uses these key performance indicators to monitor and analyse the financial outcome of the Group's operations and its financial position. These alternative key performance indicators are intended to supplement, not replace, the financial measures presented in accordance with IFRS. See definitions and further information below.

Key performance indicators	Definition/calculation	Purpose
Operating profit/loss (EBIT)	Calculated as net profit/loss for the period before tax, participations in the earnings of associated companies and financial items.	This key performance indicator illustrates the Company's profit/loss generated by operating activities.
Net financial items	Net financial items are calculated as financial income less financial expenses.	This key performance indicator illustrates the net amount resulting from the Company's financial activities.
Net margin	The net margin is calculated as income after financial items divided by net sales.	This key performance indicator illustrates how much of the Company's earnings remain after all expenses, excluding corporation tax, have been deducted.
Total assets	Calculated as the total of the Company's assets at the end of the period.	
Equity per share, SEK	Calculated as equity divided by the number of shares outstanding at the end of the period.	This key performance indicator illustrates the Company's net worth per share.
Sales growth, %	Calculated as the difference between net sales for the period and net sales for the preceding period, divided by net sales for the preceding period.	This key performance indicator illustrates the Company's growth and historical performance, contributing to an understanding of the Company's development.
Operating margin, %	Calculated as operating income divided by net sales.	This key performance indicator illustrates how much of the Company's profit/loss is generated by its operating activities.
Equity/assets ratio, %	Calculated as equity divided by total assets.	This key performance indicator illustrates the Company's financial position and long-term payment ability.
Dividend per share, SEK	Dividend per share approved by a General Meeting at which the Annual Report for the specified financial year is adopted.	
Earnings per share before dilution, SEK	Calculated as profit/loss attributable to the Parent Company's shareholders divided by the weighted average number of shares outstanding in the period.	This key performance indicator illustrates the Company's earnings per share, excluding any dilution effect from outstanding convertibles.

Earnings per share after dilution, SEK	To calculate earnings per share after dilution, the weighted average number of outstanding shares is adjusted for the dilution effect of all potential shares. The Parent Company has a category of potential common shares with a dilution effect: convertible debentures. The convertible debentures are assumed to have been converted into shares and net profit is adjusted to eliminate interest expenses less tax effect. Convertible debentures do not give rise to a dilution effect when the interest per share that may be received upon conversion exceeds earnings per share before dilution.	This key performance indicator illustrates the Company's earnings per share, excluding any dilution effect from outstanding convertibles.

Glossary

Reballasting

Replacement of the top layer of the rail embankment in which the sleepers are set.

Standby locomotives

Clearance locomotive with personnel that is available around the clock 365 days of the year to urgently clear or remove vehicles involved in undesirable incidents or stoppages on the railway. The aim is to quickly get the track open for traffic again.

CP6

Control Period 6. The UK government has earmarked funds of approximately GBP 47.9 billion for railways between 2019 and 2024.

ECM

Unit responsible for maintenance for freight wagons.

MPV

Railcare's newest maintenance machine, Multi Purpose Vehicle, which is battery powered. The machine is equipped with its own power source, vacuum pumps, hydraulics and operator cabs, which allows it to be used as a complement to Railcare's railway vacuum cleaner and snowmelter, and to function as a towing vehicle for macadam wagons during track works.

National Plan

On 31 May 2018, the Swedish government adopted a national plan for the transport system for the period 2018–2029. The plan includes measures, representing an important step towards a modern and sustainable transport system.

Powerpack

The power supply system in a Railvac, comprising motor, vacuum pump and hydraulics.

Railvac 16 000

Maintenance contracts with Railvac 16,000-machines that are able to perform various types of track maintenance on the railways using vacuum technology.

Sleeper replacement

Replacement of the sleepers distributing the load of the tracks across the rail embankment.

Stage V engines

Engines that meet the standard for emissions stage V. Classification for industrial vehicles that regulates permitted emissions.

Culvert inspections

Inspection and documentation of the condition and potential maintenance need for culverts under railways and roads.

Shareholder information

Annual General Meeting 2022

Railcare's Annual General Meeting will take place on Wednesday 4 May 2022 at 1:00 p.m. CEST at the Company's premises at Näsuddsvägen 10, SE-932 32 Skelleftehamn, Sweden.

Notification of participation

Shareholders wishing to participate in the Annual General Meeting must be included in the share register maintained by Euroclear Sweden AB by Tuesday 26 April 2022 and should notify the Company in writing of their participation by Thursday 28 April 2022, addressing this notification to Railcare Group AB, Att: Annual General Meeting, Box 34, SE-932 21 Skelleftehamn, Sweden. Notification may also be provided by calling +46 (0)70-250 76 66 or by email to ir@railcare.se.

The notification must state the shareholder's full name, personal ID number or registration number, number of shares held, address, daytime telephone number and, where applicable, details of any deputies or assistants (maximum 2). Where applicable, the notification should be accompanied by any power of attorney, registration certificates and other authorisation documents.

Financial calendar

- The Interim Report for January–March 2022 will be published on 3 May 2022.
- The 2021 Annual General Meeting will take place on 4 May 2022 at it's headquarters in Skelleftehamn, Sweden.
- The interim report for January–June 2022 will be published on 18 August 2022.
- The Interim Report for January–September 2022 will be published on 3 November 2022
- The Year-End Report for 2022 will be published on 16 February 2023.

For further information, visit www.railcare.se or www.railcare.se/en/.

Railcare

The railway specialist Railcare offers innovative products and services for the railway; for example, railway maintenance with self-developed machines, a locomotive workshop, special transport and machine sales projects. Our market is mainly in Scandinavia and the United Kingdom.

The railway industry is in a positive development with increasing traffic volumes, extensive investment programs, developing cost-effective freight and passenger transport, and rising environmental awareness. Railcare delivers both sustainable and efficient solutions that contribute to the railway, so it can be used for the maximum number of years to come.

The shares of Railcare Group AB (publ) are listed on the Small Cap list of the Nasdaq Stockholm exchange. The Group has some 140 employees and annual sales of approximately SEK 440 million. The company's registered office is located in Skellefteå, Sweden.

Offices & Addresses

<u>Head office</u>

Skelleftehamn

Railcare Group AB
Visiting address: Näsuddsvägen 10, Sweden
Postal address: Box 34
SE-932 21 Skelleftehamn, Sweden
Tel no: +46 (0)910–43 88 00
E-mail: info@railcare.se

<u>Operations offices</u>

Stockholm

Railcare AB
Kungsbroplan 2, Sweden
SE-112 27 Stockholm, Sweden

Långsele

Railcare Lokverkstad AB
Stationsgatan 23
SE-882 30 Långsele, Sweden

UK

Railcare Sweden Ltd.
Unit 1 Derwent Park
214 - 216 London Road
Derby, DE1 2SX
UK